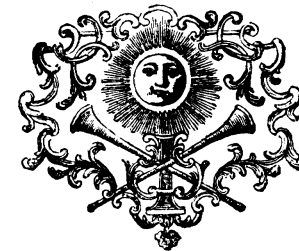


THE FEDERALIST

a political review

To look for a continuation of harmony between a number of independent unconnected sovereignties situated in the same neighbourhood, would be to disregard the uniform course of human events and to set at defiance the accumulated experience of ages.

Hamilton, The Federalist



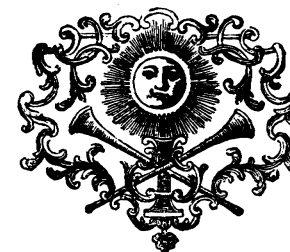
YEAR XXXII, 1990, NUMBER 1

THE FEDERALIST

a political review

Editor: Mario Albertini

The Federalist was founded in 1959 by a group of members of the Movimento federalista europeo and is now published in English and Italian. The review is based on the principles of federalism, on the rejection of any exclusive concept of the nation and on the hypothesis that the supranational era of the history of mankind has begun. The primary value *The Federalist* aims to serve is peace.



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The Revival of Nationalism

Nationalism is starting to reemerge in Europe. Besides the internal tensions in the Soviet Union, the phenomenon has appeared with sinister violence in the relations between Hungary and Rumania, Hungary and Czechoslovakia, among the Yugoslavian Republics and between Serbia and Albania.

Eastern Europe runs the risk of "balkanizing" itself. The only possible answer to this explosion of barbarity consists in the Community's ability to offer Europe, and in the last instance the whole world, a model of political organization capable of presenting an alternative to the national state.

The future of the Community depends on the direction the unification process of the two Germanies will take. The latter is considered by many as a reassertion of the national principle, while it makes many others aware of the need to include it in a more rapid process of federal unification which involves in the first place the Community and then, in a more or less near future, the rest of Europe.

The ambiguous nature of the unification process of the two Germanies is not reflected only in the behaviour of the political class and in the reactions of public opinion in the Federal Republic, but also in those of the other Community countries. In some cases, the awareness of the need to "europeanize" the German question has alternated with the temptation to revive the alliances which characterized the European balance of power before the Second World War, based on the juxtaposition of different nationalisms.

Federalism has its roots in the critique of the very idea of nation. It is therefore our specific responsibility, in a phase of history in which this phantom — which had never disappeared completely — seems to return

with particular virulence, to vigorously re-propose this critique.

We must recall that the idea of nation, as soon as one tries to define it, appears indeterminate and contradictory, and that in its very indeterminateness and contradictory nature lie the roots of the emotionality it becomes charged with and of the aggressiveness it arouses. We must repeat that the nation does not coincide with any of the characteristics it is usually identified with (language, culture, religion, customs), nor with their combination (because by combining in various ways all these criteria, infinite areas of affinity of various dimensions can be defined, each without any precise boundaries). Nor can the nation be considered as the result of a common history, because history is constantly changing, and thus it can be used as a pretext to justify the most disparate "national" claims. But neither is it Renan's "everyday plebiscite," because everyday we all tacitly express many loyalties, and the problem lies precisely in finding what constitutes the specificity of the consensus having the nation as its object.

* * *

Actually, the idea of nation has no real correlate. It is a myth, or a fetish, as was described in an essay published thirty years ago in this review and taken up again in this issue, the function of which has been, and still is, that of binding the citizens to power by making them feel members of a community at the same time natural and religious, which provides the only legitimation of the state's sovereignty and in the name of which the citizens are expected to sacrifice their very life.

It is true that myths play an important role in history. The most eloquent demonstrations of this are the tragedies which, in the name of the idea of nation, have taken place in the past and are still taking place nowadays. Moreover, in the 19th century, the myth of the nation, extended by imposing on all the citizens of a state some types of behaviour — such as a particular language — which originally belonged only to the inhabitants of a region or to the members of a social class, had also had a progressive function. In the name of the nation, states were created in Western Europe whose size was compatible with the degree of development of the productive forces, and barriers and privileges linked with the old régime were abolished. In the name of the ambiguous principle of national sovereignty it has been possible to fight the democratic battles feasible in a world of sovereign states forced periodically to resort to war for their survival. But this progressive function was subordinate to two

conditions: the compatibility of the dimensions of the nation-states of Western Europe with the requirements of economic development and the existence of a strong power, able to impose the national myth on its whole territory as an instrument for the creation of a more united society characterized by greater solidarity.

