



BUILDING A GOOD EUROPE

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FREE WORD
CENTRE



Illustration created in real time by Temujen Gunawardena at the Good Europe event on 23 April 2016. Event photos by Elina Kansikas.

CONTENTS

| | |
|---|----|
| About the authors Acknowledgments | 4 |
| Executive summary | 5 |
| 1 Vision - a Europe we can believe in / CLARE COATMAN AND NEAL LAWSON | 9 |
| 2 Democracy - a continent we can shape / FRANCES FOLEY | 12 |
| 3 Migration - a Europe that lets people move / KATHERINE TONKISS | 16 |
| 4 Sustainability - a Europe we can survive in / VICTOR ANDERSON | 20 |
| 5 Solidarity - a Europe in which we help each other / ROBIN WILSON | 24 |
| 6 Finance - a Europe where money serves us / GREG FORD | 27 |
| 7 Europe - change how? / CLARE COATMAN AND NEAL LAWSON | 31 |

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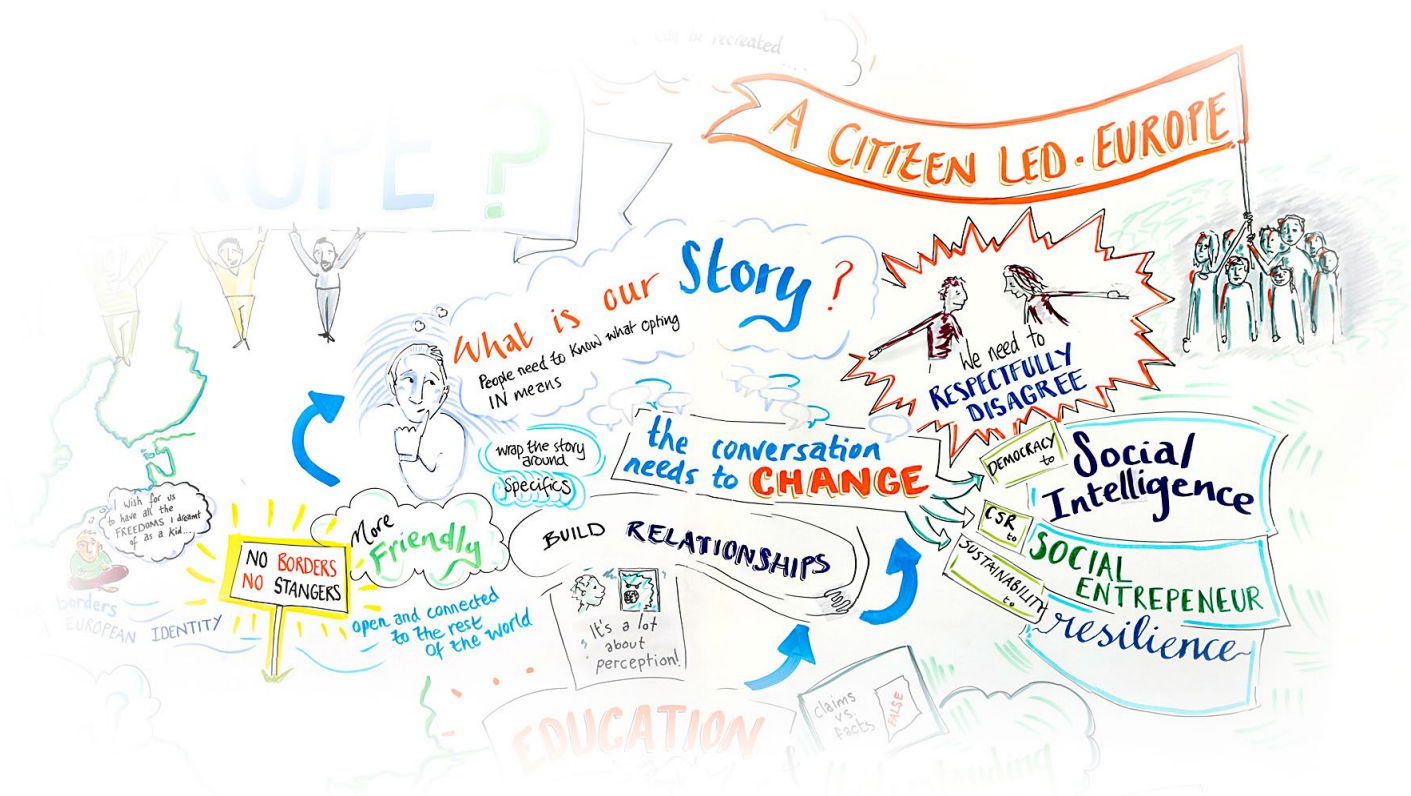
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The opinions expressed in these articles belong to the authors and participants of the Good Europe event. They do not necessarily reflect the views of Compass or Friedrich Ebert Stiftung.



EXECUTIVE SUMMARY

This publication draws on ideas discussed online at www.goodeurope.org. We also held a participatory event for around 100 people, when the themes we address were debated in small working groups. A summary of the responses from this event is given at the end of each policy essay.

Visions of a Good Europe

We need to re-imagine what a Good Europe would look and feel like. The creation of the EU set the direction for peace and trade in the 20th century. But today Europe is failing to respond adequately to the huge crises we now face – from Syria to Greece, refugees to austerity, and climate change. The purpose of the EU must be re-established for the 21st century. We explore how a Good Europe can meet the demands for social justice, democracy and sustainability.

How we experience life at the European level is inextricably linked with the EU, which has not always been as it is now. Its structure is not inevitable: it

was created and can be recreated. As it reforms it must become a Europe for the people by the people, to meet the needs of the 21st century.

Europe is not just a place, it's a story we tell each other. By nature it's a cultural construct and this will shape its evolution. A Good Europe will be a continent-wide expression of what it means to be human in the 21st century. It will be relational, not transactional. Solidarity will transcend borders as we work together to bring about a better world that is underpinned by the original intentions behind the EU (peace, human rights and equality) but more fair, green and democratic, where security and freedom will go hand in hand.

Radical, feasible policies

We need transformative policy ideas to unlock the vision of what a Good Europe could look and feel like. These are the big-hitting policies that could lead to a fundamental transformation of the EU in the 21st century.

Democracy is the biggest weakness of the European project, yet also its potential deliverer. The EU must do democracy better – and do it fast. We should insist that democratic legitimacy is the axis on which the EU turns. A Good Europe must adopt democracy as its founding value – and be open to a number of key changes this will bring. Specifically:

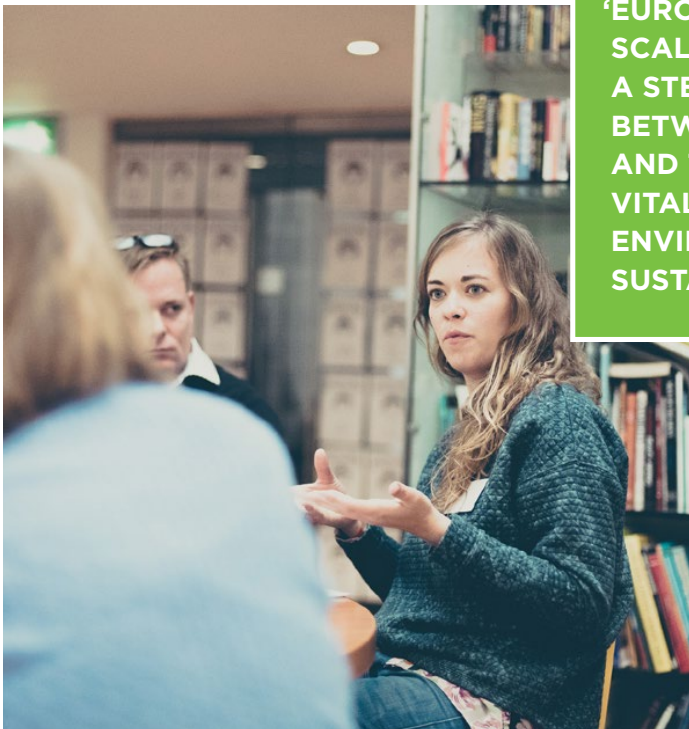
- The EU must become more transparent
 - European Parliament, EU Council and other meetings should be live recorded
 - All treaty documents should be made public
 - The register for lobbyists must become compulsory
- The institutions of the EU must

the options for democracy in the EU and make recommendations/decisions

The European project is an embodiment of the flourishing of potential that can be achieved when a commitment to the *free movement of people* across national borders is implemented. Yet misguided policies and a lack of coordination at the European level have led to many problems. We must have renewed coordination and solidarity between the member states and with migrant populations, to find policies which are more sustainable and lead to better outcomes for all. We should:

- Implement a rights-based refugee response
 - End immigration detention in the EU
 - Create a social rights pillar
 - Create conditions where people don't feel they have to leave their country to have a good life, for example, a universal income for all in Europe

‘EUROPE WORKS ON A SCALE THAT PROVIDES A STEPPING STONE BETWEEN THE NATIONAL AND THE GLOBAL – A VITAL ROLE FOR THE ENVIRONMENT AND SUSTAINABILITY.’



