



The Federalist Debate

Papers on Federalism
in Europe and the World

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A Carbon Tax for a Brighter Future

Alberto Majocchi and Antonio Padoa-Schioppa

Emmanuel Macron's victory has opened unexpected prospects for the European Union. These were made plain by an impressive number of innovative proposals given in his speech at the Sorbonne University on September 27th, 2018. Also the myth (because this is what it is, after all) of national sovereignty's intangibility was specifically disproved: on the contrary, there is to win back at the European level a sovereignty that the European States, without exception, have by now lost at the national level.

Inter alia, the most strategically outstanding proposition of the French President was in our opinion the one to introduce shortly a European tax on carbon dioxide emissions (the so-called carbon tax). This is not a new idea, though it seems that only now has it become weighty enough to reach the stage of its concrete implementation.

This proposal is relevant for several reasons. First of all, it pursues the aim to effectively fight the dramatic increase of environmental deterioration caused by climate change and directly imputable to man's action, which is threatening the entire Planet. Emissions of CO₂ are a significant part of this threat.

Secondly, the carbon tax revenues could fund development policies which are fundamental for the European Union not only for counter-cyclical purposes, but also in order to fulfill the objectives included in the Treaties through investments in European public goods, essential to the future of our Continent. They comprise, beside the protection of the

environment and the territory, the funding of basic research; a common policy for energy and the development of renewable resources; large investments in computer science and artificial intelligence, which cannot be ignored by the EU and be left under the US' and China's leadership; a comprehensive valorization of our cultural patrimony, and much more.

In fact, the amount of resources coming from a carbon tax would lead to an impressive increase in the European Union's budget. It has been reckoned that by applying the rates proposed by Macron in his speech (25 to 30 Euro per ton of CO₂) to the domestic sector, transport, agriculture and small and medium-sized businesses – i.e. the sectors excluded from the Emission Trading Scheme (ETS) –, the revenue could potentially reach 55-65 billion euro. However, if the rate will gradually grow to 50 Euro, as suggested by climate change experts, the yield in the 27-country EU would reach 110 billion euro, with an impact of about 11 cents per liter of petrol. This would in practice lead to a doubling of the EU budget, which is stuck today at 1% of the European GDP, completely inadequate to fund the new policies that Europe imperatively needs.

In his speech at the Sorbonne University, Macron has also highlighted the fact that the introduction of the carbon tax must be accompanied by the imposition of a border tax – equivalent to the one paid by European companies – in order to eschew any distortion of a fiscal nature and consequently a loss of competitiveness for the European firms, or even the delocalization of European products

to those countries that do not apply a price for carbon emissions (the so-called “carbon leakage”). Instead, a border tax would bring an additional 25 billion euro, approximately, to the EU budget, to which the revenue of the auctions for the negotiable permits purchase within the ETS should be added in the near future.

Obviously, a significant increase in the resources of the EU budget raises the issue of ensuring proper democratic procedures in fiscal and taxation matters. This applies not only to the amount and regulation of the carbon tax, but also to the use of the resources that would be made available. A coherent choice is to grant on both issues an adequate role to the European Parliament, in co-decision with the Council. For what concerns the management, the best procedure would be to assign it to the Commission, conferring

the task to a Commissioner Minister of Economy, here again under the control of the Parliament and the Council. At that stage, it would be appropriate for the tax revenue to be in all respects included in the European Union’s budget.

An alternative possibility would be to create an Agency, institutionally controlled by the Union, empowered with the management of the carbon tax resources, following a model which has been tested in the past in the ECSC and in the Euratom, which, it is worth noting, is still in force.

These are delicate problems, but they can be overcome with political goodwill, especially on the part of France and Germany. Even Italy, if its internal policies were reliable, could have a say in the matter.

Translated by Cecilia Mellana

We Are Building the Europe of Defence*

Federica Mogherini

I am really glad to be here with you again, because I think this is the third time I open the Annual Conference of the [European Defence] Agency; and, to do this, this year, in probably the most important moment for European defence in decades.

Exactly ten days ago, I received the letter notifying that 23 Member States are ready to embark on a Permanent Structured Cooperation on defence¹. And, let me add, that others might join in the coming days. It was, for me, an emotional moment, and I am sure that it was also an emotional moment for many of you, who have worked hard to make this possible over the last year.

Today we are building the European Union of Security and Defence. It is not a plan anymore, it is not a dream anymore, it is reality coming true. The dream of our founding fathers and mothers is finally coming true – more than sixty years later. All the building blocks of a Security and Defence Union are finally there, today. We can now project and develop our defence capabilities together; we can buy together, to ensure that we have all the capabilities we need, while spending efficiently; and we can act together much better than before, to manage or prevent crises, to strengthen our partners, to make our citizens more secure.

We are building the Europe of defence on a continental scale, in an incredibly inclusive way. And, let me say, that this was not imaginable, not only sixty years ago, but just six months ago. You might all remember the scepticism we were facing when we were saying that this is going to happen by the end of the year, this is going to happen

during the Estonian Presidency. People were saying, forget it, so many people tried this before, it never worked. As Nelson Mandela used to say, *it is always impossible until it is done*. We did it.

This is because, today, security challenges are too big for any of our Member States alone. And we know it. Everyone understands this today. Our citizens are asking for more security and more efficient budgets, and they realised that these two things together are only possible if we join forces, using the full potential of our European Union. But again, last year, six months ago, even a few months ago, at the beginning of the [Estonian] Presidency [of the Council], many believed that this would have never turned into reality. We have defied the sceptics and the Permanent Structured Cooperation is today a reality.

I would like to praise here the determination, the quality of the work, the professionalism, even the stubbornness sometimes of all our team that has made this possible, from the [European Defence] Agency to the [Estonian] Presidency, to the [European] External Action Service, to other institutions, the Council, the Commission, or the Military Staff. Everybody has played as a team and this is the result we have in front of us. This is no time for celebration though, let me be very clear. The real journey is just starting now, this is the beginning of a new story.

The European Defence Agency was a leading force in the definition of our defence package over the last two years, not only the Permanent Structured Cooperation, but also the other components. And together

with the European Union Military Staff, the [European Defence] Agency is already helping Member States assess the value of their projects for cooperation and this will be central to the success of the Permanent Structured Cooperation. You know that well. Over the last few months, we all realised how smart the Lisbon Treaty was. Many were thinking that joining different hats and competences in one figure, in one person only, would have been impossible to manage. I think that the Lisbon Treaty provisions that give the High Representative three hats and not two, as the Vice-President of the Commission, as the High-Representative and Chair of the [Foreign Affairs] Council, and as the Head of the European Defence Agency. These three roles together, in these months, in these years, have proven to be essential, key, crucial to achieve this major step on the European Union's defence.

And let me say, we have managed to have the different institutions working together as one: the Council, the Commission, the European Defence Agency. All have played their part in shaping the path towards the European Union of Security and Defence, without major turbulences, also thanks to an excellent work done by the Presidency - not only the Estonian, but also the Maltese, and the Slovak, and the previous ones, when we were already preparing the Global Strategy [for the European Union's Foreign and Security Policy] to join forces as a true Union. If we look at issues such as cyber security – that I know is the focus of our works in these days – it is clear why we still have to work together as closely as we can. Cyber threats require a response that is both civilian and military, to protect our cyberspace, we will need better technologies, better capabilities, more training and exercises, in constant coordination within our Union and with our partners. The news is that we finally have the tools to do all of this. We now have to fulfil

this new potential that we have set up for ourselves. We have to explore the full range of possibilities that we have built over the last couple of years – with the [European] Commission, with the Member States, within the [European] External Action Service and the European Defence Agency.

In the last few months we have already set up a number of new initiatives and structures that will help us to do so. We established a Hybrid Fusion Cell within the [European] External Action Service, and we inaugurated – I was glad to do it personally, together with [NATO Secretary General] Jens Stoltenberg and the President [Sauli Niinistö] and Prime Minister of Finland [Juha Sipilä] – the European Centre for Countering Hybrid Threats in Helsinki, under the leadership of Finland and other EU Member States.

The Estonian Presidency and the European Defence Agency organised the first ever exercise for European Union Defence Ministers on a “CYBRID” scenario. And, I was glad, again, that we were able to invite the NATO Secretary General Jens Stoltenberg to observe this first ever exercise we have done in Tallinn.

The [European Defence] Agency has also been tasked by Member States to make proposals for the establishment of a European Cyber Defence Training and Exercise Platform. At the same time, the Joint Declaration we signed with NATO last year in Warsaw also covers cybersecurity – and NATO is a very close partner in all the work we are doing to counter hybrid threats.

Let me say that a few weeks from now, I will be glad to present, together in parallel with NATO Secretary General [Jens Stoltenberg] our second report on the implementation of our common set of actions, and look ahead for the new ones. On top of all this, the coming months will be the opportunity to launch an even greater number of cooperative projects specifically on cyber-security. But, obviously

we will also continue to work at full speed and with full determination on the European defence more broadly.

The new Capability Development Plan will point at the main gaps we need to fill, and the sectors we should invest in. We will have at least three new tools to develop these capabilities.

First, the newly established Permanent Structured Cooperation. The first projects that have been presented already – there are more or less fifty – show the great potential of the Permanent Structured Cooperation, and also, let me add, the determination by Member States to explore all its possibilities. Second, the Coordinated Annual Review on Defence that is now being tested for the first time ever: Member States have, for the first time, the opportunity to compare their spending plans, to identify shortfalls and new possibilities for cooperation.

And third, the European Defence Fund, set up by the [European] Commission. The Fund will support cooperative research and joint development, precisely for the capabilities we need the most. And here again, the European Defence Agency has great expertise, and a huge potential – which also means huge responsibility – to support Member States and the Commission in their decisions.

So, when our founding fathers and mothers tried to create a European Defence Community, back in the fifties, their project was quite simple, even if very ambitious. They had in mind a European army and a European Defence Minister. That project failed almost immediately.

I don't need to tell you in this room why I did not re-open the debate on the European army. But I remember last year in the opening of the Conference we discussed about that. It would have led us to infinite theoretical discussions and disputes, and probably to nothing concrete. We chose another way.

In a way, today, we are doing something

that is even more ambitious, much more ambitious. We already have European missions and operations, sixteen of them, and we have created, for the first time ever – also this was raising a lot of scepticism before we did it, and now it is done – a single command centre, here in Brussels, for our training and advisory missions.

We are now working to build a truly European defence industry, a truly European defence market and a truly European defence research: the basis for a truly European defence.

European military trainings, to add on it, are now a concrete option, already in place. And the possibilities that the Permanent Structured Cooperation opens are immense, and I see the political will, in Member States and in all the institutions, to use this pace at the maximum possibility.

This is more than our founding fathers and mothers could ever imagine becoming true. It is even more than we could imagine just last year. Something new has just started. Everyone will have to play their role, starting of course from us, from the European Defence Agency and the [European] External Action Service. But all have a role to play, without overlapping, without jealousies, cooperating as we managed to do to get to this historic moment. We will have to find new ways of working together across the institutions – knowing that this is for the entire Union, for each of our citizens, for our partners, both in the region and far away.

There are a lot of expectations for us to develop our role as a security provider much more. And also for the global landscape, because these times we are living in require a responsible security provider in the world, a reliable one.

So, we have a responsibility to exercise; we have started a new way, we have today a Europe defence that gives us the tools to do much more in the European way. And I

believe, that we will open this new chapter in the European Union history, not only looking at defence, but also looking at how we manage to do this, and get maybe inspiration for other sectors of European Union work, that need to go one step further

than today.

Shaping the Europe of defence has been and is still entirely up to us and we are doing it. Because, Europe, at the end of the day, the European Union is what we make of it, all together.

* Remarks by High-Representative/Vice-President Federica Mogherini at the 2017 Annual Conference of the European Defence Agency, Brussels, 23 November 2017.

¹ On 11 December 2017, the Foreign Affairs Council adopted the decision to establish PESCO among 25 member states. Only Denmark and Malta decided, together with the UK, not to join the common defence framework.

“This Parliament is Ridiculous!” Was Jean-Claude Juncker Right to Harangue the MEPs in the European Parliament?*

Bruno Boissière

Jean-Claude Juncker was never afraid to speak his mind. Journalists love him for this rare quality in politicians. MEPs also like when the elected President of the European Commission does not use the “*langue de bois*”... but the incident during the July plenary of the European Parliament in Strasbourg shows that they see limitations to Juncker’ sharp wit from the moment the credibility of the Chamber is at stake!

I can easily understand why Juncker was angry to find only some 30 MEPs present to hear a report on Malta’s just-completed EU presidency. He has represented Luxembourg in the Council of the EU for over 30 years. By population, Luxembourg is the 27th member state in the EU. Malta is the 28th one. Among other positions in the Parliament, I have been the 2nd Vice-Chair of the EP Delegation to the EU-Malta Joint Parliamentary Committee before Malta was admitted to the EU in 2004. In the joint Committee, I especially dealt with the institutional aspects and constitutional outlooks of “micro-states” like Cyprus, Luxembourg and Malta in the EU. This is why, like Jean-Claude Juncker and despite my French nationality (we are all Europeans!), I became particularly sensitive to the cause of the smallest member states. Democrats and above all federalists in the EP should show the same respectful attitude towards each presidency of the EU Council. Paraphrasing the clarion call of the Three Musketeers which

is also the motto of Switzerland “One for all. All for one!”, one could say that Malta has presided over the Council for all Europeans and that all, at least more than a handful of MEPs, should have done their duty by hearing and debating the review of the President-in-Office of the Council and the statement of the European Commission on the Maltese Presidency.

So, there should be no link between the size of the country and the number of MEPs present. Clearly a similar debate with Merkel or Macron, or even Gentiloni would have drawn a much wider turnout. More generally, in a genuine federal system, the directly elected European Parliament should represent the citizens of each member state proportionally to its population. Rightly, the biggest and the smallest countries (in terms of population) should have a slightly “weighted” distribution of seats, as it is now (less for Germany, more for the ‘micro-states’). But in the Council, i.e. the chamber of States, the principle of “equality of the unequals” should apply, as it is for instance in the USA or Switzerland, but not in the EU... yet! Each member state should have the same treatment not only in terms of respect but most importantly in terms of power. This, independently from the states’ characteristics: small/big, poor/rich, late joiner/founder, Southern/Northern, Eastern/Western, etc.

In practical terms, I'd like to comment on the excuses of the MEPs, who explained that they cannot be sitting in the plenary "all the time". What was at stake in Juncker's statement is not that the MEPs should be listening to all the debates, every day from 9 am until sometimes late in the evening; it was about evaluating the six-month presidency results. Nobody would seriously pretend that an MEP who is competent in the area of Social Affairs, Regional Development, Women's Rights and Gender Equality, and relations with Montenegro should be all the time present in the chamber and listening to the debates on Constitutional Affairs, Culture and Education, Environment, Fisheries, relations with the Maghreb for instance, and all other policy areas of the EU. Of course not! But the review of the rotating Council presidency deals with its achievements in relation to the political priorities for the semester. And the fact that the MEPs can follow the debates in the plenary on a TV screen from their offices should not be an excuse for only being present in the plenary for signing the presence lists, for a 1 to 5 minute speech and for the votes. If we follow this logic, then the MEPs will be happy enough if the President of the Council remains in his/her country and if they can watch his/her web-streamed speech from their office in Strasbourg and even a debate with the President online..

Being present in the chamber for the few major debates and the votes cannot prevent the MEPs from fulfilling the rest of their duties during points of the agenda which are

less important or not in their relevant field of responsibility. In theory, and I think in practice, other meetings (groups, inter-groups, committees, delegations) are forbidden during the most political or solemn sessions. There is a maximum of 43 days of plenary sittings in Strasbourg or Brussels. All the MEPs know that the most important debates take place on Tuesdays or Wednesdays in Strasbourg, so that the MEPs can easily plan their presence. Furthermore, the official calendar of meetings reserves at least 9 weeks (about once a month) for "external parliamentary activities". Most of these weeks can be used by the MEPs for their extra-parliamentary work, in addition to all Fridays in the year which are also free of EP meetings. Enough to plan grassroots events without missing an important debate or even an important political vote in Strasbourg! Hundreds or thousands of migrants are rescued almost every day in the Mediterranean. The humanitarian NGOs who are active daily on the ground of course need support, also from the MEPs. I cannot agree more with this. But is it a sufficient excuse for not (sometimes!) fulfilling the primary tasks of an MEP? Is it really what the voters expect from their representatives?

At the end of this debate, I am confident that, beyond our different views on Juncker's statement on the "ridiculous" Parliament, I could easily find common ground with Terry Reintke on (most of) the ecological, climate, regionalist, European and world federalist, or universal basic income issues, dear to my green heart.

* This article was originally published in a slightly different formulation in *The New Federalist*, the international JEF magazine.

EU Budget and “European Added Value”

Flavio Brugnoli

Two core issues in the campaign that will lead us to the European election in 2019 will probably be the EU budget and the introduction of additional “own resources” for the Eurozone. The European Commission’s President, Jean-Claude Juncker, in his State of the Union Address 2017, has underlined that “We do not need a budget for the Euro area but a strong Euro area budget line within the EU budget”. He has also anticipated that “An important element will be the plans the Commission will present in May 2018 for how the future EU budget can match our ambition and make sure we can deliver on everything we promise”. But the next steps will certainly be more valuable and fruitful if we make clearer what we mean for “added value” of the EU Budget.