These conditions have not existed now for a long time (and they have never existed in Eastern Europe). The dimension of economic development is now continental and there is an increasing awareness that the only dimension in which it is possible to guarantee mankind's survival is the planetary one. In this situation the idea of nation has lost any positive function and has retained only the negative one — which on the other hand it has always possessed — of ideological justification of the horde instinct which is found in every man, of principle of violence and disorder. Thus today an ethnic group of three million inhabitants, in the name of the tribal fetish of the coincidence between "nation" and sovereign state, is endangering Gorbachev's perestroika, a transformation on the success of which the fate of mankind largely depends. And thus in Eastern Europe we see the first disturbing signs of a return to border disputes, sterile irredentisms and the oppression of minorities. The danger looms that the dark Brezhnevian order be replaced by an even darker age of international anarchy and economic disorder.

* * *

As in every phase of nationalist revival, today, in the political debate, especially in Germany, there emerges once again the opposition between "good" nationalism, which is supposed to be the mortar of solidarity among the members of the same nation, and "bad" nationalism, which is supposed to be the principle of violence against other nations. Actually it is a groundless opposition. After the conclusion of the initial phase, in which it was possible to confuse the idea of nation with the ideals of democracy, nationalism showed itself for what it is, in other words as the principle of barbarity, which annuls individuality, here meant as the seat of autonomy of reason and of moral action, into a misty collective subject, thought of as being provided with a conscience and a will, and as a subject of rights. It is in this perspective that once again, with particular reference to the German unification process, the equivocal principle of peoples' "self-determination" is re-proposed. It is a principle that, like that of nation, questions the political order of a region and even of the whole world, without clarifying the criterion on the basis of which the

new order should be created. Who decides, in fact, what is the subject with the right to "self-determination"? Why should the Germans of the GDR be entitled to this right, and not those of Silesia and Pomerania? Or the Europeans intended as a single pluralist people? And who formulates the question to which the "self-determining" people must give an answer? Why should it concern the unity of Germany and not the unity of Europe? And finally, what becomes of those who remain in a minority? Should we consider that they, too, have practised the right to "self-determination"?

These questions are bound to remain unanswered. The truth is that the idea of "people," apart from the legal meaning in which it designates the citizens of a state, is just as vague as that of "nation." The only people with a definite identity, and therefore the right to "self-determine" itself, is mankind or, in the present historical phase, the part of mankind that represents it to the extent that, giving an example of the destroyal of barriers among nations, it ideally asserts its unity. In any other case, that of "self-determination" is not a right, but an empty slogan. This obviously does not mean that in the present circumstances one should condemn the wish of the majority of the GDR citizens to be part of a state order which guarantees them greater stability, affluence, and freedom. But it must be clear that by pressing for the union of the two Germanies, they do not exercise a right, but take advantage of an occasion. Theirs is an instrumental choice, which must be evaluated as such, accurately assessing the costs and benefits it involves and which cannot be legitimized either on the basis of the idea of nation or on that of a supposed right of peoples to "self-determination."

In actual fact the achievement of peace, freedom, democracy, justice and economic welfare for all men today goes through the denial of the national principle and the affirmation of the unity of mankind in the framework of a world Federation. And regarding this aspect the Europeans have a particular responsibility, because it is in the European framework, and in particular in that of the Community, that the first step can be taken immediately towards reaching the objective by putting into practice — even if only partially — the federal principle.

* * *

It seems right to deduce as a consequence of all this that, as it is often repeated, the unification process of Germany does not concern the Germans alone. Besides, the cause of the stormy events which have made German unity by now an inevitable fact must not be sought in Germany,

but in Moscow. Without Gorbachev's perestroika, today Honecker would still be in power, the GDR would continue to be, as it had always been, the most faithful and disciplined ally of the Kremlin and its government the most rigorous guardian of marxist orthodoxy. But the statement that the unification of Germany does not concern the Germans alone must not become for the others a slogan in the name of which a return to power politics or to the traditional alliances of the old European equilibrium can be justified. On the contrary, it must mean that Germany is by now but a part of Europe undergoing a unification process, and therefore the unification of the two Germanies must involve the responsibility and solidarity of the Community and accelerate its federal union.

