

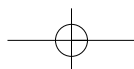
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New Series

The Federalist Debate

Papers for Federalists
in Europe and the World



*The problem of establishing a perfect civil Constitution
depends on the problem of law-governed external relations among nations
and cannot be solved unless the latter is*
Immanuel Kant



The Federalist Debate

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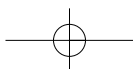
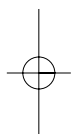
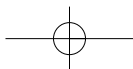
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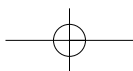
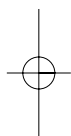
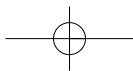
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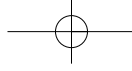
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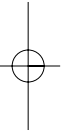




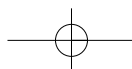


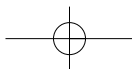
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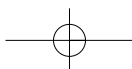
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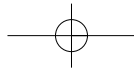
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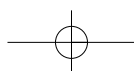
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Editorial

Really Citizens?

John Pinder

John Pinder argues that the draft European Constitution will make the EU clearly more effective and democratic and the people of the Union will become citizens in the full political sense of the word.

Representative government, together with the rule of law, is a basic political right of citizens in modern democracies. Yet though the EU is responsible for a substantial share of the laws under which they live and spends some at least of the taxes they pay, and the citizens of member states have been designated citizens of the Union, it has not been usual, notably in Britain, to ask how far the Union respects this basic political right. The EC/EU has nevertheless, since its foundation in 1952, moved by steps towards applying it; and perhaps the most important feature of the Convention's Draft Constitution is that it provides for what may be seen as further decisive steps.

Article I-45 affirms that "the working of the Union shall be founded on the principle of representative democracy" and the Draft does indeed go far towards enactment of legislation and control of the executive by the citizens' directly elected representatives. Enactment of legislation, including the expenditure side of the budget, by both the European Parliament and the Council is to be the general rule (save, typically, for certain specific exceptions), thus doing much to complete the legislative role of the citizens' representatives, alongside that of the representatives of the states, as is normal in

a federal political system.

The Council's legislative role is to be separated from that regarding foreign policy, with the Foreign Affairs Council chaired by the Union's Foreign Minister. Qualified majority voting on legislation in the General Affairs and Legislative Council is to be the general rule, though again with certain exceptions; and the Byzantine process of weighting the states' votes, so hard for citizens to understand and so ill-suited to respond to the challenges of enlargement, is replaced by a majority of at least half the member states representing at least three fifths of the Union's population. Thus the Council, in this legislative function, becomes more like a House of the States, acting in ways that citizens can understand – though it seems uncertain whether it will be as open as a democratic legislative chamber should be.

The peculiar arrangement whereby there is to be a Commissioner from each state but only fifteen of them having the right to vote, with the others taking their turn by a system of rotation, has attracted much attention. But the method of appointment of the President and of the other Commissioners is a great deal more relevant to the principle of responsibility of the executive to the citizens' representatives. The Draft states both that "the Commission shall be responsible to the European Parliament" and that the Parliament "shall elect the President of the Commission". The role of the President in the formation of the Commission has also been enhanced, with the right to select the voting

Commissioners without any formal constraint, thus becoming more like that of a Prime Minister forming a cabinet; and the role of the Parliament is correspondingly enhanced through its right to approve (or not) the Commission as a whole.

The significance of the Parliament's election of the Commission's President is not crystal clear, for it has to vote for or against a single candidate proposed by the European Council. But the European Council is required to take into account the results of the European Elections and to decide on this candidate "after appropriate consultations"; and if the candidate is not approved by a majority of the Parliament's members, the European Council must follow the same procedures before proposing a new candidate. Thus the Parliament should be able to convert the procedure into one of virtual co-decision with the European Council, which should be optimal, given the need for a Commission that is acceptable to the states as well as to the citizens' representatives; and the citizens will be able to see that their votes in the European Elections help to determine the character of the executive as well as of the legislature.

In sum, apart from the sphere of foreign policy and defence, the Draft goes far to apply the principles of representative government; and with the same exceptions, the rule of law, already strong in the fields of Community competence, is in some ways further strengthened. But despite the continued growth of the Union's responsibilities in the CFSP (Common Foreign and Security Policy), and although the Draft gives the European Council the power to decide to move to "a common defence", the system remains in this area predominantly intergovernmental, with unanimity the general rule and a minimal role for the Parliament. The dissension over the Iraq war has prompted the question whether, without a continued process of institutional reform in that sphere too, such intense divergence among the states could inflict irremediable damage on the Union as a whole. My expectation is, however, that the improvements to the Community system that the Draft has proposed will, if adopted by the states, be so clearly more effective and democratic that it will come to prevail in the Union's foreign policy as well; and the people of the Union will become citizens in the full political sense of the word.

Comments

After the Wreck of the WTO, Globalization is at Risk

James Arputharaj

The much-awaited Ministerial Meeting of the World Trade Organisation (WTO), held at Cancun, Mexico, from 10-14 September 2003, collapsed as the Korean and Asian delegates walked out over the Singapore issue. With no agreement reached, the meeting was closed hoping to begin fresh negotiations in Geneva. With the WTO holding the monopoly of regulating world trade, intellectual property, medicines and food, scores of NGOs and people's groups gathered in the heat of Cancun and kept their fingers crossed hoping that governments would question the legitimacy of the world body, which has failed in many respects. If the influential groups have their way, soon the WTO will bring under its control other services such as water, health, education, the Post, investments, banking etc.

Interestingly, some believe that the collapse of the WTO would place the monopoly in the hands of the US and the European Union, while most seem to agree on the UN to suggest an alternative for global economic governance.

The opening of the Fifth Ministerial Meeting was greeted with protests from many quarters, especially from Asia, amidst high security, which was increased in the preceding days. Of some 2000 NGOs and their 12,000 representatives, only 200 were allowed to sit as observers at the meeting. Several NGOs from developing nations such as Bangladesh made their way into the meeting as part of the

government delegation.

Unlike Seattle, Singapore and Doha, this year's meeting saw the emergence of a strong "Group of 23", with China, India and Brazil taking the lead. They openly asked for implicit consensus on every matter, instead of deciding in the green room and forcing the rest of the group to agree in the last minute.

Serving the interests of the strong and having failed to win the trust of many, especially those in the developing world, there was consensus on making the WTO obsolete. "They are deeply biased towards rich corporations," said Jerry Mander, Chair of the International Forum on Globalization. According to Mander, there are 200 corporations in the world today sharing 30 per cent of the global economy, providing only one per cent of the global labour force. Their economy is much larger than many states like Norway, Denmark and Thailand. He expressed delight at the thought that the WTO was losing its legitimacy, as witnessed in the local popular elections in Brazil, Equador, Costa Rica, Argentina and Venezuela. The WTO became an election issue, as the general mood was privatization. As an alternative, Mander advocated that the UN should deal with it following the principles of subsidiarity and self-reliance, and give power to those who were oppressed by the system.

International trading rules on agriculture, imposing cuts on industrial tariffs, and the

agreement on the Trade Related Aspects of Intellectual Property Rights (TRIPS), which, if implemented, would have an impact on the easy access of cheap medicines in developing countries, are no doubt issues that influence the lives of billions of people across Asia. And these were the issues that dominated the Ministerial Meeting in Cancun. What was termed as 'Dialogue' at Doha, was likely to be brought as 'Rules' in Cancun through the back door.

The group of 23 countries including India, China, Brazil and Nigeria, formed a strong coalition against the EU and the US model. These latter countries lobbied for steeper reductions in industrial tariffs, which would mean that if countries had 100 per cent tariff, there would be a 90 per cent reduction. Since most developing countries have high tariffs, they were likely to suffer. Some parts of Africa were considered to become an 'industrial graveyard'.

The Secretary General of UNCTAD Rubens Ricupero, discussing multilateral trade, raised the need to look into how medicines reached the poor. "We are here to debate the multilateral framework for trade. We ought to understand that today's bitterness will be tomorrow's backlash." He made reference to the new agreement that allows developing countries to import generic drugs if they can't produce them. However, the major hurdle was eliminating subsidies to farmers. He said there were subsidies of the rich countries that tilt the playing field against the poor. Instead of global rules negotiated by all, in the interest of all, there is too much closed-door decision-making, too much protection of special interests and too many broken promises. Thus, the damage may be profound and the victims would be counted in the billions. These include poor farmers who, instead of being able to trade their way out of poverty,

are driven out of business by trade barriers or penalized with new obstacles when, against considerable odds, they strive to become successful.

Indian Minister Jaitley pointed out that developing countries participate in the multilateral trading system in the hope that it would lead to economic development and not because trade liberalization is an end in itself. With very few exceptions, many of the developed countries, in the past, practiced and benefited from the same protections they now seek to deny the developing world. Thus, he emphasized the need to ensure that equal rules do not apply to unequal players.

The root cause for many of the problems of the poor and vulnerable in our society is due to lack of access to basic needs. When their livelihood systems are threatened, people can't move forward. The causes of conflict and the resultant small arms proliferation are due to the lack of food security and the loss of traditional livelihood systems. The recent policies of the WTO in the backdrop of globalisation, privatization and liberalization, are undoubtedly responsible for this damage.

Most of the governments in South Asia are part of the WTO regardless of whether they like it or not. Present rules in the WTO provide unrestricted market access of the products from the developed countries.

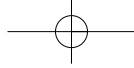
In Northern America and in the European Union enormous subsidies are given to the farmers. Especially in the US, these subsidies do help in reducing the pricing of these commodities when they are exported to other countries. As in the case of cotton, where the US has the monopoly. The cheap cotton from the US enters our countries and our locally-produced cotton is costlier than the imported one. There is trade distortion due to subsidies.

The developing countries are asking for fair trade and ask the developed countries to eliminate the agricultural subsidies. If this trend is to continue it will be the death knell of agriculture in poor economies, as the local farmers will not be able to match the pricing of goods coming into the country. It is interesting that at the same time the developed countries are asking the developing countries to cut subsidies to farmers and supports to exports as a 'conditionality' for World Bank loans.

The EU and the US are enjoying the 'most favoured nations' status with selected countries for trade, the EU has zero tariff for import of goods from only certain countries. On the other hand, South and South East Asia are subjected to tariff regimes and therefore they cannot export rice to, for example, Japan. In some countries like India and Pakistan, there is a surplus of rice rotting, but it cannot be exported as it will be subjected to high tariff taxes. But developing countries are now

being asked to reduce their import tariffs. This clearly depicts an unfair game.

Finally, in any trade, the rich and manipulative win. When the rich and militarily powerful countries are members of the WTO, then the latter sets the agenda and policies. Decisions are determined by the multinational corporations of the big, industrialized countries. Even if we say we don't want the WTO, let us be self-reliant and produce our food for our own people. However, one can't even do that as the control regime will not allow you to sow the seeds, and the cheaper foods/fruits imported can ruin your local economy. Jobs in the farm sector will be lost and people cannot make a living. The silver lining is, however, that many NGOs put up a brilliant resistance against the policies of the WTO. They have given intellectual and moral support to the developing countries and are also lobbying with their governments in the West. Thus, they need to be saluted for creating a stir at this meeting for a just and equitable society.



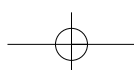
Cancun: Account of a Foretold Failure

The WTO Summit in Cancun has failed because of the conflict among the rich and the poor countries of the planet. In particular, the issues on which no agreement could be reached concern the contention on agricultural subsidies (as illustrated in James Arputharaj's article) and the easing of the conditions for the multinational companies to enter the developing countries. The African countries, which were able to bring for the first time in the negotiations the issue of cotton, felt humiliated by the American refusal to reduce the subsidies given to its domestic producers, and by its proposals of "programs of diversification" to the wrecked economies of Mali, Chad, Burkina Faso, Benin. In the end, the planet poorest have rejected the offers on agriculture, put forward mainly by Europe, and the opening of negotiations on the "Singapore issues": investments, bids, custom reductions, services.

The novelty of the Cancun Summit has been the establishment of a new political subject, the G21, which became G23 in Cancun after the adhesion to the group by Indonesia and Nigeria. This coalition, formed by the poorest and the big emerging countries, led by China, India and Brazil, concentrated its efforts on eliminating the subsidies (amounting to more than \$300 billion a year) given to the farmers of rich countries. The linking up of the poorest and the big emerging countries has thus placed in a difficult position the USA and the EU, used so far to dominate the commercial rounds. The behaviour of the rich countries for sure does not help the growth, in the poor countries, of a local light industry, an important element for reducing poverty. To be most hardly affected will be the 96% of the world peasant population living in poor countries, that is penalized twice.

In addition, in Cancun there was a stop given to multilateralism. In fact, the USA have let it be understood that it will negotiate bilateral free-trade agreements on the model of those signed with Singapore and China, with the goal of creating by 2005 a great free-trading area in the American continent among the 34 countries comprised in it, from Alaska to Patagonia.

A stiff reaction to the failure of the free-trade negotiations has been expressed by the World Bank, according to which a good agreement would have brought on the world market an additional \$520 billion by 2015, and \$600 more every year for every individual. Now the spotlight turns to Geneva, where the 146 countries will meet again for concluding in time the ambitious "Development Round" of WTO negotiations, launched in Doha in November 2001 with the aim of regaining the consensus of the poor countries after the failure in Seattle two years earlier. The failure in Cancun has highlighted the impossibility to govern 146 member States with the unanimity rule, which hampers the progress of multilateral negotiations, making the reform of the WTO rules an urgent necessity (*a.s.*).



Comments

The European Role in Ruling Globalisation

Alberto Majocchi

Globalisation is a very complex phenomenon and difficult to analyse in its different aspects. Here, I will limit myself to a short discussion of its main characteristics and of the positive and negative effects that can spring out from this process, trying to derive some conclusion regarding the path to be followed and sketching the European contribution to an effective ruling of globalisation.

The nature of the process

The starting point of the globalisation process been a change in the mode of production (the so-called third industrial revolution), mainly following the steps forward done in the field of information technology. The main effect of this revolution has been to delink the productive process from a given location. Now, mature technologies are easily available everywhere and output is best located where other costs – for instance, labour costs – are lower.

The spreading of production in new parts of the world has been favoured by the liberalisation of capital movements, that has permitted capitals to move freely towards countries where expected rates of return are higher.

The third requirement for completing this process has been trade liberalisation in the framework of Gatt that has given access to the markets of the rich countries to a (limited) number of products coming from newly industrialising countries.

Last, but not least, the process was supported by the existence of a common currency – the dollar –, that was not a real world currency, but

only a currency that could be used world-wide since it was backed by a country – the United States – endowed with an hegemonic power, either politically or economically.

The positive effects of globalisation

The technological revolution and the opening of the world market has brought about positive effects promoting economic growth in new areas, mainly in Southeast Asia and Latin America. The mechanism that was put into motion was quite simple: technology in mature sectors is now an externality easily available, while the new industrialising countries can use skilled labour forces, but cheaper than in rich countries.

As a consequence, output is more competitive and can be sold abroad acquiring a larger share in the international market. This kind of export-led growth provides the new resources that are necessary to fund new investments with an ensuing expansionary impact on productive capacity. Hence a virtuous circle is started with a steady increase in income levels that supports a higher level of domestic demand. An increase in employment follows with an ensuing improvement in social conditions.

The problems of globalisation

The positive effects of globalisation are not evenly spread world-wide. Some parts of the world are excluded, including a whole continent, namely Africa. Frequently, social conditions in the so-called fourth world have

been further worsened by globalisation. Among the problems raised by the progressive emerging of a world market the most relevant ones concern equity, debt and financial flows, environmental protection, social conditions and the ability to manage effectively economic policy instruments.

a) equity

Despite an apparent increase in global growth and steadily increasing per capita incomes, the gap within and between rich and poor countries is widening. In 1960 the richest fifth of the world's population received 70% of global income compared to 2.3% for world's poorest 20%, with a ratio of rich to poor equal to 30:1. Now the same ratio is 59:1. In Brazil the richest 20% earn 28 times as much as the poorest 20%. In the United States, during the last decade, the average real income of the top 1% increased by 78%, while the poorest 20% of the population saw their income decrease by 10.4%.

This worsening in income distribution has negative effects not only on equity grounds – inter alia lessening the popular consensus about the process of globalisation –, but also on the functioning of the world market, promoting the consumption of luxury goods relative to that of primary goods.

Furthermore, a free market is able by itself to satisfy demands, but not needs. If poor people are affected by malaria, the market does not provide the scientific efforts needed to face this evil since there is no monetary demand able to cover the costs of research in this field, whereas a large amount of money is available for fighting Aids since this disease is now widespread in rich countries.

b) debt and financial flows

The foreign debt of developing countries amounts to nearly three thousands billion dollars and is still growing. The result is a debt

of over \$ 400 for every man, woman and child in countries where the average income is less than one dollar a day. Most of the increase in debt during the '90s was due to paying interests on existing loans and not to support productive investment or to tackle poverty. In this decade the total payments of all developing countries totalled \$1,607 billion, while total receipts were lower amounting to \$ 1,530 billion.

Due to the liberalisation of capital movements, the volume of world-wide foreign exchange transactions has exploded: in 1980 the daily average of foreign exchange trading totalled \$ 80 billion; today it is estimated that more than \$ 1,500 billion change hands daily on global currency markets. These capital movements have practically nothing to do with producing real goods and services: at the end of the '90s the annual global trade in goods and services was \$ 6.5 billion, equal to only 4.3 days of trading on foreign exchange markets. It is clearly understandable why a big financial crisis exploded in July 1997 in Thailand where capital inflows amounted to more than 10% of Gdp and most of that hot money went into short-term debt.