The current debate on the relations between State Members and the EU institutions, which have the EU budget as its intersection, is “poisoned” by the endless reference to the “net contribution” or “*juste retour*”. While it is probably the best indirect proof of why we need truly European “own resources”, this flawed argument is trickling down in national debates, on the relationship between States and “wealthy” Regions, as we see (with deep and obvious differences) with Catalonia in Spain or with Lombardy and Veneto in Italy. But it is the very logic of this mantra that should be tackled and contested. It ignores the specificities of multilevel governance and of interdependence as the key factor of development in highly integrated contexts.

A synthetic and excellent criticism can be found in the Final Report of the “High Level Group on Own Resources” chaired by Mario Monti: “What is striking and unsustainable is that, when it comes to the basic data that each Member

State uses to define its position in budgetary negotiations – its budgetary balance – European added value is completely ignored. Budgetary balances are calculated by simply offsetting what a Member State is allocated on the [EU budget] expenditure side with its national contributions. Under this method, every euro spent in one country is considered a ‘cost’ for everybody else. It therefore entirely ignores any European added value stemming from EU policies that benefit some or all Member States. Calculating one’s own ‘benefit’ from the EU budget is not what is being condemned here; it is a natural or at least inevitable endeavour. What is misleading and causes damages to the EU and the Member States themselves is that a narrow and lopsided indicator becomes the only measurement of a cost-benefit relation”.

To put it in more general terms, as the European Commission stated last June in its *Reflection Paper on the Future of EU Finances* (largely inspired by the above-mentioned Monti Report) “Any reflection about the future of the EU budget should therefore start with the most basic question of all – what should the EU budget be for? European added value must be at the core of that discussion. On the one hand, European added value is about achieving the objectives set out in the Treaty; on the other, it is about a budget that provides for public goods of a European dimension or helps uphold our basic freedoms, the Single Market or the Economic and Monetary Union”.

Worth to be remembered when a politician, putting on his/her “national/regional glasses”, will start babbling of “what we pay to and what we receive from Brussels (or Madrid, Rome...)”, just ignoring the role and need of duly financed European public goods.

The Crisis of European Social-Democracies and the Challenges of Globalization

Giampiero Bordinò

The electoral and political decline of European social-democracies in recent decades, in the context of the global economic and financial crisis that began in 2008 and of the globalization process, is now a recognized empirical evidence. As *The Economist* wrote, since the beginning of this crisis the European social-democracies have lost about a third of their voters, the worst results since the end of the Second World War. More analytically, a recent study (July 2017) published in the online journal *Social Europe* on the electoral data in Europe regarding 13 parties in the period between 1993 and 2017 documents the decline, not to say the collapse, of the European social-democracies and, more generally, of the European Left. The study distinguishes three periods within these years: the post-Maastricht period (1993-2000), the post-euro period (2001-2008), and finally the post-crisis period (2008-2017) which represents the peak of the electoral decline of the left. In sum, while at the end of the 1990s the socialist parties were governing or leading coalitions in 13 out of the 15 EU members states, the year 2017 ended with the left in the minority in almost all of the 28 states of the European Union, with the exception of Portugal, where a coalition between socialists, parties of the most radical left and the greens leads the government with a certain success in consensus and results, and of Italy, where the Democratic Party – to some extent the heir of

the social-democratic traditions and member of the European Socialist Party (ESP)-, is still governing the country, although it too is in a strong electoral fall and in an evident identity-crisis. The study also analyses the data in three large geographical areas: Northern, Central and Southern Europe, the latter being the area in which the decline of the socialist / social-democratic parties appears more marked. Between 2001 and 2009, the average percentage share of the votes of those parties in Southern Europe had been 36.3%; since then, there has been a loss of about 15 percentage points (the average percentage is 21.37% between 2009 and 2017). France and Germany, the leading countries of the Union, also present a decline of their respective socialist parties. In France, Benoit Hamon, candidate of the socialist party in the last presidential elections (won by Macron at the head of a brand new and strongly pro-European political movement) collected only 6% of the votes in the first round. A devastating crisis in comparison with Mitterrand's results, who won the 1981 presidential elections with 25.9% in the first round, and with 51.8% in the second round. In Germany, the SPD stopped at 20.5% in the last legislative elections of September 2017, once again won by Chancellor Merkel's party. The decline is also particularly pronounced and evident in the Eastern European countries, which entered the Union after the end of communism. For example, in

the Czech Republic the social-democratic party had 32.3% of the votes in June 2006, and plummeted to 7.3% in the political elections of October 2017. In this context, the best result in Europe in quantitative terms appears to be that of Jeremy Corbyn's Labor Party which, in the political elections of June 2017, won, however, by the conservatives, got 40 % of the votes (plus 9.6%) on the basis of a rather radical anti-liberist program.

It should also be noted that the crisis of progressive and leftist political movements appears to be not only European but global. It is significant, from this point of view, that at the last G20 Summit held in Hamburg in July 2017, there were only three governments belonging to the center-left political area, those of Canada, South Korea and Italy, while there was a strong presence of those of the center. And it is at least as significant that to govern the United States, which is still, although in strong decline, the greatest world power at least from the military point of view, is today Donald Trump, an exponent of a neo-nationalist, right-wing populism on the rise also outside of the West, as evidenced, in particular, by the case of Narendra Modi's Hindu-nationalist India.

In what general framework can the decline, so far briefly outlined, of the progressive and left-leaning political movements in Europe and in the rest of the world, be placed?

The context is represented not only by the financial and economic crisis originated in 2008 in the United States, with all its social consequences (unemployment, job precariousness, fall in incomes, inequality, crisis of the middle classes, etc.), also intertwined with the consequences of the ongoing scientific and technological revolution (automation, digitalization, disintermediation, etc., and therefore a strong reduction in work opportunities). A political, institutional and cultural more general transformation is under way

which - in the context of the globalization process- manifests itself in the crisis of representative democracy and of the great traditional "intermediaries" of the twentieth-century's model (mass political parties, trade unions, large public educational agencies like school, etc.); in the emergence of populist movements and leaders acting as "entrepreneurs of fear" who establish a direct relation between "boss" and "crowd"; in the tendency toward a cultural hegemony, not adequately opposed by anyone, of sovereign, neo-nationalist, xenophobic, identity-related visions, all based on the contrast between "us" and "them" (foreigners, migrants, and not only). This happens in the context of the decline of the progressive "great narratives" (ideologies, in other terms) of the past century, in particular those of socialist inspiration, who were reading history as a path of progress and liberation, and politics as direct participation in the public debate and in the collective decision-making processes. The dominant ideology of the last decades, neo-liberalism and market fundamentalism (using the formula: the state is the problem, the market is the solution), is also in crisis, after the evidence of its failures (as well known, the States had to intervene with public money to save the markets), and leaves a gap into which only the neo-nationalist and sovereignist movements have actively and successfully entered until now. It is not a coincidence that today in the West, and not only, personalized "democratorships" (a hybrid of democracy and dictatorship) have a good seduction capacity; to give some examples: Putin in Russia, Erdogan in Turkey, Orban in Hungary. Even Trump in the United States would aspire to a "democratorship", were it not for the fact that this is prevented, at least for now, by the traditional counter-powers of the American representative and federal democracy: federated States, local autonomies, judges, the press, etc.

The unavoidable framework of all this is globalization. At the base of globalization there is the extraordinary technological revolution in communications, information and transport - which tends to compress and reduce to zero both time and space- which makes the whole world interdependent like never before. A revolution whose potential for transformation has been "liberated" (and thus made largely uncontrollable) by the free trade policies dominant in the last decades. Today, therefore, global flows (of capital, goods, people, information, images, values, etc.) cross and have an impact on many places, which in turn are forced to interact and come to terms with those flows. The dialectics between flows and places has become decisive everywhere. The protagonists of those flows are new transnational and global actors, essentially of a non-state but private nature, therefore totally devoid of democratic legitimacy based on consensus: financial, industrial or service-sector multinational companies; transnational organized crime, whose turnovers often outweigh state budgets; and also transnational terrorism. De facto, the national states, even those of continental dimensions of a democratic-federal type such as the United States or India, or of an authoritarian type such as China or Russia, are crossed by flows they are no longer able to control (and often not even to know of). They make the claim of one's sovereignty (according to conventions, it is the power that does not recognize any other power above itself, and is the source of all powers below itself) illusory. In fact, the States are no longer able to guarantee to their citizens (who perceive and experience this fact, albeit often without being able to understand it rationally) the fundamental public goods which have always justified their existence and their power of command: peace, legality, work, currency and savings stability, knowledge, public protection against the

great risks of life such as loss of work, sickness or old age (the Welfare State), in one word, security in all its aspects and dimensions ("human" security, in the terminology used today). The traditional "pact" between states and citizens - the guarantee of public goods versus the recognition of state authority - has been "broken". In this context, one can understand the increasingly widespread popular hostility and resentment towards every institution and every ruling élite either national, international or supranational, like the European Union and its leaderships in particular.

Faced with all this, in order to cope with the economic and financial crisis of 2008 and most of all with the great transformation described above, brought about by globalization, which visions and innovative projects have been put in place by the European socialist and social-democratic parties and movements, or more generally the European left, in the last decades to try and win their political and cultural battle? Someone might say: nothing new or almost nothing new under the sun. Projects and policies of the left in fact oscillate between two "poles", both of them "out of time" and in other ways partly "off the mark", and then destined to succumb. The first pole, the one emerging from the years of the cultural hegemony of neo-liberalism, is still essentially that of Tony Blair's "third way": downsizing of the welfare state (as no longer fiscally sustainable) and also of the entrepreneurial state, greater labor-market flexibility, promotion of self-employment and so on. The second pole, particularly present, as stated above, in Corbyn's Labor program, but also in minority segments of the socialist parties and more generally in the political movements of the radical left, is based on the return to the Keynesian paradigm of the social state, of public spending, of redistributive fiscal policies, in an essentially

or exclusively national perspective. But why these two paradigms, though different and in some way also opposed, are both essentially “out of time” and “off the mark”? “Out of time” because the first, Blair’s one, belongs to a pre-crisis time (before 2008), and proved to be completely impotent both to govern the “great transformation” connected to globalization (growth of inequality, crisis of the middle class, etc.) and to face the neo-nationalist, populist, sovereigntist, identity-stressing movements that emerge and often even win in the last years. “Out of time” because the second also refers to a past that cannot return, to the time of the post-World War II growth, to the so-called “glorious thirty years” (between 1945 and the oil crisis of the Seventies), to the era of an extraordinary social development based on a great implicit “pact” between capital and labor, that cannot be repeated today. “Off the mark”, finally, because the big knots of the current crisis, the great issues to deal with are not so much or exclusively those of public spending, redistributive policies, job precariousness, but in the first place, as we attempted to say earlier, those of the impotence of states and of political power, in the context of globalization, to produce and still guarantee the fundamental public goods (from peace to legality to work) necessary for the life of the citizens, and also for the functioning of the markets. How can we recover the sovereignty that we lost and achieve truly redistributive policies, sustainable development policies, full employment policies and, first of all, for their urgency, policies of stabilization and pacification in the areas of crisis outside Europe (Middle East, Africa) and, therefore, also effective policies for managing migratory flows? Is there a path different from the neo-

nationalist and populist one that promises salvation through isolation, closure and the return to forms of exclusive and exclusionary national sovereignty of nineteenth-century memory? The antechamber of wars, as evidenced by all the historical experience of the twentieth century. If the economy, finance, the markets are globalized, if consequently the taxable incomes are everywhere nomadic and fugitive, how can we guarantee a new sustainable Welfare? If all the great challenges we are faced with (peace and war, financial and monetary stability, environmental protection, the management of migratory flows, cohabitation in the same places of human groups and people of different origins, culture, religion etc.) are global, produced by planetary interdependence and carried by global flows that cross all places, how can people deceive themselves of recovering their lost sovereignty at a single level, the national one? If sovereignty, as is quite evident, can really be recovered only by sharing it with others at higher, supranational, continental and global levels, what new-state project and new democracy should we imagine and build? And what new models of political organization and devising culture need to be implemented in order to have actors able to pursue these ends?

The future of the left depends above all on its ability to give answers to these inescapable questions. This requires the ability to think anew about the future and imagine an outright new paradigm, which must be built up and then managed, well beyond the shortsightedness that marks today, almost always, the action of the ruling classes, not only the political ones. If we will make it in time, because, as everybody knows, time does not stand still.

Let's Give Planetary Patriotism a Try

Tad Daley

America first. Russia first. China first. The United States of America puts American interests first. Just as every other nation in the world puts its own interests first. President Donald Trump was right about that in his first speech before the United Nations, on Sept. 19. Few world leaders have so nakedly expressed the essence of the Westphalian state system, established by treaty in 1648, and under which every human being dwells today.

"As President of the United States," Trump said, "I will always put America first, just like you, as the leaders of your countries, will always, and should always, put your countries first." This is controversial? Every undergraduate learns this on the first day of International Relations. It is the first principle of the *realpolitik* practiced by Henry Kissinger, Winston Churchill and Otto von Bismarck.

Virtually every other American President has made the same point. President Barack Obama, expressing his conception of larger interests during his final speech before the United Nations in 2016, returned in the end to his own primary obligation – and that of his counterparts. "Sometimes I'm criticized in my own country for professing a belief in international norms and multilateral institutions. But I am convinced that in the long run, giving up some freedom of action – not giving up our ability to protect ourselves or pursue our core interests, but binding ourselves to international rules over the long term – enhances our security. And I think that's not just true for us."

Similarly, at the Rio Earth Summit in 1992, President George H.W. Bush – who didn't even agree to show up until the last minute

– declared, "I'm the President of the United States. I'm not the President of the world. And while I'm here, I'm going to do what best serves the interests of the American people."

So what reason is there to believe that a couple of hundred sovereign nations pursuing their separate national interests will produce optimal outcomes for the whole of the human community? "The nation-state remains the best vehicle for elevating the human condition," Trump declared to the UN. But he did not make a case for why that might be so. We live in a world whose crises interconnect us more than ever before. The runaway climate change that may have just produced three "thousand-year storms" in the space of three weeks. Genocide. Terror. Pandemic. The digital economy. An ever-increasing chasm of inequality, both within and among nations. An endless river of refugees generated by economic hopelessness – and global population totals that only go up. "Failed states" where national governments disintegrate and disappear. And most of all, succeeding generations not yet saved from the scourge of war.

All of these challenges are quintessentially transnational in nature. So, is it anyone's job today – as primary responsibility, not just when it happens to coincide with a national interest – to discern and pursue the transnational interest, the common human interest, the global public good?

One answer, which could provide at least one small step for humanity tomorrow, is the proposal to establish a new international

body called a United Nations Parliamentary Assembly. At the U.N., national “ambassadors” are currently appointed by executive branches of national governments. It is as if all 535 members of the United States Congress – House and Senate alike – were appointed by the governors of the 50 states. But on every lower level of governance – cities, states or provinces, and countries – we take for granted that the bedrock of democracy is some kind of legislature, whose individual members are selected by citizens at the ballot box. Why in the world can’t this exist on the global level as well?

A UNPA would seat individuals who had already been elected to national parliaments – the Japanese Diet and the U.S. Congress and the British House of Commons. It could be created by a simple vote of the U.N. General Assembly under Article 22 of the UN Charter. This would, for the first time in history, provide a direct voice on the global level not just for governments, but for people. Most importantly, its members would not answer to national governments, or articulate solely the interests of their national communities. They would be free to articulate the larger, collective interest of humankind – and to manifest not just the national patriotism of their voters, but a larger, planetary patriotism.

Some see the establishment of a UNPA as the first step on the road to democratizing our global institutions and representing our common humanity. One next step would be having UNPA members selected not from national parliaments, but elected directly by voters. Imagine going into the booth on Election Day in Chicago, for example, and casting your vote for candidates you believe will best represent your views in the Chicago City Council, the Illinois House and Senate, the U.S. House and Senate and the United Nations Parliamentary Assembly.

(I myself live in Washington, D.C., where voters are wholly disenfranchised on every level beyond the Council of the District of Columbia, but that’s another polemic for another time.)

Over time, the intangible authority that would emanate from resolutions passed by a UNPA – the international organization that would embody the collective views of all “citizens of the world” more than any other – would evolve into a more tangible authority. The U.N. General Assembly, the U.N. Security Council and national governments would find it increasingly difficult to take actions that directly contradicted opinions and debates and outcomes at the UNPA. Perhaps this new body might eventually provide the seeds for establishing what Alfred Tennyson envisioned in his poem “Locksley Hall” 180 years ago – a genuine Parliament of Humanity.

That kind of historical progression almost exactly mirrors what has already taken place in Europe. In 1952, as part of the nascent European Coal and Steel Community (ECSC), the contracting nations established a European Common Assembly (ECA). It was – just like a hypothetical future UNPA – made up of individuals who had already been elected to their national legislatures. At the outset, it too had a strictly advisory role. But today, the ECSC has become the European Union, and the ECA has evolved into the European Parliament, directly elected by European citizens, holding real power over many transnational matters, and the closest thing in the history of the world – so far – to a true supranational legislature.

