



1. Democratic legitimacy and the future of the Union

Juncker's commitment

'I see it as my key task [to] restore European citizens' confidence [and] strengthen democratic legitimacy on the basis of the Community method.'

'I want to have a political dialogue with [the Parliament], not a technocratic one.'

'The relationship with national Parliaments is of great importance to me, notably when it comes to enforcing the principle of subsidiarity.'

PSE's opportunity

- Democracy and sovereignty must move jointly. Citizens' confidence in the Union has declined because democracy has lagged behind transfers of sovereignty, in the name of efficiency: the crisis blew up this model, and left the Union exposed.
- To remedy this imbalance the Commission should open the Union to its citizens: democracy should be both its primary end and its primary means.
- The Commission should genuinely represent the common interest of Europe and its citizens, and cease acting as the technocratic arm of national governments.
- It should lead by example: it should seek the Parliament's support for its major initiatives, before submitting them to the Council, whether or not the current rules require it.
- It should also be ready to address itself directly to national parliaments, over and above its relationships with the governments and the Council, not just on subsidiarity issues but also on the future of the Union.
- More generally, the Commission should ensure the creation of a space of informed and open debate on its decisions and on the future of the Union.
- It should also be resolute in reacting to deviations from Europe's core values by Member States, for shared sovereignty requires intransigence about such values.
- Greater democratic legitimacy will not just make the Union more confident and cohesive internally, but also more credible in global affairs, which is particularly important now that worrying signs of disorder are again emerging at Europe's fringes.

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2. Growth, jobs, investment

Juncker's commitment

'My first priority... will be to strengthen Europe's competitiveness and to stimulate investment for the purpose of job creation.'

'... we must [make] the best possible use of the flexibility that is built into the existing rules of the [Stability and Growth Pact].'

'I see it as my key task to rebuild bridges in Europe after the crisis.'

PSE's opportunity

- Public investment has dropped significantly during the crisis, especially in 'debtor' countries, weakening our future growth prospects.
- Although debt sustainability is an issue in several countries, their debt/GDP ratios must – and *de facto* can only – be improved by accelerating growth.
- Public services have also been hit by fiscal austerity, further denying the notion of European citizenship. Imbalances within Europe and within Member States have increased.
- Therefore, investment should accelerate rapidly and steeply to sustain job creation, productivity growth and social inclusion.
- The effectiveness of the existing European budget should be increased by thoroughly implementing the new 2014-2020 rules that make PAC and Cohesion Policy funds more result-oriented, by strengthening impact evaluation, and by truly giving the European Parliament the opportunity to assess and debate results.
- The investment programme that Europe now needs shall require the use also of national budgets. National co-financing of EU investments should therefore be exempted from the Stability and Growth Pact, implementing the flexibility built into it.
- An enhanced accountability and openness of the investments exempted from the Pact should be envisioned.

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3. The future of the Euro zone

Juncker's commitment

'The crisis has only been paused. We must make use of this pause to consolidate and complement the unprecedented measures we have taken during the crisis.'

'I see it as my key task to rebuild bridges in Europe after the crisis.'

PSE's opportunity

- The crisis has been paused by BCE intervention: virtually all the structural flaws that gave rise to it remain intact.
- The destructive, self-defeating economic and political effects of fiscal austerity are manifest.
- If greater integration is advisable for the Union, it is necessary for the Euro zone to survive: we need an economic, fiscal and political union, with a Treasury and backed by an ECB explicitly endowed with a lender-of-last-resort function.
- With the monetary union, Member States have largely lost their stabilizers: the automatic fiscal ones, now subject to stringent constraints, and the lender-of-last-resort function.
- Such stabilizers must be recreated at the Euro-zone level, in order to allow Europe to protect its citizens from the endemic instability of the business cycle: this is a crucial mandate of sovereigns, which, if abandoned, erodes citizens' trust not only in the Union but also in our social model.
- To finance such policies an adequate Euro-zone budget should gradually emerge, in parallel with the rise of a more democratic Euro-zone governance, and it should be financed by own resources (starting from the 'Financial Transaction Tax' and a Euro-zone tranche of a 'Common Consolidated Corporate Tax').
- As the Euro zone moves towards greater political, economic and fiscal integration, the Commission should encourage those Member States that have sufficient fiscal space to adopt a more expansionary stance, to stimulate demand, share the burden of adjustment more fairly and efficiently, and ease current account divergences. In parallel, the Commission should be a credible guardian of governments' compliance with agreed macroeconomic policies: this is necessary to deal with the moral hazard risk and thereby strengthen the credibility of the BCE's backstop, which shall remain vital in the medium term.

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4. Transatlantic Trade and Investment Partnership, Innovation and Democracy

Juncker's commitment

'I will not sacrifice Europe's safety, health, social and data protection standards or our cultural diversity on the altar of free trade.'

PSE's opportunity

- Tariffs in transatlantic trade are already low: the gains that the TTIP may produce shall predominantly derive from regulatory convergence.
- Treaty-imposed regulatory convergence, however, can undermine and constrain the legislative sovereignty of the two sides. Europe should not bind itself excessively before it has become a more democratic union.
- The question does not only concern our standards, in fact, but also our democracy: the Commission should ensure transparency of the negotiations and stimulate a broad debate about the main choices in the TTIP.
- In sensitive sectors, therefore, regulatory convergence should be achieved through cooperation and consultation mechanisms, leading to voluntary coordination, rather than through mandatory common EU-US standards.
- In such sectors, the trade-offs between legislative sovereignty and the gains from trade should be left to the democratic process in Europe, and should allow for an evolution in the policy preferences of Europe's citizens and their representatives.
- Not only should there be no special regimes for investor and trader disputes, but states and the Union should not be answerable to private parties for their policy choices in sensitive sectors.
- The new Partnership should not be turned into an opportunity to further strengthen the regime of Intellectual Property Rights (namely in the areas of pharmaceutical regulatory test data, patents, etc.) whose past strengthening might well be responsible for the slowdown in innovation and growth.
- In a broader perspective, the Commission should also use the TTIP as the basis for strengthening the transatlantic alliance, which remains crucial, and rebalancing it.

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