In Thailand much of the speculative capital went into real estate. When foreign investors realised that this money was tied up in unsold office buildings and apartments, they hurried to withdraw their funds. The panic spread quickly, from Thailand and Malaysia to Indonesia, the Philippines and South Korea. But this crisis had nothing to do with a cyclical downturn in real economy and this experience has clearly shown what are the limits of capital liberalisation without an effective government of the world economy.

c) environmental protection

There is a widespread view that an increase in trade flows and the ensuing growth of income

Comments

will automatically solve the problem of environmental protection. Certainly, it is true that if a country becomes richer, a larger amount of resources becomes available to protect the environment. But it does not follow that necessarily these resources will be affected to this goal if an effective environmental policy is not in place.

Environmental protection represents a typical case of market failure due to the existence of externalities: if these external effects – the costs of pollution – are not internalised in the budget of the economic unit generating them through effective policy measures – for instance, imposing a tax equal to the damage caused by pollution –, the prices on the market will not represent the real resource costs of output and consequently prices will fail in providing the right signals to the market.

This happens either at the local level – since newly industrialising countries are not inclined to use resources to protect the environment – or at the global level, since international organisations like IMF or WTO are not committed to environmental protection as an important goal in designing their policies.

Hence, larger trade flows and industrial production normally worsens – and not improves – environmental conditions. The efforts to build up a multilateral agreement for an enhanced environmental protection are important to raise the consciousness of the damages ensuing to the growing deterioration of environmental conditions, but are unable to provide effective solutions if new rules for governing the world are not rapidly established.

d) social conditions

In the “new economy” social conditions are worsening in the short-run since world-wide competition requires more flexibility in the

labour market. This implies that the safety-net existing in all the industrialised countries, and particularly in Europe, should be strengthened, and not weakened. Hence, the increased flexibility must be matched by efficient welfare policies, taking into account that the negative effects on employment – linked to the delocalisation of production from the industrialised world to the newly industrialising countries – should be addressed as well, with adequate policy measures. But welfare policies are costly and require a lot of money, while it is more and more difficult to collect revenue from income taxes since there is an increasing capital and firms mobility in an integrated world.

e) economic policy

In a globalised economy it is more difficult to effectively the management of economic policy is less effective at the national level, given the openness of domestic markets: during a recession, a large share of the positive effects of an expansionary policy is lost through increased imports, while it is a tough task to face inflation when a restricted absorption on the domestic market is balanced by increased exports. Hence, the limited effectiveness of economic policy, linked to the worsening of social and environmental conditions, could severely impair the consensus about the effects of the globalisation process.

The government of globalisation

The problems emerging in a globalised economy clearly show that, if we want to achieve a world-wide sustainable development, we must change the present government of the world.

There is always a government of the world, but we don't have now a democratic and effective government, but the hegemony of the only existing superpower, the United States, acting

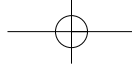
directly on the world scene or through the international organisations that the United States can control. But the United States alone are unable – as the recent experiences in Iraq have demonstrated, without any doubt – to guarantee peace and security at the world level, that are an unavoidable pre-requisite for economic and social development.

To achieve an effective ruling of the globalisation process it is necessary to move towards a multipolar government of the world, and the first step in this direction can be made only by Europe if it is able to complete the integration process up to a federal outcome. Today this issue is on the political agenda since Europe is obliged to pursue the enlargement process, including initially Central and Eastern European countries as Member States, but also opening the doors to the South of the world with new links with Mediterranean countries. If Europe takes its place on the international arena, it can also promote a more effective commitment to acting positively on the international scene by big regional powers like Russia, China, India and Latin America - if this continent is able to reach regional unity. But the prerequisite for this outcome is

that Europe is able to get federal institutions.

This change in the government of the world is realistic: in the monetary field where Europe has effectively achieved its unity with the onset of Monetary Union and the launching of the euro, the possibility is now open to third countries to choose between the dollar and the euro. But Europe is unable to play a similar role in the field of foreign policy and security and defence affairs since there is no effective European government in this area, charged of the task to promote peace and internal and external security for all the Europeans and for the citizens of the countries close to Europe.

But also in the economic field Europe is obliged to promote further steps forward in order to achieve an effective government of the European economy combining equity with efficiency, ensuring the development of the European social model and showing that is possible to overcome "market fundamentalism", as it has been recently defined by the Nobel Prize Joseph Stiglitz, and to promote a world-wide model of sustainable development, combining economic growth with effective environmental protection.



Comments

The Euro Lacks not Only a Government, but Also a Bank

Antonio Mosconi

1. The euro brings a revolutionary change into the international monetary system. Its creation, in fact, assumes, foretells and can contribute to the realization of a multipolar world, meaning a world more and more capable of self-governing with supra-national organizations, and less and less dependent on the intervention of a hegemonic power for solving its crises. The effects of the euro will propagate by virtue of several carriers.

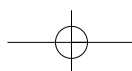
First of all, the accomplishment of Europe's political unification, by putting in common its foreign and security policies (the second pillar), its internal affairs and justice (the third pillar), and subjecting them to democratic control criteria by the European people and the member states, would constitute in itself the promotion of similar processes, now in their initial stages, in North America (NAFTA), in South America (Mercosur, Andean Pact and others), in Central Asia (China's democratization and federalization), in South-Eastern Asia (ASEAN). In addition, the policy of peace and sustainable development to which Europe is to commit itself by force of the first article of its Constitution, should offer the countries of Western Asia and Africa the possibility to take, them too, the path of regional integrations, and contribute, through them, to govern globalization. Finally, the need that the various technocratic supra-national institutions, destined to manage the so-called *governance* of globalization, evolve towards a real democratic world government, would get a greater visibility. The USA, the EU, Russia, China, India, Japan with South-East Asia, the Islamic oil-countries: these are the seven groups of countries which could

define and pursue, representing almost all of mankind, the planet's vital interests, in an increasingly democratic scenario, with a far greater credibility than that shown in the present UN Security Council by the five permanent members, whose legitimacy goes back, except for China, to the conclusion of the Second World War.

All this may give an idea of the extraordinary innovation potential inherent in the creation of the euro and the enormous responsibility that Europe has taken upon itself by challenging the hegemonic system; this was true before the bipolar balance collapsed and it is even more so after it did, as it fuels the expectations of those in the world who strive to stave off the *imperium* (whatever *imperium*) in order to participate in the *res publica*. However, this is not sufficient to assure the success of the project. The EU must give itself a single policy, and in addition the institutions that can steer the economic and financial decisions must work together as a team.

2. The painful passage from the British to the American hegemony had a poisonous tail with the 'sterling balances', financial activities with foreign countries denominated in pounds, not redeemable either in gold, available only in the US coffers since a long time, or by credits in the current accounts of the United Kingdom, which instead were registering big losses.

Remembering this precedent is useful, *mutatis mutandis*, for preparing ourselves to the decline of the American hegemony and the flooding of dollars that will come with it. We will hear for a



long time talks of dollar balances. So let us start getting worried about it.

The US foreign debt, which in 2001 amounted to \$ 2,3 trillion (25% of the GDP), will, according to projections based on government data, go up to a level, deemed not-sustainable, of \$ 8 trillion (60% of the GDP) as early as 2008 (W. Godley, Levy Economics Institute, February 15, 2003).

Each year the US foreign debt increases by more than \$ 500 billion (almost 5% of the GDP) in order to finance a corresponding deficit in the current payments (goods and services). According to the above mentioned projections, the deficit would go up to 8-9 % of the GDP in 2008.

Already today the creditors of the US (better to say: the creditors of the world capitalism governed by the US), that is to say the depositors all over the world who have incautiously entrusted their savings to banks and financial companies of all kinds, have lost a good half of their fortunes. It is true that those incautious people forgot the 1929 and have believed again, like the unfortunate Pinocchio, in the tree of the golden coins. But who warned them? Who, in the lot that professionally carry on the trade of counseling the savers about their investments and should be the first custodians of the historical memory, or, more simply, of experience and common sense, sounded the alarm? It can be shown that just the opposite has happened: to the sound judgement of many savers who wanted to "exit" the stock exchange already in 2000, the banks and their "financial advisors" opposed peremptory arguments for stopping the sales. Far from pointing out to their clients the foolish levels reached by the price/earning ratios, they were praising the so-called American capitalistic legality: *corporate governance, management system, auditing, security exchange control* and so on. What was to be feared in such a well-regulated and controlled system? Then there followed Enron, WorldCom... It should have been sufficient to study the tables to realize that the *p/e*

ratios had already reached "extraordinary" levels (prices equal to 25-30 times the earnings) in 1901, in 1929 and in 1966, always falling back to level 5 times! However, for the first time in history, in 2000 the *p/e ratios* exceeded level 45 times, not to mention those shares of the *new economy* that were bought by the money-managers, with the savings entrusted to them by the savers, at prices corresponding to a few millenniums of profits! Well, the Casino-rule did not fail to produce yet again a "creative destruction", as Schumpeter would emphatically have said, with the resulting right and proper "separation of the fool from their money", in Keynes' more monetary and cynical language.

The "state of the Union", the one presided over by George W. Bush, is going bad before our eyes. Gone the time of sacrifices imposed by the bi-partisan agreement to rebalance the federal budget, which even came back to showing a surplus, the present President, at last free from any bi-polar hindrance, has decided to experiment a truly innovative policy: to build a world empire, but at the same time lower the taxes of rich Americans, increasing the gaps in human development and development sustainability that already represent, in the developing countries as well as in the United States itself, the real threat to the US security.

In conclusion, it is apparent that, in this new phase of the world policy opened by the implosion of the Soviet Union and the creation of the euro, the EU enjoys only one big advantage over the United States (superior in technology, military might and vital space, or population density). The EU has got a sound currency, supported by a financial position in foreign trade to its favor, and a level of family savings such as to require and allow an "economic democracy".

The superficial manner in which the European banks take their responsibility to manage the savings, in actual fact delegating it to the same three or four American banks, cannot be tolerated

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any longer. Of course, it is not a matter of considering the United States as a geopolitical rival, but of applying the diligence of a *bonus pater familiae* in investing the European savings. Accumulating US Treasury bonds means financing the consumption of American families, increasingly indebted, and wars lacking any supra-national consensus. On the other hand, the creditors do not want that the debtor goes bust, but only that he pays back his debts in real terms. The sectors of defense and advanced technologies are the ones in which American competition is greater and, thanks to the euro at the present prices, it can be convenient for Europe to buy, thus reducing at the same time America's indebtedness and Europe's gap in some areas.

3. The European banks system suffers from serious gaps, both in efficiency and efficacy, in the face of the globalized markets. The efficiency problems, the main indicator of which is productivity per worker, are mainly due to the fact that the opening of the European market of financial services took place many years after that of goods.

Efficacy could be evaluated in terms of the contribution given by the banks activity in incrementing the assets entrusted to them. In the traditional intermediary activity, the outstanding credits are the ones that badly affect the banks' accounts, point to the inadequacy of the departments responsible for selecting the credit, and finally underline the failure of the market in accomplishing its main function, the allocation of resources. Instead, in the field of managing savings, are the losses suffered by the clients' portfolios that point to a striking similarity of the behavior of the managers of the third millennium with that of the "herd" in 1929. "We have just transferred the insolvencies from the banks accounts to the families accounts", say delighted the less-farsighted bankers. Yet, it will not be these parades of cynical attitude that will discharge them from the indictments of

professional incompetence, neglect of official duty, prone gullibility towards the American Vulgate.

We can complain about an excess, certainly not a shortage, of very sophisticated financial models, which have procured their inventors (almost all of them Americans) several Nobel prizes. Very few know, however, that all these gadgets are based on the theory of rational expectations, one of the most improbable creations of the School of Chicago, which has proved so far to be completely unable to explain the real behavior of people, the reasons for elation and depression, the relation between power, psychology and economics.

The gaps in efficiency and efficacy explain why European enterprises pay money more than American ones, and why so many European investors sacrifice their savings to old-fashioned idols (green-paper calves, not golden ones any more). How is it possible that not a single bank feels the necessity to get an intelligence of their own for understanding where the European savings should invest, instead of reducing itself to the role of a counter for American managers? And yet by doing so a bank (or a group of them) could acquire a competitive advantage in the area of savings management, and contribute to the public goal of protecting the savings of the euro area, deserving all kinds of support from the European Commission and the member states.

Keynes is right even in the present time: who makes the decision to invest is not the same that decides to save. However, today's bank system, with the powerful computer-based tools it has and could use, is guarding the crossroads. Why does it refrain from operating the traffic light? Most probably because it has not yet invested enough in acquiring the necessary know-how. The more precise and intelligent is the work carried out before-hand, the lesser is the destruction of savings required for reaching the parity with the investment afterwards. Since the

treaty by Luca Paciolo up to the Maastricht Treaty, the double entry and the obligation to draw up the balance sheets are the limits that reason, untiringly, is trying to oppose to economic foolishness.

4. The black holes of our economic and financial knowledge are many, too many for the EU, in which its considerable creation of savings requires infra-red-technology tools to find out how to invest it, even in the dark. Let us try to list some of these holes, in the order suggested by the size and the urgency they seem to have.

A first concept to investigate is that of *monetary area*, today practically absent in conventional analyses; it is based on the accounts of the national states (the most consolidated), of regional organizations (when existing and properly equipped), and of world organizations (meaningful aggregates for several purposes, but not representative of the real relationships among the areas). It is not necessary to spend too much time on the concept of "optimal monetary areas". It was conceived by Robert Mundell in 1961 for disproving the policy of fixed exchange rates (actually the foreshadowing of a European single currency, although still subject to periodical negotiated adjustments) applied in an area still lacking the political power of using the currency to stimulate or not employment. The argument provided ammunitions to America's barrage fire against the first attempts to create a European monetary system. Later, it earned his author the Nobel prize. Finally, it even allowed Mundell to proclaim himself and be recognized, in particular in the Anglo-American circles of the economic profession, as "the father of the euro" (forget Albertini and Triffin!). Today, with the euro up and going, Mundell proposes the institution of a monetary snake (suggested parity: 1 euro=1 dollar; floating margin: $\pm 5\%$). To start with, the ECB should "publicly state that it is willing to watch over the exchange rate". In other terms, the ECB should tell the markets it is ready to bleed itself for supporting the dollar. Professor

Mundell does not mention any more the political conditions necessary for such a monetary area, established in this way, to be made optimal.

At the end of WWII the dollar was the only currency of international reserve. The ruble was not convertible, the pound retreating, the mark still fiercely opposed to any contamination with the other European currencies, of bad reputation. Today the conditions are there for a study on the internal and external relations of a euro area, with its possibilities of expansion, and of a dollar area, with its probable lines of retreat. On the occasion of the financial crisis in South-East Asia, the constitution of a monetary fund in which the yen would have played a role similar to that of the mark in the European monetary system was obstructed by a harsh intervention by the US (remember the American military protectorate in Japan and in other countries in the Pacific), which brought any decision back to Washington through the IMF, with the usual tragic consequences. Finally, it is advisable not to forget, for the potential it has, the decisive role played by China, with its regimented and not convertible yuan, in preventing the crisis from propagating and in facilitating the financial stabilization of the entire area.

Ostensibly, the definition, although provisional and always modifiable, of monetary areas, starting with the ones of the dollar and the euro, could allow us to cast a wide-angle glance on the world economy, without losing the telephoto lens on the national accounts. The euro area, for example, comprises already, practically, a great part of the countries in Africa, in the Caribbean and in the Pacific (ACP) that joined the Lomé Convention. The inescapable, although not yet dateable, adherence to the single currency by Great Britain, Denmark and Sweden will bring into the euro area several Commonwealth countries. Many Arab oil-exporting countries have already stated their willingness to accept the euro in payment for the oil given to the areas above. Putin has many times confirmed Russia's

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intention to anchor the ruble to the euro rather than to the dollar. The necessary, and probably sufficient, condition for these declarations of intent to be transformed into facts is the realization in the European Union of its second pillar, the common foreign and security policy. Independently of the variability of the monetary area, its very definition would allow to apply to it the accounting and economic analysis methods already commonly used by the national states. So it could be possible to evaluate the importance of the flows (current accounts and capital movements) among the various areas, and possibly to demonstrate that, in order to prevent international financial crises from happening again, it is not necessary to subject to currency controls a swollen river, but rather it is sufficient to dam up some rivulets before they get swollen when torrential weather conditions occur.

Another black hole that is still undermining the credibility of national accounting procedures concerns the activities of transnational companies: direct foreign investments (that is to say delocalizations), intra-company flows of goods and services, financial and treasury movements, tax evasion and use of secret funds through fiscal havens. Unraveling this tangle would contribute to make a little more understandable the numbers we already have and also those we could have thanks to the realization of an accounting at monetary-area level. The US current accounts balance shows a big deficit, but how much of this deficit is towards transnational companies connected in some way to the mother country? And, vice versa, how big a part of the corresponding American surplus in capital movements is fed by the same transnational companies with an American DNA? The national macroeconomic models have an ever more limited area of usefulness. The regional and world ones fail to consider "who is the master" of the assets, who has the power to steer localizations and flows. And yet the guardians of the technologies (the managers)

often count more than the local administrators (the politicians). Once the tangle between monetary areas and the economic power areas (the possession of resources and technologies) is understood, the study could give itself the objective to arrive at three complementary results, which may widen our understanding of global economics and finance: 1) the estimation of Leontiev's matrices relative to monetary areas and the big economic sectors; 2) the consideration of the concept of sustainable development in evaluating the economic flows and the collective patrimony; 3) the sketching of a harmonization between the economic and the patrimonial matrices, as Luca Paciolo would demand if he were still among us.