The movement to establish a UNPA is rapidly gaining steam. Shortly before he died last year, former U.N. Secretary-General Boutros Boutros-Ghali said, “A Parliamentary Assembly at the U.N. has become an indispensable step to achieve democratic control of globalization.” The idea is pushed ardently in the United

States today by Citizens for Global Solutions and the Democratic World Federalists, and internationally by the World Federalist Movement, the Young European Federalists and World Parliament Now. The Campaign for a U.N. Parliamentary Assembly based in Germany – focused exclusively on the UNPA objective – recently reported that more than 1,500 current and former members of national parliaments, from more than 150 countries, have now endorsed the proposal. (All these groups are collaborating on a “Global Week of Action for a World Parliament,” which begins Oct. 20) And the 2015 Commission on Global Security, Justice and Governance, co-chaired by former U.S. Secretary of State Madeleine Albright and former U.N. Under Secretary-General Ibrahim Gambari, not only advocated a U.N. parliamentary network, but called to bring it into being at a world summit on global

governance during the U.N.’s 75th anniversary year in 2020 (where many other imaginative innovations in the structure of the U.N. system might be forged as well).

National leaders pursue the national interests of the national constituencies who elected them? Trump nailed it. No one can dispute it. But can we invent new structures of global governance that can give meaning to the 1955 Einstein-Russell Manifesto’s claim that its signatories spoke “not as members of this or that nation, continent, or creed, but as human beings, members of the species Man, whose continued existence is in doubt”?

Every American President, whether using the term or not, is going to put “America first.” But can we now begin to envision a future United Nations that puts humanity first?

Governing Globalization. The Role of Europe for a Stable Monetary System and Sustainable Trade.

Antonio Mosconi

1. Globalization is the new “mode of production”

Globalization is a very complex phenomenon. We could not understand it and evaluate the extent of its consequences without resorting to Marx’s concept of *mode of production*, which even the most pragmatic economists use without even mentioning it. One of the brightest examples is Richard Baldwin (*The Great Convergence*, 2016). ICT has cut down the costs that separate the place of production from that of consumption.

- After the agricultural revolution, the world has remained motionless until around 1820, when the effects of the industrial revolution began to become apparent (Maddison).
- In the first phase of industrialization, all three of these costs (ICT) were high, so the places of production and consumption could not be distant from each other and the advantages of the industrial revolution were concentrated in the places where it first took place. Thus a “great divergence” has been produced between the industrialized countries and the others. China stopped at 1820 and only in the last decades has it reacquired its previous clout in the world.
- The reduction in transport costs has allowed the development of international trade in the form known during the *pax Britannica* era: raw materials from the colonies against artifacts in the

motherland, but the factories remained close to the places of origin of the know-how, because the transfer of technologies was expensive.

- Only the ICT revolution, allowing to manage factories located where the cost of labor is lower, has initiated a technology transfer to the emerging countries. Thus, global value-chains have developed in which, at the beginning, the most profitable phases (research, design, marketing and distribution) remain in developed countries, while production is decentralized where its costs are lower.
- The “great convergence” is finally realized when the emerging countries reach the conditions to attract the relocation of the most profitable phases of the processes and / or to develop them autonomously.

These are developments of capitalism that Marx had already foreseen almost two centuries ago and which today lead Lucio Levi to correctly define the current one as the scientific revolution and not as the third industrial revolution. The scientific level reached by the production activities of goods and services (including financial algorithms, weapons of mass destruction for savings, but one of the most important “productive” capitals in the financial industry) makes it so that capital is ever less physical (factories) and increasingly incorporated into our individual and collective knowledge-level (the *general intellect* of Marx’ *Gründrisse*, i.e. science).

The expansion dynamics of capitalism tends to bring investments in every sector of the economy to every corner of the globe. *External diseconomies*, e.g. environmental plundering and degradation, climate change, etc., are charged to the community. *Public goods* (public property) and *common ones* (non-competitive and indivisible) are perishing. *Merit goods* (education, health care, social security, culture) no longer enjoy sufficient support on the part of general taxation. The private sector blooms while the public sector dies. Poverty increases with wealth, exclusion with inclusion. The labor market is polarized. Deflation affects all prices, including wages and interest rates. Profits increase, but are not reinvested. The "liquidity trap" can be measured in corporate treasuries. Only in Europe, five trillion euros are liquid in non-financial companies. 70% of the liquidity of American companies remains in tax heavens. Big companies invest in buying their own shares, i.e. to liquidate assets, raise stock prices and the stratospheric remuneration of managers (stock-options). At the same time, indebtedness is the new form of slavery.

A colossal mis-matching between supply (of private and luxury goods) and demand (of public, common, merit and intergenerational goods) seems evident. His ecological unawareness prevented Schumpeter from taking due account of external diseconomies. So he built his theory of profit on "*creative destruction*", the incessant replacement of products, technologies, markets and organizations with more profitable ones. In reality, the rate of global profit is kept close to 3% over the long term, thanks to the privatization of natural monopolies, to the formation of monopolies and oligopolies, to the States-insurers that socialize losses, to wars and to the impoverishment of collective resources. Private profits correspond to

public losses. Destruction is not creative.

There is thus a senseless distortion in the allocation of resources, that must be remedied through the internalization, through taxation, of external diseconomies. In order for market prices to signal the real scarcities, all the costs which are not accounted for by the companies because they are paid by the community must be included in the cost of the product. For this reason, looking at the current emergencies, we federalists support the need for two taxes at the European federal level: a carbon tax and a tax on financial transactions. With the first, the "who pollutes, pays" principle is introduced, with the second, part of the costs periodically borne by the States for financial-companies bailouts are brought back to the financial system.

These taxes should be raised at the global level, to finance the UN, but shall be raised at least at the level of regional federations, to prevent them from becoming a weapon in the competition between national states, and allow a more effective and efficient investment of revenues. But politics (national) is subordinated to economic and financial power (global): an unequal game that generates a competition downward in all public functions and an increasingly disquieting imbalance between the immeasurable dimension of consumption and private wealth, and the poverty of essential public goods. To solve problems of this magnitude, cooperation between the largest and most responsible regions of the world, within international organizations, is indispensable.

2. The *raison d'état* corresponding to the global mode of production is international cooperation

Only federalism satisfactorily addresses the problem of the relationship between the

mode of production and the *raison d'état*. As long as the latter prevails, democracy is incomplete because it is mutilated by the primacy of foreign policy (bringing about wars, massacres, state secrets).

Even when they come to realize the contradiction between the global mode of production and the national political dimension (as already happened at the European level), rulers and scholars, victims of methodological nationalism, do not clarify the problem of the *world organization of power*. They thus propose wrong solutions in opposite directions:

- on the one hand, the populist and / or sovereign right and other similar groups, even of the left, call for the restoration of the exclusive power of the national states, that is, the absolute primacy of the *raison d'état*. This policy would push back the development level of the productive forces into the enclosure of national cages, and would make war more probable (the scenario of the 1930s);
- on the other hand, for the American neo-liberalists the market is self-regulating and the States must have minimal dimensions, except the United States of course, because even the market does not exist without a State that institutes it, protects it and sanctions its contracts. But the United States has failed both as a world gendarme and as a world banker. Neo-liberalism has masked the project of the unipolar American rule after the cold war, has increased international anarchy and, as already did the sovereignty-centered populism between the two wars, has been the cause of many conflicts. All of them lost by the United States (the State, its tax-payers, the holders of dollars), but not by the lords of war, it too privatized (see Halliburton).

Both these ideologies, unlike federalism,

do not have *peace* as a principle and do not recognize that the structural rebalancing between the great regions of the world has made it impossible for the national states or for a hegemonic power to govern it. Contrary to what Trump says, we need to give greater force, through democratic legitimacy, and greater effectiveness, through reforms and simplifications, to the United Nations system. Two organizations, IMF and WTO, are potentially equipped for the governance of the world economy. They were designed, even before the end of WWII, by the United States. But the US no longer supports them since other protagonists asked to take part in their control. It is now up to Europe, with China, the emerging countries, the potential great federations and the residual American democratic pressure, to demonstrate how the IMF and the WTO can become real instruments of cooperation and no longer a mask of the world power of a single hegemonic State. This task could hardly be fulfilled in the absence of a European initiative. On the other hand, Europe could not become a "gentle power" (Tommaso Padoa-Schioppa) if it does not come to grips with that task, because in a divided and war-prone world it would be forced to act according to the European *raison d'état* and centralize power to govern the state of war, as happened in the United States for its pursuit of the imperial project corresponding to its "exceptionalism".

A Europe-fortress, *Europe Puissance* or Fourth Reich not only represents the opposite of a federal democracy, to the construction of which we have dedicated our lives, but contradicts the "*raison d'état*" of Europe's world primacy in establishing a *governed* commercial openness.

3. The multi-currency system requires an international currency (SDR)

The wars in Western Asia and the financial crisis of 2007-2008 marked the end of the

American attempt to achieve the global supremacy. Global public goods such as security and monetary and financial stability are no longer guaranteed by the United States. This opens up the possibility of cooperation between vast regional areas, and create a new world order through the reform of the Bretton Woods institutions, the progressive institutionalization of the current governance instruments, and the democratic reform of the United Nations.

From the 1920s to the 1960s, the dollar has been the currency of the creditor power. From the seventies onwards it is the currency of a country whose international debt grows in a geometric progression. The dollar can no longer function as the only international currency, while it can maintain a regional status.

The spontaneous transition of the monetary system from the dollar standard to a multi-currency regime, started with the introduction of the ECU, later the euro, and continued with the internationalization of the renmimbi, can cause instability if it is not directed towards the creation of a world currency.

As happened in the EU, also in the relations between the great regions of the world a currency must be established that is independent of the interests of a single state. At the beginning it can be a basket, the one that already exists: the Special Drawing Right (SDR) of the IMF, created by Triffin.

The entry of the renmimbi among the currencies that make up the SDR was decided by the G20 of London, in 2009, after the Lehmann Bros. bankruptcy, but has been frozen by the US Congress until 2015. Along with the reform of the quotas and voting rights in the Fund, it is one of Obama's most important legacies. It has increased the capacity and legitimacy of the SDR to represent the world economy. However, it retains the veto right of the United States,

which was understandable in 1946, but is now disproportionate to its relative weight in the world economy.

In 2016, as soon as the entry of the renmimbi into the SDR basket was completed, the World Bank announced an agreement with the People's Bank of China to issue a two billion SDRs loan (amounting to 2.8 billion dollars) on the Chinese domestic market, payable in renmimbi.

The Robert Triffin International foundation, created and led by Alfonso Iozzo, has made an important contribution to these advances towards an international currency, and today it works to consolidate the ground for the use of SDRs by the market, on the path opened by the World Bank. A territory, the world market, where Trump does not enjoy veto rights. It is necessary to issue European and Chinese safe assets, comparable to the American Treasury Bonds, and to create a technical and legal infrastructure for the clearing of deposit and securities positions. It would be enough that the banks operating on the SDR market, as already done by the banks that promoted the ECU, entrust its management to the Bank for International Settlements (BIS, a legacy of Paul Warburg, like the Fed).

4. International trade and the democratization of the WTO.

Before the Second World War ended, the United States defined the architecture of the post-war world economic system. Freedom of trade and monetary stability were considered inseparable, so the pillars of the new world were the GATT (General Agreement on Tariffs and Trade) and the Bretton Woods Agreements. In Europe, thanks to the federalist Beveridge, it was understood that a third pillar was necessary for the stability of the system: the Welfare State.

The establishment of the dollar as the international currency (in particular for fixing

the oil price), the American veto right in the IMF, the managing of the World Bank, the “double standard” which became the rule in the GATT in commercial matters (that is, an application of rules advantageous for the United States), were the backbone of the economic system that, together with its military supremacy, brought about the American hegemony.

We are witnessing now the decline of the relative weight of the United States in the world, the emergence of regional quasi-federations, the growing contribution of emerging countries to the world product and development, the consequent pressure for a reform of international organizations to reflect the world as it exists now and not

the one imposed by the military, political and economic force-relations of 1945.

The world economic order can only be reconstituted by restoring at the world level the three pillars for world balance already identified during the war: freedom of trade, the welfare state and monetary stability. To be ruled, however, with the method of international cooperation and not with that of the domination of a single country. Trade and currency are the two sectors on which the EU has exclusive competence. The democratization of the WTO and the unitary representation of the EU in the IMF are therefore the first possible steps in the right direction, following the lesson of Jean Monnet.

Translated by Lionello Casalegno

The Outcomes of the 23rd UN Climate Change Conference (COP 23) in Bonn

Lorenzo Pietro Spiller

Under the radiant banner of the Fijian national flag, the 23rd session of the Climate Change Conference of the United Nations took place in Bonn, Germany, during one of the warmest Novembers on record in the history of humanity¹. The challenges this year's session had to confront were multiple, ranging from the infamous declaration of the US President of his will to formally withdraw from the 2015 Paris Agreement on Climate Change to the surge in coal consumption and investments in coal mining projects. On top of that, the implementation of a comprehensive procedure to take stock of the progress in terms of reduction of carbon dioxide emissions and transition towards a sustainable development and the financial support that developed countries should provide to developing countries pursuant to Article 9.5 of the Paris Agreement, were also crucial points to be discussed during the COP23.

In this respect, as a first "balance sheet" of this year's session, it is safe to say that it has been moderately successful.

First of all, because the participation of the US representatives has neither obstructed nor boycotted the roundtables of the negotiations, an approach which was largely feared in the period preceding the conference. On the contrary, the official US delegation, which was mainly composed of the same officials who took part in the previous sessions (including the COP 21 held in Paris), adopted a soft, low-profile approach², also considering that the US will

be part of the Paris Agreement until 2020. Moreover, a large group of US companies and associations, which named themselves "We Are Still In", also took part in the conference, organizing numerous debates and actions with the aim of advocating that the US remain part of the Paris Agreement. From the federalist viewpoint, such wide participation of civil society and businesses, advocating a more internationally-involved approach of the United States, certainly comes as a positive note. The proposal of a worldwide democracy requires the involvement of a solid and structured ecosystem of private entities, especially when the government of a country such as the United States seems to embrace the path of isolationism and autarchy.

Another important achievement of the COP 23 is the formalization, in the form of 266 pages of "informal notes"³, of the main proposals emerged in the last year in relation to the establishment of shared rules for the submission of the so-called "Nationally Determined Contributions"⁴, which will still be defined by parties to the Paris Agreement within the post-2020 framework. Said rules encompass, *inter alia*, transparency in the submission of NDCs, the mechanisms to effectively carry out a global stocktake of the results achieved in terms of mitigation of the effects of climate change, implementation and compliance of the rules and principles set out under the Paris Agreement, and financial issues.

This set of rules may be crucial in order

to better manage the flow of information and data which the UN will receive by the parties of the Paris Agreement in connection with their NDCs, and may ensure greater transparency and accountability within the submission process.

In relation to the stocktake of the results already achieved in terms of mitigation and reduction of carbon dioxide emission, the parties reached another material agreement during the COP 23, setting out the procedure for a facilitative dialogue between the Parties of the Paris Agreement, which has been renamed “Talanoa Dialogue”⁵ in honor of the Fijian presidency (Talanoa is a traditional word used in Fiji and the Pacific to reflect a process of inclusive, participatory and transparent dialogue).

The Talanoa Dialogue⁶ is subdivided into two different phases:

- a) a preparatory phase, which already started on January 1st, 2018, and will end at COP 24, during which the parties to the Paris Agreement and other stakeholders are invited to cooperate and give inputs to build a stronger political momentum in the pre-2020 period. In addition, during such phase the parties will analyze the *Special Report on Global Warming of 1.5°C* by the Intergovernmental Panel on Climate Change.
- b) a political phase, during which the Parties will begin to take stock of the progress made since the Paris Agreement, and will inform on the preparation of the NDCs pursuant to Article 4, Paragraph 8 of the Paris Agreement.

To sum up, although the achievements of the COP 23 have been fairly satisfactory, especially in terms of sketching out a wide set of rules and mechanisms for the implementation of the principles and duties set out under the Paris Agreement, further steps should be taken at international level in order to effectively mitigate climate

change, promote the development of clean energy production and energy conservation, and ensure a transparent, democratic and inclusive energy-governance at the international level.

Most notably, the parties to the Paris Agreement should seek a more consistent harmonization of energy policies and legislations, with particular reference to public measures such as subsidies, incentives and tax breaks. In this respect, countries having a more “mature” market with reference to renewables and energy conservation (e.g. European Countries and Australia) should cooperate with developing countries to identify the public measures which are more appropriate to the characteristics of each respective domestic market, also to avoid the mistakes and inappropriate measures which have been already taken by the governments of developed countries (for instance, the Italian Law Decree No.91 dated 24 June 2014, the so called “*Spalma-Incentivi* Decree”, which, retroactively, imposed a cut to the various incentives provided to solar electricity producers operating in Italy).

Such harmonization would also help operators in the field of clean energy to transfer their know-how and technology more freely, and enhance strategic investments in lesser developed countries (e.g. India or South Asian countries) which still rely heavily on oil and coal as raw materials for electricity production and for building heating systems.

From a governmental perspective, the parties to the Paris Agreement and their governments shall cooperate to create and establish democratic entities entrusted with the governance, and possibly the government, of energy security and affordability for all citizens, also considering that investments in clean energy sources such as solar and wind ones are largely made

by private companies and funds, preventing large monopolies from imposing higher prices, and promoting energy independence between economic and political blocs.

In conclusion, the results achieved in Bonn should pave the way to a more organized and regulated debate on climate change at international level, and, hopefully, prevent the unfortunate multiplication of natural

calamities, together with a more courageous approach by other global powers (especially EU and China) in leading the transition towards sustainable development and low carbon economies. This, we hope, will convince the US administration to come to its senses and acknowledge that climate change is actually happening, and it is happening very fast.