The dilemma Germany and Europe are facing has nothing to do with the democratic and European reliability of the German people, questioned by some and supported by others with equal obtuseness. Here is to be found once again the fatal conceptual confusion, whose roots always lie in the idea of nation, which attributes to the elusive collective entity "German people" a conscience and a will, and therefore makes it imputable of moral responsibility. The truth is that, as Machiavelli wrote, it is not a matter of "criticizing Athens or praising Rome," but of "accusing necessity": because every people is what the kind of international equilibrium it is part of, the institutions regulating its life and its level of economic and social development make of it. And it is a fact that the German unification, if it were achieved in a purely national context, would radically transform these three conditions, indefinitely putting off the prospect of European unification. On the other hand it seems that the Community context is solid for the time being, and has even been strengthened by the events which have hastened the German unification process; just as the Europeanism of most German politicians is unquestionable. What is to be questioned, if ever, is their ability and that of their colleagues in the other EEC countries to realize that the perils threatening the Community require the path of eternal recommencements, which has characterized the process until now, to be abandoned, and the federal unification of Europe to stop being only a prospect and become a matter of concrete decision. In the next few months the men of the Community governments will have the opportunity to show with facts and not with words some concrete proof of their European will.

The Federal Idea and the British Liberal Tradition

JOHN PINDER

The British have been among the best placed of Europeans to grasp the idea of the federal constitution. Its value, both as a defence against an over-centralized state and as a way for states to live well together in an ever more interdependent world, has not ceased to grow. It has been increasingly understood and put into practice by other peoples. But the British have been unable to apply it to their own affairs, whether within the United Kingdom or as a principle to guide their relations with other states. Why?

The federal constitution: a product of the British liberal tradition.

The reasons why the British were so well placed to understand what the founding fathers of the US Constitution had done are not far to seek. It was not only a matter of language, culture and contact. The founding fathers were steeped in the British political tradition, and more specifically its liberal tradition in the wider sense of a "system of civil, political and religious freedom."¹

The authors of *The Federalist* refer in particular to Locke and Montesquieu. Locke's influence on political thought in the American colonies was fundamental. For the generation of Hamilton and Madison, Montesquieu's *L'Esprit des lois* was "a sort of Bible of political philosophy," which they cited in *The Federalist* "much as the Schoolmen cite Aristotle."² In this they were still following the Lockean tradition, which Montesquieu had rationalized and refined. Although they do not appear to mention it, it is of interest that Montesquieu went beyond Locke in including an analysis of the merits of a federal system in his book, thus suggesting its compatibility with Lockean political philosophy.³

The American revolution rejected British rule. But the Americans did not reject British political ideas. On the contrary, they found in those ideas the solution to the problem that most concerned them: the limitation and control of political power. Just as Locke's philosophy had reflected the needs of those who wanted to curb the pretensions of an absolutist monarch, so the Americans wanted a constitution that would defend them against any such pretensions and ensure, instead, the control of power by the people. It was Locke's philosophy and the British constitution which indicated how this could be done, through individual rights guaranteed by the rule of law, with laws made and the executive controlled by elected representatives of the people.

The several states needed to unite in order to protect such a polity against external threats or internal dissension; and the experience of confederation, with the union's authority ignored by member states, proved to be decisive evidence that a federal government, in direct relationship with the citizens, was required. But this again raised the question: how to control the government's power? How to prevent an over-mighty federal government from oppressing the citizens and gutting the bodies politic of the states? Part of the answer was seen in the separation of powers, which was central to the Lockean tradition even if decreasingly practised in Britain. Part was seen in a new application of that basic idea: the division of powers between the union and the states.

The division of powers, entrenched in the constitution, not to be altered unilaterally by either the central institutions or the states, seems such a simple extension of the principle of separation of powers that it is hard to grasp, with hindsight, the novelty and the full reach of the founding fathers' innovation. Yet from the time when this simple innovation was embodied in the US Constitution there was living evidence that a liberal constitution could be applicable, not only within states, but also for unions of states that were ready to apply its principles. The federal idea could be seen as completing these principles in a way that, as Acton was to put it, was "capable of unlimited extension."⁴

Being rooted in British political philosophy, completed only by a logical extension of a basic Lockean principle, the ideas of *The Federalist* could hardly fail to be highly accessible to British political thinkers. As Professor Bernard, Chichele Professor of International Law and Diplomacy at Oxford, was to write: "I know of no finer model of political writing than some of these papers."⁵ But that was nearly a century later. It was to be a long time before the British began to bend their minds to the implications of what the Americans had done.