Finally, the analysis of the world as it really is, taking into consideration the power and its contradictions, the monetary areas and the transnational companies, the sustainable development and the patrimony-linked values, would be a good supply of meanings for the study of macroeconomics; that is, of the behavior and the perspectives of each individual operator in the economic sectors in which he puts in practice his competitive strategies, in competitive, oligopolistic or monopolistic markets, always willing to put a barrier around any competitive advantage obtained, in order to maximize profit and spoil it into easy revenue. These operators are the end beneficiaries of the savings of the Europeans (because only this is of interest to us here and now, even if we do not want to be disrespectful and with no humane pity to, for instance, the Japanese savers). About these operators, whom we have profusely bought corporate bonds from (better if with the rating of junk bonds: they yield much more!), or stocks whose price/earning ratio is an everlasting demonstration of human foolishness (forget the "rational expectations"!), about these operators we must learn everything, at the cost of feeding theoretical microeconomics with a heavy usage of financial intelligence.

The UN Reform

Robert Toulemond

Without a serious “aggiornamento” the UN runs the risk of a “delegitimation” which might lead it to the same fate as the League of Nations (SDN). The Europeans must do their utmost to prevent this delegitimation. Their experience of a voluntary limitation of state sovereignties gives them the opportunity to take the initiative of necessary reforms. It goes without saying that any project aiming at reducing, however so little, the freedom of action which is given to the United States of America by their formidable military power will be met by a strong opposition. Nevertheless, we must not exclude the possibility that a day which could come sooner than one may imagine, the US who have no colonial tradition and are apt to undergo recurring temptations of isolationism may find an interest in sharing the overwhelming burden of maintaining living conditions and peaceful existence between the nations in the world of tomorrow. The chances of a positive evolution will be better if the projects of reform correspond to what is legitimate in the present international behaviour of the US that is to say the prevention and the fight against terrorism and the spread of weapons of mass destruction. Of course, these plans should take into account imperatives to which the Europeans are more sensitive: the safeguard of fundamental rights, the prevention of ecological risks (climate changes, biological diversity...) a better sharing of resources, a fair solution in the Middle East. They should also meet the aspirations of formerly colonised peoples and

offer them strong guarantees against the return of new forms of domination.

It is not a simple correction in the margin but a reform in depth which must be envisaged today. It could be propped up on the principles contrary to those that found the present UN:

- the representation of peoples and not just of States.
- the recognition of a right of intervention in the home affairs of a State.
- the granting of an important role to regional organizations.

It could be inspired by some elements of the European experience. But this reform supposes a compromise on a planetary scale which, in the long run will improve itself, even if its conditions today are far from being met.

The peoples and not just the states

The Charter of 1946 begins wrongfully by an abuse of words “we the peoples of the United Nations”. To give a correct meaning to this phrase would be, in the first place, to determine a criterion of belonging to the organization consisting in the existence of a representative government, which does not signify a democratic government in the sense commonly accepted by Western nations and fortunately an even increasing number of countries, but a government freely accepted by the population that it rules. According to this principle, a State which is incapable of maintaining a minimum of security in its territory or to prevent a rebellion of a significant part of its population

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could lose its voting right and eventually its membership to the organization, this without excluding the possibility of an international intervention on its territory.

A fortiori a State which would undertake, as it happened in Cambodia or Rwanda, or would condemn the slaughter of entire populations as can be seen today in several African countries should be excluded from the United Nations and submitted to measures of force.

Intervention in home affairs

The right to interfere of which France has become the promoter under the impulse of Bernard Kouchner would be more acceptable if it was presented not as a right but as a duty of intervention. The examples of populations endangered by the incapacity of their State to protect them or even the oppression to which it subjects them, have been multiplying in recent years. The international community cannot remain passive in front of such situations, even if realism forces us to recognize that the possibilities of intervention are not the same according to the fact that the States concerned are more or less powerful. Even towards the largest States in the world warnings plus pressure measures could prove useful, as war demonstrated some years ago with the Soviet Union through the dispositions contained in the third part of the Helsinki agreements. To give oppressed populations the possibility to resort to an internationally recognized law is not negligible.

In case of an armed intervention judged necessary and possible, a preference should be given to international forces but to the condition that their mandate and conditions of engagement be free of the bureaucratic delays and restrictions which have too often condemned blue-beret contingents to inefficiency. The starting procedure of the staff

committee as described by the Charter but never put into effect should be envisaged, under reserve of its eventual regionalism.

The acceptability of such dispositions by the States of the South entails that strong guarantees be given them against what they would be tempted to consider as a product of Western arrogance or even as a new form of colonialism. This also entails that such countries accept drastic reforms of the world economic system to make it more favourable to the development of the poorest nations. This being said, the Europeans should show themselves less lenient towards the behaviour of the countries of the South, the most recent examples being the support given to the dictator of Zimbabwe and the appointment of a woman representative of Khadafi to the chairmanship of the Rights of Man commission.

Regionalisation

In 1945 the British proposed a federation of regional systems of collective security rather than one unique organization. A stronger regionalisation is, today, the condition of a true reform whether it may concern the representation of States and peoples or the organization of collective security.

An evolution of the composition of the Security Council could consist in introducing these representatives of the regional groups recognized by the Organization. In a first stage these representatives would sit side by side with the permanent members whose number would have to be increased. The veto right would be replaced by a rule of double majority of permanent members and of regional groups, the latter would be freely constituted by a negotiation between States. The most populated States (China, India, the USA) would be considered as constituting regional groups by themselves. In this way, the most populated

States would be free from the regional discipline while the others would be protected from hegemonic temptations. The European Union and the Community of independent States would each constitute a regional group. In the long run the possibility could be envisaged that the regional groups form the Security Council by themselves. The removal of non permanent members would put an end to the ridiculous spectacle of the race for getting their votes by permanent members. As every privilege which realities no longer justify, the permanent memberships of France and the United Kingdom will have to go in the longer or shorter term. It would be better to negotiate their departure, when the time comes, in favour of the European Union rather than to accept a concession without any counterpart.

It is possible to imagine a great many solutions concerning the conditions of constitution of the regional groups as well as for the responsibilities they could assume in the field of collective security. However it may be the Security Council should exert a control on the activities of regional groups either within the framework of competence delegations either as a tutelary body. Today the most efficient help that the international community could bring to Africa would be to provide the young and fragile African Union with military means, means of police, justice and administration which would enable it to reconstruct the States in the zones where a bloody anarchy is prevailing without it may seem to a be re-colonization by the Whites.

Lessons to draw from the European experience

The European experience has already inspired the constitution of regional groups of States whose competence is, most of the time, economic. It also offers useful elements for a reform of the central organs of the United Nations. Such is the case, in particular, for the

General Secretariat which, following the example of the European Commission, could be given a role as guardian of international legality and defender of the general interests of mankind.

In the same way, the rule according to which the organ which is to take the decision would only require a unanimity vote to differ from the proposition which is presented to it in the general interest would be a useful substitute to the veto. The considerable influence it would give to the Secretariat should lead to give it a collegial character; the regional groups would be asked to propose the appointment of deputy secretary generals.

Endowing the Security Council with competencies in the fields of economics and the environment, as well as in the fields of health, food and migrations should be preferred to the creation of specialized councils, so as to preserve the coherence necessary to a world governance. In the same spirit the authority of the Secretariat over specialized agencies should be considerably reinforced.

The principles of the representation of the States at the General Assembly does not correspond anymore to the reality of a world which counts nearly two hundred States whose populations vary from a few thousand inhabitants to over a billion and a half. A sliding scale of representation should be envisaged organizing, for example, the States in ten classes having one to ten representatives. A representation of the regional groups could be envisaged, either at the General Assembly or in a second Assembly. The advances of representative democracy should lead to envisage the designation of all or part of the delegates by the members of the Parliaments of the member States or by those of the regional groups which would have parliamentary organs. Finally the useful role as a world forum which must be held by one of the Assemblies could

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lead to encourage the States, regional groups and national Parliaments to introduce in their delegations representatives of the civilian society.

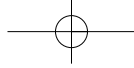
The representativity of the one or several parliamentary organs of the Organization being in this way improved it would be possible to envisage the adoption of directives having force of law in an increasing number of fields whose absence of binding rules often threatens the welfare, the safety and often the survival of whole populations, not to say of mankind as a whole. This world legislation would be introduced by the Secretariat, adopted by the Security Council and ratified by the Assembly or Assemblies according to a process of co-decision inspired by those in use in European institutions.

The financing of the Organization and specialized agencies should not be left, as it is the case today, to the good will of the States. The same reasons which have led to give the European Union its own resources should conduct to endow the new UNO with stable resources. As for the European Union these resources should not come from national contributions but from a world-wide fiscal system. Instead of the projects of taxation of the movements of capitals which are difficult to implement it could be easier to tax all the sources of energy producing carbon monoxide, a measure which would have the advantage to contribute, at least in a modest measure, to meet one of the main planetary challenges. Another source of financing could be found in the taxation of the manufacturing and selling of weapons.

The road to a planetary compromise

In the short term the proposals above may easily be called utopians. However the contradiction between the aspiration to security of developed countries and the aspiration of the others to share the way of life of the former will, sooner or later, impose a planetary compromise unless the folly of men leads them to prefer confrontations that may have incalculable consequences and potentially apocalyptic results. The Asiatic and African masses will have to renounce the Western level of consumption. The more developed countries will have to accept a sharing of wealth and resources and adopt a more frugal way of life, and it will be the price of their security and their right to limit migratory movements.

The essential message that Europe is entitled to address to the world concerns less some institutional architecture than the philosophy which supports it. What is being built in Europe, which is still in the making is the coming into political reality of the great and noble Kantian conception of a Republic of nations. After the catastrophes of the first half of the twentieth century it is a rejection of the hobbesian conception of the rivalry between sovereign States. From now on the construction of a universal democratic order is a condition of survival for all mankind, it answers the exigencies of the oldest realism as well as the highest idealistic aspirations. Such could be our answer to those who with the American Kagan accuse the Europeans of having being converted to pacifism because they lost the means of power.



Beyond the State: The Sovereign Citizen and the Omega Point of Global Politics

Jan Mortier

There has been a gradual evolution in the history of international society. It has always strived toward the same Omega point. At times this evolution has accelerated at exponential rates caused by epoch changing bifurcation points that redefine and reorder the international system. We are witnessing the most recent reordering of this system at the beginning of the new millennium. The tragic events in New York and Washington have propelled core democratically legitimate states toward each through a rediscovery of commonality in outlook and shared interest. With Democratic society's strengthened resolve and the galvanising of its common identity, the evolution of the international system will accelerate as a result. Although not yet entirely apparent, the evolution toward the Omega point of global politics, namely a benign world government based on the philosophy of the brotherhood of man and the universality of the individual's fundamental human rights, will be driven ever closer by democratic society's promotion of universal human rights values.

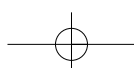
These universal values must form the philosophical basis for a benign global society. Values that democratic society has derived from the philosophical evolution of natural law and values that other societies also embrace through similarities that prove this universal rights ethic. For instance murder and deceit are universally accepted as wrong. Likewise charity, honesty, altruism and compassion have a trans-societal universality as being desirable values. A system of world governance based on a philosophy of

the brotherhood of mankind and a universal rights ethic would be a Promethean catalyst that would enlighten citizens within the illegitimate states and instigate a global renaissance of human rights by welcoming them to the Realm of Peace.

A movement for a global realm of rights consciousness would enable every individual to realise that they have rights derived from their personal sovereignty by way of their very existence rather than by way of artificial rights conferred upon them by states. Legitimate states have already evolved to derive their just authority from the consent of the sovereign citizen and are coalescing to form an international realm of peace. The question is how to expand and solidify this realm and which states will codify it.

Sovereignty is a mercurial social construct and has always necessitated some form of legitimation. Today sovereignty and the authority of the state are derived from the two pillars of legitimacy in the international system, democracy and the protection of fundamental human rights. Sovereignty has become responsible authority that must protect the sovereign citizen.

However large sectors of the global public are ignorant of the rights that they possess by way of their own inherent individual sovereignty through the deliberative processes of right reason and jurisprudence. They therefore are in some instances, unaware that their own rights



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are being abused by their communities in illegitimate states as these states attempt to restrict the advance of the globalization of universal rights values and the march of the realm of peace.

There is an evolution in attitude of democratic states toward illegitimate states that abuse the rights of host citizens. This 'peacemaking' and military intervention based on human rights values is an encouraging evolution that has yet to be legitimized by international law but is indicative of the changing shift within the paradigm of a global ethic and de Chardinian rights consciousness.

The rise of human security issues and the concern of the global public for human rights protection offer unique opportunities for integrationist organisations to capture the imagination of the global public and argue the case for a system of governance that would protect all people from gross state sanctioned human rights abuses. Initially by regulating states through the rule of legal human rights norms, establishing preventative institutions and if need be enforcing human rights norms militarily where necessary. An empowered independent international peacemaking authority could end all atrocity, and in tandem with an authority responsible for universal jurisdiction could end impunity and ensure that the tyrants have no refuge.

In this system no state would any longer be able to justify the abuse of their own citizen's rights as those residing within a particular state territory would be sovereign citizens first and state residents second. The citizenry will come to redefine the way they understand the concept of what it is to be a citizen. It is the task then of the Federalist to redefine the concept of what it means to be a citizen and ignite the spark in the global public of their own emancipation and draft the new international

covenant. In this process the state would be the interim guarantor of the sovereign citizen's rights until such time as regional devolution and a global representative government is enabled in the form of the *International Sovereignty* once advocated by Lionel Curtis.

In today's international politics a federalist future seems very far away despite encouraging advances like the International Criminal Court. One could even argue that these last few years we have seen a return to *Realpolitik* and the resurgence of state power that seems to have stemmed the gradual salience of human rights norms over those of state sovereignty. With security justifiably so high on the agenda one would be forgiven for thinking that a global federation is unrealistic. However if the best way to deal with security threats from non-state actors is to pool our security efforts then wouldn't this logically entail a pooling of sovereignty?

Indeed, this pooling of sovereignty for security, economic and other reasons is occurring and will continue to do so exponentially in certain regions. These 'zones of peace' are regions of cooperative states that do not wage war on each other but rather look for lawful settlement of dispute. They are relatively well integrated through trade while exhibiting shared values and systems of governance. It is no coincidence that all the states within these zones of peace are democracies. Liberal Democratic Peace Theory holds that no true democracy has ever waged war on another democracy. Herein lays the answer to global peace and prosperity and the establishment of the Realm of Peace.

A pooling of sovereignty is necessary with many other issues that affect all states and their citizens that none in isolation can resolve. Issues such as; the environment, resource management, energy production, corporate governance, world heritage protection, human

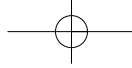
rights protection, good governance, pollution, disease, poverty, economic growth, wealth creation and even classical security will all require states to pool their sovereignty to deal effectively with these issues or at least manage them more effectively. For supra-national issues affecting and concerning the global public, the public needs to be co-opted into the integrationist process or current international organisations and those of the future based on state authority of variant legitimacy risk losing the confidence of the global public and in turn the legitimacy derived by its assent.

World Federation cannot be sustainably achieved by the current interstate treaty system. Nor can the mere drafting of a constitution achieve this, as it would cause a backlash driven by misconceptions of disenfranchisement by the global public. We need to reroute this discourse and change people's perceptions of what certain terminology means; sovereignty as responsibility, authority as legitimacy, and community as shared consciousness. Likewise new systems of representation in all International Organisations need to be devised that will still allow for an affirmation of state power but also for the democratic representation of the global public that will legitimate of the integrationist process. And interim system of integrated and representational global governance needs to be constructed before states ratify a constitution and union.

Such a system of representation could take the form of a global parliament based on a mathematical representative index that accrues a points value to the power of a state economically at a given time, and likewise accrues a points value to population size of a state of comparable significance. This would produce a system of workable interim global governance that will both address the concerns of the developing world while still providing an incentive to currently powerful states to remain

involved. With this Index it would be possible for an affluent state to have an equal say and votes in a legislature as that of a populous but poor state. Such a chamber could then elect or by way of 'aggregate state index value' appoint states to be the executive of the legislature. This system could be based on the current framework of the UN General Assembly and Security Council and would facilitate further global integration. Developing states within regions that have little or no say in a global legislature or in other International Organizations may see regional political integration with neighbouring states as advantageous to increasing the 'population points value' and therefore the 'aggregate state Index value' by amalgamating states into regional unions. Likewise affluent states with small populations may see regional political / economic integration as advantages to increasing combined 'aggregate Index value' by amalgamating 'economic points value'. States holding an even balance of economic points and population points would gain the highest aggregate index value in this system and form the core group of the executive. According to this theory the United States of America should retain its dominant position in the international system and thus its role as guarantor of universal rights values and guardian of the liberal democratic project. This will ensure any governing executive does not become a threat to the security of democratic society.

Such a system of governance based on this Index would keep states onboard in the process of integration while allowing democratization of International Organisations. It would be a large step on the way to the realisation of the Omega point. We are more likely to see a transatlantic federation or '*Transatlantica*', sooner than we are a world federation simply because states in regions comprising comparable trading systems and shared commonalities, human rights values and



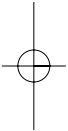
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democratic systems of governance are likely to see the benefits of regional federation before they see those of global federation.