¹ According to several meteorological research centers including the European Centre for Medium Range Weather Forecasts (ECMWF) Copernicus Climate Change Service, the US National Oceanic and Atmospheric Administration (NOAA) and NASA's Goddard Institute for Space Studies (GISS), among many centers.

² Jocelyn Timperley, *COP23: Key outcomes agreed at the UN climate talks in Bonn*, published on Carbon Brief, accessible at the website <https://www.carbonbrief.org/cop23-key-outcomes-agreed-un-climate-talks-bonn>

³ Accessible at the website <http://unfccc.int/resource/docs/2017/apa/eng/104a01.pdf>

⁴ The Nationally Determined Contributions have been introduced under the Paris Agreement, whose Article 4, paragraph 2 reads: *"Each Party shall prepare, communicate and maintain successive nationally determined contributions that it intends to achieve. Parties shall pursue domestic mitigation measures, with the aim of achieving the objectives of such contributions."*

⁵ Center for Climate and Energy Solutions, *Outcomes of the U.N. Climate Conference in Bonn*, accessible at <https://www.c2es.org/document/outcomes-of-the-u-n-climate-change-conference-in-bonn/>, last accessed on 13 January 2018

⁶ The Talanoa Dialogue document is attached to the Proposal by the President, Draft decision 1/CP.23, accessible at the website <http://unfccc.int/resource/docs/2017/cop23/eng/113.pdf>, last accessed on 13 January 2018

SDR, the International Currency for the European Development Plan with Africa¹

Robert Triffin International

This summer a consensus was reached on a mix of policies that can effectively address the emergencies looming over the Mediterranean, turning them into opportunities. In Europe, foreign and security policy, the development Plan with Africa and immigration are increasingly acknowledged as being interconnected, as shown in particular by the launch of the Investment Plan promoted by the European Commission thanks also to the impetus given by the High Representative for Foreign and Security Policy Federica Mogherini. Even at the international level – as evidenced by the indications of the G20 meeting held in Hamburg under the Angela Merkel's Presidency - the priority of African development plays a central role.

The “European Plan with Africa” will cover primarily energy (mainly from renewable sources), water (from deep reservoirs and desalination plants) and technical and professional training. This means *networks* that must be able to cross pacified and safe territories through the sharing of the EU *Global Strategy* by part of African countries and their supranational organisations.

Alongside the European plan, which concerns primarily the Mediterranean and sub-Saharan and Saharan Africa, the Chinese plan will also develop, aiming at the development of the African countries facing the Indian Ocean through the Silk Road. India will become

more and more involved in this process while the ambitions of the earlier key players, such as the UK, the United States and Russia will remain active.

The financial flows involved will be substantial both for the financing of investments and for the related debt service. The *European Fund for Sustainable Development*, the operational arm of the *European Investment Plan* proposed by the Commission in September 2016, will ensure that public and private funds will be mobilised to trigger €88 billion worth of investments. The model that can guarantee the return of credits and avoid the excessive burden of debts (as has too often been the case with loans in dollars) must be studied in time, i.e. immediately. The central element of any choice is the currency in which credits and debts, costs and revenues are expressed. The more common the currency is to a country's balance sheets, the lower the exchange-rate risk. The more common the currency is to the different parties involved, the greater the chances of cooperation and risk sharing are, with respect to the potential for conflicts. The more common the currency is to different areas of activity, the greater the possibility of risk reduction. The more *common* the currency is, the less it is subject to the monetary policy and the interests of an issuing State.

After the creation of the euro and with the ongoing internationalisation process of the

renminbi, the international monetary system has been going through the transition from the *dollar standard* to a *multi-currency system*. Three major currencies (dollar, euro and renminbi) and two other less widely used currencies (yen and pound), in addition to constituting the reference in their respective monetary zones, form now the SDR basket. Therefore, it is to the latter that the system must be pegged, in particular in the case of the European Plan with Africa.

The **SDR as a unit of account** (for economic statistics, financial statements and quotations) can be compared to a vehicular language of numbers, which is essential to prevent a dollar gain from looking like a loss in euro or renminbi, and vice versa. Price volatility in terms of SDRs is less than that in terms of individual currencies. Furthermore, with specific reference to two North African countries that are crucial to the trinomial safety-immigration-development, it should be considered that:

- The Libyan dinar has been officially pegged to the SDR since 1986, when it abandoned the pegging to the dollar;
- Egypt quotes in SDRs the transit permits in the Suez Canal, one of the most important revenues of the country.

In 1975, OPEC decided, after the default of the dollar convertibility into gold announced by President Nixon in August 1971, to quote oil in SDRs. The subsequent agreement reached between the US and Saudi Arabia imposed the dollar as the reference currency, and resulted in the disorderly fluctuation of the oil price. Some countries also tried to fix the oil price in a more stable currency, such as the euro².

Extending the use of the SDR as a unit of account is not the IMF's responsibility (but it has already adopted it, as well as the Bank for International Settlements (BIS) in Basel).

It will be up to individual users (states, institutions, banks, associations) to decide to use them in accounting, the quotation of raw materials or financial statistics, as China has already started doing.

The issue of SDR-denominated financial instruments on the market (**M-SDR**) for the financing of investment under the Plan with Africa requires a convenience for the issuer and the subscribers, and the formation of a secondary market. And also a clearinghouse, that could be provided by the BIS, as occurred already for the ECU on the request of the Association of Banks that promoted its usage. The issuers would be primarily the European Investment Bank (EIB), multinational banks and regional development banks, and certainly the World Bank, which for the first time issued SDR bonds for China (see Triffin International's SDR Note No. 2). The road would thus be open for the banking system's intervention. There would be many subscribers among the managers of big portfolios (insurance companies, pension funds and others) that today, in the presence of abundant liquidity, do not find an offering of sufficiently attractive securities for the long term (so that the excess of demand results in a value-increase of existing assets, i.e. in financial "bubbles").

In the 1980s, the market for ECU-denominated financial instruments was a great success, and contributed positively to the decision to switch from the basket (ECU) to the single currency (euro). However, in the same decade the SDR deposit and loan market was very weak. The main reason for the different level of appreciation of the two instruments lies in the perception that markets had of the European willingness to move towards a closer integration (the creation of the European Monetary System and the ECU in 1978), and at the same time of the US's open hostility towards the implementation of the second amendment to the Articles of the IMF which, inspired by

Robert Triffin, contains a commitment to making the SDR the “main reserve asset of the international monetary system”.

The SDR, just like the ECU, is technically a derivative, because its value *derives* from that of the currencies composing it. However, it is a derivative that has the potential to take the place of the currencies it derives from, in the event of a financial disaster such as that of 2007- 2008. For this to become possible and for the markets to start to believe in it as of now, a political signal (difficult to achieve at this stage, given the difficulties posed even recently by the American Congress in ratifying measures that strengthen multilateral bodies such as the UN, the WTO or the IMF) is unnecessary. However, the demand for the implementation of the second amendment needs to be maintained. Meanwhile, some “technical” steps may be useful, aimed at making the future unification of the M-SDR and O-SDR markets (official SDRs used by central banks as reserve instruments) possible, in order to foster market confidence and the consequent obligation to respect it. A global “lender of last resort” does not

exist, but it can exist, hence it will exist, being one of those predictions that in case of serious international financial crisis leaves no alternative but to self-realize.

The official SDR (**O-SDR**), as the IMF stresses, is a unique reserve instrument among the international reserve assets, because of two features that distinguish it from any other: 1) it does not accumulate through a surplus in any balance of payments, but is allocated on the basis of the quotas of each country in the Fund; 2) it does not constitute a debt of any specific economy, but rather represents the potential right to obtain freely usable currencies of other member countries.

There is a long way to go before this basket has an Issuer endowed with the necessary powers to fulfill the responsibility to do “*whatever it takes*” if necessary. However, this road has been taken decisively by the IMF leaders, first Dominique Strauss-Kahn and then Christine Lagarde. Since markets “sense” and “discount”, the prospect should be kept determinedly alive in order for the SDRs to finance the Plan with Africa.

¹ Published by the Robert Triffin International (www.triffininternational.eu) as SDR Notes no. 5, November 2017

² Valentina Tosolini, “Analysing commodity prices: trend for crude oil and wheat in US dollars, euro and Special Drawing Rights (SDR)”, RTI and Centro Studi sul Federalismo, January 2017.

Confederation, Constitutional Reforms, Renewal and Trans-frontier Cooperation

Rene Wadlow

The Association of World Citizens (AWC) has a long-standing interest in developing appropriate constitutional structures for States facing the possibilities of prolonged or intensified armed conflicts. An emphasis is placed on the possibilities of con-federation, autonomy, renewal, and trans-frontier cooperation. The Association of World Citizens continues the con-federal, decentralist, trans-frontier cooperation tradition of the world citizens Denis de Rougemont (1906-1985) and Alexandre Marc (1904-2000)¹. In the recent past, the Association has proposed con-federal structures to deal with conflict situations in Mali, Ukraine, Myanmar, Libya and Cyprus, as well as Kurdistan, which involves both the structure of Iraq as well as positive cooperation among Kurds living in Iraq, Syria, Turkey and Iran. While the AWC does not sponsor the Kurdish demands as such, we believe that the Kurdish issues in Syria, Iraq and Turkey merit attention.

The current AWC emphasis is on the wider Middle East, as this is an area where current armed conflicts may slip out of the control of conflict management techniques and institutions. The wider Middle East is an area of unrest, often without avenues for dialogue and compromise among the parties. Even in those States where there is no armed fighting, such as Iran, Lebanon, Egypt, Israel-Palestine, there are strong tensions which can get worse and also spread. For the parties in these conflicts to seek a compromise, there needs to be a certain "atmosphere" - an informed public opinion

that will accept the compromise and build better future relations based on an agreement. It is in the creation of such an atmosphere that citizens of the world have an important role to play. We see the dangers of calling into question the nuclear agreement with Iran, especially by the U.S. administration.

As an NGO, we can have little influence on who will be the "leaders" of these States, but we can play a role in proposing new con-federal constitutional structures linked to new attitudes, what I call 'renewal' within the existing social-ethnic-religious groups involved. New constitutional forms by themselves will not reduce the current antagonisms. However, if people now caught up in the 'fog of conflict' see that there may be possibilities for changes in the structures of government that will recognize their identity and views, doors may open for compromise.

Con-federation and autonomy are broad concepts, capable of covering a multitude of visions extending from very limited local initiatives to complete control over everything other than foreign policy. Autonomy can therefore incorporate all situations between nearly total subordination to the center to nearly total independence. The ways in which the elements and patterns of autonomy are put together require political imagination, far-sighted political leadership, a willingness to compromise, and constant dialogue.

In none of the wider Middle East situations (Yemen, Syria, Iraq, Libya) on which we have

made proposals have we found much of a climate for meaningful negotiations. Our “track record” outside the Middle East has not been much better: Sri Lanka, Burma, Mali, Sudan, and Ukraine. I think that from our contacts with diplomats at the U.N. in Geneva and New York, our proposals for new constitutional structures are not brushed off lightly, but they are not acted upon either. National political leaders often have a short attention span for issues, unless there are strong domestic reasons for remaining involved. Diplomats often share this short-term point of view. “We are concerned with a ceasefire, with stopping the flow of Middle East refugees to Europe. After that, it is up to the people in each State to work out their constitutional structures. We thank you for sharing your ideas on the future of the Middle East. When the smoke clears, please come back to see us, but, of course, I may have retired by then.”

Negotiation means a joint undertaking by disputants with the aim of settling their disputes on the basis of mutual compromise. Negotiation is a basic political decision-making process, a way of finding common interests, to facilitate compromise without loss of what each considers to be essential objectives.

The challenges posed by the conflicts in Mali, Ukraine, Myanmar, Libya and Kurdistan need to be measured against the broad concept of security. Barry Buzan, former director of the Copenhagen Peace Research Institute, sets out four types of security:

- *Political security* concerns the organizational stability of states, systems of government, and the ideologies that give them legitimacy.

- *Economic security* concerns access to the resources, finances and markets necessary to sustain acceptable levels of welfare.
- *Societal security* concerns the sustainability within acceptable conditions of the evolution of traditional patterns of language, culture, religions and customs.
- *Environmental security* concerns the maintenance of the local and the planetary biosphere as the essential support system on which all other human enterprises depend.

One of the difficulties in each situation is what I would call “the frozen image of the other”. In each case, the group or groups demanding new State structures are seen in the minds of the current government authorities as being the same people with the same aspirations as when the demands were first made: the Karen of Myanmar today are the same as the Karen of the Union of Burma in 1947; the Tuareg of north Mali today are the same as those calling for the creation of an independent State in 1940, when the withdrawal of French troops to Dakar had left a political vacuum.

However, there have been evolutions in policy proposals and in the level of education and experience of the new leadership of those demanding autonomy. Yet “frozen images” exist and need to be overcome within all decision-makers involved. The modification of “frozen images” is one of the tasks of non-governmental organizations and Track II diplomatic efforts. This is what I call “renewal”, the ability to think in new terms, so see things in a different way, to see the “Other” as part of the same humanity.

¹ Christian Roy. *Alexandre Marc et la Jeune Europe: L'Ordre nouveau aux origines du personnalisme* (Presses d'Europe, 1998). Jean-Louis Loubet del Bayle. *Les non-conformistes des années 30: Une tentative de renouvellement de la pensée politique française* (Seuil, 1969). Michel Winock. “*Esprit*”. *Des intellectuels dans la cité, 1930-1950* (Seuil, 1996). Denis de Rougemont. *The Future is within Us*. (Pergamon Press, 1983).

Asymmetries in South America's Federalism: the Argentinian Case after the 1994 Constitution¹

Gonzalo Gabriel Carranza

Introduction

The aim of this paper is to introduce Argentina's federal system and the principal asymmetries that this South America's country lives after the 1994 Constitution.

1. A brief approach to the constitutional design

The fathers of the Argentinian Constitution were inspired by the United States Constitution. Its structure, principles and rules show the influence that the North American system had onto the Argentinian layout.

Juan Bautista Alberdi, who was one of the principal thinkers of the legal design for the country, read with passion the first Federal Constitution and tried to reproduce it in Argentina, even though he desired to adapt it to the local particularities. As a result of this process, Argentina got its first Constitution in 1853, but a number of challenges, due to the arrogance of the Province of Buenos Aires, generated a period of constitutional debate which lasted for seven years, resulting in the final version of the Constitution of 1860.

The first article of the Constitution tries to introduce the form of government and of State that this country assumes: on the one hand, the republican and representative system, and on the other hand, the federal system. Through its 129 articles, it is possible to see three separate parts:

- The *preamble*, one of the most inspired parts in North America's Constitutions, which

also begins with the words "*we, the people*";

- The *first part*, where the rights, duties and warranties can be found; and
- The *second part*, in which we can find the institutional and territorial separation of powers. When describing the rules of the institutional powers, the Constitution firstly sets up the design of the Parliament, then the presidential system and, finally, the judicial system. In the last articles, and without a specific title – just with the name "*federalism*" –, the Argentinian Constitution builds up the territorial design, with some specific rules about the relations between the different orders of government.

This Constitution, theoretically, is in tune with the different relations within this South American country, but actually it is necessary to know the local customs in order to understand the configuration of the real system itself.

1. A - Federal structure until the 1994 Constitution

Since 1853-1860 to 1994, Argentina's federal structure was simple, because Argentina had only two governance levels:

- On the one hand, the *Federal level*, under the head of the President, the Congress (Chamber of Deputies and Senate) and the Supreme Court, totally inspired by the US Constitution; and
- On the other hand, the *Provincial level*, a kind of local mirror, under the head of the

Governor, the Province Legislature (in some Provinces with just one Legislature and in others with a Representatives Chamber and a Senate), and the federal Supreme Court.

It is necessary to highlight that Provinces were and are autonomous, according to Articles 5 and 123, which grant them the right to have their own Constitution, under the representative and republican system, with only three conditions to maintain that autonomy:

- To have their own judicial system;
- To maintain the municipal respect; and
- To sustain the primary education.

During this long period, the Argentinian Constitution had no specific rules about the municipality's autonomy, so the Supreme Court tried to define it in its jurisprudence, as in the case "*Rivademar vs. Rosario City*".

According to the Constitution, Buenos Aires City, the Capital of the country, had no legal particularities, only that it was under the federal government and that the chief of the city was appointed by the President of Argentina.

Finally, there was no mention of the regions, which means the possibility for different Provinces to get together and form a structure which would allow them to share economic or social guidelines.

1. B - The Constitution's Federal structure after 1994 and the mitigation of the hyper presidential system

In 1994, after an agreement named "*Pacto de Olivos*" (because it was signed in the presidential house situated in the city of Olivos, in the Province of Buenos Aires) was reached between Carlos Saúl Menem, the President of Argentina and leader of the Peronist Party, and Raúl Ricardo Alfonsín, the previous President and leader of the Radical Party, a new Constitutional design was born, providing the pieces of a new puzzle in order to establish a new federal system.

The modifications that the Constitutional

Convention provided to the supreme law were significant, and the objective of those changes was to adapt rules to practice, approaching its design to the Argentinian reality.

The new division of territorial powers was structured into four *subjective levels* and one *adjective level*. The first four levels were:

- *Federal*, which has the competences that the Provinces granted it, according to Article 126 of the Constitution;
- *Provinces*, which maintain the competences that they did not provide to the Federal level, according to Article 121;
- The *Autonomous City of Buenos Aires*, which obtained a long list of new rights and duties, that remain even when it ceases to be the capital city. Buenos Aires became a *sui generis* structure, because it has not the same rights and duties of a Province and, also, has not the complete rights and duties of a Municipality. It's like a mix between a Province and a Municipality, but it is not a Province or a Municipality. The regulation of this particular city is in Article 129; and
- Finally, the *Municipalities*, which had an autonomy in accordance with Article 123, where the Constitutional Convention expressly regulates this character.