- Throughout each aspect of the discussion of migration we must face up to and tackle issues including othering, racism and Islamophobia.

Europe works on a scale that provides a stepping stone between the national and the global – a vital role for the environment and *sustainability*. Europe must work harder to be more sustainable through:

- Green Quantitative Easing (QE)
 - “Green QE” channels money directly into the green and low-carbon sector of the real economy
- Corporate social responsibility (CSR) for real
 - Companies should be required to report on social and environmental risks and impacts, and not just their financial performance and outlook
 - Companies should be discouraged from short-termism in their decision-making through restricting shareholders’ voting rights to those who hold shares for a minimum period of at least a few years
- Consumer behaviour change
- Speaking about the environment and the economy together

place democracy at their heart

- European Parliament should be able to propose legislation
- European Parliament should have two chambers: one directly elected proportional to population, the other selected by member state’s parliaments
- We need to move beyond representation to direct participation
 - A Constitutional Assembly drawing citizens from across the continent should consider all

How can *solidarity* in Europe be (re)created?

Our model should be the Nordic welfare states, premised on progressive taxation funding universal benefits and services. The EU may have state-like qualities but it is a much more modest entity than a state. Yet, elements of 'radical redistribution can be inserted into its architecture. The areas that present opportunities to cultivate solidarity are:

- Jobs and wages
 - All adults in the union should be guaranteed employment, re-education/retraining or other (remunerated) social participation
 - European-wide minimum wage of 50% of average national income
 - Universal childcare across the union as a progressively introduced entitlement
- Social Insurance
 - Every European citizen should be issued with their own social insurance card for protection when they move from state to state, like the European Health Insurance Card

Few people believe that Europe is safe from a future financial crisis, or that the EU's economy is performing as well as it could be. However, the EU can deliver reforms that would not be possible for individual countries:

- Facilitate new business models and best practises to spread quickly
- Promote a more diverse eco-system of bank business models in Europe

- Establish a Europe-wide authority to regulate financial transactions, developing a more networked approach

The EU could also:

- Require banks to fund themselves with more capital
- Provide finance for a social purpose, for example, encouraging the development and use of local currencies

How does change happen?

When dreaming of our new vision for a Good Europe and fleshing out the policies that will help us get there we must consider how change happens. Making change happen is never simple or easy but when dealing with a set of transnational institutions it becomes very complex. We cannot simply look to one tactic, institution, party or 'silver bullet' policy.

The elements of making change happen include: changing the discourse, looking for opportunities and creating a European demos – a public sphere for European citizens to debate, discussion, decide and act.

Sovereignty has long escaped national borders and is never coming back. Power and politics have been separated. As tough as it is, we have to create transnational democratic, political and economic platforms.





1 VISION - A EUROPE WE CAN BELIEVE IN

CLARE COATMAN AND NEAL LAWSON

A Good Europe is one that knows it's not yet good enough. Such a notion of progress, of development – a never ending journey of improvement – feels a long way from the conversations we are currently having on the future, or not, of Britain in Europe. A conversation to date that has been inward, historic, backward, sullen and defensive – dominated by 'project fear' rather than hope.

It is against this backdrop that on Thursday 23 June the British people go to the polls to settle, at least for a while, our nation's relationship to Europe. The poll will not be definitive, not just because the vote could be close, but because little now is decisive, black or white. Whether we vote to remain or leave, the issue of what sort of Europe we want will not go away. However Britain votes, we will still face issues of mass immigration, climate change and European and global financial crises. We may stop being members of the EU but we can never stop being Europeans. Britain in Europe will always be a geographic and cultural reality. We must therefore take this opportunity to have a real conversation about what Europe could or should be.

This short publication is aimed at lifting our sights about what Europe could be. It was inspired by the referendum vote in Scotland in 2014, when a

sovereign decision in the hands of the people led to a flowering public debate – not just about whether to stay in the UK or not, but about what sort of country its people wanted. We want to use this referendum to think about not just remain or leave, but also what sort of Europe we want. It might be a Europe Britain is constitutionally part of, or it might be a Europe we peer at in jealousy or with a sense of relief (depending on your political view). But it is Europe on a journey to something different and, we would argue, something better.

Right now that journey has stalled beyond repair. The great, even amazing, post-war journey of Europe as a continent of peace and prosperity is over, at least in the form it has taken thus far. Right now Europe is just a series of crises: the ongoing financial crisis; crises in the Ukraine, Greece and the UK; and a terrible crisis of solidarity. Member states face internal crises as nationalism and populism fill the void left by a sense of shared progress and some semblance of control over our world and lives. After an extraordinary process of six decades of coming together, it now feels as if we are entering an era of falling apart.

It is here that even the most ardent Remainers must stop and think about why so many want to



leave. This is not just about *Daily Mail* propaganda, but speaks to the failure of national and European politics to provide large sections of our society with a sense of security and freedom. Many people feel they are being left behind and taken for granted as sweeping cultural and financial changes swirl through their lives. Globalisation, while bringing many benefits, isn't working for so many.

So is the problem a European Union that is too dominant and interfering, or a union that is too weak to help those who need it most? The EU certainly doesn't have a system of fiscal transfers to respond to financial shocks, risk free assets (eurobonds) for investment and stabilisation, the supervision of financial institutions to create safe and boring banks, or a central bank to act as lender of last resort.¹ We can also be certain the EU is too remote and lacking in legitimacy.

At every crisis the mood music of the European establishment feels as if it simply wants to return to the certainty of the past, to manage the crisis – not transform the system to shift to a new Europe of the 21st century. There is no normal to be returned to. The EU of today is a halfway house, trapped between a past it cannot leave behind and a future it refuses to grasp.

There is no going back

The Europe of now is the construct of a particular historic moment, a Europe forged in the shadow of the two horrific world wars and sandwiched between two great super-powers. When constructed it was hoped that the economic project would impel a process of political and democratic catching up. More than anything, it was a technocratic project, which may have had a high moral purpose – although this was never publicly articulated and so was a union created by stealth.

It's not just that the democratic deficit was never closed – the gulf has burst wide open through the deepening economic networks, ties and systems that are governed not by the needs of the people of Europe but by profit. From Maastricht to Lisbon,

the European Central Bank and the creation of the Eurozone – this is a continental economy with no public vice. Markets that are too free and a Euro state that is too remote create a toxic cocktail of public mistrust.

'THE PUBLIC, SHARED MORAL HEART OF EUROPE WAS NEVER ALLOWED TO BEAT AND THE INEVITABLE HAS HAPPENED: THE PATIENT IS STRUGGLING FOR LIFE.'

The public, shared moral heart of Europe was never allowed to beat and the inevitable has happened: the patient is struggling for life. It is not the technocrat's machines that can now keep it alive or even freer markets but only a new heart and a new purpose, located within the context of Europe as it is now, not as it was in the middle decades of the last century.

How we make change happen is tackled in more detail in the final section of this publication. What can be said here is that the context within which the EU operates has changed, and the status quo is not an option because of the pressures it faces (despite the instincts of the European establishment). The EU has changed drastically in quantity and quality since its foundation. More than anything, the politics of neo-liberalism and market fundamentalism have been injected into it. If it can change one way, then can it change in new and better ways?

If Britain decides to stay in the EU we must face further dramatic change within the union – not least around the possible (inevitable?) convergence of some European nations towards tax integration and

therefore a two-speed Europe. These are the kind of issues that must be discussed now, and not put off until after the people have had their say.

Living in an era of flux

Today we are freer to move, think and act. Borders clearly matter less but a sense of place, rootedness and identity matter more than ever. Can that identity be European? Indeed must it be? A set of forces and seismic events demand a new Europe: the rise of free markets, the failure of Breton Woods (the post-war agreement with the USA about how to manage the world economy), the fall of the Berlin Wall, terrorism, mass migration, climate change, the crash of 2008 and the proliferation of social media enabling everyone in Europe to speak and hear from everyone else.

This cannot be just a project of the European Union but must be the Project of Europe. Not a bureaucratic construct, administration, commission, council or parliament – but a continent-wide expression of what it means to be human in the 21st century.

Whether Britain votes to remain or to leave, there is one inescapable and fundamental truth: sovereignty has long escaped national borders and is never coming back. Power and politics have been separated. As tough as it is, we have to create transnational democratic, political and economic platforms if we are to take back any control over our lives, societies and planet. Ensuring that the public benefits from platforms such as Google, YouTube and Facebook is particularly pertinent. The issue is how to take back control: bilaterally or multilaterally? Europe was the crucible of modern democracy and the nation state. It must again become a laboratory of democratic experiment fit for these new times of networks and globalisation.

Both protectionism and globalism are leaps of faith. Those who want to stay must show how Europe

can be changed. Those who want to leave must show how Britain alone can be changed. Europe has shown us that remarkable things are possible: peace and prosperity ensued for a long time.