This is not to say global federation is not possible in the foreseeable future. Possible and desirable it is. But rather it will come about as the formation of democratic regional zones of peace that will enlarge and eventually coalesce to include all democratic states and encourage others to reform and seek to join in the prosperity and security afforded by this system. At this point states will be willing to take the next step toward the Omega point and ratify a

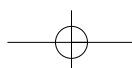
Treaty of Global Union and a World Constitution. Regional integration projects based on the values of free trade and democracy offer the best hope of attaining the Omega Point. Democratic society and federalists should lead the way and set the standard of project and continue to advocate the universalism of the individual's sovereign inviolable rights under a system governed by the rule of law. If this remains the primary purpose of the endeavour then the prospects for the realisation of the Omega point remain bright. For once the *International Sovereignty* is realised the history of mankind can begin.

A draft of this article was a briefing paper for the State of the World Forum, Commission on Globalisation's June conference 'National Sovereignty & Universal Challenges: Choices for the World after Iraq.'



Frontiers No Longer Exist

"I am not patriotic at all. The idea of fatherland or nationality makes me shiver. The worst atrocities are committed in their name. And yet, I must admit I have a connection. My accent and my appearance do exist. My face is one hundred percent Chilean. I must go back to Chile every so often to refresh the language, but in the end it happens that I speak only with my mother. It is nice to keep our national traits, but we are going towards the elimination of frontiers. In Europe they no longer exist". This was a declaration made by Isabel Allende, in an interview to *La Repubblica/El Clarin*, 2003.



The European Union and the Road Map

Alfonso Sabatino

After the resignation of Palestine's Prime Minister Abu Mazen, it is possible to say that the first attempt to put in practice the Road Map has failed, and of course the Israeli government has thrown the responsibility of this upon Yasser Arafat. Apart from the fact that during these months there appeared also, as always, serious and decisive responsibilities of the Israeli government, nobody is taking into consideration the important fact that the Bush administration's project, supported by the EU, Russia, the UN and the Arab countries, is itself little convincing, and weak have been all the pacification attempts carried out since the start of the Israeli-Palestinian conflict.

The critical issue, of a structural nature, contained in all of the UN resolutions since the Resolution 181 in 1947, is the pretence of constituting two independent and sovereign States, one Israeli and the other Palestinian, and assuming that they could live side by side, possibly establishing good-neighbor and collaborative relations. Israel is fully aware of this, and consequently it has always boycotted the UN resolutions and still today it tries in any way to keep in its hands the control of security in the West Bank and Gaza, limiting Palestine's autonomy as much as possible.

Even the peace process opened in Oslo in 1993 had to bow to this law, despite Isaac Rabin's generous attempt paid with his own life in 1996. Since then, no Israeli government has taken up again his position of aperture to the Palestinian National Authority, and all the less

can the Ariel Sharon government do it today. The present premier is the one who made the walk on the Temple Mount on Sept. 28, 2000, which contributed to the final failure of the Camp David talks between Clinton, Barak and Arafat, and prompted the start of the second Intifada.

Given the dramatic level the conflict has attained, due to the Palestinian suicide bombings and the harsh Israeli repression in the occupied territories, an intervention of an adequate external force is necessary, capable of imposing the disarmament of the belligerents, of guaranteeing the respect of equal rights and legality, and of steering conduct towards collaboration. As it is, the challenge of the peace in Jerusalem poses the problem of overcoming the principle of the absolute sovereignty of the State, by instituting a supranational government with guarantees from outside, as it happened in Europe after WWII for solving the historical French-German conflict.

The reference to the European experience is appropriate, considering Europe's past responsibilities from antisemitism to the Holocaust, for the reconciliation model it can offer now for solving the on-going conflict and for the sensitivity it feels for the motives of both the Israelis and the Palestinians for peace, democracy and development.

For what concerns responsibilities, it must be remembered that the Israeli-Palestinian conflict originated because of the antisemitism

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historically present in Europe and the crisis of the system of national states, which gave birth to fascism and nazism. The emerging nationalism in Europe prompted in the XIX century the formation of the Zionist movement and later, between the two world wars, the progressive Jewish immigration to Palestine, then under a British mandate from the Society of Nations. That immigration, which had already aroused violent reactions from the Arab population, became unstoppable after 1945, when hundred of thousands of Jews, survivors from the Nazi extermination camps and with no assistance by their original governments or the winner powers, tried to reach in any possible way Palestine, still under the British mandate. Today it is possible to say that that hope has gone disappointed, because of the past colonial responsibilities of the European powers in the Middle East, of the establishment of the bipolar balance, which blocked any democratic evolution of the Arab world and any possible compromise, but also for the fundamental flaw which marked the birth of the State of Israel: the occupation of a territory already inhabited by the Palestinian Arabs, and the ethnic cleansing carried on against them. The balance we can draw today of the Israeli story is disastrous, because the Jewish State, founded among so many expectations, did not succeed in guaranteeing peace and security to its people, nor did it fully succeed in guaranteeing democracy, considering its progressive militarization and the blackmailing its political class is subjected to by the settlers and the most extremist religious groups. However, at the same time we must denounce the failure of the Arab political world, which since the war against Israel in 1948 has always fuelled the hopes of the Palestinians, and for years has supported their extremism, up to becoming a prisoner of it.

Therefore, coming back to the difficulties of the Road Map, or even to its failure, the structural

causes of the conflict must be urgently removed, both for political reasons (the Middle East destabilization) and for ethical reasons (neither the elimination of the opponent nor his oppression can be allowed). Practically, we must create a political and institutional framework which can allow the Israelis and the Palestinians to live together on the same land, e.g. to move freely to Jerusalem, to Gaza, to Tel Aviv. It means to acknowledge the universal right of any human being to settle in any country in the world and behave as a citizen abiding to the laws of the hosting State.

This is politically possible, as demonstrated by the historical precedents of the fruitful coexistence of (Muslim and Christian) Arabs and Jews in Palestine and in the whole Middle East at the times of the Ottoman Empire, by necessity multinational and multiconfessional; then, a sizeable trading, administrative and intellectual middle class was flourishing in the Jewish communities of Salonika, Baghdad, Damascus, Alexandria and Jerusalem itself. Today such a coexistence among Christians, Muslims and Jews can be found, with much higher levels of freedom and constitutional guarantees, in Europe, thanks to the start of the unification process of the continent and the overcoming of nationalism.

It is not by chance that in the Europe of the direct election of the European Parliament, of the single currency, of the enlargement to the Central and Eastern European countries, and of the Constitution project, we witness a Jewish immigration to Germany greater than that going to Israel.

Then, the creation of a Palestinian State beside the Israeli one is admissible only on the condition that both be deprived of the faculty to take care of their security, as instead the Road Map is providing, and that this function be carried out by the UN, with the intervention of

international military and police forces, American, European, Russian, in the framework of a project for the creation of an integrated political and economic area, safeguarding the values of peace, security, tolerance and economic and social development. The transition model is that of Europe, which could start its unification in the context of the bipolar balance thanks to the protective umbrella of NATO, and overcome the historical French-German conflict by including it in a network of aids to the cooperation between the two countries. The arrival point is the creation of a regional federation between Israel and the willing Arab countries, in the same way as the goal of the European federation is based on the French-German reconciliation.

In fact, instead of leaving to the two sides the responsibility of the peace process, as the Road Map is calling for, the reconciliation project must be firmly taken in the hands of the "Quartet", signatory of the Madrid Declaration on April 10, 2002, so that it could be possible to ask for the necessary sacrifices both to the

Israelis (withdrawal from the territories occupied after the 1967 war, and an end to the oppression over the Palestinians, including those with Israeli citizenship and considered second-class citizens), and the Palestinians (relinquishment of terrorism as an instrument of the struggle for emancipation, and renouncement of the right of return for the refugees of the 1948 war, in return for an equitable compensation). Of course, the role of the "Quartet" is also an opportunity for committing the Arab League countries, signatories of the Beirut Declaration on March 28, 2002, to pacify the region and start the reconciliation process.

A final consideration is necessary. Inside the "Quartet" it is not the United States, for years on the side of Israel, nor the Russian Federation, heir of the Soviet Union, for years supporter of the anti-Israel Arab governments, the ones who can be the guarantors for all the parties. This role is the competence of the UN alone, with the proper support of the European Union.

Comments

European Federalism and Social Policies

Raimondo Cagiano de Azevedo & Marc Heim

(Part 2 - continues from last issue)

Integral federalism and social economy

Contrary to the idea of the State-Providence, that deals with social matters according to an economic logic, limiting itself to correct the negative social effects of the economic activity, integral federalism, in a Proudhonian perspective, aims at defining the conditions of a truly social economy, one that integrates at the same time and from the start the objectives of social justice and economic efficiency.

It is not the place here to present the whole of the federalist economy. However, we can point out its great principles, its lines of force that allow such a social economy to be set up. To start with, social economy must be founded on the person, as defined by the [political review] "New Order" in the 1930's. The integration of the person into society must be provided for by the social organization itself. It is the functioning of society by itself that must prevent the phenomena of exclusion. We cannot content ourselves any more with the assumption that has prevailed for a long time, according to which economic growth alone is sufficient to realize the social integration of all. This has never been true, even during the Glorious Thirties, and the recent evolution proves it dramatically. Such a concept marks the difference there is between an individualistic orientation of social policies, that is presently the choice of most of the European governments, and the personalistic orientation, proposed by the European integral federalists.

To illustrate the radical changes that such a perspective brings with it, we will give some examples. First, the economic relations, in the enterprises as well as in the economic systems. They can be looked at from the viewpoint of force or in the Proudhonian mutualistic perspective. In the first case, the poles are privileged, neglecting the organization of their relations: inevitably, this results in a system of conflicts and confrontations, a culture of force or of war. It is the case of today's enterprises. The two poles are constituted by the trade unions and by the employers (labour and capital). It is a confrontation, a power relation, where the strongest wins – in this case the capital, obviously.

If, on the contrary, the relation, the dialectical organization of the poles is privileged, a mutualistic system is built up, that opens the way to a culture of peace. Conflicts will not disappear for that, but they will be organized in the framework of some regulatory mechanisms. When the dialectical relation between the poles, the stress, is taken into account, we find compounded in it the service to other people, their choices and voluntary acts, the existence of gift-giving, together with the mercantile exchange, and thus a mutualistic relation, rather than a sterile confrontation based on power relations alone, is privileged.

Another example is about work and working time. The two questions are intimately tied together. Work is not the same for everybody:

there is a contradiction in it. On the one hand, a creative activity, and on the other the undistinguished labouring necessary for producing the material goods indispensable for providing for our fundamental needs. We already find this problem in Proudhon: "So, what is [...] the main cause of the multiplication of riches and the ability of the workers? The division [of labour]. What is the main cause of the decadence of the spirit, and [...] of the civilized misery? The division [of labour]". This contradiction will be taken up again, in the frame of the dichotomy method, by the "New Order", which will speak of the "dichotomy" of work, that is to say, the opposition between creative working and mechanical need.

Depending on whether one devotes his time to one or the other of these activities, it takes on a radically different meaning. From the time point of view, the day itself is "dichotomic", because it suffers a radical separation between working-time and time dedicated to amusing oneself: "The division of our days into 8 hours of work and 8 hours of amusement is a brutal mockery of creative rhythms. It simply expresses the accidental state of the absurd conflict between two operations which we have lost control of, as we have foolishly ruled them to be autonomous: production and consumption".

And then: they talk today, speaking of the myth of full-employment, of the fate of everybody to work for the entire day (even if they forecast a slight reduction of working-time... in order for it to be given to everybody). But the liberation of man assumes the opposite: full under-employment; that is to say, a work (meaning a need) reduced to the minimum; the remaining time is not wasted time, but time for our society, our own body, our family, for reflecting, for non-mercantile social activities. In short, to say it brutally (no offence meant to the supporters of the old-style full-employment), the era of full-employment is over and must give room to

full-activity (on the condition to understand this term as plural).

"With the present rates of annual production growth, it would be already possible in most of Europe to reduce the working week to four days, with no reduction in produced goods. If this does not happen yet, is because politics and economy have not yet been able to adjust to the deep change of the mode of production we are witnessing.

Spare time has become the new benchmark of civilization. A production becomes efficient to the extent that man is spared the need to take care of the actual production, to the detriment of programming, engineering, controlling and managing information. In this context, the really productive employment becomes the one which raises the average level of education and training in the society.

In a situation where productivity advances can take place with no increase in jobs, and where anyway the most advanced countries cannot compete with the developing countries in mass-production at minimum labour costs, school often becomes the scapegoat on which to blame the intellectual unemployment.

The last example we give (last but not least) concerns the contradiction we have started from, between political economy and the social approach, between the poles and freedom, justice and equality. First, it must be underlined that equality does not mean equalitarianism. Integral Federalism institutes a socle of equality by attributing to everybody a Guaranteed Social Minimum salary, unconditional, that can be accumulated to any other salary, and earmarked to provide for the fundamental needs of every one. This measure radically transforms the power relations between the workers and the employers, and constitutes a possibility to overcome the condition of wage-earner and to

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lead to the most various forms of association. Thanks to the security it provides, it allows also to greatly exploit the spirit of enterprise and the entrepreneurial abilities.

In the field of labour, integral federalism is also innovative. Rather than keeping undifferentiated jobs, for the simple desire to realize a questionable full-employment, it provides on the contrary to replace, as swiftly as possible, all machine-related jobs with robots. And for preventing the non-compressible part of the "needs" from being charged over a disregarded part of the population, it contemplates that the whole community takes it upon itself, by instituting a Civilian Service.

Here are, briefly described, some lines of force that could be of help for realizing really social policies and for defining a common project of social economy for the Europe of the XXI century.

Conclusion

This project requires an explicit political choice. It is based on the shouldering of responsibility and on participation by part of everybody . It obviously implies the intervention of political

institutions. But when we speak of political institutions, we immediately have in mind a federal organization, in which the principle of subsidiarity guarantees that decisions will be taken as close as possible to the people concerned, allowing their participation in the decision-making process.

Only such a perspective will allow to stave off the tensions that were aroused in Europe; it alone will allow to take into account the interdependence of the economic problems. A truly social European economy constitutes also a condition for the growth of the political interdependence among the European countries.

Despite Proudhon's hopes, the XX century has not been in Europe the century of the great federations. And that cost us two world wars. A hope still survives. It is a hope based on necessity. We think that necessity is going to drive us in this new direction. But necessity is not sufficient; it must result in a choice, enlightened by all the instruments of knowledge we have, and oriented by a personalist and federalist project. We wish to pay homage here to Alexandre Marc, who has been the main inspirator of this project.

A Civilian Service for the EU

Francesco Ferrero

Despite the emphasis that the Convention incessantly used to stress the role of young people in the Europe of the future, to the point of convening an ad-hoc Convention of Young Europeans, it did not succeed in framing the European policies for the young in an innovative and inspiring project.

Although the Constitution insists on the mobility of young workers and students, starting with the success of programs like the Erasmus project, and goes so far as to foresee a European Volunteer Corps for humanitarian aid, formed by young people, we have indeed missed a historic opportunity for giving constitutional dignity to the project of a European Voluntary Service (EVS), introduced as an experiment by the European Commission in 1996.

It could and had to be transformed into a real European Civilian Service, which should have been made eventually mandatory for all European girls and boys in the age range of 18 to 24. They should spend 10-12 months in a country of their choice, inside or outside of the Union, provided it is different from their country of origin, participating in a project aiming to realize the objectives listed in the European Constitution, like the respect of human rights, peace, sustainable development, etc.

The proposal of institutionalizing a European Civilian Service could look as going against the stream in a time when, in the wake of France, the member states are progressively abolishing the mandatory conscription. However, it can be fully justified if the European Union could prove itself capable of assuring some fundamental objectives to its citizens, like a sustainable

economic development, the preservation of high welfare standards, the active promotion of its internal and external security and of the world's stability, that presently are beyond the member states' reach.

Serving in the European Civilian Service would represent for the young their active contribution to the fulfillment of those objectives. The European Civilian Service would allow to provide social services ever more difficult to fund, giving new emphasis to the work of thousands of European civil society organizations, and, at the same time, should it be performed in places like the former Yugoslavia, the Middle East or Africa, it would witness in an unambiguous way Europe's intention to grow as a "gentle power", to use a well-chosen expression by Tommaso Padoa-Schioppa.

Europe's example would thus contribute to establishing in the world a social and cultural model alternative to the prevailing one. To the rampant individualism, it would counter a renewed sense of the community, to the strengthening of armies the realization of a veritable "peace corps".

Finally, we should not forget the benefit coming from it to the European young people. They could take advantage of the experience of living abroad, where they will learn a language, and that culture of mobility needed so much in today's labour market. In a few years the barriers of the national prejudice would be overcome and replaced by a supranational civil awareness, which will give actual substance to those three words, "Unity in diversity", properly chosen as the motto of the new Europe.

Comments

Canada as a Multinational Federation

Michael Burgess

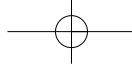
Canada is a multicultural, multinational, bilingual federation. Its bilingualism at federal level originated in the Canadian Constitution, the Canada Act (1867), its multiculturalism derives from the Canadian Multiculturalism Act (1971) and much more recently its multinationalism was officially consecrated when the boundaries of the North-West Territories were redrawn in 1999 to accommodate the Inuit peoples in a new nationality-based territorial unit called Nunavut. As a result Aboriginal self-government has been established in Canada with the Inuit, like the *Quebecois*, a permanent minority in the federation as a whole but a self-conscious majority within their own territorial jurisdiction.