The last level, which is called *adjective*, is the *regional level*, according to Article 124, which gives the possibility to create new regions into the federal system in order to promote social and economic development.

The 1994 Constitution had also the objective to mitigate the hyper presidential system. That objective needed a number of factors that were introduced in order to limit the excessive power that the President had. For example, the Convention members introduced the figure of the *Chief of Cabinet*, who is now the head of the public administration, and who is the head of the Ministers. In practice, this does not work, because of Argentinian customs and the necessity for the President to have all the power himself.

2. Latent problems in Argentina's federal system

According to the Constitution, Argentina has a completely federal design and, with some peculiarities, a strong aim to maintain the federal relations between the different orders of government.

In practice, there are various asymmetries, as a result of the real problems that this South American country has. In order to explain it, it is necessary to understand the structural asymmetries, that can be separated into four different groups:

A. *Regional Asymmetries*

Giving a look at the map of Argentina, it is possible to identify a long and wide country, with an area of 2.780.400 square kilometers, almost 1500 kilometers wide and 3800 kilometers long.

Across it, Argentina has 23 Provinces and the Autonomous City of Buenos Aires, and it is possible to see different geographical regions:

- *Big North*: with the Provinces of Catamarca, Tucumán, Salta, Jujuy, Formosa, Misiones, Santiago del Estero, Corrientes and Chaco;
- *Center*: with the Provinces of Córdoba, Santa Fe and Entre Ríos;
- *Cuyo*: with the Provinces of La Rioja, San Luis, San Juan and Mendoza;
- *Patagonia*: with the Provinces of La Pampa, Neuquén, Rio Negro, Santa Cruz, Chubut and Tierra del Fuego, Antártida Argentina and Islas del Atlántico Sur; and finally
- *Buenos Aires*, which is a region by itself.

These regional divisions show the asymmetries that Argentina has, because of the different economic and social development levels and the distance from the capital city.

The Provinces situated in the North of the country have the highest poverty rates and they are quite isolated from the rest of Argentina, not only in a geographic sense, but also in a political one. There is not a big population and, therefore, they do not provide many votes

to the federal level. They are discriminated Provinces in the country.

The Provinces of South have many natural resources, like oil or gas, but have not a big population either, and the relative and absolute distances from Buenos Aires are, one more time, a reason to discriminate them.

In the center of Argentina, from Mendoza to Buenos Aires, the highest levels of population and social and economic development can be found. In this part of the map, it is possible to find the principal densely populated districts, like the Autonomous City of Buenos Aires, Córdoba, Rosario (a city of the Santa Fe Province) or Mendoza. They contribute votes and GDP to the country, and Argentina's principal policies are destined to this geographical strip.

These regional asymmetries have been producing several development problems inside the country, because we can divide them into rich and poor Provinces, with different degrees.

B. *Political Asymmetries*

As a result of the hyper presidential system, the political asymmetries appear as the principal problem of the federal system, so that if Argentina will be able to fix them, other asymmetries too can disappear.

The country has always had the particularity of willing to have a bipartisan system. The reason is historical, because it is the answer of the civil war (*centralists vs. federalists*), and the different periods of the political party system.

During the last years of the 20th century, the fight for power was between the Peronist party and the Radical party, and, in the first years of the 21st century, that battle showed a new variant: the mutation of the Peronist party into a populist party under the leadership of both Nestor and Cristina Kirchner and, recently, the alliance of different opposition parties trying to change the government in a coalition with Mauricio Macri at their head.

In Argentina, devotion to the President and the color of his/her party is like a kind of religion that the Provincial Governors need to follow in order to obtain public policies, contributions to the treasury and laws which stimulate the development of the territories under their leadership. If Governors have not a good relationship with the President, they cannot govern the Provinces with legal peace, and their territories go down economically and socially.

This necessary friendship between President and Governors brings as a result that many provincial leaders change party affiliation going to the President's party and generating defections inside the opposition, with several politicians being identified with a final "ists", like "kirchnerists", "macrists", etc.

Also, another phenomenon emerged, because Municipality Mayors who are in opposition to their head of Province try to jump the problem, in case their own Province is against the President, and obtain a direct line with the President to solve their local problems.

C. Fiscal Asymmetries

In order to try to promote an equal development of each Province, the new Constitution designed a federal tax-revenue-sharing law, which sets up the fiscal relations between Provinces and Federal Government. That directive needed a general agreement from the Senate (the chamber which functions as a house of representatives of each federal unit), between the federal, provincial and autonomous city of Buenos Aires levels. It had the peculiarity of some procedural rules, like that the agreement needed to pass no later than December 1996. Today, after more than twenty years since the entry into force of the 1994 Constitution, Argentina has no federal tax-revenue-sharing law.

The problem of not having this law is that the federal level has more possibilities to decide how to allocate the income-tax money, and how

to share it among the Provinces, in particular the ones that have a good relationship with it. It is complicated to have a full agreement on passing the law, and the reason may be found in the lengthy procedure designed by the Constitution. Some constitutional experts say that if Argentina wants to have a federal tax-revenue-sharing law, it needs to reach consensus on two things: first, to definitely agree about the necessity to have this law, and second, to solve the procedural problems.

D. Legal Asymmetries

Even when the Constitution has the global approach of a federal system and, at first glance, it gives answers to most issues of competences, the reality shows the necessity to have a proactive Supreme Court, which should try to fix particularly the asymmetry problems.

The legal asymmetries or even the gaps into the Constitution's federal design may be fixed using different principles that need to be the banners of the relationships inside the system, like:

- *Subordination*, which expresses the federal supremacy. It is not a principle which means that the Provinces are under the Federal government, but that the federal law is above the provincial law;
- *Participation*, which consists in the collaboration between the different subjective levels in order to build laws, policies, etc.;
- *Coordination* between all the subjective levels, which means the respect and contribution to obey the competences distribution.

The federal system in Argentina was constructed with a view to federal consultation, but not to federal loyalty, which involves a non-written constitutional principle that models the relations between the different orders, and puts a self-stop button when one of the state parties wants to go beyond what it can do. These legal asymmetries need the work of justice to settle conflicts before the Supreme

Court. This task is not only about solving particular problems, but also about setting up a legal frame of relations abiding by several principles, like federal loyalty.

3. Challenges of the Argentinian federal system

After the analysis of the asymmetries, it is time to present the principal challenges that Argentina has to tackle in order to create a new federal system.

A. *Reduction of political and regional asymmetries*

The reduction of political and regional asymmetries goes around a change of mind in the political leadership, understanding the peculiarities of each part of the puzzle and setting aside the color of the party, highlighting instead good faith in relations and the necessities of each Province.

A change of mind presupposes a change of the executive federal system, trying to erect a collaborative federal system, with a change of political behaviors.

B. *Intra-governmental relationships*

The relations between different government levels imply to improve the vertical level, limiting hyper presidential interventions and establishing a new kind of vertical relations, and the horizontal level, putting over the table the neighborhood and discussing the principal pros and cons that each level has.

A new structure has to appear, like the conference of governors in the vertical level, a meeting point where to understand, at the same time in the vertical direction (President-Governor) and the horizontal one (Governor-

Governor), the problems that each part of the country has, and the contributions that each one can give as part of the federation.

C. *Fiscal Balances*

It is necessary to pass a new tax-revenue-sharing law and, to obtain that, a series of meetings must be held between the offices of the President, the Provinces and the Senate, trying to find a solution and, at last, pass a law. The problem is, if Argentina will not pass that law, there will be a growing inequality between the disadvantaged and the richest Provinces, and the continuation of the typical policies of differentiation between the Provinces that are friend of the President and the others that are not.

4. Conclusions

The constitutional design of Argentina after the Constitution of 1994 was good *de jure*, but not *de facto*. The problems of the federal design, which generate differences between different parts of the country, have been built in the heart of the political system, resulting in the hyper presidential system, and are a heritage of the history and the leadership of the Argentinian people.

A new age of federalism is a requirement in this moment of political changes, and should result in a particular change of mind in the top of the executive power and in changes inside the Parliament and the Supreme Court. Only with principles (that have no necessity to be written into the Constitution) that modulate the relations between the units of Argentina, will it be possible to change, definitely, the real problems that this South American country has.

¹ This paper is a short version of the Conference that the author gave in the Center for Constitutional Studies at Illia State University, Tbilisi, Georgia, in July, 2016. In memory of Karlo Godoladze.

The Teaching of Altiero Spinelli

Paolo Ponzano

In a historical moment in which the project of European integration risks its disintegration or a substantial deadlock, and in which the disaffection of European citizens towards this project has reached the highest peak in recent years, recalling the teachings of one of the fathers founders of the European project constitutes not only a dutiful homage to the genius of his thought, but also and above all an invitation to his followers to resume the political action undertaken by Altiero Spinelli to achieve the goal of a federal Europe. In fact, if the goal of a federal Europe remained a constant of Spinelli's thought, from his writing with Ernesto Rossi and Eugenio Colomi of the *Ventotene Manifesto* in 1941 up to the vote on his draft Treaty for the European Union of 1984 and his disappearance two years later, the action strategy pursued by Spinelli to reach the end of a federal Europe varied at least five times over the years. The initial action strategy rested on the hypothesis that the democratic rebirth of the European states after the war would coincide with the elimination of the nation-state and the contemporary advent of a European federal state. When this hypothesis could not be realized, Spinelli became "adviser of the princes", and tried to convince the moderate European leaders - starting from Alcide De Gasperi - to exploit the support of the United States and the fear of Stalinist communism to create a "political European Community". When this perspective faded, due to the rejection of the European Defense Community (EDC) by the French Parliament, Spinelli tried to mobilize the widespread pro-European sentiment into popular action - the Congress of the European people - directed against the legitimacy of the nation states. The

failure of this strategy led Spinelli to rethink the federalist action and his initial criticism of the European Economic Community, which was being built based on the functionalist method. In 1970, Spinelli, appointed European Commissioner by the Italian government, tried to convince the European Commission to take on the role of political leader of the European project. When this hypothesis was not realized, Spinelli turned to the European Parliament to take on a constituent role in the integration process. His *Draft Treaty establishing the European Union*, voted by a large majority in the European Parliament in 1984, marks the beginning of the process of constitutionalisation of the European Union and, despite being replaced by the less ambitious "Single Act" in 1986, will see the great majority of its innovatory provisions included in the subsequent European Treaties. Therefore Spinelli, far from slavishly repeating the slogans of the *Ventotene Manifesto*, has always adapted his action strategy to achieve the goal of a federal Europe considering the historical changes taking place. The political action for a federal Europe could not be the same when a cold war was in progress between two opposing blocs, and in the next period of peaceful coexistence. In the same way, today's reality of a multipolar world that sees the affirmation of new regional powers and the phenomenon of mass migrations cannot be tackled by merely repeating the slogans of the federalist movement. When Spinelli got ready in 1978 to undertake his constitutional action in the European Parliament, he addressed himself directly to the federalist organizations of which he had been the main promoter with the following words: "I know that the (federalist) movement is tired, full of scars, more able to consecrate themselves abstractly to an ideal

action than to conduct political struggles, more inclined to fall back on his pride of precursor than to open up to new forces, which will not necessarily be responsive to our ideas. This is the price of a long desert crossing. But today is the great opportunity to finally lead the battle you have dreamed for so many years. Be ready to seize it!" Words of great relevance. Therefore, Altiero Spinelli's teaching still retains its full validity today. As Lucio Levi rightly points out in his brilliant post-faction to the recently re-edited *Ventotene Manifesto*, Altiero Spinelli belongs to the category of "historical/universal" men, according to the definition given by Hegel ("Historical/universal individuals – wrote Hegel – are those who first said what men want"). As Lucio Levi wrote, "Spinelli belonged to this category of men".

Like all historical men, he expressed the deepest tendencies of our age and identified himself so much with them that his individual end coincided with the universal end of the whole of the peoples of Europe. The purpose that he pursued was not something arbitrary, but corresponded to the needs of a phase of history and belonged to the real possibilities of our time". In fact, the political action of Altiero Spinelli did not limit itself to proposing yet another project of European unity, as proposed by several precursors of the European project from the thirteenth century to the present day (from Pierre du Bois and the king of Bohemia up to Aristide Briand), but he worked to implement it during his own generation. As Spinelli wrote in a commentary on the *Ventotene Manifesto*, the first fundamental political idea "was that the (European) federation was not presented as a beautiful ideal, to pay homage and then deal with something else, but as a goal for the realization of which we needed to act now, in our current generation. It was not an invitation to dream, but an invitation to work". In fact, Altiero Spinelli has pursued throughout the whole of his political struggle for the European federation Mazzini's binomial "thought and action": it is not enough

to conceive yet another project for the European federal unity, if one does not act concretely for its realization. When Spinelli undertook in July 1980 the initiative of the "Crocodile Club" (from the name of the restaurant where he gathered the first European parliamentarians wishing to propose a constitutional reform of the European Community), there were only eight MEPs willing to follow him. At the time of the vote on his Draft Treaty, the favorable votes became 237 (with 31 against and 43 abstentions). This result was only possible thanks to the tireless activism of Spinelli, who gradually obtained the adhesion in Italy by Enrico Berlinguer, Bettino Craxi, Giorgio Ruffolo, Gaetano Arfé, Mauro Ferri and Mario Zagari; in Germany by Willy Brandt, Katherina Focke and Erwin Lange; in Belgium by Leo Tindemans, etc. After the EP vote, Spinelli even went to the Élysée to convince François Mitterrand to support the Treaty, and obtained the French President's declaration in Strasbourg according to which France declares itself ready to examine a new draft Treaty whose spirit suits them. Therefore, Spinelli's teaching remains valid today. It is not enough to elaborate a good draft of a new treaty (be it the proposal of "Fundamental Law" drawn up by the English federalist Andrew Duff and endorsed by the Spinelli Group in the EP, or the "Frankfurt Protocol" elaborated also by A. Duff as a Treaty for the Eurozone). It would be necessary for the European Parliament to cease quibbling and vote on one of the two projects, in order to use its new powers available under the Lisbon Treaty, and start with a proposal of its own the procedure for revising the Treaties. And it would also be necessary that a new Spinelli would be able to use the art of Socrate's maieutic and persuade today's European political leaders to support him.

Only in this way would the followers of Altiero Spinelli demonstrate, beyond the formal ceremonies in which they pay him homage, that they consider his teaching still valid and that they put it into practice.

The Federalist Formation of Albert Camus*

Agnès Siquel

The stages of Albert Camus' "federalist formation" begin with his engagements in Algeria in the 1930s; his views in common with Ferhat Abbas or his proximity to Messali Hadj; the decisive influence of a man like Robert-Édouard Charlier; his encounters and his friendship with Chiaromonte or Silone. Camus does not learn federalism from books; he discovers it through men -especially at that essential crossroads of the war which, in the forced mixing of intellectuals, allowed meetings where the convergences strengthened one's convictions: the federalist thought reinforces Camus' prejudices against nationalisms, and makes clearer his desire of Europe. It is fascinating to see him gradually learning about Europe and constructing a political thought that will support his articles in *Combat* and his texts and interventions when confronting the rise of the cold war; and will also support his involvement in the international liaison groups.

His federalist illumination also sheds a different light on "*The Rebel*" [*L'homme révolté*]; this was to be expected since several works of the recent decades have emphasized Camus' deep convergences with the French libertarians' thought, and the abundance of his publications in the organs of that current. This same light is equally convincing for a re-reading of "*Algerian Chronicles*": on its political side, "*Misery of Kabylia*" proposes a federal evolution of the province, starting from its traditional communal organization; and one understands better what is

meant by his reference, often mocked, to Lauriol's proposals in "*Algeria 1958*". Is also taking shape, for Camus as for the Italian federalists with whom he is in contact and who are also trying to think of a way out for Algeria, a federation scheme, both internal and external, for Algeria and for France: a new Algeria, multi-ethnic and multi-religious, could be built as a federation, in turn federated to France and the European federation, then to a Euro-African federation, before arriving at the world federation.

People will smile and cry out to utopia as, in the 1950s, they cried out to blindness at the brave attempts of those Liberals who, with Camus, tried to advocate an Algeria liberated from colonization, but plural and maintaining a link with France in mutual respect and in "the union of differences". Their third way, which they tried to bridge between the increasingly extreme solutions put forward by nationalists and colonialists, was not that of a middle ground comfortable for one's conscience – but a resolute choice for freedom and justice. Their historical failure does not invalidate their political convictions.

Camus saw nationalism as the breeding ground for totalitarianisms of all kinds; the world today confirms it to the point. His intellectual evolution shows how a political thought is gradually elaborated through the often rough contact with experience – the latter being constantly passed through the crucible of a burning exigency, indissolubly political and ethical.

Translated by Lionello Casalegno

* Excerpt from the foreword in Alessandro Bresolin's book *Albert Camus: l'union des différences*, Lyon, Presse Fédéraliste, 2017, pp. 14-16.

Tribute to Peter Sutherland

President of the Federal Trust (2004 – 2017)

Brendan Donnelly

There was great sadness in the Federal Trust when we learned at the weekend of the death of our former President, Peter Sutherland. During the years of his Presidency he was an enthusiastic supporter of the Trust, both morally and materially. He regularly attended both our internal and our public meetings, and was always at hand with advice and encouragement. Our admiration for Peter's contribution to the national and international European debate was matched by our gratitude for his continuing interest in the more parochial affairs of the Federal Trust.