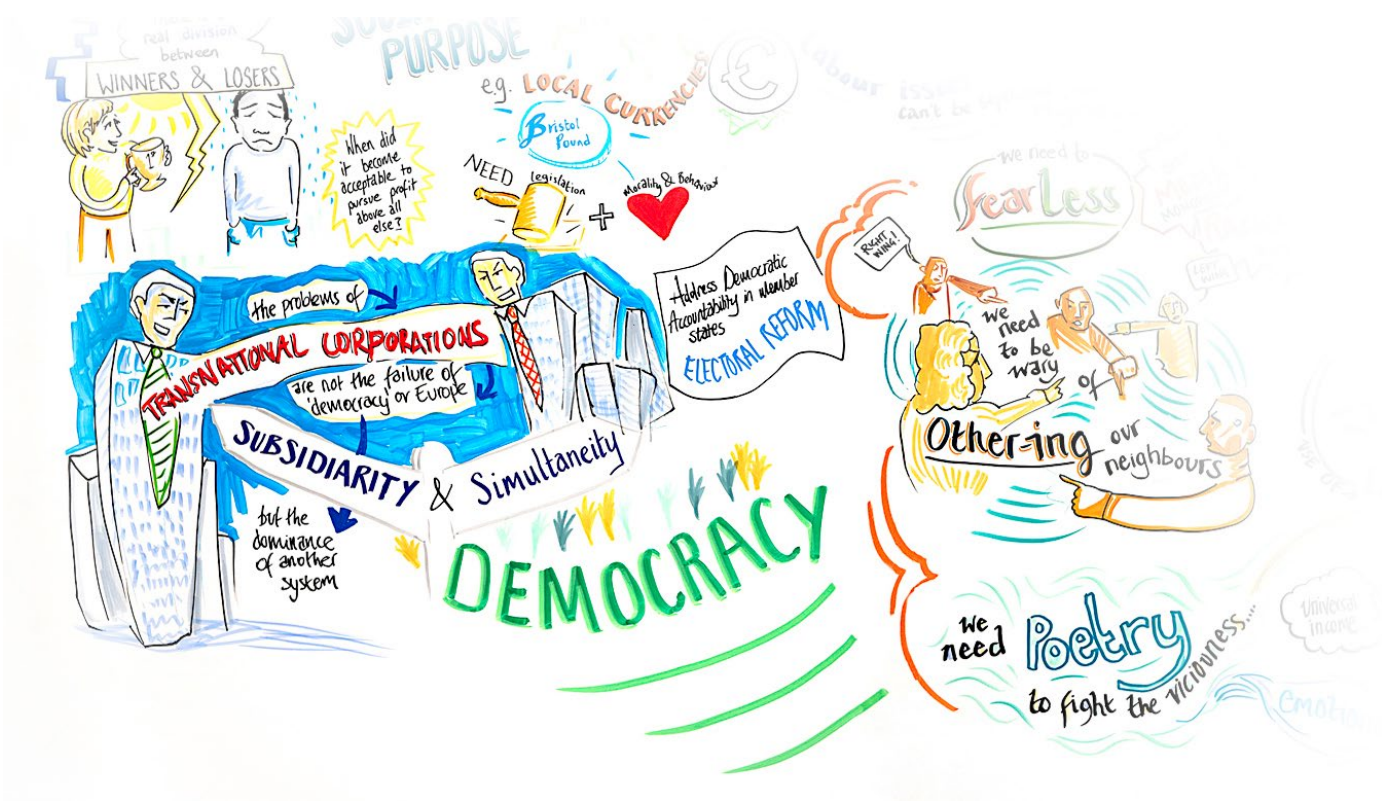
More than anything, Europe is a cultural construct. It is as much Shakespeare as Chopin, the Beatles as Beethoven. Europe is a story we tell each other, not just a place. It is a community of interests that cannot be unwound by a vote – just as its institutions cannot be secured in such a momentary fashion.

Between now and 23 June the British people need to have a conversation that takes them beyond mere retreat or surrender. How do we share the burden and benefits of globalisation, pool risk and create an open society? If we can escape the EU but not Europe then we still need to know what a Good Europe looks like. The authors in the short chapters that follow set the scene, offer desirable but feasible policy options for such a Good Europe, and crucially give some idea about how they can be achieved.

A moment of democratic sovereignty

The people will decide this major issue – a rare occurrence in Britain. It is precisely this kind of significant democratic process that can restore a sense of belief, hope and possibility in Europe.

Europe is still the richest continent on the planet; if a good life and a good society are to be created anywhere then it must be here. A society where security and freedom go hand in hand, a community of fate. We live in a 'Eutopia', it's just not our Eutopia. It is the project of technocrats and then neo-liberals who have shaped Europe in their image through their tenacity and conviction. That Europe has failed. It is time to start shaping a different Europe – a Good Europe. On 24 June – whatever the result – we must rise to that challenge.



2

DEMOCRACY – A CONTINENT WE CAN SHAPE

FRANCES FOLEY

Context

It is the biggest weakness of the European project, yet also its potential deliverer: democracy. In a critique of Europe which unites left and right, sceptics and reformers, the EU stands accused of lacking legitimacy. Recent crises have confirmed the undemocratic nature of EU governance: from Greece's struggle for national and economic sovereignty to the unilateral rescue of banks responsible for the crash. The EU must do democracy better – and do it fast.

For European citizens, the EU as a political institution is distant and indistinct. The clearest channel is through members of the European Parliament (MEPs) but there is little enthusiasm for electoral engagement: at the last European election,

UK turnout was 34% and Europe-wide the figure hovers at just over 40%. Widespread confusion over the structure of EU governance – who makes which decisions, where and how – persists: the UK fares poorly in tests of basic EU knowledge (in a recent survey, only Latvia knew less about Europe²). This lack of clarity is both a symptom and a cause of the EU's increasingly undemocratic structure.

The upcoming referendum has at least sparked interest in Britain's EU membership. This is a time to rally a large proportion of the British public around a new, more democratic and open vision of what Europe could become. We should insist that democratic legitimacy is the axis on which the EU turns. A Good Europe must adopt democracy as its founding value – and be open to a number of key changes this will bring.

What we need

Scrutiny and secrecy

The first proposal of the burgeoning Democracy in Europe Movement is that the EU must become more transparent. As a first step there should be live recording of European Parliament, EU Council, the Economic and Financial Affairs Council (ECOFIN) and Eurogroup meetings. The principle would also cover legislation: all treaty documents should be made public, including those of the Transatlantic Trade and Investment Partnership (TTIP). In addition, the lobby register must become compulsory, and political representatives should be obliged to publish details of their meetings with lobbyists and pressure groups. The European Central Bank must also begin to publish minutes of all its meetings, and provide clear, accessible information on its operations. There have also been calls from civil society and media groups for the EU to grant more public access to bills, draft treaties and legislation currently being processed, introducing freedom of information into EU governance.

If the democratic legitimacy of the EU ultimately lies with the European Parliament, it must have greater power to subject the executive to democratic scrutiny. Currently, the Council and Eurogroup are not accountable to any parliament or voting citizen. In fact the Eurogroup itself does not exist within EU law; there are no minutes of its procedures and it insists that its meetings remain confidential. Therefore the highest levels of EU governance remain shrouded in secrecy, not only out of public sight but also out of bounds for the majority of democratically elected politicians. If the EU is to dispel the rumours that it is a closed shop, it must submit to a much higher degree of public political scrutiny and become more willing to communicate effectively and transparently.

An institutional restart

Injecting democracy into the heart of EU governance requires a radical rethink of institutions – of their composition, responsibilities and purpose. Currently, EU citizens confront a colossal, highly complex web of interrelated institutions, all with

frustratingly similar names and appearances. If you often confused the European Council with the Council of the European Union, is there any chance of successfully navigating the institutional obstacle course of the European External Action Service (EEAS), European Economic and Social Committee (EESC), European Investment Bank (EIB) and European Data Protection Supervisor (EDPS)? A rebrand is in order.

For those seeking the democratic roots of the EU's power, the obvious starting point is the European Parliament, from where the members derive their legitimacy through the direct popular vote of EU citizens. But while the European Parliament has gained in strength over the past two decades, since the Lisbon Treaty in 2009 it has fundamentally lacked democratic muscle: its powers are confined to reacting to proposals – reviewing, amending and passing legislation – but the European Parliament cannot initiate legislation. This radically limits the scope of democratic governance.

One proposal would be to give the European Parliament more power to propose legislation. As well as granting citizens a more direct route to influencing policy, it would also enable the European Parliament to oversee the more powerful and far less democratic EU Commission, the main force

behind EU policy. This would in turn strengthen the role of national parliaments within the EU overall, which will raise the question of subsidiarity; while granting more power to national parliaments might introduce more

democratic authority into EU policy-making, the question of where power should lie on key decisions will be central to its legitimacy.

A structural recalibration of the European Parliament is also necessary to fix more persistent systemic problems. One proposal is that the European Parliament could become a bicameral body: the lower house would be directly elected, like the current European Parliament, on a proportional system, where the number of political representatives corresponds to a state's population. The second chamber would be selected by

'THIS IS A TIME TO RALLY A LARGE PROPORTION OF THE BRITISH PUBLIC AROUND A NEW, MORE DEMOCRATIC AND OPEN VISION OF WHAT EUROPE COULD BECOME.'

member state legislatures, also proportional to the population, with a few additional representatives for smaller states. Then elected representatives would have a far more prominent role in agenda-setting and using their legislative power.