Today there are, then, 60-80 self-styled Aboriginal 'nations' and over 600 Aboriginal communities in Canada that function alongside Quebec as an official legal recognition of its undeniable social diversity having political salience. Even from this brief glance at the new Canadian mosaic, it is clear that several important questions emerge which have enormous implications for the idea of multinational federations. The first is the issue of 'nation' itself. Clearly we cannot use the category 'nation' in the same way to compare these communities with that of Quebec. The realities are very different. Secondly, many of these self-definitions are simply incapable of sustaining themselves as governments in terms not only of their cultural attributes but also in respect of their material resources, their capacity to deal with the daily routine of managing scarcity. It might

therefore be both more realistic and more practical to classify them as cultural identities that can be subsumed into the larger, more encompassing, notion of Aboriginal nation.

This 'deep diversity', to borrow Charles Taylor's terminology, demonstrates the complexity of Canada's contemporary political culture and underlines an admirable political will in reintegrating Aboriginal identities in the federal polity. But it has still not come to terms with precisely how successfully to accommodate Quebec in the Constitution. Quebec as a nation remains formally unrecognised. Its own cultural and historical specificity has no special status in Canada above and beyond a series of parliamentary resolutions that have only a limited symbolism. The problem for *Quebecois* was ably summarised by Andre Laurendeau, one of the architects of the Report published by the Royal Commission on Bilingualism and Biculturalism (1967) who couched the problem of being a national minority in the following way:

We began to formulate for ourselves an understanding of the situation we were observing; that is, a multiculturalism that is an undeniable fact and must be taken into account, but which manifests itself differently according to locality. Over and above it is the great problem of English-French relations in Canada. How can we get across the point than an 'ethnic group', even one that is relatively large provincially, but only represents 3% of the total Canadian population, is not at all the same thing as an organised society like Quebec, with a large



population, its own institutions, and a long and specific history?'.

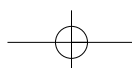
We can see from this statement how far Quebec nationalists have had well-founded suspicions of multiculturalism as an Anglophone policy preference designed to deflect the eye away from Quebec's legitimate claims to be a founding national partner of the federation in the 1860s. Rene Levesque, the erstwhile leader of the *Parti Quebecois* (PQ) in the 1960s and 1970s remarked rather waspishly that it was 'a red herring' devised to obscure 'the Quebec business', to give an impression 'that we are all ethnics and do not have to worry about special status for Quebec'. For many separatists, multiculturalism in principle reduced the 'Quebec fact' to merely an 'ethnic phenomenon'.

Today the constitutional order in Canada, based upon the Constitution Act (1982), remains a source of great consternation and controversy in Quebec and is obstinately impervious to formal change. It has fossilised a particular conception of Canada that no longer accurately reflects contemporary social and political realities. From the particular perspective of Quebec nationalists, it is largely the Charter of Rights and Freedoms that is the main bone of contention because in its insistence upon entrenching the rights of Canadian citizens as individuals wherever they live in the federation, it has effectively rendered Quebec's specificity invisible. This predominantly Anglophone conception of Canada has left a bitter legacy in Quebec where successive provincial governments have striven to promote the politics of recognition. The classic collision of collective versus individual rights lies at the heart of this quarrel and it reflects two competing conceptions of Canada. And the fact that the Charter formally recognised Aboriginal rights as the collective rights of a distinct people further inflamed Quebec's sensitivities. Consequently, the answer to the question 'What does Quebec want?' is simple: it wants its historical-cultural

specificity formally recognised by being incorporated in the Constitution.

This formal recognition would send out a powerful positive message to *Quebecois* that their place and role in Canada is a legitimate one. Taylor has acknowledged that federation in Canada was 'a marriage of reason' for Quebec and it has been the continual denial of its own conception and understanding of Canada that has led to disillusionment with it. The fact that 'Canada never gelled as a nation for them' combined with the growth of specifically 'French power' inside Canada has resulted in the demand that Quebec be recognised as 'a crucial component of the country, as an entity whose survival and flourishing was one of the main purposes of Canada as a political society'. What has been missing is 'the clear recognition that this was part of our purpose as a federation'. The implications of this lacuna in the Constitution are obvious: as long as Quebec remains in Canada it must have the capacity to determine itself as a provincial majority culture in a North American world where it will always be a permanent minority.

This is the fundamental dilemma for Quebec and this is precisely why *Quebecois* will continue to mistrust federal government in Ottawa and rely principally upon their own provincial government in Quebec City. The Quebec predicament is one where – as a minority nation within a larger state – it finds itself incessantly exposed to predominantly Anglophone policy preferences that are frankly corrosive to Quebec's Francophone identity and constantly invade its social, economic and political integrity. Small wonder that Quebec's struggle to resist the ubiquitous infiltration of Anglophone values, beliefs and socio-economic mores into its Francophone identity has served to sour its relations with the 'rest of Canada' (ROC). And small wonder, indeed, that its watchword has been *la survivance*.



Comments

This brief cameo of Canada as a case study of a multinational federation at work has several implications for the larger question of how such unions can succeed or fail. Canada is undoubtedly one of the great success stories as a multinational federation and we can only marvel at the way in which Canadians have managed to accommodate their complex social diversities that have political salience. The Canadian case certainly underlines the fact that all federations have to adapt and adjust to changing circumstances and that constitutional reform, institutional design, judicial activism and a willingness to recognise the need periodically to negotiate new bargains are essential to maintain the legitimacy and stability of the federal order. Post-1982 Canada still needs to 'federalise' the federation in order to restore the federal spirit of the 1860s that entrenched the distinct identity of Quebec in the Constitution, but its reputation as a model of enlightened liberal federal governance remains undiminished.

What, then, does it tell us about multinational federations in general? What sort of factors and circumstances emerge from this case study? I have identified the following issues and characteristics as being significant in the operation of these types of federations:

1. What sort of nations and nationalisms are we dealing with? Quebec is an 'historic' nation that has been defined against the British Conquest of 1759-63 but its original *pure laine* identity has given way to a new 'civic' nationalism that is more about language, pluralism and territory than about Francophone ethnicity.
2. The institutional design of the federation is critical to its functioning as an authentic liberal

democratic multinational federation. Unfortunately the evolution of 'executive federalism' in Canada has served to exacerbate the already antagonistic, adversarial nature of the bipolar relations between Quebec and ROC. There is a 'democratic deficit' in Canada that has been exacerbated by the non-elected Senate and a single member plurality electoral system.

3. Constitutional reform is necessary in some cases to legitimise the federation, but non-constitutional (institutional) reform also has the possibility to accommodate contemporary change as the devolution of power to the Aboriginal peoples exemplifies.

4. In some cases consociational techniques involving overarching accommodation among elites and elite-mass consultation in segmented communities might be an additional element helping to buttress the federation.

5. The introduction of local referenda or other federal government initiatives that bring mass publics into the policy arena could serve to legitimise the federation. (eg. the Spicer Report, 1991 and provincial referenda in Alberta and BC)

6. The use of asymmetrical federal provisions of a constitutional and legal nature such as those related to the division of powers and the principle of representation have been very successful in Canada.

Given these observations and thoughts that derive from the Canadian federal experience, let us return to the larger question of multinational federations and focus upon the implications that they might have for European integration.

Excerpts from a paper presented at the 'Federal Studies Conference', Robinson College, Cambridge, 4-6 July 2003

Euzkadi: the Long Fight of the Nationalist Basque Party for a Federal Europe

Jean-Claude Larronde

Within the limits of this short essay I would like to stress the following fact: the pro-European ideas of the P.N.B. (Basque Nationalist Party) are both ancient and deeply-rooted. How could it be otherwise? We are used to think of the Basque movement as implicated in terrorism, but that is not the case until 1968.

Indeed, the Basque people belongs to the mosaic of European cultures: for centuries it has been at the confluence of three cultures; its own and the French and Hispanic ones. The Basque, and more especially the Basque nationalists, the most ardently European among them, have a feeling that in the Europe which is being built it will be but fair to give a place to the oldest peoples of this continent, who also are among the most dynamic and the most modern. The Basque Nationalist Party (*Partido Nacionalista Vasco* PNV) was founded in 1895 – that is to say 108 years ago – at Bilbao by the bizkayen Sabino Arana-Goiri. Of course, for Sabino Arana there were more pressing tasks than to launch oneself into international action, the first aim was to create and develop a Basque national consciousness and give the Basque country – Euzkadi – a political party capable to spread the nationalist doctrine. But, for all that Sabino Arana-Goiri did not neglect international politics, on the contrary. He was resolutely anti-imperialist and anti-colonialist, a striking exception among the politicians of his day. He carefully studied the results of the International Conference for peace of The Hague, which, in

1899 adopted juridical principles taking into account the rights to existence and development of peoples. Unfortunately neither the Conference of The Hague of 1899, nor the one of 1907, could prevent the declaration of what is now generally known as the Great War. The PNV sided with the Allies against Germany; at the same time, in its daily *Euzkadi*, founded in 1913, many leading articles show its interest for European nationalities.

At a time when the world war was still raging, in June 1916, a delegation of the PNV took part, at Lausanne, in the III Congress of the Union of nationalities, an organisation born in Paris in 1912; for the first time Basque nationalism was represented in an important international forum. The report presented by its delegation at the Congress was to make known the foundations of the Basque nationality and work towards a recognition of Basque nationalism within a European and international framework.

The PNV entirely subscribed to the famous speech of the President of the USA, Woodrow Wilson, pronounced before the Congress in January 1918 ; among the principles which were enumerated there was, in fact, the creation of new independent states in Europe and the guarantee of the rights of national minorities.

From 1923 the dictatorship of Primo de Rivera considerably reduced the possibilities of

Comments

political expression of Basque nationalism ; however the daily *Euzkadi* continued its fight in favour of the European idea; in 1926, several articles were published under the heading "the United States of Europe" and in 1929 the PNV adhered to the project of a European Union presented by Aristide Briand in his address to the League of Nations.

From 1931 the advent of the Second Spanish republic permitted the establishment of a period of freedom and democratic elections which allowed the PNV to affirm itself as, by far, the most important political party of the Basque Country. In 1933, it sent 12 representatives to the *Cortes* in Madrid, that is to say half of the deputies elected in the Basque Country. 1933 marks also the date of the *Aberti Eguna* (the day of the mother-country) which gathered at San Sebastian tens of thousands of people behind the slogan "*Euzkadi-Europa*" (Basque Country - Europe). All the speeches of the day mention Europe; it can be said that Europe is the fundamental space of the "foreign" policy of the PNV. One of its representatives, who would later become a minister in the Spanish republic, Manuel de Irujo, wrote "The Basque country has asked for its seat as a nation at the banquet of the free peoples of Europe". 1933, at a time when Germany and Italy sink into the abyss of nazism and fascism, Basque country delivers to the face of Europe a message of union, peace and freedom.

During the whole period from 1931 to 1936, the PNV reaffirms federalist and pro-European theses. From 1930, every year, it sends a delegation to the Congress of European nationalities, an international organization whose aim from 1925 to 1938 is to represent the nationalities and minorities of Europe. In September 1935 at the XI Congress at Geneva the president of the delegation was José Antonio Aguirre, the future president of

Euzkadi; he could but notice the hypocrisy and cynicism of some delegations: the Basques could not make them adopt a resolution to condemn fascist Italy which was making ready to attack Ethiopia.

The Spanish Civil war would be, from 1936, the prefiguration of the cataclysm which would surge through Europe a few years later. On October 7th of that year at Gernika, José Antonio Aguirre, aged 32, a representative of the PNV, formed the Basque government that he was to preside. The Basque government was established to implement the statute of autonomy approved by the Basque country in November 1933 by more than 96% of the valid votes.

As a vast democratic and anti-fascist coalition it gathered, beside the PNV whose tendency was demo-Christian and had the strongest representativity of all the parties hostile to the franquist rebellion, be they republican, socialist or even communist. The bombing of Gernika, on April 26th, 1937 by the Nazi aviation to the orders of Franco, a defenceless Basque city, aroused the indignation of the civilised world. Intellectuals and politicians began to get interested in the "Basque case", the fate of this small catholic people which, by itself, had shattered the myth of Franco's "crusade". An International League of the friends of the Basques presided over by François Mauriac was created in Paris in 1938.

When the Second World War broke out in September 1939, José Antonio Aguirre confirmed "the total solidarity" of the peninsular Basques with the cause of France and the allies against nazi tyranny, the destroyer of the most elementary human values. We know that during all the period of hostilities many Basques volunteered in allied forces or Resistance movements to fight against the nazi occupant. The PNV provided

most of the men fighting in the Gernika battalion, who in April 1945 fought side by side with allied forces to liberate Médoc and the Pointe de Grave, North of Bordeaux.

From the end of 1941, in New York, President Aguirre remained in touch with many European personalities of the democratic camp. In November 1942, he was among the signatories of a manifesto by 42 refugees, European catholic personalities, living in the USA; This manifesto entitled "Facing the World Crisis" was meant to be a political reflection about the future of Europe and its institutions. Among the signatories were Luigi Sturzo, a leader of Italian Christian democracy, the philosopher Jacques Maritain, and the former Belgian Prime minister, Paul Van Zeeland.

On the eve of the ceasefire, on May 7th, 1945, a meeting took place in Paris, the aim of which was to reconstruct the International League of the Friends of the Basques; on that occasion François Mauriac affirmed that the behaviour of the Basque from 1936 to that day deserved the thankfulness of all the democrats. He expressed himself in these words: "you have marked the turning point of Christian democracy in Europe". He meant that, in 1936, the Basques had been the first to take arms against the totalitarianism of fascists, the first, too, to distance themselves from the hierarchy of the Vatican which was definitely favorable to Franco.

From then on, encouraged by this moral authority the PNV and the government of Euzkadi exiled in Paris, took part in all the struggles for the construction of a democratic Europe. It was the time when strong Christian democratic parties were being organized all over Europe, with the exception of the Iberian Peninsula and the countries of the Soviet bloc. It was the case in France, in Italy, Germany, Belgium, the Low Countries and Austria.

The Basques were part and parcel of the New International Teams (NEI) who were a structure to federate the Christian democrats of Europe. Their first Congress took place in 1947, in Belgium, at Chandfontaine near Liège with the representatives of 12 countries; a notion of sympathy was passed for the Basque resistance to Franco's regime and José Antonio Aguirre was elected a member of the Committee of honour.

The government of Euzkadi in exile was soon to be distinguished in a particular way: it was at its Parisian headquarters, 11 Avenue Marceau, that the Executive Committee of the NEI met on March 21, 1948. During this meeting a German team was admitted and the definitive text of the statutes was adopted.

One may notice that Euzkadi was recognised as a fully fledged national team on the same footing as the other national teams who represented eleven states. In April 1949, the national Basque team of the NEI was definitely constituted and uniquely formed of personalities of the PNV; from then on the Basque delegates attended all the party congresses and were among the most assiduous and active delegates.

But they were not content just to belong to NEI, they had a hand in all initiatives towards the construction of Europe, especially those which were favourable to a federal organization.

In May 1948, some members of the PNV attended "the Congress of the European Union" at the Hague, a meeting of 800 personalities belonging to the most varied currents of European thought, politics, industry, the arts or the trade-unions. The Basque delegates were happy to hear that for many politicians, among the most important of the day "Franco is incompatible with Europe".

Comments

A European Union of Federalists (UEF) was soon to be created at Geneva: the Basque group that belonged to it was named the Basque Federalist Movement. Some members of the PNV also attended the Congress of the Communities and European regions which met at the *Palais de Chaillot* in April 1949; the main ideologue of the PNV, in European matters, Javier Landaburu could say about this Congress that it gathered "the popular soul of Europe".

In 1950, the same Javier Landaburu, a convinced federalist presented a report to the Federal Council of this organization which was unanimously adopted. The title of the report could not be clearer: "The respect of the rights of European minorities, nationalities and regions within a State is the condition indispensable to the development of a European and international spirit".

The PNV was particularly attentive and active in the European Movement, a coordinating organism of pressure groups and currents of opinion which worked for the European Union, presided over by a Committee of honour which counted among its members Léon Blum, Winston Churchill, the Italian Alcide de Gasperi and the Belgian Paul Henri Spaak. The unflagging activity in favour of Europe was relayed by solemn declarations from the supreme authority of the PNV until 1977, the pro-European conceptions were strongly re-affirmed. This orientation was to be underlined once more in the fifties when it became more and more obvious that the U.S. could very well put up with the regime of Franco's Spain, which the United Nations were ready to receive as a member, and the Cold War ruined many hopes of the Basque people.

The rejection by the French Parliament of the European Defence Community in 1954 was

severely criticized in a leading article of the *Alderdi* who clearly took position for "the constitution of a supranational political entity, elected by universal, direct and secret ballot by all the citizens of the European peoples". These declarations found a concrete expression in the works of group of Basque workers (ELA-STV) founded in 1911 and which had between 70,000 to 80,000 members in 1936. This Union whose chairman was a former PNV representative belonged, since 1934, to the international Confederation of Christian Trade Unions and had been in 1949 one of the founding members of the International Confederation of the organisations of free trade unions (CISL). It would be the only trade union to belong to two international workers' unions. Consequently the contacts between the ELA-STV and its European counterparts, especially French and Belgians were ancient and gave it a genuine European colour.

In 1956, the publication of Javier Landaburu's book "The cause of the Basque People" deeply renewed the Basque nationalist doctrine and made it more actual. This book formulated the Basque question on the international plane, but first and foremost in a European perspective. The ideas developed by Javier Landaburu, one of the closest advisers of President Aguirre were those of a European federalist for whom the European construction must serve to avoid a new conflagration.

There is no good reason to oppose Basque nationalism to European federalism since these two ideas are not antagonistic but definitely complementary. Even if the Europe which is being built in the mid-fifties, under his eyes, is a Europe of States, Landaburu never loses the hope to see the emergence of a Europe of peoples, which, for him, is the only guarantee of a durable peace. Indeed, it was his custom to distinguish two types of federalists "those who

try to make Europe a simple federation of States" and "those who believe that this system, to be sensible, logical and viable must achieve a true federation of peoples".