It might be thought surprising that a major political and economic leader like Peter Sutherland found time and appetite to become President of the Federal Trust. Federalism, particularly in the European context, is not a philosophy widely embraced, or even understood in the British political debate. Other prominent members of the political and financial elite to which Peter undoubtedly belonged might well have considered that the Trust was condemned simply to be a voice "crying in the wilderness," and was therefore unworthy of their support.

This was emphatically not Peter's approach. For all his success in the cutthroat worlds of politics and high finance, he was deeply reflective and humane man. He simply found the ideas for which the Federal Trust stands congenial to his own view of the world and he greatly admired in particular our former

Chairman John Pinder.

That was in his mind a more than sufficient basis for a fruitful partnership between himself and the Trust. Although Peter is perhaps best known as the founding father of the World Trade Organization, his European philosophy was not exclusively an economic one. Like many of us in the Trust, he believed above all that the model of European integration represented by the European Union is a morally and ethically superior form of political organization to that which preceded it. He often quoted and certainly shared the view of President Mitterrand that "nationalism means war." This moral basis for his Europeanism sat easily with Peter's deep Christian convictions, which found further expression in the charitable activities to which he devoted much time and resources.

Peter was not surprised by the result of the European referendum of 2016. He had for some time noted a frenetic and coarsened tone in the British European debate, which greatly distressed him. I find it fitting that until the very eve of his incapacitation he was still vigorously advocating in public the merits of the European Union and British membership of it. Those of us who remain can never be deprived of happy and stimulating memories of the time we spent with Peter. Nor will we ever lose sight of the example he leaves to us. The coming years are likely to make his example yet more relevant and yet more inspiring than ever before.

A Federal Spain in a Federal Europe

Guy Verhofstadt

I have always been a profound admirer of Spanish democracy, but especially since February 23, 1981. On that dramatic day, Colonel Antonio Tejero attempted a *coup d'état* against the young democratic regime.

In his acclaimed book *Anatomía de un instante* (The Anatomy of a Moment), Javier Cercas describes how, under the threat of Tejero's pistol, three Spanish political leaders sat upright in their seats, refusing to hide under their benches. Not one of them – Communist Party leader Santiago Carrillo, Adolfo Suárez, the first prime minister of post-Franco, democratic Spain, and Suárez's deputy, General Gutiérrez Mellado – blinked. It was an act of courage and determination that anchored democracy forever in the soul of Spain. Under the pistol of Tejero, Spanish democracy was born.

Today, 36 years later, Spanish democracy must steel itself once more if it is to overcome the deep division created by the Catalan regional government's unconstitutional bid to secede from the Spanish Republic. Today's democrats will need to show the same disciplined determination as Carrillo, Suárez, and Mellado to resolve Spain's gravest political crisis since Tejero's attempted coup.

Spain's democrats must not believe that law and the judiciary can address all of the problems with Catalonia on their own. Certainly, the Spanish authorities will not overcome the crisis with police violence, even though the national government's efforts to halt the Catalan independence referendum were based on a court ruling.

What is needed now is a renewed political vision, an inclusive dialogue. Realistically, that vision can only be of a multicultural,

multilingual, federal state embedded in a multicultural, multilingual, and federal Europe.

Catalan separatists were wrong to call an illegal referendum. No one can govern democratically without the rule of law. But it is also true that the existing legal framework is incapable of healing such deep political division. Sustained dialogue – the real strength of effective politicians and statesmen – between Spain's leaders and Catalonia's separatists is the only way to find solutions.

I do not believe it is in the interests of Catalonia's people to pursue separatism at all costs. The fact that the referendum clearly violated the Spanish Constitution is not the main reason that I could not support it. The point for me is that the referendum lacked any democratic legitimacy whatsoever. It was clear well in advance that a majority of Catalans, recognizing the illegal nature of the exercise, would not participate. Indeed, from all the evidence that has emerged, it seems likely that a majority of Catalans, including those who stayed home, are against separation.

By refusing to establish a minimum turnout threshold for a secession vote to be declared valid, the pro-independence leaders of Catalonia's regional government revealed how they would portray the result before anyone cast a ballot. Their deceptive tactic reflected a disturbing willingness to manipulate their citizens. To declare independence on the basis of a defective referendum was a politically irresponsible act of contempt for democratic norms.

Such irresponsibility is a threat not only for Spain, and not just for Europe, but also for

Catalonia itself. As with so many referendums, this fake independence vote has opened a deep fracture in Catalan society. Families and neighbors now stand divided – bitterly so in many cases. The only people who will benefit from this legal charade, as we know, are those who want to destroy the EU and who have already started to exploit the cause of Catalanian independence for their own ends. It is therefore vital that all the people of Spain act to stop any further escalation and instead begin negotiating. The future of Catalonia, and the future of my own Flemish community in Belgium, where some are also agitating for independence, lies not in brutal separation, but in cooperation within federal structures, in a federal Europe. The experience of the Basque country is

illustrative in this regard. Under Spain's democracy, the Basques have developed their region for the benefit of its inhabitants, not only defeating terrorism, but also reinventing themselves as proud and autonomous.

In politics, there is no shame in compromise. Quite the contrary: When a choice must be made between a constructive bargain and ideological purity, it is always better to choose the path of unity, however small the steps may be.

In her famous book *The March of Folly*, the American historian Barbara Tuchman warned against the urge to "throw away the greater for the less" and to "pursue the unworkable at the sacrifice of the possible." Leaders on both sides of Spain's secession crisis would be wise to heed her words.

Federalism versus Nationalism: the Case of Catalonia

Domènec Ruiz Devesa

European (and global) federalism came into being, as a political force, in the aftermath of World War II in order to overcome nationalisms and unite in a common political project the beleaguered nation-states of the Old Continent, and, progressively, the entire humankind.

This is still the case today, and to some extent this political philosophy has scored one historically important success with the establishment of the European Union, even though it is not yet a fully federal polity.

However, nationalist tendencies have proved resilient in the West and around the world, and to some extent they have even been reinvigorated by an unbalanced globalization process, with its lack of a strong social and political dimension. Thus, nationalism has recently proved victorious, albeit by small margins, in the United Kingdom, with Brexit, and in the United States, with the election of Donald Trump, a media and business personality and vocal supporter of a strictly "America first" and anti-immigrant policy.

Simply put, nationalism as a doctrine believes that culturally homogeneous or dominant communities must have their own separate political organization in a state form, and that the exercise of sovereignty over the territory in which this community is politically organized must be absolute.

Both assumptions are problematic from the point of view of guaranteeing a peaceful international order. The first one requires either the multiplication of sovereign States in strict correspondence of the many identifiable cultural communities – in Europe this number

could be as much as a hundred –, or the suppression of cultural minorities in cases in which one particular nationalism is dominant over others in a given geographical space.

This nationalist principle affects the stability of the currently established political states, while also complicating decision-making in inter-state affairs.

The second principle fosters wars, since the dogma of absolute sovereignty means that no superior power is recognized by the State, and the state of anarchy reigns among the States. The rule of force, instead of the rule of law, prevails.

Federalism on the contrary opposes both nationalist dogmas. Sovereignty is not absolute, except perhaps if it were exercised with humanity to one and all, while different cultural communities could belong to the same political organization provided that they share the same public values and principles. Federalism also recognizes the right of autonomy for distinct cultural communities, thus opposing dominant nationalisms within nation-states.

In any event, from a federalist point of view, even the notion of nation is quite problematic. Renan, in his famous conference, ended up concluding that it cannot be defined by language, culture or history, but by a considerable number of people believing to belong to one community¹. Albertini seemed to deny the concept altogether².

This why federalism aims to unite not nations, but democratic States, which is an objective notion characterized by the existence of a political entity that has the monopoly of the use of force (power) within a given territory,

and exercises it according to the rule of law. This is regardless of whether in the State there is one or more nations, assuming this concept as merely describing a cultural community. Indeed, it is more accurate to say that States created national identities through centralized education systems and military conscription, than the other way around.

The European Union is the concrete realization of this ideal: the old European nation-States, determined to avoid more wars in the continent, decided to pool their sovereignties in an increasing number of fields, effectively setting up a multilingual and multicultural political project, even if a common European cultural conscience is also acknowledged.

The Catalan independence movement, supported by no more than 48% of the electorate according to the outcome of the September 2015 regional poll, could be seen as yet another example of a nationalist backlash, fostered by the economic and financial crisis and the existence in a substantial part of the population of a strong identity feeling, seen as incompatible with Spanish citizenship.

The Catalan question, though quite complex and influenced by a diversity of variables, clearly revolves around the old questions of national identity and wealth redistribution³, some other conjunctural factors notwithstanding, such as the annulment by the Spanish Constitutional Court of a number of articles of the revised Statute of Autonomy in 2010, after having been approved by popular referendum in the region.

Catalan nationalism has created the notion of a Catalan nation mainly on the basis of the Catalan language⁴, which is a Latin language closely related to Italian, French and Spanish, since there has never been an independent Catalan state. Historically speaking, the old county of Barcelona joined the Kingdom of Aragon in the Middle Ages, which was then much larger than present-day Catalonia, including Aragon, Valencia, the Balearic islands

and at some point, even Sardinia and Sicily. This Kingdom then entered in a dynastic union with Castile in the XV century, with the marriage of Isabella and Ferdinand. Still, Catalan is not only spoken in Catalonia, but also in Valencia and the Balearic islands.

Since the passing of the Spanish Constitution in 1978, Spain is in fact a federal State, the fourth most decentralized of the OECD. Catalonia has enjoyed since then self-government, endowed with a regional parliament with quasi-exclusive legislative competencies in many fields, including education and culture.

Thus, there is not a clear historical or legal basis for the exercise of external self-determination in the case of Catalonia, since according to the United Nations a territory can legally secede from a State in cases of military occupation, colonialism, cultural discrimination, or continued and massive human rights violations, called, in this last instance, after the case of Kosovo, the “remedy secession”.

The other driving force behind the nationalist drive in Catalonia, aside from the successful construction of an exclusive national identity, at least for half of the population, is a perception of unfair redistributive policies *vis à vis* other regions in Spain, which is typical of other rich territories in Europe (Veneto in Italy, Flanders in Belgium, etc.)

Indeed, in 2012, the nationalist president of Catalonia, Artur Mas, launched a bid for independence after the central government rejected his claim of allowing the region to collect all taxes and to contribute to the common national budget as much as it received in transfers from it, thus nullifying any redistributive effect.

In 2014, the nationalist movement unilaterally organised an informal referendum for independence, in which less than half of the electorate participated. In 2015, nationalist parties failed to achieve at least 50% of the vote in the regional election, but they nonetheless pursued their independence agenda. Finally, on

6-7 of September 2017, the pro-independence majority in the Catalan parliament passed two unconstitutional bills that were used as the legal base for a self-determination referendum to be held on October 1st. Again, no more than 40% participated in an unconstitutional referendum with no independent recounting body, according to the nationalists themselves. On the basis of this so-called referendum, the regional parliament, with the absence of most of the opposition, declared independence on the 27th of October. On the same day, the Spanish Senate voted in favor of intervening in Catalonia's autonomy, using as a legal base the mechanism of federal execution contemplated in Article 155 of the Constitution, which was copied from Article 37 of the Fundamental Law of the German Federal Republic.

The Catalan pro-independence movement therefore appears to contradict several federalist principles, both in substance and in methodology.

First, the Catalan nation, as a cultural community, is already fully self-determined within Spain, and any grievances could and should be resolved politically and in full respect of the constitutional boundaries. It is very clear that the unilateralism that has characterized the nationalist movement is incompatible with the rule of law and the principle of territorial integrity, both key principles of the Treaty on the European Union (Articles 2 and 4.2).

Secondly, federalism does not believe that every nation has the right to have its own separate, fully sovereign political state, because this contradicts the principle on which the concept of European federation lies upon, i.e. shared sovereignty and multicultural polity.

Furthermore, European federalism could not endorse the indiscriminate birth of new sovereign States in Europe, thereby affecting the strength and stability of the Union, and eventually complicating the decision making process, provided that the Union were to survive the challenges of intra-state nationalisms not only in Spain, but elsewhere. It is not by chance that the United States Supreme Court declared that the American federation was "an indestructible Union of indestructible States", thus enforcing the principle of territorial integrity in a two way dimension, at the state and the federal levels.

Thirdly, independence based on economic claims of redistribution issues, apart from having been grossly exaggerated by nationalists⁵, is in contradiction with the solidarity principle, a fundamental value of both federalism and the European Union.

All in all, micro-nationalisms, whether in Spain or in any other Member State, are a regressive and negative force for the European integration process and a federal global governance. They pose a challenge to the federalist principles of supra-state sovereignty, multicultural political entities and solidarity, and a stable international order, and, in the case of Catalan nationalism, also to the rule of law and democratic statehood, the basis of any regional or global federation. If history has an end, in the ideological sense, this points towards a federation of free, democratic and liberal states, not to the proliferation of new narrowly conceived nations along linguistic or cultural lines.

Thus, regional nationalists should not be comforted in Europe, and even less so, by European Federalists.

¹ Renan, Ernest (2010). *Qu'est-ce qu'une nation?*, Mille et une nuits, Clamecy (France).

² Albertini, Mario (1999). *Nazionalismo e federalismo*, Il Mulino, Bologna (Italy).

³ For an overview of the historical and economic claims of Catalan nationalism, see Borrell, Josep, and Francesc de Carreras et al. (2017), *Escucha, Cataluña: Escucha, España*, Peninsula, Barcelona (Spain).

⁴ See Carreras (2017), op. cit.

⁵ See in particular Borrell, Josep, and Joan Llorach (2015), *Las cuentas y los cuentos de la independencia*, Catarata, Madrid, and the book reviews with a Federalist outlook by Llorente, Pilar (2017), "Economics and the Tall Tales of the Independence of Catalonia", in *The Federalist Debate*, XXX, N°1, March 2016, and Ruiz Devesa, "Los mitos del nacionalismo y las cuentas de la independencia en Cataluña", in *Letra Internacional*, N° 122, Summer.

Multi-Level Governance: a Method to Solve Problems and to Minimize Conflicts

Otto Schmuck

Some theses for discussion

1. Multi-level governance has become an important feature of the European Union. The reasons of this are manifold: Nation-states alone do not have the power and the effectiveness to solve important political problems. At the same time there is an increase in international interdependencies and direct contacts of actors at various political levels.
2. In the founding Treaties of the EU, the regions were only mentioned as objects of politics (Preamble of the Treaty on the functioning of the European Union: "...*anxious to strengthen the unity of their economies and to ensure their harmonious development by reducing the differences existing between the various regions and the backwardness of the less favoured regions ...*"). But, linked to the completion of the internal market (1992), with far reaching spill over effects to many other political fields, like social and environmental policy and even culture, regions successfully made demands to have a say in those fields of European politics where they are affected in a certain way.
3. The Treaty of Maastricht (1992) was a breakthrough for regional influence: the Committee of the Regions was established, the principle of subsidiarity was introduced with a reference to the regional and local level ("*...the Union shall act only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States, either at central level or at regional and local level ...*") and the provision "*decisions are taken as closely as possible to the citizen...*" including, from a regional perspective, all levels of policy making.
4. From the citizen's perspective, European integration and regionalization can be viewed as complementary processes: on the one hand, power goes further away from the lower level; on the other hand, power comes closer to the citizens.
5. Multi-level governance can be described as the dispersion of authority away from central government: upwards to the supranational level, downwards to subnational jurisdictions, and sideways to public/private networks. It is the re-organization of authority in the European Union as a polity-creating process in which authority and policy-making influence are shared across multiple levels of government: subnational, national, and supranational. While national governments remain predominant participants in EU policy making, control in various policy fields has slipped away from them.
6. Important political aims, like those of the Europe 2020-strategy (increasing the employment rate, increasing combined public and private investment in R&D, climate change and energy targets, reducing school drop-out rates, increasing the share of the population having completed

tertiary education, lifting at least 20 million people out of the risk of poverty and social exclusion), can only be achieved if they are supported and implemented by all political levels – European, national, regional and local.

7. From a regional perspective, in a system of multi-level-governance the predominance of the nation state has diminished and as a result regional conflicts may lose importance. History shows that the internal market, with its aim to open the borders between the Member States, contributed to resolving regional conflicts, especially in cases where regions have been divided by national borders, like in the Tyrolian, the Basque or the Irish case.
8. Moreover, the European Union guarantees fundamental rights based on shared values. This regime gives the regions a stable framework and protection against possible attacks of national governments.
9. European integration offers regions a possibility to play an active role at the European level. Regional and local representatives are members of the Committee of the Regions. Moreover, many regions have established liaison offices in Brussels. With the instruments of regional policy and territorial cohesion, the EU has developed direct links to the regions. Thereby the administrative capacity of the regions has been strengthened even in centralized member states.
10. A major problem in the concept of multi-level governance (and the concept “Europe of the Regions”) is the multitude of sizes and the difference in competences and administrative capacity of the regions. Beside strong regions with legislative powers, there are purely administrative regions and very small entities in the Member-States, like Malta, Cyprus and Luxembourg.
11. Now as before, the decision-making process evolving in the EU gives a key role to national governments, with a certain influence of subnational governments in selected arenas. The outcome of this process is not as orderly as a classical federation. The final product is and will be a colourful picture of territorially variable, functionally specific, overlapping, non-hierarchical networks. National governments will continue to be central actors because the territorial claims that national governments represent are exceedingly strong. But the nation-state is being supplemented by other actors in a more complex geography.
12. Separatism is not and cannot be the aim of regionalism in Europe. One of the predominant aims of European integration after WWII was – and still is – to frame the influence of independent nation states and to hold back the dangers of an exaggerated nationalism. The nation states have a strong position in a federal Europe, but their capacity to act is limited according to the accepted rules and procedures. At the same time, the status of the regions, including their right for self-government, is accepted by the EU and the EU procedures offer a certain influence for the regions in the European decision making and in acting at the European level. It is neither the aim nor a promising concept to create a multitude of small new nation states and, by doing so, to increase the number of member states in the EU.