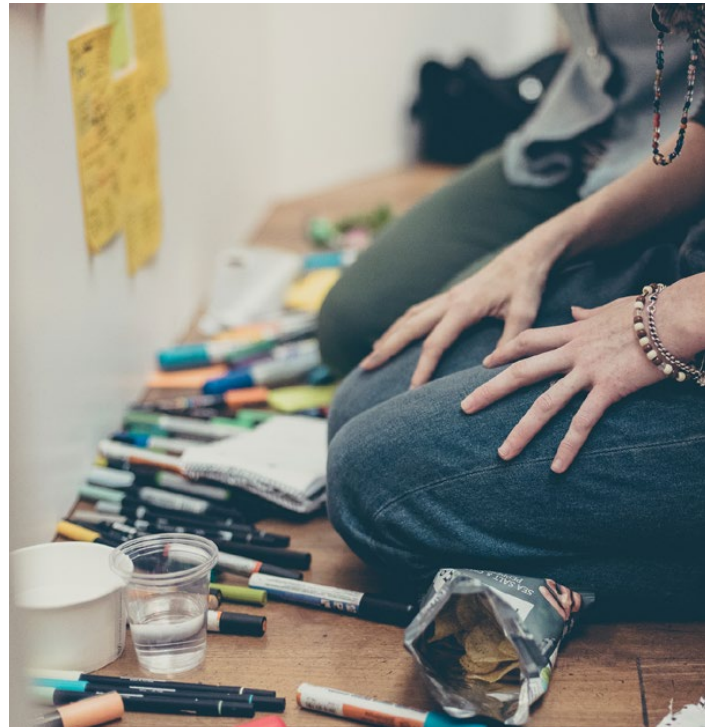
Growing the democratic grassroots

To improve the democratic credentials of the EU it could look beyond the representative model and seek legitimacy at its source: the European people. With turnout at elections still languishing well below 50%, initiating new forms of participative decision-making might revive an interest in the Union and demonstrate the EU's democratic commitment. But it is vital that such new possibilities of engagement are backed up by the real prospect of citizen control.

There have been some recent efforts to introduce elements of direct democracy into European governance. The European Citizens' Initiative, passed in 2012, stipulates that if EU citizens can gather one million signatures from people in a range of EU states, their proposal must be reviewed by the European Commission, which might draft legislation on it. However, this is dependent on political will. The problem about these initiatives is that the power still rests firmly with the European Commission, an unelected and opaque political institution. Perhaps it would be more fruitful to begin at the source of legitimacy itself: the European demos.

The Democracy in Europe Movement is demanding a constitutional assembly to draw in citizens from across the continent to determine how to create a full European democracy. This process would begin with the recognition that the only political power the EU holds is derived from the European citizens. It would re-shape the debate on the future of Europe around the principles of democracy, subsidiarity, solidarity and transparency, and leave us with a European constitution made for and by the people of Europe.

A constitutional assembly process – the preparatory work, convention and follow-up – might also reinvigorate a belief in the democratic potential of the Union, while demonstrating EU citizens' appetite and capacity for democratic deliberation. The success of this proposal would however also require the input of the EU elite. As the tale of Iceland's Constitutional Convention warns us, without high level political buy-in, such commendable efforts might fall at the hurdle of political will. It would be



up to campaigners, wider civil society and citizens themselves to bind politicians at an early stage to adopt a constitutional assembly's calls for reform.

Making change possible

These proposed reforms would require both a degree of institutional political will and sustained pressure from civil society. The accountability of the EU Commission is a prime example: while some within the executive might indeed recognise that their current lack of transparency is unjustifiable, they are unlikely to jump before being pushed. Nonetheless, key allies from within EU political bodies will be crucial in making the institutional culture more amenable to a radical overhaul. Indeed, individual figures from within the establishment can do much to raise the profile of other actors working for deeper democracy, while exposing the absence of democratic accountability within the EU as a whole. Such push-and-pull methods can help prepare the necessary groundwork so that the institutional culture is ready and willing to accept political change. But without external backing and corroboration, these insider democrats will lack political clout. European citizens must get behind internal mechanisms for change, while also exerting their own external influence.

As for the potential of greater direct democracy, a number of key factors could force the EU to pay more heed to new approaches to democratic participation. Following the lead of Ireland, Iceland and Canada, other EU nations, notably the UK, are demanding a national constitutional assembly to deliberate on similar questions of democratic importance. There is a strong suggestion that these campaigns might mutually reinforce one another. Given the practical and logistical challenges of holding an assembly at an international level, the success of such initiatives in a national context might prove their practical and political potential.

The current forecast for EU democracy is overcast by the upcoming referendum. While the national vote might yet drive the discussion towards forms of democratic renewal, it may also further confuse, deceive and distance citizens from the real risks and opportunities that EU membership presents. If Britain votes to remain a member of the EU, by whatever margin, this decision must come together with a loud and insistent demand for long-term, radical reform, premised on radical democratisation. Without a democratic detoxification of EU institutions, it is not clear how the EU in its current form might continue to exist. And whether we should want it to.

RESPONSE

A working group at the Good Europe event on 23 April 2016 discussed Frances' proposals. There was strong agreement with the need for more transparency, taking into account tensions between the interests of citizens and confidentiality of negotiations, for example by establishing a robust register of lobbyists. There was also strong support for strengthening the power of the democratically elected European Parliament to hold the Council to account, in particular that the European Parliament should have the power to initiate legislation and the Commission should be more of a civil service. If MEPs had more power the public might engage more, strengthening the link between MEPs and their electorate.

The group thought that establishing the principle of subsidiarity and simultaneity is critical: no decision should be made at a higher level than can be made at a lower one, and democracy has to work on every level. Control of the political space should be inverted, building grassroots democracy from the bottom up. Alongside this, citizens' attachment to national institutions can be confronted and the concept of sovereignty challenged - although decisions taken above the level of the nation state present real challenges too. Recognising the importance of the influence and control of activists, pressure groups, trade unions

and social organisations in the EU decision-making process would help bridge the gaps between local, national and supranational concerns, and balance competing interests.

There was agreement around the lack of understanding of EU structures and the need to re-define and re-educate citizens on the principles and parameters of democracy. Knowledge, engagement and understanding are prerequisites for more accountability and citizen control, though there are tensions between participation and accountability to be worked through. Creating an institutional lobby to question and confront falsehoods being propagated at the political level would help hold elites to account. Another measure would be to create a community-based transnational, independent news and media broadcasting network. This would also help in creating space to debate and agree on transnational visions for global problems, and be one element of building a European political identity through education, culture and engagement.

Finally, nation states require their own reform in democratic accountability, for example electoral reform. We will also need a more 'grown-up' politics: British politicians must stop using the EU to soak up blame and move away from crisis management politics towards a long-term approach.

a reliance on detaining migrants in prison-like conditions in many member (and non-member) states.

- For EU and non-EU migrant workers alike, economic migrants are often treated merely as commodities of globalising economies because of shortcomings in the provision of social rights in the context of austerity.

All of these problems call for renewed coordination and solidarity between the member states and with migrant populations to find policies that are more sustainable than those currently in place, which will lead to better outcomes for all. European populations have often been hostile to migration, but for a Good Europe to build a more equal and fair society for all, and to cope with the challenges presented by the complex global context in which the EU is operating, a positive approach to immigration must be a priority.

What we need

The three policy ideas presented here provide a starting point for a new approach to immigration for a Good Europe, based on fundamental commitments to equality, fairness and human dignity.

Implement a rights-based refugee response

The EU response to the plight of refugees fleeing Syria and other countries in the region has lacked effective coordination. Given the lack of implementation of the common standards prescribed by the Common European Asylum System, those seeking protection in Europe are confronted by a patchwork of different policies across the member states. The Dublin System has also resulted in a heavier burden of responsibility falling on the member states into which refugees first arrive, with many states beyond the external borders of the EU showing an unwillingness to engage in coordination to support these member states or the desperate populations arriving at their borders. The recent EU-Turkey deal, under which refugees arriving through illegal means in Greece will be exchanged for others living in Turkey, contravenes the 1951 UN Refugee Convention, which states that refugee cases must be assessed on individual bases and that refugees must not be returned to countries where their human rights may be at risk.

A better response to refugees in the region could be achieved through a coordinated approach centred on meeting core commitments to human rights. Leaving behind the flawed EU-Turkey deal, all European member states could commit to a common approach to protecting refugees and to fairly sharing the resettlement of refugees between member states rather than placing the burden on the states in which they first arrive. This would lead to there being better respect for the rights and dignity of the refugees in accordance with UN conventions, radically improving their situation, and would create more fairness in the division of responsibility for meeting human rights obligations at moments of emergency migration across the entirety of the EU.