As for President Aguirre, he would insist, every year, in his Christmas address to the Basque people, on the definitely European dimension of his government's policy. His stout commitment to the European ideal, his aura and his popular figure allowed him to deal as equals with the founding fathers of Europe, those he called "the best men of Europe, Adenauer, de Gasperi, Robert Schuman, Jean Monnet... In 1960, with the death of President Aguirre, a page of Basque history was turned. In the Peninsula, Franco's regime was to remain in place until the death of the old dictator, at the end of 1975.

It was in June 1962 on the occasion of the Congress of the European Movement at

Munich that a broad union of the democratic opponents to Franco's regime was realized: the PNV was an active promoter and partner of what would come to be known as "the Pact of Munich". The Congress defined a certain number of conditions necessary for the adhesion of the Spanish State to the European Economic Community: among these conditions was "the recognition of the personality of the various communities".

Finally, reaching the end of this short historical exposé, I think we can say that during all its long existence the PNV has evinced an unusually strong European faith. It has constantly and strongly expressed universal human rights by proclaiming the right of the Basque country to live, its right to be different and fully take part in the construction of a political Europe, which, at the end of the XX century has not yet been achieved.

Comments

Today's Significance of Kant's Perpetual Peace

Lucio Levi

Peace through World Federation

The design of a World federation or a World republic was conceived and formulated for the first time by Kant in his essay on *Perpetual Peace* in 1795. The dream of the universal peace is an old idea. It dates back to the Stoic philosophy and Christianity. It was resumed in the Middle Ages by Dante who identified in the Empire the institution that it is necessary to build in order to achieve peace.

But Kant's project, drawn up during the French revolution, on the threshold of the era of democracy and nationalism, is deeply different from all previous peace plans. It was not conceived as a proposal to be submitted to an emperor capable of uniting a group of states within the borders of an Empire, or to governments or diplomats to achieve a better balance of power. Kant upholds the idea that a lasting and universal peace presupposes the overcoming of state sovereignty and international anarchy and the formation of a federation, which would gradually embrace all the peoples of the earth.

Kant's Vision of Peace

Kant does not conceive peace simply as "the suspension of hostilities" in the interval between two wars (negative peace). This notion of peace remains, with few exceptions, undisputed in contemporary political culture. "The state of peace", wrote Kant, "is not a natural state", but rather something that "must

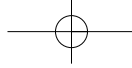
be established" through a legal order enforced by a world authority superior to each individual state (positive peace).

By defining peace as a political organization that "ends *all* wars forever", Kant accurately identified the discriminatory factor that separates peace from war and placed truce (the situation in which, though hostilities have ceased, the threat still remains that they may reopen again) on the side of war.

The Pre-requisites of Peace

In Kant's time, World federation was a distant final goal. But the importance of his approach to peace lies in the identification of the main pre-requisites that only now are bringing universal and permanent peace nearer.

a) The first pre-requisite would have been fulfilled when the experience of the devastation of war pushed nations "to give up the savage (lawless) freedom" and the intolerable situation of international anarchy; b) the second when the development of trade, "since the earth is a globe", would have forced humanity to resign themselves to live "in close proximity"; c) the third when the evolution of mankind would have reached the stage of the formation of "a republican civil constitution", founded that is, on freedom and equality; d) the fourth when the emergence of a world public opinion would have allowed "a transgression of rights in one place in the world to be felt *everywhere*".



The Problem of Peace in the Contemporary World

All this shows that Kant was not a utopian. He was aware that the imperative of reason was not sufficient to persuade men to pursue peace.

a) World wars and the nuclear weaponry suggest that Kant was correct when he predicted that it is only the experience of the destructiveness of war that would persuade states to relinquish their savage freedom and bow to a common law. b) Moreover, the globalization process brought about the erosion of national sovereignty and the need for new powers at regional and world level. c) Furthermore, after the fall of the fascist and communist regimes, a majority of UN member states is ruled by representative democracy, that is the pre-requisite of the extension of democracy to state relations, i.e. international democracy. The European Parliament is the laboratory of this new form of democracy. d) Lastly, thanks to the mass media, every day we are informed about the events that occur all over the world. This is the basis for the formation of a world public opinion and a global civil society. These phenomena are aspects of the globalization process that blurs the distinction between domestic and foreign politics. The Universal Declaration of Human Rights and the International Criminal Court are examples of the tendency of international law to be applied to the individuals. These examples show that international order has changed and can be changed more radically.

The Topicality of Kant's Design

If this be correct, we can draw an important conclusion. The Kantian tradition, which remained dormant throughout the era of nationalism, is revived in the new phase of world history started with the end of Cold War. There are many scholars, e.g. Jürgen Habermas,

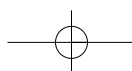
David Held and Otfried Höffe, who maintain that Kant's vision of a World federal republic is an answer to the problems raised by globalization and the erosion of state sovereignty.

The creation of new forms of statehood at world level seems to be the only alternative to the mastery of the market system and the spread of violence. The universal goals of the constitutionalization of international relations and international democracy provide the contemporary man with a guiding principle in the increasing confusion brought about by the process of globalization.

Globalization and the Crisis of the Realist Paradigm

The realist paradigm is based on the assumption that political life is torn between two spheres: domestic politics, where conflicts can be solved by legal means and international politics, where conflicts are solved by violent means whenever diplomacy fails in settling peacefully international disputes. While within state borders governments hold the monopoly of power, at international level power is scattered among a plurality of sovereign states. Therefore, it is the structure of the international states system, characterized by the lack of a world political authority, that induces national governments to privilege the quest for security and to resort to war when negotiations fail. The top priority of state behavior at international level is the quest for security, to which all the other objectives - the observance of moral values and the rule of law - are sacrificed, if necessary.

The questionable hypothesis of the realist paradigm is that the nature of international relations cannot change. Sovereign states are conceived as the only institutions that provide security and political order and the exclusive protagonists of international politics.



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As a matter of fact, power, national interest and security are relational and historical concepts. The globalization process fosters the striving to transcend the division of the world into sovereign states. The globalization brings about a "retreat of the state", to use an expression that Susan Strange employed to entitle a book, that is one of the most important contributions to the comprehension of the current evolution of international relations.

In the contemporary world, civil society can no longer be defined as a subsystem of the state, as was the case in the 19th century and in Hegel *Philosophy of Law*. Today the state is progressively becoming a subsystem of global society, that is made up by non-state actors such as multi-national corporations, NGOs, mass media, criminal and terrorist organizations and so forth. The novelty of the current situation lies in the fact that these new actors threaten the monopoly of power held by states.

Globalization and the Crisis of the Sovereign State

Globalization is not promoted only by economic incentives, but also and particularly by an irresistible historical force, stronger than the will of any government or any political party: the force that is triggered by the evolution of the mode of production. It creates the material and cultural environment in which states and international relations develop. Every stage in the evolution of the mode of production seeks to satisfy basic human needs according to a specific form of the division of labor.

Historical materialism is based on the assumption that the first condition of human history consists of concrete individuals producing their means of subsistence. If we utilize this conception of history simply as a

"canon of historical interpretation" (this expression was coined by Benedetto Croce), the type of determination exercised by the mode of production is not conceived as the sole factor influencing the nature of political, juridical, cultural and other phenomena. According to this explanatory scheme, the determination does not proceed only in one direction (economic determinism), but is compatible with the mutual influence of political, juridical, cultural factors on material production. For instance, Max Weber, who defined historical materialism as a fruitful ideal type that can orient the work of social researchers, in his works on the sociology of religion highlighted how the ethics of religions influenced the evolution of the economic systems.

If we accept the idea of a mutual influence between the different factors that contribute to determine the course of history, we can consider the mode of production as the factor that has a decisive impact on the structure and the dimension of the state and international relations. More specifically a relationship can be established between the mode of production and the state dimension, and in particular between the agricultural mode of production and the city-state, between the first phase of the industrial mode of production (utilization of coal and the steam-engine) and the nation state, between the second phase of the industrial mode of production (utilization of electricity, oil and the internal combustion engine) and the state of dimensions as big as entire regions of the world. With the scientific revolution of material production (and the revolution in telecommunications and transport) the world federation becomes possible and necessary.

There is therefore a specific relationship between the globalization process, which is nothing more than an economic and social integration process on a world scale, and the

scientific mode of production. This process, as slow as its evolution may be, creates the economic and social basis for the formation of a global civil society and global forms of statehood.

European Integration and Globalization

This means that European integration and globalization belong to two different stages of the evolution of the mode of production: respectively the second stage of the industrial mode of production and the scientific mode of production.

In the 19th century, during the first stage of the industrial revolution, society could not be organized neither regionally nor universally. Consequently, state and democracy had to be organized at national level. The second stage of the industrial mode of production brought about the decline of the nation states and pushed to the top of the world power hierarchy the US and the USSR, which had already acquired a regional dimension. Seeley's *Expansion of England* (written in 1883) states the problem clearly: "The United States and Russia ... are ... examples of the modern tendency towards enormous political aggregations, such as would have been impossible but for the modern inventions which diminish the difficulties caused by time and space". Therefore he formulated this extraordinary forecast: Within "half a century ... Russia and the United States will surpass in power the states called great as much as country-states of the sixteenth century surpassed Florence".

Likewise, the European integration process weakens national governments, compels them to co-operate in order to solve together

problems they are unable to cope with separately, creates a European civil society beside national civil societies, establishes European institutions that represent a decision-making mechanism that depletes progressively national institutions. The process has advanced to such a stage that war among European Union member states has become inconceivable and the European Constitution is the focus of the current political debate in Europe. In other words, slowly and imperfectly something alike a European Federation is taking shape.

While the process of European integration is underway and all the regions of the world are involved, to an unequal degree of development, in a similar process of integration, all the regions of the world are concerned by a comprehensive process of integration on a world scale. There is an increasing number of important problems which even the most powerful state is unable to solve alone. From this stems the crisis of the sovereign state and the relevant need for international co-operation and development of international organizations.

On the other hand there is a close net of international organizations from the UN to the IMF and WTO. These anticipate even if they do not achieve world government, just as the European Community and the European Union are precursor institutions of the European Federation. Particularly noteworthy is the International Criminal Court which has inaugurated a new generation of international organizations, since its goal is the application of international law to the individuals. Therefore, I venture the suggestion that it may be conceived as a first step on the way of a World Federation.

Borderless Debate: The European Convention

A Democratic Constitution for the European Union

Romano Prodi

First of all let me express my warm thanks to all members of the Convention, and to you, Mr Giscard d'Estaing, for the dedication and intelligence you have shown in those long months of hard work that went into this phase of the constitution-building process. The Convention's success has brought a lasting change in democratic life in the European Union. A great job well done and an unhoped-for result. The draft prepared by the Convention thus provides the basis – an excellent basis – for drawing up the final version of the Constitution. This is a good thing because above all the text has great symbolic value: this is the first time the Union's foundations have been debated in an open, democratic forum representing the peoples and States of Europe.

Second, the draft Constitution resolutely tackles the issues of institutional balance and the complex nature of the Union. The debate has been intense and thorough, and it has allowed all the fundamental issues put forward to be dealt with coherently, namely:

finding a new and more effective way of reconciling the two tracks of European integration – the Community and the intergovernmental;

striking a balance between the States' political representation and that of the people, and the resulting roles of Parliament and the Council;

devising a way to organise the representation of the Union's general interest and the legitimate interests of the individual Member States.

Third and lastly, the Convention has laid the

basis for the essential job of bringing the Union's policies up to date.

The Intergovernmental Conference that is to finalise and formalise the work of the Convention is now commencing. I see two extreme standpoints emerging and I believe we need to discuss this frankly:

First there are those who believe the Convention's draft should be left unaltered because it represents the only compromise that could be reached and the one with the greatest legitimacy.

Then there are those who would like to throw everything up for discussion because sovereignty is ultimately vested in the States and the last word should be theirs.

However understandable those standpoints might be, I believe both are open to criticism. From the start, ever since we advocated the Convention approach at Nice, we in the Commission have always said that the Intergovernmental Conference should be a short, focused, conclusive phase. But this does not mean it should just be a rubber stamp, because that would deprive the Intergovernmental Conference of its political responsibility. Clearly this Intergovernmental Conference cannot be compared with any other that has gone before, since it will be working on the basis of the excellent work of the Convention. But it still has its primary function, which is to allow the heads of State and government to exercise their political responsibility and present the definitive text for

approval to the institutions and the people in their Member States. So it involves a new phase of political ownership. And that does not, of course, demand a lengthy Intergovernmental Conference, but it does call for a proper period of reflection.

There are aspects of the draft Constitution that bear clear witness to the fact that the compromise reached is incomplete or does not go far enough and that the result achieved to date is not the end of the line, as we had originally hoped. So the Member States, in whom sovereignty is ultimately vested, should be able to discuss it once more and see whether there are areas where it can be improved.

It is the Commission's duty to point out such areas. As it stands, the draft Constitution still calls for unanimous decision-making in over 50 sectors, including some key areas of life in the Union. In such sectors we risk trusting our future to an unconstructive approach involving doing nothing and putting the brakes on, rather than to a positive approach entailing making proposals and building alliances with a view to shared goals.

Everyone agrees, moreover, that one of the shortcomings in the current situation is the lack of a proper instrument for coordination of Member States' budget policies. But I wonder how people think such coordination can be achieved if the 25 future member countries can continue to exercise a power of veto freely in the area of indirect and company taxation.

Then there is the central problem of the future balance of powers between the Commission, the Council and Parliament. The draft Constitution proposes a Commission made up in a way that will – in my opinion and that of the whole College – make the institution representing the Union's general interest less able to do its work effectively and credibly. The solution put forward creates a distinction between Commissioners by creating a second,

unnecessarily lesser category. No people of the Union deserves to be represented by a second-class Commissioner. The consequence would be to split the College, where the link with the Member

States has been the Commission's driving force for the last 50 years. More progress is needed to make sure every member country has a full Commissioner.

At the same time, the present draft Constitution leaves choices open on crucial points, such as the way the Councils are to work and responsibilities in the field of external relations. But the task of the Intergovernmental Conference is to make the work of the institutions more transparent and more effective and to prevent duplication and halfway solutions that may breed future conflicts.

Lastly, the Convention did not have time to update the current wording on the Community policies. In some cases this dates back to the 1950s and has been partly superseded.

It will obviously be difficult to settle all the issues still outstanding. But it is our duty to take a step back from the current political circumstances and give careful thought to those points where changes are necessary and can still be made now, so the constitutional structure is even more capable of meeting the challenges ahead. We need to see whether the political will exists. Is there no such will or is it a sense of realism that is inducing us to refrain from tackling these issues and to leave the text to stand?

If this is the case, the Commission is willing to take note of this calmly and realistically, mindful of the fact that significant progress has in any case been made. Essentially this has been the case every time the treaties were amended. It was true for the Single European Act and for the Maastricht and Amsterdam Treaties. It will be true here too. But we must realise we will

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need to be ready to cope with further crises and agree further changes and adaptations. This is what European integration has always entailed – a mixture of vision and reaction to unfolding crises. It is the history we have lived through and we know it well, even if there are times when we need to move forward more quickly. And this is definitely one of those times. At all events, if we want to capitalise on our experience and really draft a Constitution to last, we must provide for mechanisms that allow decisions to be taken tomorrow where they cannot be taken today.

We must look at more realistic procedures for amending the Constitution to allow us to act quickly and effectively – under pressure of crises – where the arrangements we are setting out today turn out to be insufficient. The worst-case scenario would be to find ourselves with ill-adapted constitutional provisions that simply cannot be amended because this would call for unanimity among at least 25 Member States. This is true as regards decisions calling for unanimity, which applies even today in so many sectors, and it is also true as regards bringing policies up to date, which even now we are unable to tackle. A Constitution set in stone for all time, incapable of providing the solution to future crises, would be not only a Constitution with something lacking, it would be the negation of the whole history of European integration. And that we must avoid at all costs

if we want to perform our historic task responsibly.

In our work we need to keep a clear vision of the direction the Union should continue to follow. Peace, freedom and solidarity must continue to be our goals in the day-to-day work of the institutions. To do this, we must give the Union the practical tools to attain and hold to those goals. The Union must speak with a single voice in the world – a strong, authoritative, peaceable voice. Internally and externally it must be able to uphold the force of law which imposes duties but also protects the individuals, safeguarding their freedom to act in an ordered, creative society. Lastly, the Union must have the means to show solidarity. This takes the form of support for the poorest, in an inclusive society. It is expressed through joint action to provide assistance in the event of natural disasters. Lastly, it is based on the duty of mutual defence, in the conviction that the defence of each and every Member State is the best way to show we belong to a single family.

A new phase has now started: we must finish the good work done by the Convention – wisely, resolutely and with courage. Of course all it needs to be finished quickly. But above all it needs to be finished properly. The Commission will continue to do its part to help achieve that aim.

Speech made at the European Parliament, Strasbourg, 3 September 2003

The Constitution Takes Shape

Andrew Duff

The European Convention closed its doors on 10 July, and its president, Valéry Giscard d'Estaing, delivered the final draft treaty establishing the Constitution for Europe to the chairman of the European Council, Silvio Berlusconi. There then followed, during the summer, a 'cooling off' period of sober reflection on the outcome of the Convention before the Intergovernmental Conference (IGC) opened on 4 October.