The Federalist Debate and the Goal of Better Promoting the Federalist Idea in the World*

Joseph Preston Baratta

Book

I have nothing but praise for the new book¹. The historical retrospectives, the critique of the crisis of the European Union, the exploration of other regional unions, and the enlargement of the field to world government is nimble, creative, and an addition to the literature on supranational international organization. I have read the book. I bought a copy to donate to Luis Cabrera and James Thompson, organizers of the *World State Debate* (www.wgresearch.org).

Influence?

My criticism is focused wholly on the influence of the book. In view of Brexit and the Trump election, which threaten almost the dissolution of seventy years of integration in the European Communities and Union, I think we must ask, Why are such thoughtful works not reaching the reading public nor busy statesmen? We seem not to have produced popular and official conviction of the principles of federalism for the building of freedom, prosperity, and peace in modern states. We can continue to speak truth to power, but do you really think the Establishment is listening?

The Federalist Debate

The journal, *The Federalist Debate*, seems to be on the right track. We need a scholarly journal to demand high standards for writers. This point could not be clearer on reflection that in the United States of America there is no journal that regularly gives voice to federalist

thinking. Bill Pace's *Institute for Policy Studies* should be the publication arm of the *World Federalist Movement* (if it is a "movement"), but every time I search for it I find just old out-of-date works, including some of mine from the 1980s. Even TFD is not up to date there. No movement can flourish without a journal or a newsletter. Lenin had *Iskra*, and Elizabeth Cady Stanton had *Revolution*.

Editor

I think it is time to grant Prof. Levi an award for his editorship of TFD. I suggest a beautiful plaque, in Italian, French, English, and German (?)—his languages—commemorating him for his intelligence, learning, vision, generosity, and courage. It should mention the achievements of which he is most proud (books? conferences? Acts of the Italian legislature? acts of the European Parliament?). To find out, look in his curriculum vitae. I understand that Lucio would like to retire. We must find a replacement, fluent in Italian, English, French, and perhaps German, who knows what federalism is.

Publication on Time

I do wish TFD could appear more punctually. It is always late. My recent invited editorial was written in January, published in the March issue, but did not arrive at my house in the States until May. The July issue did not arrive until October. Imagine if the *Economist* or the *New York Review of Books* was always a month or two late!

Readership of TFD

But appearance of an article in TFD does not seem to be enough. Only once have I received a comment on one of my articles – from Keith Suter in Australia on my invited editorial in March. A vast silence, even from professed federalists, seems to greet our work. In the States, most do not appreciate the E.U.

Op-Eds

I would suggest, in order to further publicize our scholarship, that the editor request every author whose work is accepted for publication in TFD to also recast the work as an opinion-editorial (op-ed) in leading newspapers. Take the *New York Times* or the *Manchester Guardian* or *Le Monde diplomatique* or others in Europe that you would know better. I know op-eds must be timely and have a “hook” (unusual interest). They must also offer collective solutions to vexed current problems, like threats from rogue states or domestic terrorism. I have done this three times: once on Israeli settlements in 2017, the Iran deal in 2015 and again on withdrawal from Iraq in 2007. Just to advocate federalism without rooting it in contemporary issues of foreign affairs is like saying love will conquer all.

Established Journals

Our authors should also be encouraged to prepare articles for scholarly journals that are more closely devoted to current international relations. The last time someone even remotely linked to world federalism reached such a journal was Richard Falk and Andrew Strauss in *Foreign Affairs*, 80 (2001), on a global parliamentary assembly. The objective is to help form ultimately influential public opinion. We must write for both the popular and the scholarly press. (I currently have an article under review at the *International History Review*.) I read in *Current History* that

German philosopher Jürgen Habermas is the leading critic of the democratic deficit in the E.U. He writes that the “public sphere” does not require “one European people.” Isn’t that federalism? Can we encourage one or two of us to rise to the level of Habermas and widen the debate over federalism?

Occasional Papers

I think that the Center’s² occasional papers, like Lucio Levi’s on a Helsinki 2 in the Mediterranean, or the Triffin paper on the Special Drawing Right, are another way to get our serious analysis and proposals into the hands of influential people.

More Books

Always, whole books, like the present one, should be encouraged, for they have a longer life and can still have an influence long after publication. I sometimes say that my goal is to change how history is written (at least that of the 1940s). The key to getting noticed by the scholarly community is a review in a leading professional journal. My book was reviewed in the *Journal of American History*, but I wanted one in the *American Historical Review* and in *Choice*. Nevertheless, graduate students and scholars have bumped into the book in the stacks. Paul Kennedy and Thomas G. Weiss have cited my book only to dismiss it. I wrote a book in such ordinary language and so robust against criticism that it will still be readable in 100 years.

World History

No world historian has written more fully of world government as humanity’s creative response to the challenge of modern life than Arnold Toynbee. The others, such as Albert Craig, Robert Tignor, Robert Strayer, and Richard Goff whom I use in my courses, do not see any direction in world history. To my mind, they are overcome by the despair and confusion of our times.

Literature in the Field

I sense that federalists are not very aware of the large, unworked literature in their field. I worked hard to produce scholarly, annotated bibliographies of federalism in many countries and languages in order to define the field. See *Strengthening the United Nations* (Greenwood, 1987), *The United Nations: Meeting the World Constitutional Crisis* (Clio, 1995), and *The Politics of World Federation* (Praeger, 2004). I have a library of rare books from the height of the movement that I would like to give away to the right scholar before I die.

List of Classics of Federalism

In an effort to inform serious people, statesmen, and scholars of the profound theory of federalism, I wonder if we might put together a short list of ten works on European federalism, like Lord Lothian's *Pacifism Is Not Enough, Nor Patriotism Either*, and another list of the best works of world federalism, like Grenville Clark and Louis B. Sohn's *World Peace through World Law* or John A. Perkins' *The Prudent Peace: Law as Foreign Policy*. Such a short list should be placed at the end of every issue of TFD and of every other publication. That would help to catch the eye of people who are really looking for an alternative to conventional international relations.

Action Committee for the United States of Europe

I wonder if the Center could follow the lead of Jean Monnet's Action Committee for the United States of Europe? See his *Memoirs*. Monnet had the prestige and connections to invite former heads of government (like Willy Brandt) and leaders of trade unions to join in taking the initiatives that led to the Rome treaty. Are trade unions still influential? (They are down to eleven percent of labor in the U.S., compared to 20% in 1983). Perhaps in the age of globalization, one should invite

CEOs of multinational corporations to cooperate. After all, MNCs, not labor unions, are now reckoned as non-state actors. The objective would be authoritative statements on next steps in integration.

Fabian Society

I have often wondered why the *Fabian Society* under Sidney and Beatrice Webb could form and sustain the argument for socialism in Britain for sixty years? Is European and world federalism of less consequence than English socialism? (The society was named after Quintus Fabius Maximus, Cunctator, the Roman general who avoided open battle with Hannibal but gradually wore him down by a strategy of attrition.) The Labour party victory in 1945 was the fruit of their sustained labors and that of the many others who worked in their entourage, like Harold Laski and George Bernard Shaw. Why cannot the federalists organize like this?

Novels

No novelist has written of world government since H.G. Wells' *The Shape of Things to Come*. Science fiction has abandoned utopia for dystopia. The exception is *Star Trek*, but no account is given of the formation of the Earth Federation. The episodes are of conflicts between planets, very like those between nations. *Star Trek* is nationalism elevated into space.

Analogy of Nonviolence

Nothing seems to have come of H.G. Wells' "open conspiracy", but we are in an open conspiracy. Perhaps the nonviolence movement, inspired by Gandhi but now not formally organized, is another example. Like nonviolence, the ideal of federation is "in the air." By knowledgeable people, it is recognized, though on a time scale of about 500 years, as was said by a respondent to Robert M. Hutchins a week after Hiroshima.

Crisis

Monnet used to say that for the hard work of uniting sovereignties, humanity will not act without a crisis. Jefferson said the same thing in a famous document: “*All experience hath shewn that mankind are more disposed to suffer, while evils are sufferable, than they are to right themselves by changing the forms to which they are accustomed.*” We are in the midst of a massive crisis of global governance, and it will surely get worse. When the Greenland ice cap slips into the sea, or the last worker is replaced by a robot, or a nuclear exchange ends the North Korean threat, humanity will wake up and look for overdue alternatives. We should plan for that crisis.

Time for Action

Federation is a revolutionary political program. It would end the external sovereignty of states. It would elevate all Europeans into citizens of the U.S.E. and all humanity into citizens of the world. There will come a time when the ideal must be taken out of the air and made an action program. In the American Revolution, Committees of Correspondence formed in the 1760s to coordinate and organize the revolution. Today, such coordination would be done on cell phones and computers, with all the dangers of hacking and government surveillance. I personally still like old fashioned letters on paper. They focus thought, leave a record, and cannot be hacked. We should prepare for the most terrible opposition by the nationalists, who will assume their patriotic duty is to destroy us. No national revolution has been accomplished without a war, as in Germany, Italy, and the United States. Even India did not achieve its independence without the acceleration of history provided by the Second World War, which exhausted Imperial Britain. So far, no one has died in the cause of European or world federalism.

Movement or Party?

Brexit and the Trump election seem to me to have created an opportunity. Perhaps, as Karen Smith of the London School of Economics suggests in the March issue of *Current History*, the withdrawal of the United States from Europe, and Britain from the E.U., will function as an “external federator”. Charles de Gaulle’s *le fédérateur*. But someone has to act, like Count Cavour, who founded the newspaper *Il Risorgimento* in 1848 and with its support persuaded King Charles Albert to grant a liberal constitution and undertake a war with Austria, necessary for eventual Italian independence!

The Center has long opposed the creation of a federalist political party, which tends to divide people and leads to the hypocrisy of public statements in the immediate struggle for power. The division of the world is no longer between Communism and capitalism/democracy, or Left and Right. The division is between the champions of national sovereignty and the aspirants of world law. Federalists belong to the Center. Nevertheless, at the final stages of action, there may be no escaping the responsible creation of a new, federalist political party, like the Republican party in 1856, when the United States was faced with disunion over the expansion of slavery. This must be done with caution, lest we follow the example of the Communist party after 1903.

Time Scale

We might bear in mind that the English took 600 years to establish democracy – from Edward I’s convening of a caucus of non-titled knights, citizens, and burgesses, which became the House of Commons, in 1295 – to David Lloyd George’s *Representation of the People Act* (fourth reform act) in 1918. On the other hand, we must also remember that sometimes history moves with astonishing suddenness, as forces pent up for years

finally produce revolutionary results. The dam bursts, the waters flood. The end of

the Cold War was such a case. So was the Russian Revolution.

* Intervention in Turin (Italy), where the review is published, on November 7, 2017, on the occasion of the presentation of the book *Federalism: A Political Theory for Our Time*, edited by the local Center for Studies on Federalism and the Einstein Center for International Studies.

Editor's Note

I wish to thank Prof. Baratta on the pages of this review (I already had the opportunity to thank and discuss with him in person) for his constructive criticism, aimed at improving some practical aspects, but especially the review's capacity to be a qualified tool for making Federalism more influential in the world.

We are already working on a few more immediate improvements, and are considering other new ideas that we hope to be in a position to present to our readers and subscribers in the next issue. However, we would like to urge you to **send us your own comments and ideas**. Also, as a better utilization of electronic mail and websites is certainly one of the things to be considered, the readers who have not yet given us their **e-mail address** are invited, if they wish to be informed and/or contacted online, to do so now.

¹ *Federalism. A Political Theory for our Time*, ed. by L. Levi, G. Bordino, A. Mosconi, Brussels, Peter Lang, 2016.

² Centre for Studies on Federalism

Join the Hibakusha Appeal for a Nuclear Ban Treaty

Hibakusha Appeal

“So that the people from future generations will not have to experience hell on earth, we want to realize a world free of nuclear weapons while we are still alive.”

71 years have passed since the atomic bombings of Hiroshima and Nagasaki. This is the call of the survivors, known as Hibakusha.

Although their average age is now more than 80 years old, the Hibakusha have launched a **signature campaign calling for an international treaty to ban and eliminate nuclear weapons**, in the hope that no one will ever have to suffer as they have. They plan to continue to collect signatures until 2020 or until a nuclear ban treaty is concluded.

The first batch of 564,240 signatures collected in August-September 2016 was submitted on October 6 to the Chair of the United Nations General Assembly’s First Committee (on disarmament). New signatures will be submitted annually.

On October 27, 2016 at that same First Committee, the UN adopted a landmark resolution to launch negotiations in 2017 on a treaty outlawing nuclear weapons, with 123 countries voting in favour.

Join your voice with those of the Hibakusha to say “Never Again.”

Sign the petition for a new treaty to ban nuclear weapons here.

Web: <http://hibakusha-appeal.net/english.html>

Facebook: <https://www.facebook.com/hibakushaappeal>

International Signature Campaign in Support of the Appeal of the Hibakusha, the Atomic Bomb Survivors of Hiroshima & Nagasaki, for the Elimination of Nuclear Weapons

Hibakusha Earnestly Desire Elimination of Nuclear Weapons

At present, humanity stands at the crossroads of whether to save our blue planet with all living things on it as it is or to go along the road of self-destruction.

The two atomic bombs dropped on August 6th and 9th 1945 by the US forces totally destroyed Hiroshima and Nagasaki in an instant, and killed and wounded hundreds of thousands of people without discrimination. With corpses charred black, bodies with their skins peeled off and with lines of people tottering in silence, a hell on earth emerged. Those who narrowly survived soon collapsed one after another. For more than 70 years since then we have struggled to live on, afflicted by the delayed effects and by anxiety about the possible effects of radiation on our children and grandchildren. Never again do we want such tragedies to be repeated.

After 11 years of silence following the A-bomb suffering, Hibakusha assembled in Nagasaki in August 1956 and founded Nihon Hidankyo, the Japan Confederation of A-and H-bomb Sufferers Organizations. There we pledged that we would work to “save humanity from its crisis through the lessons learned from our experiences, while at the same time saving ourselves”. Since then we have continued appealing to the world that

“there should never be another Hibakusha.”
This is the cry of our soul.

Wars and conflicts are still going on in the world, and many lives of innocent people are lost. Nuclear weapons are being used to threaten others. There are also moves to develop new nuclear weapons. The destructive power of existing nuclear weapons, which number well over 10 thousand, amounts to that of tens of thousands of Hiroshima and Nagasaki bombs combined. Nuclear weapons are the “weapons of the devil”. They could wipe out the human race and all other creatures. They could destroy the environment and turn the globe into a dead planet.

Human beings have prohibited the use, development, production and possession of biological and chemical weapons by treaties and protocols. Why do we hesitate to

prohibit nuclear weapons, which are far more destructive than these weapons? We, the Hibakusha, call on all State Governments to conclude a treaty to ban and eliminate nuclear weapons.

The average age of the Hibakusha now exceeds 80. It is our strong desire to achieve a nuclear weapon-free world in our lifetime, so that succeeding generations of people will not see hell on earth ever again. You, your families and relatives, or any other people should not be made Hibakusha again. We believe that your signatures appended to this appeal will add up to the voices of hundreds of millions of people around the world and move international politics. They will finally save the future of our blue planet and all life on it. We earnestly appeal to you to append your signature to this petition.

April 2016

The Necessity of a European Budget

Michel Theys

Michel Aglietta & Nicolas Leron

La double démocratie. Une Europe politique pour la croissance

Éditions du Seuil, Paris, 2017

Here is a book that will warm the hearts and minds of all those who do not resign themselves to seeing Europe as the Member States are building it, destined to certain ruin. Emeritus professor at Paris-Ouest University and adviser at the Center for Prospective Studies and International Information, the economist Michel Aglietta joined researcher Nicolas Leron (Center for European Studies at Sciences Po) in going back to the roots of the current European malaise. These roots are, in their opinion, “structural failures” whose names are “the absence of public power at the European Union level and the incompleteness of the euro”. From this intellectual expedition, the reader will come out armed with the conviction that Europe remains more than ever “the right vehicle to meet the great challenges of our time”, but that it is high time for the caterpillar to become a butterfly, lest it remains forever a larva in history.

The two authors build their analysis on a conviction: the method of small steps that was dear to Jean Monnet is ineffective because outdated, now that “the economic interest collides with political identity, and the European rules with state sovereignties”. Starting from politics and democracy to

gauge and understand the European crisis and discerning a way out from the top, they are led, throughout the pages, to consider it imperative to “rewrite the European constitutive political pact”. To this end, they develop a systemic and multidisciplinary analysis of the crisis that takes into account the economic (the organic link between currency and the political sovereign, and between debt and society), political (the Union’s political and institutional system and its effects on the national political systems) and legal dimensions (the states’ legal sovereignty and the problem of the articulation of the legal orders of the Union and of the Member States, the Court of Justice and the national supreme and constitutional courts).