End immigration detention in the EU

Despite being an increasingly normal part of many people's lives, migration is often stigmatised. Migrants are viewed with suspicion and as a problem to be 'solved', with asylum seekers in particular often assumed to be economic migrants seeking to settle in Europe through illegal means, rather than as people fleeing danger and persecution. The practice of detaining migrants, including asylum seekers, in EU member states is an embodiment of this criminalisation of migration,



with people left in (sometimes indefinite) detention should they not be able to satisfy the authorities of their right to stay. In many cases this leads to the arbitrary detention of individuals exercising their right to asylum, and places particularly vulnerable groups, such as pregnant women, children and those fleeing traumatic episodes, at risk of physical and mental illness.

While the European Court of Human Rights provides guidance on detention on the grounds of immigration status, the practice is considered lawful and largely at the discretion of individual member states. Yet ending detention across Europe is a feasible policy proposal, which is consistent with core human rights commitments and would help to build a

fairer society for all. Approaches such as community and case management offer evidence-based alternatives to detention (allowing migrants to live and move freely within their new communities), and

there is no reason to suppose that these would not be effective. Indeed, evidence shows that detention does not present a deterrent to migration. A pan-European policy to end detention and implement alternative measures is therefore an important step in ending the contradictions at the heart of the EU's response to migration, and the culture of disbelief and assumptions of criminality surrounding those exercising their right to claim asylum.

Create a social rights pillar

The mobility of EU citizens for employment and other opportunities across the member states has significantly benefited the economy of the EU, and increasingly European economies are dependent on non-EU migrant labour for key sectors of the economy and for a functioning welfare state. Yet these expansions of national labour markets have not been accompanied by strong social and workers' rights. In many cases migrants are exposed to exploitation and treated as economic commodities, and anti-migrant trajectories in countries such as the UK suggest that access to in-work benefits and healthcare could be further curtailed. This can lead to arbitrary deprivations and

unfairness, undermining the achievement of social justice for all in a good society.

The European Commission has begun exploring the concept of a European pillar of social rights. This could operate as a vital tool to realise and extend the social rights of all workers in the EU, whether migrant workers from other member states and from beyond the borders of the EU, or ordinary citizens of member states. Social and workers' rights and immigrant rights are one and the same, and pursuing these rights therefore has benefits for all groups regardless of migration status. The legislation would need to be legally enforceable and to apply to all member states, something which is not yet apparent from the Commission's initial work

in this area, but is recommended here.

Making change possible

The policy ideas set out above outline an alternative vision for a new approach to immigration for a Good Europe. In addition to legislative change, they will require

significant coordination between member states in a context where immigration has for some time been considered to be a major threat to European countries. Yet by working together we can change the discourse and build solidarity with other EU countries. In moving forward with this agenda we need to:

- *coordinate* with not only the member states and institutions of the EU but also key civil society actors (including migration rights groups and trade unions) who can provide expertise and share examples of good practice
- *change the discourse* by working together with politicians, the mainstream media and through social media to construct alternative narratives about migration; lessons from examples such as the campaign I Am An Immigrant (hashtag #iamanimmigrant) in the UK will be particularly important in building momentum for change
- *build solidarity* between citizens across the EU and beyond by creating spaces to reflect on our common struggles for social justice and the ways in which worker rights, immigrant rights and human rights intersect.

'THE EXPANSIONS OF NATIONAL LABOUR MARKETS HAVE NOT BEEN ACCOMPANIED BY STRONG SOCIAL AND WORKERS' RIGHTS.'

RESPONSE

A working group at the Good Europe event on 23 April 2016 discussed Katherine's proposals. They agreed with the approach of making 'fundamental commitments to equality, fairness and human dignity', and went further, saying free (and safe) movement should be supported; migration should be decriminalised and destigmatised legally and culturally. Migration should be human (rights) led and centred on dignity.

The group felt it was essential to have a holistic, human-centred approach to engaging with migration. It begins with creating conditions where people don't feel they have to leave their country to have a good life. For example, one aim could be for there to be a universal income for all in Europe. More pointedly, countries like the UK must acknowledge that migration is a consequence of the foreign policy we pursue. Migration within the EU is distinctly different from migration into the EU.

The group argued that countries must take

responsibility for the benefits, deficits and causes of human migration. We could choose to see migration as the import of human capital, utilising migrants' skills and upskilling through education and training where possible. There is a tension between freedom of choice over movement and the distribution of population in relation to resources. One measure would be a legal obligation for governments to invest in homes and education proportionally to increases in local populations caused by migration. Active state regulation should also ensure minimum wages and working conditions for migrants and indigenous workers. The current shrinking of the state reduces resources to support integration such as through teaching English as a second language, although local residents can still welcome refugees warmly in various ways.

Throughout each aspect of the discussion of migration we must face up to and tackle issues including othering, racism and Islamophobia.





4

SUSTAINABILITY – A EUROPE WE CAN SURVIVE IN

VICTOR ANDERSON

Context

The referendum campaign has become a squabble between the right and the right, between Cameron and most of the Cabinet versus a combination of Tory 'Eurosceptics' and UKIP. Project Fear is the most persuasive part of each side's argument – fear of immigration against fear of Brexit's impact on big business.

It is crucial in this context that we bring into the campaign some voices that are positive, radical and constructive about Britain in the EU. This is important for many reasons, including for the politics of sustainability.

'The environment' means lots of things, but above all at the moment it has to mean the planet, because changes at the global scale – climate disruption, eco-system and earth system decline – are what will ultimately determine what sort of future there is going to be, including the future for the food supply, the world economy and the prospects for peace.

Europe has a vital role here, because it provides a stepping stone between the national and the global. By being in the EU and influencing it, it is possible to influence something which in turn has an influence on a planetary scale. And in practice, despite all its faults, we have already seen the EU play a leading role on global environmental questions, particularly the climate.

What we need

The EU offers the possibility of setting out an alternative set of policies to those coming from the political establishment, two stand out: green quantitative easing (QE) and corporate social responsibility.

Green QE

Following the political defeat of Keynesian economics in its late 1970s onslaught by Margaret Thatcher, which Keynesians and Labour have never been able to reverse, neither Corbyn (leader of the Labour party) nor McDonnell (shadow chancellor) is now prepared to argue for a deliberate budget deficit. Probably the most recent senior politician to do that was Ed Balls, when he was campaigning to be leader against Ed Miliband, before he became shadow chancellor. All the talk now is of 'balancing the books', and anything else has to be referred to as careful 'capital investment'.

However, monetary policy has moved differently, with central bankers in many cases taking over from politicians the task of stimulating economies through extra spending power. And recently - while there are very low, or negative, interest rates so further interest rate cuts are difficult - attention has turned to QE, which has essentially made it possible to put

money into the economy via the banks.

QE has proved inefficient, because in its current form it relies on the existing banking system to channel money into the real productive economy, and banks don't always work like that, preferring to buy up existing assets, like buildings, and often to build up their own reserves.

Hence the idea of 'people's QE', which would channel money directly into the real economy. But that could be a rather random way of doing it, boosting all economic sectors indiscriminately, regardless of their effects. The idea of 'green QE' is a version of people's QE, which channels money into the green and low-carbon sector of the economy.

Green QE could be operated through the European Central Bank and other central banks in the EU buying up the debt of firms, social enterprises and local authorities, provided they use the money to increase their expenditure on renewable energy, materials re-use schemes, home insulation, energy and water efficiency equipment, and other projects to move the European economy in a more

sustainable direction. They might issue special green bonds to earmark this money.

That would be a policy for achieving both the revival of economies in areas of high

unemployment, and at the same time contributing to the process of green economic transition.

'THE IDEA OF 'GREEN QE' IS A VERSION OF PEOPLE'S QE, WHICH CHANNELS MONEY INTO THE GREEN AND LOW-CARBON SECTOR OF THE ECONOMY.'

Corporate social responsibility for real

Another area for future EU policy takes as its starting point the fact that in many companies today corporate social responsibility is just a section of public relations departments, with small amounts of money being put aside for well-publicised support for charitable good causes, like the arts sponsorship which oil companies such as Shell go in for. That doesn't touch the actual operations of the business or guide its strategy and priorities. It's sheer tokenism.



However, there are moves taking place to introduce real corporate social responsibility. Ideally this should be done at EU level because an EU-wide policy helps to avoid companies simply shifting operations around in Europe to the countries with the lowest standards (for instance to Luxembourg for lower tax rates). There is already a substantial body of EU company law, and this could be added to. There are two key points here.

First, companies should be required to report on social and environmental risks and impacts, not just their financial performance and outlook. Potential investors, customers, suppliers and employees could then take this public information into account when making their decisions, which would help to shape a corporate culture much more responsive to public concerns, including those relating to environmental and public health.

Second, companies should be discouraged from short-termism in their decision-making through restricting shareholders' voting rights to those who hold shares for a minimum period of at least a few years. Short-termist pressure on company boards is a key enemy of sustainability, because it always prioritises making money in the present over safeguarding resources and capabilities for the future. The current system, in which shares can be held for less than a minute before being resold, enables people to be shareholders without the slightest commitment to the performance of the company. This is a crazy way to run an economy if we are at all concerned about the future and the welfare of forthcoming generations.