The Italian presidency declared itself in favour of a short, sharp and definitive IGC that would accept the work of the Convention as a package deal. Certain other governments, however, did not take long to strike their own alternative postures. An early trawl around national capitals by Italian foreign minister Franco Frattini suggested that the original six member states of the European Community will be able to stick fairly comfortably with the Convention's draft. The Spanish will grumble about the loss of the advantage they gained in the Treaty of Nice with respect to voting weight in the Council, but they are not expected to block agreement on the constitution if they continue to be well placed to push up the size of the EU budget when it is next renegotiated both in 2006 and 2012.

Some smaller member states – Austria, Finland, Portugal and Sweden – feel themselves to have been rather overwhelmed by the dynamics of the Convention and can be expected to try to assert themselves at the IGC, especially in continued opposition to the proposal for a full-time president of the European Council. But their misgivings are more about esteem than

substance, and they would do themselves a great disservice in the longer run if they were to block the constitutional package deal prepared by the Convention.

The ten acceding states, mostly small, find themselves in a similar position. For them, the Convention was a rude awakening to the facts of life of EU politics. It was natural that they should resent the way that the stable and prosperous Union they thought they were joining turned out to be in the middle of a constitutional foment, an economic depression and a savage dispute about transatlantic relations. They discovered in the Convention dimensions to EU membership that had been partially hidden from them in the accession negotiations, notably in the field of security and defence. If they had been in any doubt about the importance of the supranational institutions in the scheme of things European, their time in the Convention dispelled it. Poland will support Spain in the pitch for more EU money and for a return to their over-privileged voting weight of Nice. And the Baltics will support Britain in clinging to the national veto on tax matters. Overall, however, the new member states will welcome the period of stabilisation that the new constitution offers.

The British difficulty

The only real obstacle to the constitutional settlement that Europe needs is the United Kingdom government, whose White Paper on the Convention and the IGC was published in early September. The document suffers from

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being partial, narrow and complacent. It rejects the constitutional character of the draft treaty. It still finds it difficult to accept that the Charter of Fundamental Rights is to become binding. It insists that the Constitution does not involve any 'fundamental change' despite the many innovations, some of them very radical, agreed by the Convention.

Confusingly, the British government claims that the pooling of sovereignty strengthens the independence of the 'nation State'. It ignores the crucial role of the European Commission in identifying the common European interest. It is silent on the strengthening of the powers of the Commission, for example, with respect to the multi-annual programming of the Union's work, and says nothing about the election of the Commission President by the European Parliament. The UK appears not to know that the new Foreign Minister will be a Vice-President of the Commission, in charge of a joint administration using EU as well as national resources. Indeed, the wide extension of the legislative and budgetary powers of the European Parliament hardly gets a mention. Nor does the enhanced constitutional role for the European Court of Justice.

While the importance of more qualified majority voting in the Council is upheld as good for the UK - 'we are rarely outvoted' - the government wishes to stick to unanimity for some poorly defined 'vital national interests'. It is not explained how common foreign, security and defence policy can be developed unanimously, or how fiscal policy obstacles to the smooth operation of the single market can be lessened without QMV. Despite the pretence of supporting the emerging defence dimension of the Union, it was clear from the White Paper that the British were happy to stick with NATO.

The UK government brings its own unique interpretation of the job of the full-time President

of the European Council. In direct contradiction to what the Convention agreed, the UK now claims that the new President will coordinate the work of the Council of Ministers and 'deliver' the agenda of member states. Widespread fears about a possible clash with the functions of Commission President and EU Foreign Minister were, in the White Paper, passed over.

Fortunately, Tony Blair now appears to have taken a direct grip on the IGC portfolio himself. Let us hope he decides to grasp the opportunity provided by the Constitution to find his way back into Europe and away from the marginalised position in which he was left in the aftermath of the Iraq crisis. Signals emerging from his tripartite meeting with Chirac and Schroeder in Berlin, on 20 September, were rather encouraging. Mr Blair appears to have dropped British opposition to the idea of structured cooperation in defence (Article I-40.6). He now seems willing to join with a core group of capable and willing member states to push forward with military integration within the EU context whether or not NATO chooses to be involved operationally. This is good news for Britain in Europe - and also the essential first step towards developing a truly common European foreign, security and defence policy.

Institutions at odds

Before the IGC commenced, there were the official opinions delivered by the European Parliament and the European Commission. These were notable for their variance with each other.

MEPs have given the Constitution a warm response. Confident that the European Parliament is the clear victor in the inter-institutional struggle for power, it would indeed have been churlish for them to do otherwise. The Parliament gains over thirty new areas of legislative codecision with the Council. Its purview is extended over the whole EU budget, including the common agricultural policy. It will

elect the President of the Commission, as well as have the right to block international trade agreements. The Charter of Fundamental Rights, which has become for many MEPs an article of faith, is installed in the Constitution with binding effect.

Those members of the Convention drawn from the European Parliament were more persuasive with their fellow MEPs than MM. Barnier and Vitorino seem to have been with their colleagues in the Commission. President Prodi himself has taken a contrary, even tetchy, position on the draft Constitution. His big criticism of the draft Constitution concerns the future size and shape of the Commission itself. Prodi does not believe that the concept of junior Commissioners, without a vote in the college, is feasible. He cannot imagine a Commission without a senior Commissioner from the large member states. His answer, adopted as the formal position of the college, is to propose an internal reorganisation designed to cater for the exigencies of a large Commission with one representative of each nationality.

The Commission's attempt to open up this question will receive support at the IGC from several, mostly smaller member states, whose own representatives in the Convention were previously complicit in the settlement proposed by the Convention. The Italian presidency, therefore, is faced with something of a dilemma. They had hoped that the government leaders of the European Union would feel obliged to respect the work of the Convention they had themselves set up. One understands the frustration of France and Germany who, with the Italians, are seeking to defend the legacy of the Convention. After all, what is far more important than the size and shape of the Commission is its relative institutional strength. The smaller countries would do well to ask themselves whether a larger college will not be a weaker one.

Nor is it good enough for the Commission or for

individual member states to come up with their own perfect solutions to Europe's governance questions. For any new proposal to prevail over those of the Convention, it will need to be able to attract more support and to forge a stronger consensus than that achieved by the Convention. That will be difficult, if not impossible. The Convention considered all the options, and the package deal done in the Convention is almost certainly the best compromise going.

In particular, Spain and Poland should drop their attempt to get back to the Treaty of Nice. Their tactics are dangerous and their arithmetic wrong. Unpick the deal on the QMV threshold and the widening scope of QMV as well as the powers of the Commission and Parliament will be jeopardised. The three big states of France, Germany and the UK (combined population 200 million) can already form by themselves a blocking minority in the Council. Under the Treaty of Nice this is 38 per cent of the population of the Union (172 million). In the draft Constitution the blocking minority is 40 per cent (181 million). Even with their current privileged voting weights, Poland and Spain (78 million) need several other partners if they are to stop a piece of legislation they don't like. The Polish and Spanish governments should recognise the predicament of the largest member states which is that a simple majority in the Council or the Commission can be formed by the thirteen small states representing only 11 per cent of the population of the Union. That is precisely why majorities in the Council have to be qualified and votes weighed in proportion to population.

Unpick one element of the draft Constitution and the whole scheme could fall apart. The verdict of public opinion on a failure by Europe's collective leadership to grasp such a historic opportunity to re-found the Union on a more democratic and legitimate basis would be, quite rightly, harsh. Europe awaits its Constitution and the leaders must deliver it.

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Four Months for Europe

Tommaso Padoa-Schioppa

Politics is always the art of the possible; but it is good politics only if, amidst the many, it pursues the best "possible"; when it achieves it, it is great politics. I do not consider good politics the work of the European Convention, handed out some days ago to the Italian government. Indeed, I am convinced that the decisive step towards a real European Union was possible and the Convention missed it just when Europe and the world have an almost desperate need of union and strength.

Union, it must be repeated, means ability to decide and act for the common good. And as Europe's common good – internal and external peace in the first place – has been laid down for some time, the two objectives were, and are, to extend the majority decision-taking and to provide the resources and the means; all the rest is fringe. The Convention missed both of them. It did some important things, but on the fringe; the decisive step towards the real union, there is no point in disguising it, was missed.

The step was possible. For the first time they set about to write a Constitution, the founding act of a political Union, given that in the contemporary world the States are not born out of marriage or conquest. For the first time, the task was entrusted not to government officials, but to a representative assembly, and in it a clear majority was in favor of the union. Certainly, the Convention was bound to split, and also the governments of the present Union would split. But when did they not split in the past, at each one of

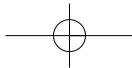
the steps that were accomplished?

Hence, it was not good politics, and who knows if another occasion will ever occur again. Sometimes I fear that a future historian will remember the year 2003 as that in which Europe – like Italy in the XV century or ancient Greece – lost its last chance to remain an active player in world history.

This, anyway, is the past. Today, the best of the possibles is no longer the same of one year ago, nor maybe of three months ago. And for Europe, for Italy which is presiding over it, good politics is to assess the best of what is possible today, and pursue it with determination. I believe that such "best" is, in spite of what I said above, to approve the Convention's project and make it stronger – maybe – in one point. The point is the possibility to proceed, under the new treaty, beyond the result achieved so far (the so-called evolutionary clauses).

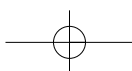
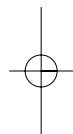
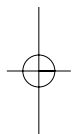
Certainly it will not be the big step. However, it will not be an easy step either, because today the risk of making the result worse is bigger than the possibility of making it better. It will be necessary to thwart the attempts, already announced, to strip the project of its present attributes; and it will be necessary to explore any possibility of making it stronger.

The European presidency is a potentially powerful tool. However, we have seen in the past feeble presidencies, paralyzed by disorganization and by the reproachable desire of pleasing everybody. In the past, Italy was able to use the presidency with a very



great skill, determination, smartness, a precise strategic sense, because it had objectives clear in their substance, not the desire of pleasing everybody. More than once Italy, that of the wrongly-despised First Republic, played great politics in Europe. Are four months enough time for achieving the best of what is possible today, and getting the satisfaction of a solemn signing ceremony in Rome? I believe yes. Normally,

the length of time does not help the outcome of difficult negotiations. The Bretton Woods conference, which in 1944 laid the bases of a new international monetary system, lasted less than twenty days; the Philadelphia Convention, which in 1787 wrote the American Constitution, six weeks. Four months are enough if the objective is not the signing in Rome, but the quality of the achievement.



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The Assembly of States Parties Recognizes the Role of the NGOs

William Pace

A resolution adopted by the Assembly of States Parties during its Second session from 8-12 September 2003 recognizes the coordinating and facilitating role of the NGO Coalition for the International Criminal Court and acknowledges the CICC's important contribution to the establishment of the ICC. The resolution states:

"Acknowledging the important contribution of all participating nongovernmental organizations, including the NGO Coalition for the International Criminal Court, to the establishment of the International Criminal Court, *Stressing* the role of public awareness and the involvement of universal civil society in furthering the objects and purposes of the International Criminal Court, *Notes with appreciation* the coordinating and facilitating role that the NGO Coalition for the International Criminal Court will perform between the community of non-governmental organizations and the Assembly and between that community and the International Criminal Court, by

encouraging and facilitating the participation of non-governmental organizations from all regions, particularly from developing countries; by assisting the Assembly of States Parties with accreditation and dissemination of information and official documents to accredited nongovernmental organizations; by encouraging cooperation between Governments and non-governmental organizations, including by organizing meetings; by conveying the expertise of non-governmental organizations to Governments; and by promoting worldwide awareness of and support for the Rome Statute of the International Criminal Court and the International Criminal Court"

It is quite unprecedented for a group of States to note with appreciation the role of NGOs. We believe this resolution is a tribute to the constructive relationship built over the years between NGOs and governments, and to the hard work of Coalition members around the world.

Ventotene 20th International Seminar

Kristina Weich Hondrila

The seminar was organised by the 'Altiero Spinelli' Institute for Federalist Studies and JEF-Italy. 50 'official' international, mostly JEF, participants and close to 20 JEF and UEF federalist 'tourists' (who had come on their own terms to freely combine the pleasures of the 'federalist paradise' with the opportunity to discuss federalism) had found their way to the island to continue the path laid out by Altiero Spinelli whose daughter, Barbara Spinelli, attended the seminar for the first time. A moving ceremony at the grave of Altiero Spinelli gave a historical dimension to the seminar. The prominence of the seminar was illustrated by the considerable media coverage it received by the Italian media, including from the national news on the TV station Rai2 (right after a reportage about the situation in Iraq!) and several important Italian Newspapers. On the occasion of the seminar's 20th anniversary, the competent speakers (among them UEF Bureau members Alfonso Iozzo, Marc-Oliver Pahl and Richard Laming and UEF Fc members Giovanni Biava, Paola De Angelis, Jan Kreutz, Lucio Levi, Alberto Majocchi and Jon Worth and UEF Secretary-General Bruno Boissiere), and enthusiastic participants discussed issues, such as the challenges of globalisation, popular identification with the EU and necessary federalist actions. All participants agreed that globalisation necessitated European regional unity based on federal institutions. The main task of a federal Europe would be to counteract the dominance of the USA and work for a democratisation and federalisation of international politics. Enlargement of the EU was seen to be part of the European 'mission' and moral obligation to unify the continent to promote welfare, democracy

and peace in the world. However, during the discussion with Tommaso Padoa-Schioppa, a Member of the Board of the European Central Bank, the question whether globalisation would 'pre-empt' subsidiarity by making necessary the concentration of more and more competencies at the European level in order to resist external pressures and to compete on the global market was hotly debated. European integration was furthermore linked to the issues of citizenship and identity that were regarded as imperative for the participation in and identification of Europeans with the EU. At the same time, however, everyone agreed that the concepts of citizenship should be distinguished from 'nationality'. European citizenship should not be accompanied by the creation of a European nation-state based on a homogeneous cultural identity, on the contrary. European identity would exist alongside, not instead of, other identities. Since the European Union would become the first federation of nation-states, that is, of states where national cultures were formed and still predominate, only a model of identity based on universal values and the dedication to common political values embodied in a common constitution would be viable. There was, however, no agreement whether a common identity without feelings of cultural belonging-together could exist. Finally, the two main tasks for the next months were outlined: getting the draft Constitution unchanged through the IGC and informing the European public about its content and merits and mobilizing citizens and parties for the European elections. The outcome of tasks and important events will surely form the main topics at next year's seminar!

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The Future of American Federalism: Can We Learn From the Past?

Gil Jonas

As the American wing of the world federalist movement approaches the date when it will determine its organizational future, it is helpful to examine the factors which contributed to the relatively rapid rise of this movement more than a half century ago. The American movement had its roots in groups which organized during the mid-1930s and which continued to proselytize during World War II. The most successful was Clarence Streit's Atlantic Union, also known as Union Now. Streit's premise was that the Atlantic democracies ought to federate both to resist the Axis and to form the nucleus of a future world federal government. After Hiroshima and Nagasaki, most federalists set their sites on a globally-encompassing government.

Thus, when the United Nations Organization was established in 1945, many influential Americans had already been discussing the possibilities of a world organization with governmental powers. These individuals and millions throughout the world had survived the most devastating war in human history, as well as the first truly global conflagration. The horrors of World War II, the recent revelations of the Nazi death camps and the nuclear devastation of two Japanese cities persuaded many Americans to propose new structures to safeguard the world from a repetition of the Second World War. Then, even the subject of sovereignty was open to debate in the nation's most respected journals.

One principal reason for this open-minded

milieu was the idealistic rhetoric regularly broadcast by Franklin D. Roosevelt and Winston Churchill, both of whom framed the Allied goals in terms of lasting peace, national and individual freedom and social and economic justice. Both also emphasized the absolute necessity of international cooperation to achieve these goals. Their pronouncements were broadcast globally and, given the respect which both leaders generated, these pronouncements were believed. The objectives of Churchill and FDR led directly to the formation of the UN.

At the same time millions of American veterans returned home, convinced they had fought to preserve democracy and construct a world without war. Many quickly became leaders in the political life of the USA and Western Europe. They proved to be among the most effective agents of this new momentum for a democratic world order. They were far from alone in this quest: hundreds of respected and prominent Americans in almost every facet of life provided leadership for and intellectual acceptance of the federalist concept. They included Supreme Court Justices Roberts, Douglas and Jackson; labor leaders Reuther, Carey and Randolph; political leaders LaGuardia, Humphrey, Lodge, Fulbright, Stassen, Morse and Cranston; prominent writers Steinbeck, Hersey, Kaufman, Mumford, Sherwood, Cousins, Sandburg and E.B. White; cultural icons Fadiman, Hammerstein, Fairbanks Jr., Roper, Clare Luce, Ingrid Bergman and Bette Davis, academics Hutchins, Taylor,

and the Van Doren brothers, and scientists Einstein, Rabi, Urey and Compton. The testimonial value of such celebrated names cannot be exaggerated: they opened doors, especially to the mass media.

The post-war rush of idealism combined with these testimonials by respected leaders produced an unprecedented burst of media attention for world federalism in the period's important daily newspapers and in such prestigious magazines as Saturday Evening Post, Colliers, Life, Newsweek, Time, Atlantic Monthly, Saturday Review, and The New Yorker. Debates over the federalist proposition filled the airwaves of the national radio networks. Federalism was the topic of the most popular public affairs radio show of the period, the "Town Meeting of the Air." Hundreds of high school debaters across the land spoke on behalf of, or against, the proposition that the world should unite in a world federation. Fourteen state legislatures adopted the Humber Resolution calling for US support of a world federation. Scores of Members of Congress sponsored the same resolution in both houses. Five years after the formation of the United World Federalists (UWF) in 1947, the merged group doubled its grass roots membership to 40,000.