This enumeration may naturally cause the potential reader to fear that the academic analysis is practically unreadable. This is not so because, while remaining fully faithful to scientific rigor, Aglietta and Leron have the merit of calling a cat a cat and, above all, of ensuring that their economic reasoning does not ignore “the question of political legitimacy”, which is the case most of the time, for example when creative beautiful minds formulate “proposals of institutional engineering without great intrinsic scope, like a parliament of the euro zone, or a Finance Minister of the eurozone”.

No, what Aglietta e Leron want to do, is to attack the evil at its root, namely, the solution of “the question of politics within the European political system”. This evil is “the anemia of politics” which nowadays, in the Union as well as in the Member States, causes “a public impotence” and dissolves the “sovereign”, and this so true that “any democracy, whether local, national or European, calls for a parliament endowed with a real budgetary power, able to vote fiscal measures and public spending, that is to say, offers citizens the opportunity to

decide on significant macroeconomic and societal alternatives". When addressing issues such as the budget or the debt, this is done by ensuring that they are taken into account in the context of "the citizen's belonging and participation in a political order perceived as legitimate". In short, they denounce in a frontal but very argued way "the rupture of the organic link between the political sovereign and the currency" which prevails within the euro zone, with the "vicious circle" which leads the countries and the citizens to lose more than to win, and this "gradually corrodes democracy in Europe".

That is why it is imperative, they argue, to make a transformation of the European constitutive pact and proceed towards the "establishment of a European budget" of 3.5% of the EU Gross Domestic Product; this budget is to be fed by own fiscal resources, opening "the way to a function of borrower and investor of last resort in Europe". As a result, the European Parliament would gain the status of a "democratic body" in its own right, because it would have a real budgetary power which, in the end, "would give Europeans the possibility of collectively getting into debt as one society for the production of common goods for themselves and future generations". For the authors, a political Europe and European democracy will either be at this price or will not be. Who would dare to say they are wrong? Not many people, certainly, except for many of those who participate in the European Council and other cenacles where the Member States essentially impose the law of their own interests ...

Translated by Lionello Casalegno

Europe's "Southern Question"

Antonio Mosconi

Javier Ramos Diaz and Esther del Campo (eds)

Austerity and the Implementation of the Europe 2020 Strategy in Spain.

Re-shaping the European Productive and Social Model: a Reflection from the South¹

Brussels, 2017 (P.I.E. Peter Lang S.A.)

A concise exposition of the theses presented in the book is made easier by the masterly introduction by Ramos, who interconnects the various essays with a coherent guiding thread. Globalization, the shifting from West to East of the world's center of gravity, Europe's weakness in international conflicts and the social and economic consequences of its financial crisis – Ramos underlines – are a challenge for European integration. The populations of the indebted countries of the South witness, with growing resentment, the deterioration of achievements that seemed consolidated: employment, salary, education, health care. On the other hand, the European institutions and national governments spend trillions of euros to save the banks. The real debate in Europe does not concern Grexit, Brexit or the European Constitution, but the future of democracy under capitalism. Latent tensions between profits and wages, competition and cooperation, efficiency and equality, only subsided in the golden age of the post-war period, with social protection as a glue. History, on the other hand, teaches that

inefficient democracy and/or an excluding capitalism may cause serious crises. The events that followed one another at the end of the golden age (oil crisis, end of the cold war, neo-liberal doctrines, financial crisis) gave rise to a new world regime based on commodification, financialization, liberalization and distributive policies favorable to capital. The mix called "privatized Keynesianism" by Colin Crouch.

The free movement of capital prevents the adoption of national anti-cyclical policies. Economic inequality and the concentration of wealth, no longer corrected by politics, cause a regression of democracy. At the continental level, the democratic deficit in the functions of the European Parliament, the consequent deficit in accountability of the Commission, the weakness of the European parties and the lack of a true federal Executive make it so that austerity and internal devaluations are damaging the legitimacy of the EU. The "Lisbon Strategy" (2000-2010) and the "Europe 2020 Strategy" (2010-2020) aim to create jobs in the knowledge-economy in order to support the welfare systems with a smart, sustainable and inclusive development. Does the EU correspond to that mission? The book aims to answer this question, especially considering the challenges of globalization and the financial crisis.

All European choices respond to the logic of commodification in order to compete in globalization, but this, in its current form, may create the conditions for economic integration, profit, job creation and the reduction of extreme poverty only at the cost of reduced wages, precarious work and increasing inequality. The proletarianization of millions of workers in the emerging economies and the precariousness of as many millions of workers in developed

economies create favorable conditions for profits, but not for wages and a decent work. The "Europe 2020 Strategy" reproduces this model within the EU.

The financial crisis and the answers given to it have caused a historical shift from the tax State to the debt State (Streeck) and, in order to support the debt, to the austerity State (Offe). Austerity is a policy that has been applied in Europe to all without distinction, while the causes of the indebtedness of each country were very different. Thus the already potential tensions in the incomplete structure of the economic and monetary Union have come to light: on the one hand, the tension between the exporting and creditors countries of the North, who reject more transfers, credits, guarantees and mutualisation of debts, and those of the South, that reject new fiscal and financial restrictions; on the other, the tension between the preference, by the economic and financial world, for exclusionary development models and the interests of a large part of European citizens.

In this context, people question the adequacy of the "Europe 2020 Strategy". The main reason for skepticism concerns the subordination of the objectives of poverty reduction and social inclusion to the achievement of the Austerity Packs objectives. So, the ideas of development and inclusion, indicated in the Strategy, combined with the exaltation of individual entrepreneurship, are successful in the countries of the North, but not in those of the South, accentuating the distance between them.

Spain, after joining the EU, has experienced a decade of extraordinary development and employment growth that has allowed the socialist government to align the country with the European welfare systems. However,

the Spanish economy has not become more productive and more competitive. The easy credit encouraged by European policies has massively gone to real estate speculation, already favored by other factors, through the *cajas de ahorros* (savings banks). These banks found themselves exposed when the real estate bubble collapsed. Spain, not supported by competitive exports and not being able to devalue the currency, had to choose between default and a long period of stagnation and high unemployment. The socialist government committed itself to the second path. The conservative government, in office since 2012, further exacerbated the austerity and reform program in order to make the labor market more “flexible”. Spain is one of the countries where inequalities have increased the most during the crisis. The EU calls for greater doses of austerity and internal devaluation. Under these conditions, can Spain reach the objectives of the “Europe 2020 Strategy”? Let’s examine them one by one.

Objective 1: employment. The drastic reductions in public spending and wage deflation have not solved the problems: temporary and precarious work, job volatility, ineffective labor policies. Instead, domestic demand must be sustained with strong unemployment benefits, wage increases and – according to some authors of the essays – the repositioning of the Spanish production model from the home-construction and tourism sectors to others with greater added value.

Objective 2: investments in R&D. The greatest effort was produced by the socialist government (2004-2011). Then the lack of funds and the austerity plan resulted in a severe reduction in public and private investments, despite the Conservative Government’s effort to consolidate the results already achieved. Only the small

and medium-sized enterprises were successful with the Horizon 2020 SME Instrument, demonstrating the growth of entrepreneurship in Spain. Spain now spends 1.2% of GDP in R&D, compared to 2% forecast by the new national plan and 3% called for by “Europe 2020”.

Objective 3: climate and energy. The Green Economy offers real possibilities for productive innovation, economic development and employment. However, the conservative government moves in the opposite direction, with cuts to incentives for renewable energy, taxation of energy production for self-consumption, and privatization of public areas of social and environmental interest. This policy makes it impossible to achieve the already not very ambitious objectives of “Europe 2020 Strategy”, in particular with regard to the level of renewable energy and the reduction of emissions. Only for energy saving did Spain exceed the European average. One of the experts of the book advocates the need for an alternative strategy of ecological transition, capable of increasing both efficiency and democratic participation.

Objective 4: education and early school dropouts. School is one of the sectors that is most affected by changes in policy. Current emergency measures to rationalize spending include a 20% increase in the number of students per class, an increase in the number of hours per teacher and other measures that postpone or cancel commitments contained in previous laws. The University has also been hit and lawsuits are pending before the Constitutional Court for violation of regional powers in this area. Spain is basically in line with “Europe 2020 Strategy”, but with differences between the different school levels and between the Regions. As for the skills (measured by PISA), Spanish students are close to the target, but the early school dropout

level is the highest in Europe and the unemployment rate among young people with higher education is among the highest. Training programs are mostly devoted to those already well-educated, employed by big companies, rather than to those with a low level of education. The crisis has accentuated this dichotomy.

Objective 5: poverty reduction. Spain has historically lower levels of welfare expenditure than other Member States, and it is concentrated on pensions. Despite limited family policies, it is the main safety net for unemployed and low-income workers. The measures taken since 2010 have further weakened the Spanish welfare state, slowed down its rebalancing with the European levels and distanced the citizens from Europe, seen as an instrument of the austerity policies. Although it is not yet certain how much these policies have contributed to the suffering of society, it is likely that they have increased inequality, vulnerability and poverty. "Europe 2020 Strategy" was foreseeing a reduction of 1.5 million poor people in Spain. This goal cannot be achieved, despite the increase in employment. Specific policies should be a priority for combating child poverty, youth and long-term unemployment, and for developing and consolidating minimum-income schemes. Austerity, instead, has placed the fight against poverty in the background.

So far Ramos, whom I hope to have represented faithfully despite the tyranny of space. We cannot be surprised by his desperate conclusion: "Europe 2020" condemns the indebted countries to a more peripheral productive role, and an increasingly strong dependence on the surplus countries financing their debt. Spain will remain among the countries with low productivity, and its population will be

condemned to live with unemployment, precariousness and poverty. Remedies are impeded by the austerity policies, but the EU is always recommending the same medicine, painful and useless.

I will try now to let some rays of sunshine filter through such desolation.

I believe that it is not indelicate to recall how the liberation of Spain, Portugal and Greece from the fascist regimes was possible only thanks to the existence of a Community, with all its defects, ready to receive them and to finance their catching up. The same could be said for Italy's ability to repel repeated attempts at coups d'état, politically-motivated killings and terrorism.

Some attribute to the EU and specifically to the countries of the North the responsibility of a crisis that is instead completely of American origin. In other words, people refuse to recognize that the existence of the EU, even if imperfect and incomplete, is the only bulwark that has allowed us: 1) to compete in the presently unregulated globalization, wanted by the American neo-liberalism and accepted by the European nation states; 2) to survive the attack on European savings carried out by Wall Street with toxic securities spread all over the world, thanks to the unfair privilege of the dollar, a legacy of a war lost by the whole of Europe (including winners) over seventy years ago.

Perhaps the nation States (not the EU) have spent trillions of euros to save their banks, but then the European Central Bank has also spent even more to buy the bonds of the member States and avoid a much more serious recession. Furthermore, anyone, before making judgments on the convenience or not of belonging to the EU, should check on the ECB's website the balance of their country in the TARGET

II clearing system. I have never inquired about the balance of Spain, but I know that of my country. Would we be better off if the European institutions did not exist? If every country were called to immediately reestablish the balance of its own public budget and its trade balance with foreign countries? Do not people realize that Target II creates an internal European economy, and that the qualification of “foreign” applied to member countries is only the legacy of a ruinous past?

The jeremiads of the Southern countries, which we know very well in Italy, are sometimes ungenerous. For example, when the austerity policy, codified in the Fiscal Compact, is denounced, people omit to remember that it is the counterpart to the creation of the banking union and the European Stability Mechanism (ESM), a fund with a firepower three times higher than that of the IMF. The excessive debt of some countries is not due to the implementation of investment policies consistent with the EU cohesion objectives, but to the banks’ real estate speculation, as in Spain, or the insufficiency of the tax levy with respect to a public current expenditure never seriously contained, as in Greece and in Italy. Therefore the claim to charge the burden of that to other member countries would be disruptive for the political cohesion of the Union, already subjected to tensions. Suffice it to recall that, when Germany was the sick man of Europe, its Chancellor, the Social Democrat Schroeder, lost the elections and abandoned politics for his resolve to implement the necessary measures to put the country back on track.

The need for the Member States to commit to their financial and macroeconomic rebalancing does not mean, on the other hand, that no investment for development and no anti-cyclical Keynesian policy should

be made at the Union level. Only at that level, in fact, the cost of money is the lowest and the ability to control how the money is spent is the highest, as demonstrated – for example – in the long history of the EIB. We federalists have been supporting the need for a New Deal for Europe (ND4E) for some years and we have judged the Juncker Plan to be a good start. It has opened a new phase, strengthened by President Macron’s proposals and by the new plan presented by the European Commission for the completion of the Economic and Monetary Union. In fact, only at the level of the Union can the subordination of the “Europe 2020 Strategy” to the Fiscal Compact be resolved.

Translated by Lionello Casalegno

¹ The book contains essays by: Javier Ramos; Cristina Blanco Sío-López; Antonio Santos Ortega and David Muñoz-Rodríguez; María Esther del Campo García and Marta Pajarin García; Alberto del Pozo Sen and Borja Suárez Corujo; Celso Cancela Outeda and Bruno González Cacheda; Armela Dino and Dr Raúl Sánchez; José Saturnino Martínez García and María Fernández-Mellizo; Rafael Fernández-Font Pérez; Sergio González Begega and Eloisa del Pino; Ana Arriba González de Durana, Vicente Marbán Gallego, Francisco Javier Moreno Fuentes, Gregorio Rodríguez Cabrero.

Challenges of Creating an Inclusive Federal Nepal

Rene Wadlow

Deepak Thapa and Alexander
Ramsbotham (Eds.)

*Two steps forward, one step back: The Nepal
peace process*

(London: Conciliation Resources, Accord
issue 26, 2017, 151 pp.)

This is a comprehensive and valuable analysis of the efforts to create an inclusive and federal political system in Nepal since 2006. Nepal is a multi-ethnic, multi-lingual, multi-cultural and multi-religious country of 26 million people, some 2 million of whom work abroad in India and the Gulf countries.¹

From February 1996 to November 2006, there was a People's War largely led by the Communist Party of Nepal (Maoist). The Maoists of Nepal have denounced the current Chinese government as 'revisionist'-socialist in name but capitalist in fact. The Maoist identification is taken from an idealized view of Mao Zedong who stressed that backward rural areas should be the base of the revolution. The Chinese government watched what was going on in Nepal during the People's War since many Maoists were ethnic Tibetans, and the Chinese government fears the spread of influence to neighboring Tibet. Support to the Maoists

came from related 'Naxalite' groups - popular revolutionary movements in India.²

The People's War led to the breakdown of the education system, the closure of many shops, and the weakening of the agriculture-based subsistence economy which comprises some 90 per cent of the population. The Maoists appealed to the poor, marginalized and vulnerable, trying to put together a coalition of the marginalized in different parts of the country. However, the Maoists faced the same difficulties as other political movements of developing a coherent program for very diverse peoples with different life styles and interests. Moreover, the country has great transportation difficulties, and thus it is difficult to have people meet together except for those living in Kathmandu and a few other cities.

With the end of the People's War in 2006, there have been attempts to have a Constituent Assembly in order to draw up a new constitution that would be 'inclusive' and 'federal' in nature. The Government Plan sets out its definition of 'inclusive': "*Inclusion means to fulfill the physical, emotional and basic needs of all the people, groups or castes. It has to be achieved by respecting their dignity and their own culture and also reducing the disparities between excluded and advantaged groups and by reducing the gap in the existing opportunities and access. In addition to this, it is to help to build a just society by ensuring rightful sharing of power and resources for their active participation as a citizen.*"

Some communities have always been marginal to national political life: the Dalits (low caste Hindus and 'untouchables'), Madhesis (from the southern Tarai plains overlapping with India), Janajatis (a general name for indigenous tribes, but in fact each tribe considers itself as separate),

Muslims (largely from what is now India and Pakistan), and women from each society. Some 17 groups were mentioned in the 2015 Constitution as deserving special attention. However, the makeup of these groups is contested by some.

In addition to the difficulties of inclusion, there is the challenge of federalism and federal boundary delimitation. There are no clear regional units for political and administrative purposes. Thus federalism remains the most contested post-People's War political issue. Opinion has been divided between 'ethnic'

versus 'non-ethnic' federalism. Federalism is associated with the devolution of power to the regions, but there is no agreement as to what areas are regions. There are also those, in particular the Army, which want to retain the centralism that existed under the kings. The Accord study has useful maps showing administrative units at different times in recent Nepal history.

In many ways Nepal needs a new, younger generation of leadership, less marked by the 1996-2006 armed conflict and less tied to ethnic and class interests.

¹ For background see:

Bishnu Pathak. *Politics of People's War and Human Rights in Nepal* (Kathmandu: BIMIPA Publications, 2005)

Sebastian von Einsiedel, David Malone and Suman Pradhan (Eds.). *Nepal in Transition: From People's War to Fragile Peace* (Cambridge: Cambridge University Press, 2012)

Mahendra Lawoti and Susan Hangen (Eds.). *Nationalism and Ethnic Conflict in Nepal* (London: Routledge, 2013)

David Gellner, Sondra Hausner and Chiara Letizia. *Religion, Secularism and Ethnicity in Contemporary Nepal* (Oxford University Press, 2016)

² For a sympathetic account of the Maoist military effort, see Li Onesto. *Dispatches from the People's War in Nepal* (London: Pluto Press, 2005)

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