Making change possible

These changes won't happen unless it is made compellingly clear that people want them. In Europe we can use our partially democratic system: enormous powers for international finance and multinational companies, but also a set of institutions and laws which at times limit and counterbalance the excesses of capitalism. It is far from being a perfect system but it does offer some potential.

However, one of the problems about the EU is that many people feel it is remote from them, and so it suffers from political disengagement more than national sets of political institutions do. People feel they have no influence over what goes on within the EU. So, above all, our theory of change has to address the problem of what psychologists call 'learned helplessness'. It is very misleading to call it 'apathy': it's not a lack of concern, but simply getting used to being effectively powerless.

A key factor has been the substantial continuing opposition to UK membership of the EU, which has caused the political and media focus on Europe to be entirely about whether UK membership is a good thing or not. It is only when the question of leaving or remaining is resolved that we will be able to pay more attention to the institutions and policies of the EU and debate how we want them to change. The other key factor, as always, is developing an informed public, and here the education system and the media are potentially crucial but underperforming in educating us about our roles as citizens.

All this demands a complex combined theory of change, not simply looking to one institution, party, leader, tactic or 'silver bullet' policy to solve all our problems.

RESPONSE

A working group at the Good Europe event on 23 April 2016 discussed Victor's proposals. Participants had a different perspective on the approach to reform. They emphasised the need to challenge the overarching narrative of talking about the environment and the economy together, as the economy is a wholly owned subsidiary of the environment. Measures they discussed included investing in infrastructure such as a European super-grid as part of joined up thinking on energy spending along with a Europe-wide feed in tariff, and focusing on green growth rather than setting sustainability up as trading off against the economy.

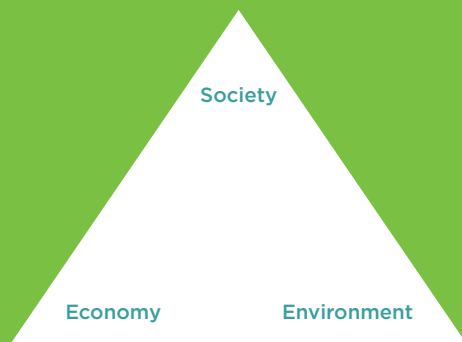
The working group members suggested that another important area is incentivising consumer behaviour change, for example through water, food and material waste penalties and incentives, coupled with sustainable consumption education on the impacts of consumption and providing solutions and alternatives to unsustainable practices.

The most important policy measures suggested were to raise the bar for transport (learning from Europe about cycling best practice); to develop a sharing economy, for example through car sharing; and to tackle carbon emissions and food - looking at TTIP, food security and food standards.

Discussing corporate social responsibility, working group members argued that companies must live and breathe value of sustainability, and that this should be enforced, for example with strong links from reporting environmental impacts to changing policy. A requirement to publish social and environmental impacts could be coupled with regulation, including notices for inadequately performing companies to improve, though some participants contested Victor's corporate social responsibility framing, suggesting instead that the discourse should be around sustainability and sustainable business leading to prosperity.

Working group members suggested that when talking about sustainability in the EU we should emphasise its positive benefits (following the example of the Climate Coalition's campaign 'For The Love Of...') and make it relevant by using personal stories. The EU provides a space and place for long-term planning and responding to new information. There are plenty of areas where positive change to environmental standards or policy areas has been apparent in recent years, including in transport, innovation, technological advances and food standards. The EU should further develop its role as a strong negotiating bloc on global climate policy, shared standards and collective action (the power of solidarity).

The working group argued that sustainability leads to a prosperous society, although we need sustainable policies that transcend people, planet and profit. Other prioritised policies were a carbon price to drive shift in business; company future-proofing, for example restricting dividend and director pay-outs to long-term profitability; and European tax incentives, loans and education initiatives for social entrepreneurs.



The environment cannot be separated off from the economy or society.



5

SOLIDARITY - A EUROPE IN WHICH WE HELP EACH OTHER

ROBIN WILSON

Context

It has often been suggested that a Europe of solidarity is a pipedream – that it can never be more than a collection of nation states because it lacks a demos. Yet European states were not spontaneous expressions of pre-existing peoples. Solidarity is not ethnic Volk-ishness: it is the recognition by individual citizens that other citizens are their fellows. That is as possible at European level as on the national scale.

Behind the Euro-scepticism is the purported threat of a federal super-state European dystopia, which is wrong-headed on two counts. Federalism is of course a governance of decentralisation, not authoritarian centralism – that was precisely why it was imposed on post-war Germany. And for many years theorists of European integration have recognised the EU as a system of multi-level governance – from the local via the national to the Europe-wide – in a multi-speed dynamic (with the UK in the slowest lane). This system has evolved

not as some Brussels conspiracy against British national sovereignty, but as a crab-like process of recognition that in a globalised world adequate solutions to political problems can only be found if there is coordination at least on a European canvas.

Take the Climate Conference (COP21) summit in Paris in late 2015. After the disastrous 2009 summit in Copenhagen, which devolved into a stand-off between the USA and China and a lowest-common-denominator bilateral deal, the common EU position in France set the agenda, in alliance with developing states, for a progressive outcome (though still well short of what non-governmental organisations (NGOs) sought and the science demands).

The trouble is that this broadly solidaristic European response to the global challenge ‘Can we live?’ has not yet been manifest in response to the two other key 21st century challenges: ‘Can we live together?’ and ‘Can we live together as equals?’ On the contrary, the determination of individual

states to fail to meet their humanitarian obligations under the 1951 Geneva Convention (the UK, Poland and Hungary in the van) has turned a manageable refugee flow from the middle east, north Africa and Afghanistan – a fraction of the EU population and of the relative refugee numbers in Lebanon and Turkey – into a ‘crisis’.

With the Social Europe of the once-president of the European Commission, Jacques Delors, now a distant memory in a commission whose neoliberal reflexes were strengthened by the former Soviet-bloc adherents, some on the European left believe that a return to nationalism and protectionism is the answer. This is a delusion. Only a politics going with the grain of what Ulrich Beck described as ‘really existing cosmopolitanisation’ will suffice; a retreat to the intergovernmentalism beloved of a Euro-ignorant David Cameron is a cul-de-sac, especially for the left.

What we need

So how can solidarity in Europe be (re)created? Here our model should be the Nordic welfare states, premised on progressive taxation funding universal benefits and services. The EU may have state-like qualities but it is a much more modest entity. Yet elements of more radical redistribution can be inserted into its architecture.

Jobs and wages

The assurance of a job, education, apprenticeship or training for all school leavers and young unemployed should be developed into a guarantee for all adults in the union of employment, re-education, retraining or other (remunerated) social participation, allied to a European-wide minimum wage of 50% of average national income. The entitlement of Nordic-style universal childcare across the EU countries should also be progressively introduced, particularly with its implications for gender equality and child development in mind.

EU funding support, allied to moral persuasion, can improve performance in the less advanced member state countries as a much healthier form of pressure than the rod of demand-destroying austerity.



‘EVERY EUROPEAN CITIZEN SHOULD BE ISSUED WITH THEIR OWN SOCIAL INSURANCE CARD FOR PROTECTION WHEN THEY MOVE FROM STATE TO STATE.’

Funding

On the side of progressive taxation, already ten member states have signed up to a modest, one-page proposal for a financial transactions tax; the UK government threatens legal action to try to block this, of course, backing the City rather than the citizen. The financial transactions tax is a small levy on each trade in the style of the stamp duty levy on house purchases in the UK. It has the dual benefit of raising funds for redistribution from those who can most afford it and dampening the more speculative and potentially damaging end of financial markets.

In addition there should be a common consolidated corporate tax base, to stop a competitive race to the bottom and ensure companies help pay for the societies they profit from. Were the revenues from such a tax, penalising rentier speculation, to be channelled towards social inclusion in Europe, its popularity could only rise – in just the same way as a carbon tax, replacing the ineffectual and inefficient emissions trading system, could be hypothecated towards measures of ecological modernisation.

Social insurance

Every European citizen should be issued with their own social insurance card for protection when they move from state to state – akin to the European Health Insurance Card that most of us now carry when travelling abroad. Alongside this there needs to be a European migration adjustment fund that local authorities could apply for to increase housing, health and education capacity when immigration to an area increases.

Making change possible

How can this be pursued? The Youth Guarantee agreed by the Council of Ministers in 2013 was an initiative of the Socialists and Democrats Group in the European Parliament and recommended that Member States ensure young people be in education or some form of employment. The Party of European Socialists should set out such a vision for a new floor of security for all in an insecure Europe as part of its battle against the far-right populists who, as Sheri Berman showed, have always been the major competitors with social democracy for the support of the *classes populaires*³. In that context, the Party of European Socialists needs also to campaign for a change in the mandate of the European Central Bank to support employment, as well as non-inflationary goals, like the US Federal Reserve, and for the European Investment Bank to be empowered to support a serious programme of investment in public goods at a time of virtually zero interest rates, not (like the current Juncker package) dependent on unrealistic assumptions about private-sector buy-in. In the long run, the ambition would be to replicate the Norwegian sovereign wealth fund at European level, linked to growing public ownership. UK Labour, meanwhile, should rediscover the existence of the Party of European Socialists.