More than a half century later the comparison between then and now is unsettling. Besides two beloved octogenarians – Walter Cronkite and John Anderson – and a few Hollywood celebrities, support from respected public figures is simply not to be found today. No prominent politician, labor leader, Supreme Court Justice, university president or intellectual giant feels moved to associate with the US federalist movement. That makes recruitment of activists and other members much more difficult. It contributes to the media anonymity of world federalism (as opposed to our intermediary objectives.) To some, the

compelling nature of the world federalist idea seems to have lost its public appeal.

Indeed, the fuller understanding of federalism and its perfect suitability for solving the structural difficulties of a world government composed of so many different peoples, culture, languages, levels of living, and so forth has almost totally disappeared in the United States. Fewer young Americans are exposed even to the unique historical experiences which produced the US Constitution and our federal system more than two centuries ago. My generation could explain federalism in its sleep. Then, it did not require a huge leap of logic to perceive of federalism as the ultimate political and institutional organization for the human race. Not so today or in the recent past. That, combined with the absence of celebrated endorsements and serious media attention, hampers WFA's recruitment mission. And the absence of a sizable local voter base, "the grass roots," discourages our ability to lobby effectively for any goal except very finite and immediate ones, such as an international civilian police force, restoration of funding for UNESCO, or an international peace academy. Each of the foregoing is desirable in itself but none contributes significantly to bringing the American polity closer to an understanding, much less acceptance, of world federal government.

The irony is that today the objective conditions upon which a world government can be erected exist to a degree unimaginable in 1950. Then only the most primitive beginnings of a world community were visible, mostly as a result of the collaboration of the Allies during World War II. However, Soviet incursions into Eastern Europe and the American response ignited the Cold War, which for the next four decades shattered the notion of a unified world community, resulting instead in two superpower "communities." Despite the visible

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ideological and material barriers between East and West, technology, science and economics progressed relentlessly. By the end of the 20th Century a world of diverse peoples, races and languages had become integrated through information technology, supersonic transportation, free movements of trade and capital, the spread of crucial medical knowledge, and a host of other interrelationships. They have all contributed to the construction of the global community.

The Danube's pollution, the rapid spread of AIDS and SARS, the floods and droughts attributed to global warming, the bankruptcy of Third World farmers competing with industrialized agribusinesses, the blood letting of ethnic cleansing—each of these grim problems demands some form of supranational governance.

To some federalists these and similar steps are considered "gradualism." To others the appropriate term is "functionalism." However one describes them, they are happening because the ineluctable forces which propel such global changes exceed the reach and authority of nation-states. Moreover, as each critical global problem presents itself to the world of public opinion, the opportunity arises to educate the citizenry in federalist terms about the strengths and shortcomings of each "solution." Would we rather have a group of bankers determining the macroeconomic policies of the World Bank or a democratically elected world parliament making banking policy which considers the interests of both lenders and recipients?

A half century ago, federalists argued about whether the first world government should be universal—i.e. whether it should include the Soviet Union and/or the Peoples Republic of China. Time, and nuclear weaponry eventually resolved that dilemma.

Another early schism involved the powers of the proposed world government. Most of the American adult federalists supported a "minimalist" world federation: one with powers strictly limited to preventing war. But more liberal adults and most students argued for the "maximalist" format – a federation with powers not only to prevent war but also to eradicate the huge poverty gap between the developed and less developed worlds, to eradicate hunger, disease, ignorance and racial prejudice.

Today, most federalists recognize that a world government whose powers are restricted to war prevention is of little appeal to the majority of the world's peoples or nations. Our planet's ubiquitous famines, natural disasters and mass movements of refugees have sensitized thinking people to the profound unmet material needs of the majority of our species.

Another federalist division half a century ago remains: Then and today there are federalists who believe it must all come at once – that there can be no intermediary steps or gradual developments of institutional infrastructure. One day we witness the UN confederation under its present Charter; the next day a world federal government under a robust constitution. Some insist that a thorough and all-encompassing review and reform of the UN Charter will result in such a world federation. Others disdain pursuing world federation through the route of a league of nation-states – the UN – and insist that the first step must be a convening of a constituent assembly to draft a world constitution creating a world federation. Within the latter school are those who believe that national governments can be persuaded to appoint or elect representatives to participate in such an assembly while others, skeptical of officialdom and its self-interests, prefer a non-governmental route – a peoples' assembly and/or non-governmental organizational

campaign, similar to that which produced the ICC.

More than 50 years ago I abandoned any hope of knowing how the human race would eventually organize itself into a democratic federation. Then, we often paraphrased the historian H.G. Wells, who had proclaimed that the human race would unite only after the Martians attacked. Today there are numerous natural and man-made "Martians" which can trigger such a rush to salvation. Perhaps the threat of terrorism will be such a trigger. All one can say is that we, who desire to articulate the solutions for our species, have certainly failed to make the case that monstrous universal problems – such as terrorism, viral epidemics, regional famine, global warming, ethniccleansing – can only be resolved by supranational solutions.

Before the WFA attempts to alter its priorities, let us step back and contemplate the four key elements which comprise our ultimate objective. First of all, we desire a government that is defined by law-law which is binding on individuals as well as to nation-states. Before the world's peoples and their nation-states can consider such an awesome proposition, a constitution is required which spells out in detail the powers of the new global government, while assuring that the remaining powers are reserved to the member states. To protect individuals from abuses of official power and minorities from majorities, that Constitution must include a Bill of Rights.

Second, that government must be universal, that is, global in its reach: every nation or tribe on this planet should be eligible for membership. Third, global government must be both representative of the peoples for whom they act and responsive to the rights and needs of those people. Only a democratically-elected world parliament or legislature can meet this

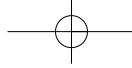
vital imperative. (Technically, most of us do not propose a democratic world government – we propose a representative, or republican, form of governance.)

Further, only a global legislature and a constitution agreed upon by the representatives of the world's peoples can provide the essential degree of legitimacy for world law. The International Criminal Court, though an historic advance over the past, lacks such legitimacy because it is still a product of treaty ratifications of more than ninety of the planet's national governments.

Most critically, we support a federal system of government, which permits each of the member states to preserve its culture, history, language, way of life and all other aspects of living which are not under the jurisdiction of a global federation. European nation-states are not the only ones which have in recent decades recognized the compelling nature of the federalist formula; the new Afghan regime and the nascent Iraqi regime, both beset by extensive regional and ethnic diversity, also seek to adopt a federal formula.

If we are to persuade our fellow Americans that world government does not mean world tyranny, we need to emphasize not only the requirements of representative and responsive governance, including protection of essential individual rights, but also the federalist formula, which enables the human race to extend sovereignty one more layer above that of nation-states while also retaining most of the present powers of nation-states. All four facets of this mission are vitally important: we cannot conceal any of them from those we seek to persuade.

The plain fact is that there is no reason to radically change the name or mission of the World Federalist Association. Neither the name



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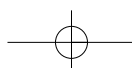
nor the mission are to blame for our lack of success in persuading our countrymen to support world federation. Just as the Cold War scuttled the rapid rise of the American federalist movement a half century ago, the Bush/Cheney/Rumsfeld jingoism and the all-embracing fear triggered by the horrific 9/11 attack are obstructing our progress today. Instead of abandoning our goal of world federation and camouflaging our name, we should be seeking to translate contemporary events, including the threat of future terrorist attacks, into arguments for world federation.

Current Internal Revenue Service regulations permit WFA to expend as much as twenty percent of our annual income on political action and lobbying. Why would we want to expend more than that in the foreseeable future? WFA's charter and purposes do not prevent us from taking positions on current and more concrete issues either. If we desire to contribute to political candidates, the IRS in the year 2000 created regulations enabling the nation's largest civil rights group-NAACP-among other agencies, to set up a subsidiary that spent \$7 million on behalf of Al Gore. The controlling board included the NAACP

President and Chairman.

Some WFA members, including myself, believe that UN Charter reform and review is one of the possible routes to a world government but we are open to several other possibilities. Why would we want to merge with a group one-fourth our size whose membership is totally derived from our own and whose avowed purpose consists of only one of the possible routes to our long-term objective? The key phrase here is "long-term." We need to concentrate on education at the chapter level to produce the cadres who can carry the cause on their shoulders for the long term. Slogans and bumper stickers, fund letters and flyers fall short of "education" as some of us define it. The same time and energy already devoted to the WFA debate on its future ought to be invested in reaching and educating younger prospective members. Under no circumstances ought we to abandon our publically-expressed goal of world federal government.

Ask yourself this: If WFA abandons the quest for a world federal government, who then will keep the federalist flag flying in the United States of America?



The Age of Consent

John Williams

George Monbiot

*The Age of Consent: a manifesto
for a new world order*
Flamingo, 2003

"The noble art of losing face will one day save the human race."

Piet Hein

Rare in this post-modernist age, this book proclaims itself to be a manifesto. Thus in "The Age of Consent" George Monbiot, the eco-socialist hero of the British Left, sets out an agenda for a genuinely democratic world, a world where everything has been globalised except democracy itself. Central to this agenda are such items as:

- a bicameral world legislature, the first being directly elected, the second being composed of the United Nations General Assembly. The voting of such a bicameral legislature would be weighted in favour of the world's poor;

- the abolition of the UN Security Council, its voting rights being transferred to a democratised General Assembly;

- the replacement of the IMF and the World Bank by an International Clearing Union system functioning along Keynesian lines

- a global trading regime enabling poor states to protect their products against encroachment from rich states and multi-national companies.

It is an agenda which federalists should ponder in the context of the challenges that globalisation pose to democracy. This is because, confronting those who worship him on the left in his acceptance of the euro for example, Monbiot breaks political stereotypes. In doing so, he expands the politically possible. Unlike the vast majority of eco-socialists, his focus is on how power should be constitutionalised to underpin the link between the local and the global. Neither is Monbiot a stereotyped Marxist, although Marxism provides the frame of reference for his analysis.

The federalist in Monbiot reveals itself in the size of constituency, just large enough to encompass parts of two potentially enemy states, of his global parliament. Monbiot's federalist instincts are re-enforced by his distinction between an international parliament, a parliament constituted from nation-states, and a global parliament, a parliament with an electorate that ignores national boundaries. Such a parliamentary set-up would, according to Monbiot, ensure the separation of the legislature from the executive in global terms, the power of the former over the latter lying in its moral authority.

The tragedy of Monbiot's book lies in his concluding chapter. A rallying cry to the converted, its overt evangelism will trigger unnecessary withdrawal symptoms in potential converts.

Books Reviews

From the Enlightened Dictatorship to a Democratic Economic Government

Ernesto Gallo

Jean-Paul Fitoussi

La règle et le choix.

De la souveraineté économique en Europe

Seuil, Paris, 2002

Although Jean-Paul Fitoussi is basically an economist and this new essay focuses mainly on the European Central Bank (ECB)'s structure and activities, his main concern is a political one, and deals with a democratic government for Europe and its economy. We, as European citizens, do suffer the effects of our lack of control of both the fiscal and the monetary policy of the EU.

According to Fitoussi, the current governance of the European economy has something of an enlightened dictator: through its instruments (the European Central Bank, the Stability Pact, and the European Commission) it carries out a rigorous and well-defined economic policy, centred on the virtues of free-trading and stability and far from the risks of a supposed democratic irrationality. What can't absolutely be neglected is the fact that, while some economists and "technocrats" promote the idea of the need of giving even more power to "rules" and "experts", such kind of a policy suffers from an increasingly evident, and dangerous, democratic deficit.

As far as the European Central Bank is concerned, for instance, Fitoussi underlines the limits of its accountability, for it is totally

independent of the control of any kind of assembly, and it lacks transparency, as the debates leading to the decisions taken by its Council take place behind closed doors, without being made public. Also its credibility can be argued, especially because a "young" central bank can't rely on a long-standing reputation, as it was the case with the Bundesbank or it is still with the US Federal Reserve: both enjoyed a high degree of reputation after decades of fighting against inflation and devaluation.

As it is often heard in the current public debate, the democratic quality of the Stability Pact can be seriously discussed as well. What shall we say about rules which inhibit the possibility for national governments, which are part of the democratic process, to implement the measures they promised to their electors? What about the credibility of early-warning procedures coming from people who have not been democratically elected and addressed to states which, in broad terms, are pursuing their citizens' well-being, such as Ireland in 2001?

Beside the so-called "democratic deficit", also the efficiency of the current European architecture and procedures can be put under question, particularly if we take into account the scanty results in terms of economic growth and employment. In this sense, the Stability Pact is arguable also from a theoretical point of view, even if Fitoussi stresses the generally responsible role played by the ECB, which had to cope with a series of shocks, from the Asian crisis to September 11th, and, excepting some

uncertainties, followed quite a linear path in achieving a stable level of prices without damaging the general economic performance of the Euro-zone countries.

Even though the EU economy is still far from recession, problems are likely to increase. A first challenge, as it is well known, is constituted by the enlargement. The quality of an ECB with a Council of thirty, or more, members is hard to imagine. Fitoussi fears that such a Council might be paralyzed by inefficiency and, worse, by a possible league of small countries representing not more than 20% of the overall European GDP.

In the face of these problems, many suggestions can be of interest. What this book considers a priority is the need for a general reform of the European economic governance in the direction of a well-structured, credible and transparent democratic process. The Stability Pact, for instance, can be maintained, but investments should not be considered in the same way as the other public expenditures: huge support to high-tech, Trans European Networks, education, Research and Development are both a source of sustainable wealth and a way to increase cooperation among European states.

The European Central Bank, on the other hand, can be reshaped according to two different schemes: on the one side, we must think of a

better link of the ECB with other political institutions, for instance a greater political accountability to the European Council; on the other side, the rotation of the members of the ECB Council would be a good method for ensuring a more efficient activity and an increase of the European spirit, getting rid of national biases.

In broader terms, Fitoussi's concern is about the deep need for a stronger European democracy, where choices, and not rules, would be the tool for shaping policies. His request to foster politics and to put it before economy, especially a market economy, focuses on a problem which is widely recognized as an issue of the new millennium. His care for a true sovereignty of the European citizens on economic matters can't be overestimated.

This book doesn't deal, however, with the general structure of the EU polity. A real sovereignty of the European citizens on European economic matters could be granted only through a genuine federal constitution and the enlargement should be the occasion for building up a structure capable of coping with our future basic needs. The need for a European government is widely recognized, but should it be made up of experts and technocrats? Fitoussi provides us with strong arguments in favour of democracy and against the "rule of rules".

Books Reviews

Regionalism, State Strategies and Globalization

René Wadlow

Jean Grugel and Wil Hout (Eds.)
Regionalism Across the North-South Divide: State Strategies and Globalization
 London, Routledge, 1999

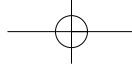
The editors of this useful study combine a theoretical framework with the analysis of different regional approaches to security and economic development. The editors' theoretical foundation owes much to the world-system approach largely associated with the writings of Immanuel Wallerstein, whose three related books are: *The Modern World-System* (1974), *The Capitalist World-Economy* (1979), and *The Politics of the World-Economy* (1984). Christopher Chase-Dunn's *Global Formation: Structures of the World-Economy* (1989) and Giovanni Arrighi's *The Long Twentieth Century: Money, Power, and the Origins of Our Times* (1994) follow in the same theoretical framework.

As the editors note "In Wallerstein's world-system theory, the capitalist world economy is composed of a dominant developed core, a subordinate poor periphery and a political and economic 'buffer' called the semi-periphery. He argues that an international division of labour has gradually developed in which some units have come to produce predominantly primary products (agricultural produce and raw materials) while others have been able to develop technologically more sophisticated production processes. Over the last few decades, a 'new international division of labour'

has come into being in which the traditional dichotomy between primary production and manufacturing has become blurred and parts of the typical core production processes have been transferred to peripheral and semi-peripheral areas."

The bulk of the book concerns the political and economic policies of some of the semi-peripheral states. "So, rather than mechanically applying world-system theory, we have tried to retain some aspects of this theory which are most useful, without going so far with it that it operates as a theoretical straitjacket... We use it (the term semi-peripheral state) to describe those states in which manufacturing, industrial or capital-intensive production occurs alongside the production of primary or semi-processed goods and in which there is domestic capital accumulation as well as foreign investment. As a result, the semi-peripheral state is, typically, far more complex in its functions and in the interests it represents than peripheral states, but the range of development choices, and the policy instruments at its disposal, are more constrained and limited than those of core states."

The editors make a useful distinction between globalization (a process without clearly defined policy makers), regionalization, which like globalization is an historic and emerging process – the regional expression of the global processes of economic integration – and regionalism which is a conscious political project – the outcome of detailed bargaining



and negotiation among domestic political actors. The book deals primarily with regionalism – the conscious state policy to advance the interests of the state by cooperation or more formal types of integration, often with states within the core – a good example being Mine Eder's chapter "Becoming Western: Turkey and the European Union." Less structured integration is outlined by David Seddon in "Unequal partnership: Europe, the Maghreb and the new regionalism."

An example of a strong semi-periphery state associating with weak states of the periphery in order to advance its position toward the core is given by Derek McDougall "Australia and

regionalism in the Asia-Pacific."

The role of theory in political analysis is not to explain why things work as they do, but rather what to look for. These chapters are a good analysis of state-society relations in making government policy concerning regional associations such as MERCOSUR, the North American Free Trade Agreement (NAFTA) and the Association of South Asian Nations (ASEAN).

While the book is written primarily for political scientists with a strong knowledge of the theoretical approaches to the study of the world society, the book is a rich overview of different regional efforts.

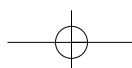


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Happy surfing!



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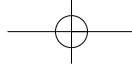
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