Liberal thinkers and the federal idea.

It was a French, not a British, liberal thinker who first made the significance of the American federal Constitution widely known. Alexis de Tocqueville visited the United States in 1831 because he wanted to know how democracy and equality could be combined with liberty, thus preserving France from any repetition of the illiberal régimes that had followed the French revolution. It was thus that he happened upon the federal element in the constitution and expounded its advantages in *De la Démocratie en Amérique*,⁶ published a quarter of a century before it received any comparable attention by British writers. Following the waves of immigration in the 1830s and 1840s, however, the potential of the United States became more evident to the British, and by the 1860s their literature began to make up for lost time. They had, by then, the benefit of greater knowledge of how the federal Constitution had worked in practice. As Bernard, whose *Two Lectures on the Present American War*, published in 1861, was one of the earliest British scholarly works on the subject, pointed out, de Tocqueville's view of the constitution was taken mainly from *The Federalist*. Bernard himself showed close knowledge of the history of the US Constitution and of the literature on the principles underlying the issue of secession.⁷

It was also in 1861 that J. S. Mill's *Considerations on Representative Government* was published, containing a chapter entitled "Of Federal Representative Governments."⁸ This was an informative essay on federal government, showing a clear understanding of its principles, and underlining in particular, as Bernard did, the crucial nature of the direct relationship between federal government and citizens, as well as the need for a clear division of powers between federal and state governments, and an arbiter independent of both.⁹

In his essay *On Liberty*, published two years earlier, Mill had provided a context within which such a division of power could be placed, when he posed the question of delimiting the sovereignty of the individual and the authority of society, and of the struggle between liberty and authority.¹⁰ Although he did not explicitly link these principles with his analysis of federal constitutions, he did implicitly offer a bridge between the constitutional federalism of the Anglosaxons and the federal idea being developed contemporaneously by Proudhon, based on reconciling the two essential poles of liberty and authority.¹¹

While Mill's analysis of federal government was clear, the conclusions he drew were somewhat contradictory. Thus his ideal was the

greatest dispersion of power consistent with efficiency, yet he preferred unitary government whenever possible, despite its evident bias towards the concentration of power.¹² He affirmed that a real international tribunal was "one of the most prominent wants of civilized society," and that the US Supreme Court provided the first great example; yet he concluded that the "boundaries of governments" should usually coincide with those of nationalities and that, although the distinction between citizen and foreigner was an uncivilized one, in the present state of civilization it could not be helped.¹³ Even if one discounts the evidence of the Swiss federal constitution, enacted only thirteen years before, or defines nationality so as to exclude the Swiss linguistic groups, it does seem surprising that Mill, who was usually so much concerned about the need for civic education, should have expressed no thoughts about the need for education designed to overcome this uncivilized distinction and make it possible to satisfy one of civilized society's "most prominent wants."

We shall return to the question of Mill's apparent inconsistencies. Meanwhile, by the time of the third edition of *Representative Government*, which appeared in 1865, he was able to refer in glowing terms to E. A. Freeman's *History of Federal Government in Greece and Italy*, published in 1863.¹⁴ While Freeman himself referred to the recent works by Mill and by Bernard, he had been brooding on the subject for a long time.¹⁵ This volume was intended to be the first of a complete *History of Federal Government, from the foundation of the Achaian League to the disruption of the United States*; and the aim of this first volume was to see the idea "in its germ as well as its perfection." Freeman saw its "perfect form" in the Constitution of the United States;¹⁶ and although his *History* never got farther than Greece and Italy, with a fragment on Germany in the posthumous 1893 edition, the volume that did appear contained a very substantial introduction on the characteristics of federal government, with particular reference to the US and Switzerland. Following an idea of de Tocqueville's (himself following Montesquieu), Freeman expatiated on the advantages offered by a federal system in combining the internal peace and equal rights enjoyed by the citizens of large states with the participation in political life by the citizens of small ones.¹⁷ For the constitutional mechanism, he introduced the term of sovereignty divided between co-ordinated authorities.¹⁸ His great merit, as a historian who was later to be the Regius Professor of Modern History at Oxford, was to help establish federalism as a subject of academic study in Britain.