Labour needs to insist on the state's treaty obligations on asylum and keep reminding the

government of them. Labour-controlled authorities should also seek to join the Council of Europe Intercultural Cities network: only Lewisham from the UK is currently a member of the 95-strong network of municipalities engaged directly or indirectly – indeed in more advanced member states there is a national network of such cities. Members are united in advancing the intercultural model of integration (transcending the obsolete debate in Britain between assimilation of 'British values' and a conservative multiculturalism), which upholds the diversity advantage a well-managed openness allows. Oslo is one of the top performers on an index that the network has produced; interestingly, the municipality's business department – which runs an OsloXL campaign to promote its commitment to newcomers – leads on interculturalism, fully recognising the key role of demographic diversity in innovation in the knowledge economy.

The UK answer to the question 'Can we live together?' cannot be a numbing insistence on a 'sovereignty', caused by English post-imperial *folie de grandeur*, which would leave the state – perhaps even just an English residue of it – like a cork bobbing on a global ocean. And the question 'Can we live together as equals' cannot be answered by a retreat into Edwardian patrician disdain for the 'undeserving poor'. In that context, the left in the UK can do a great service by realigning itself with other progressives across the continent, in support of a renewed European project of solidarity adequate to our times.

RESPONSE

A working group at the Good Europe event on 23 April 2016 discussed Robin's proposals, focusing on needs around engagement with and within communities, for example, festivals as informal means to celebrate diversity and tolerance. The need for more education about Europe and beyond also came through in discussions, for example it was recognised that the Erasmus programme and other exchanges are important global projects. There was support for Robin's European unemployment insurance scheme. However, the group criticised looking to a Nordic-style welfare state as too simplistic, for example Swedes contest Swedes moving away from the state.

The group discussed how in seeking social justice and social democracy we must address solidarity at multiple levels, through ideas and actions within the UK, across Europe and globally. Europeans do not advocate a melting pot mentality – they champion diversity, but this may be related to the lack of a shared European identity, which can hinder the development of solidarity. The project of solidarity is one of overcoming European conflict. Alongside conflict, solidarity is bound up with issues of identity. Thoughts of closed borders and the people the UK conquered evoke shame. The group raised the question, 'Is the nation state an obstacle to solidarity?'



6

FINANCE – A EUROPE WHERE MONEY SERVES US

GREG FORD

Context

Few people believe that Europe is safe from a future financial crisis, or that the EU's economy is performing as well as it could be. The failings of Europe's financial system – poor capital allocation, excess debt, creaky payment systems and unnecessary systemic risk – demonstrate that it needs substantial reform.

Despite post-crisis regulation, the financial sector today remains dominated by too-big-to-fail banks and speculative capital. Pay in the financial sector is higher than in comparable professions, finance's political influence is large and mostly used to avoid reform, and there seems to be little accountability

for top executives, despite a string of scandals.

But there are reasons to be cheerful amid this gloom. Eight years after the financial crisis there is broad agreement about the purposes of the current financial system, such as to direct capital to productive use, create credit, run the payment systems, safeguard deposits and help people and companies to manage risks, among other things. These are all useful and perhaps essential public goods, and stand in contrast to the pre-crisis narrative that the financial sector's only obligation was to be profitable.

And there is the possibility for progress via the EU, which can deliver reforms that would not be

possible for individual countries. The EU's rulebook for dealing with failing banks, the Bank Recovery and Resolution Directive, is a recent example.

What we need

One of the EU's main tasks is to promote a single market in which new business models and best practices can spread quickly, as we are beginning to see with crowdfunding and other finance innovations. And the natural diversity among countries creates the possibility for solutions that have worked in one member state to be copied in others; Germany's successful development bank Kreditanstalt für Wiederaufbau (KfW) is a popular example.



'THE NATURAL DIVERSITY AMONG COUNTRIES CREATES THE POSSIBILITY FOR SOLUTIONS THAT HAVE WORKED IN ONE MEMBER STATE TO BE COPIED IN OTHERS.'

Of course, things don't always work as they should. The complexity of making laws for 28 member states can deliver lowest-common-denominator rules and leave good EU initiatives vulnerable to wrecking tactics by vested interests. This explains why, unlike the Bank Recovery and Resolution Directive, the European Commission's proposal to apply ringfencing to large universal banks – what you might call a 'Euro-Vickers' proposal to separate megabanks' retail and trading activities – has run into the sand thanks to opposition from France and Germany (the UK's own ringfencing plans are unaffected).

The European Commission's flagship financial reform, the Capital Markets Union (CMU), illustrates the good and bad in EU financial policy. The CMU is designed to revive the economy when banks are not lending by promoting non-bank funding from the capital markets. It aims to help businesses in one member state to raise funds directly from investors in another, among other measures by simplifying listing rules and harmonising rules on selling equity to venture capital firms and private investors abroad. This is a good example of the EU helping the single market mechanism to do its work.

That's the good side. On the other side, the CMU also sets out to revive securitisation, the financial

engineering technique at the heart of the financial crisis (and which had a starring role in the Hollywood film *The Big Short*). Cheered by investment banks and other intermediaries, the Commission is proposing to lighten the rules on securitisation, a process in which assets such as bank loans are pooled, re-packaged and sold on

capital markets as securities.

The dangers of overdoing this type of financial engineering are well known. It creates incentives for banks to lend unwisely because they know they can sell the loan, and risks for investors who cannot value assets that have passed through the securitisation machine (especially if 'tranching' and other complexities are involved). At the economic level, securitisation can feed credit misallocation and bubbles, because real estate loans are easier to securitise than business loans, and make the boom-bust credit cycle more damaging because the speed of the securitisation machine depends on the mood of the capital markets, which occasionally have meltdowns.

The Commission is aware of these problems and is looking at ways to mitigate them. However, it could have prioritised two other ways to promote business lending instead. The EU could require banks, especially the big banks, to fund themselves with more capital. Central bank research shows that well-capitalised banks are more reliable lenders and less likely to collapse or need a public bail-out. Yet big European banks are still weakly capitalised,



both historically and in comparison with US banks and smaller European banks. This is an obvious area for the EU to set high standards in and reap the economic benefits – provided that member states don't undermine capital rules in a misguided attempt to promote national champion banks (as with the European Bank ringfencing proposal).

A second way to promote business lending would be to promote a more diverse eco-system of bank business models in Europe. This would help to dilute the dominance of the EU's big universal banks. Big banks devote proportionately less of their balance sheets to business lending than small and medium-sized banks, and proportionately more to less economically productive activities, such as derivatives trading. The presence of big incumbents makes it hard for smaller banks – outside countries such as Germany with its Sparkassen system – to establish and compete, even though they are more likely to focus on local enterprise and relationship lending and so deliver more to the economy. Opening up competition to smaller banks and those with stakeholder missions such as cooperatives and credit unions seems a more promising and safer way to boost business lending than firing up the securitisation machines of too-big-to-fail megabanks. It would complement steps that the EU is already taking to help non-bank lenders such as peer-to-peer platforms.

Making change possible

The EU could still promote financial reforms if pushed in the right direction. They may be easier to achieve at EU level than nationally, given that much financial activity is itself international. As other reforms have shown, the ability to regulate and reform Europe's financial and banking systems are not in question, but the choice of policy tool and balance of interests are critical. The EU's political processes need to reflect the interests of the EU as a whole, without undue influence from any sub-group of industry interests or member states with large financial sectors to promote. How can this balance of interests be achieved, and with it the prospect of more meaningful financial reform?

First, member states and citizens need to be more present in EU policy-making. They can write to MEPs and support citizens' advocacy groups such as Finance Watch, and use domestic parliaments to hold their governments to account for actions in the EU; it is no good citizens appealing to the EU to curb derivatives speculation, for example, if their own government is in Brussels lobbying to promote derivatives speculation.

It is also worth engaging with other actors. Institutional investors are far more likely than regulators to split a megabank, if recent history is any guide. The business lobby is similarly powerful,

but rarely contradicts the bank lobby on matters of fundamental reform.

What would it take for businesses and institutional investors to advocate a more fundamentally reformed financial system: a change in incentives for fund managers, more appreciation of the benefits of financial reform for the wider economy, and better investment opportunities among challengers and 'fintech' start-ups? Regulation can pave the way for such market solutions, as long as regulators see the need for it first.

A good first step here would be to recognise more explicitly the public interest dimension of financial firms that deliver financial public goods, such as capital allocation, payment systems and credit creation. These are measures that the public needs and the financial sector provides without obligation, and largely without accountability.

When Mervyn King said that of all the ways of organising the banking system the worst is the one we have today, he was referring among other things to the combination of unavoidable public support and private profit.⁴ This results in a topsy-turvy politics where free market advocates end up defending subsidies for megabanks to ensure that public goods are provided without public intervention (if you ignore the bail-outs). You wouldn't set out to build it that way.

Changing this involves looking more objectively at the performance and purposes of the financial system to untangle the more socially useful activities of banks and financial firms from the others. Doing this could help to identify the various public goods that the financial system provides and push regulators to aim for a more ambitious reform agenda at national and EU level.

RESPONSE

A working group at the Good Europe event on 23 April 2016 discussed Greg's proposals. While agreeing on the need for a reformed financial system with lower risk, they emphasised different priorities for reform.

The first priority was a Europe-wide authority to regulate financial transactions, and joint financial supervision by a supranational agency (based on macro prudential standards). This would be one element of a more networked approach. A strong European network could be the base from which to regulate international solutions – a financial transaction tax and tackling high frequency trading. A more cohesive European monetary system would also strengthen negotiation on financial reform

outside the EU. While there was broad support for a financial transaction tax, there was disagreement over whether current iterations of proposals are feasible, or if an adapted version would be needed for it to work in practice.

The second priority was to provide finance for a social purpose, for example, encouraging the development and use of local currencies. The need for transparency and accountability was also emphasised. As well as being much needed in their own right, transparency and accountability would help close down artificial movement of profit centres from the country of activity to low corporation tax countries.



7

EUROPE - CHANGE HOW?

CLARE COATMAN AND NEAL LAWSON

However Britain votes on 23 June, our relationship with Europe will never be the same. On 24 June we must relentlessly construct a European agora (the Greek term for the public space for all citizens to debate, determine and decide on the key issues facing their society). This is the missing link between the Europe that is, and the Good Europe that could be. Without it, Europe is lost.

This process is already under way, not from above but from below. The separation of power from politics must be addressed. Such a reconnection cannot be imposed, but has to be built for and by the people of Europe. Actions, outcomes and policies have to be proposed, debated and determined – which in turn requires the spaces and platforms for deliberation and negotiation.

Just ten years ago, the creation of such spaces across borders would have felt impossible. But the very technology that globalises corporate and financial decisions and actions (contributing to the separation of power from politics) also creates the

means by which the citizens of Europe can connect, meet, talk, debate and decide. The successful Paris climate change talks at the end of 2015 were just the latest example of a transnational civil society emerging and shaping events. NGOs and campaigning organisations acted as the conduit between the people and the institutions of Europe on climate change, and can do so again on tax, solidarity, immigration and every other issue that has escaped the constraints of national sovereignty.

From the early experiments of the European Social Forum, through to the Democracy in Europe Movement 2025 (DiEM25) today; from the Transeuropa festivals to new online activist sites like WeMove.EU; from the political parties with broader European perspectives, like the Alternativet in Denmark, Podemos in Spain and the Scottish National Party in Scotland, to joint campaigns around issues like a financial transaction tax and tax justice – the tissues and muscles of a European body politic are being flexed. And because of technology, the pace of growth and change will only

quicken. Thinking, discussing and organising at a pan-European level has become possible.

We are witnesses to the long, painful but inevitable and necessary birth of the European citizen. Like all births nature must have its way, but it can be helped. A European policy of open data would help connections, spread information, and promote openness and transparency. What would also help is political 'leadership' that sees its prime function not in fact to lead, but to create this new agora - and to serve this emerging civil society and citizenry of Europe. So why not the creation of a BBC for Europe? Why not public platforms to match and better Google and Facebook for people to debate, join up, share and cooperate?

The ideas here and elsewhere should form a European Constitutional Convention - an independent citizen-led, but properly EU-funded, initiative - to devise from the bottom up a new democratic system for Europe. Not only would the EU fund it but the parliament would be bound to vote on its recommendations, and if passed those

recommendations for renewal would be enacted.

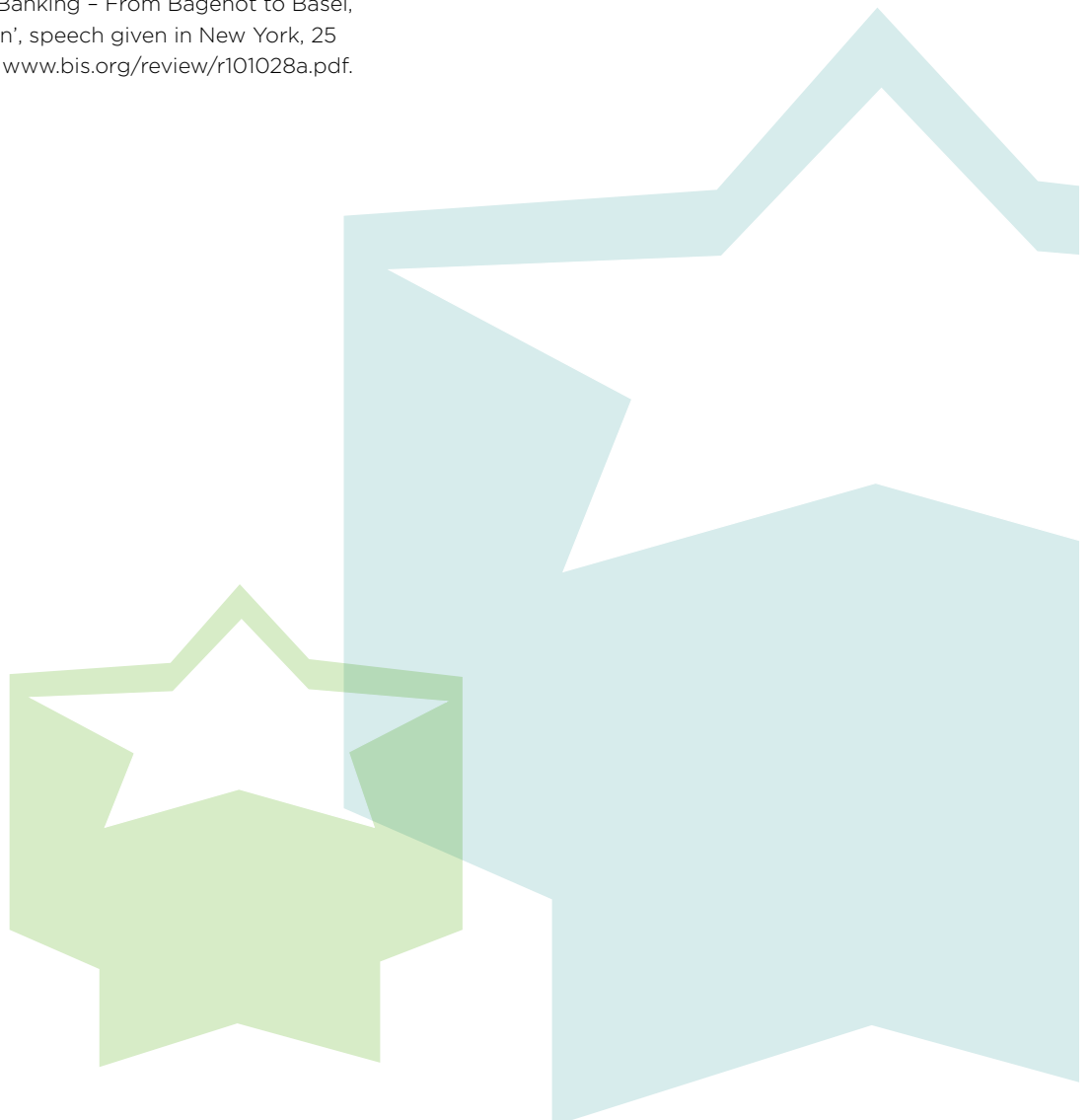
Change also has to come via nation states. And here this emerging, fledgling European agora or public space can act as a catalyst for change. It can provide sources of inspiration, and the confidence and awareness that others across Europe are finding solutions to the same threats and opportunities we face nationally. Globalisation doesn't smash national identities but causes us to face many of the same challenges and recognise that we can tackle them more effectively together - whether through sharing experiences or joining forces. Then parties that want a Good Europe can start not just to cooperate more effectively, but hopefully enjoy greater electoral success as voters see a route towards progress - so that the Council becomes more influenced by a Good Europe approach.

The good society can and must be forged locally, within national boundaries and through continental and global alliances. Nothing else will do. It is not Europe, yes or no, but Europe good or bad, that is the question.



Endnotes

- 1 Robert Skidelsely, 'A British Bridge for a Divided Europe Social Europe', 20 April 2016, <https://www.socialeurope.eu/2016/04/british-bridge-divided-europe/>.
- 2 Simon Hix, 'Britons among least knowledgeable about European Union', 27 November 2015, <http://ukandeu.ac.uk/britons-among-least-knowledgeable-about-european-union/>.
- 3 Sheri Berman, 'Understanding Social Democracy', July 2015, <http://socialistcurrents.org/wp-content/uploads/2015/07/Uderstanding-social-democracy.pdf>.
- 4 Mervyn King, 'Banking - From Bagehot to Basel, and Back Again', speech given in New York, 25 October 2010, www.bis.org/review/r101028a.pdf.





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