All such material was grist to Acton's mill. Although he did not succeed Seeley in the Regius chair of Modern History at Cambridge until

1895, and his *History of Freedom and Other Essays* was not published until 1907, the four of those essays that concerned federalism were published, or delivered as lectures, between 1862 and 1889. He brought his immense erudition to bear on that aspect of federalism which concern the dispersal rather than the uniting of power. Thus he found the excesses of democratic centralization profoundly repugnant, and deplored the substance of the ideas of the French revolution as being “not the limitation of the sovereign power, but the abrogation of intermediate powers.”¹⁹ He took issue with Mill over the theory that the state and the nation must be co-extensive and with the “national unity which is the ideal of modern liberalism.” He held, to the contrary, that “the coexistence of several nations under the same state is ... the best security of its freedom”; and he saw federation as the “most efficacious and the most congenial of all the checks on centralized oppression of minorities.”²⁰ As we saw earlier, however, he also saw federalism to be capable of unlimited extension, as “the only way of avoiding war,” allowing “different nationalities, religions, epoches of civilization to exist in harmony side by side.”²¹

One of Acton’s four essays concerning federalism was a review article on *The American Commonwealth* by James Bryce, published in 1888. Bryce had become a friend of Freeman following a brilliant essay on the Holy Roman Empire that he wrote in 1863. He became Regius Professor of Civil Law at Oxford in 1870, a Liberal MP in 1880, and served as a Liberal minister in three Cabinets. The two volumes of *The American Commonwealth* were twenty years in the making, and its 1700 pages were to remain the standard work on the subject on both sides of the Atlantic for half a century.²² Within its comprehensive analysis of the American political system were half a dozen chapters specifically on the origins, principles and working of the federal Constitution. Bryce took a sympathetic view of the federal idea and removed any excuse that educated British people might previously have had for being inadequately informed as to how it worked in the United States.

Of the four friends whom Bryce thanked in his Preface, Henry Sidgwick came first, for having “read most of the proofs with great care and made valuable suggestions upon them.”²³ Sidgwick, who did much to establish the subject of political science in British academic life, was by then Knightsbridge Professor at Cambridge, and the lectures he gave there between 1885 and 1899 were the basis for his posthumous book, *The Development of European Polity*.²⁴ This contained sections on Greek federalism, drawing heavily on Freeman, and on modern federalism, for which he was able to use his close knowledge of Bryce. He saw the

advantages of federalism both in gaining external strength and economic benefits through uniting states, and in securing local liberties within formerly unitary states; and he thought that a West European federation, following the US example, was “the most probable prophecy.”²⁵ In *The Elements of Politics*, which contained a chapter on federalism and one on sovereignty, he made a similar prediction.²⁶

A. V. Dicey, Vinerian Professor of English Law at Oxford from 1882 to 1909, was one of Bryce’s closest friends. They visited the United States together in 1870, when Bryce was in the early stages of preparing his great book. But unlike Bryce and Sidgwick, Dicey had no sympathy for the federal idea. His classic *Introduction to the Study of the Law of the Constitution*, first published in 1885, which went into eight editions over the next thirty years, with several subsequent reprints, contained a big chapter on “Parliamentary Sovereignty and Federalism.” While this, too, was a major contribution to British knowledge about federal government, its aim was to show the superiority of centralized government and parliamentary sovereignty. “The fundamental dogma of English constitutional law,” he wrote, “is the absolute legal sovereignty, or despotism, of the King in Parliament,” which is incompatible with a federal constitution (or, more precisely, with “a fundamental compact, the provisions of which control every authority under the constitution”); and a federal constitution implies weak government, legalism and divided allegiance.²⁷

By the end of the nineteenth century, then, a fairly comprehensive literature on federal government was available to the British in the fields of history, law and politics.²⁸ Much of this was due to writers in the liberal tradition. Apart from Mill, Acton was a Liberal MP from 1859 to 1865, had a step-father who was three times a Liberal Foreign Secretary, and was a close friend of Gladstone, with much influence on him particularly with respect to Home Rule for Ireland; Bryce’s credentials as a Liberal statesman have been mentioned; Freeman stood twice for Parliament as an independent radical candidate and was invited to be a Liberal candidate in 1886. Sidgwick was much influenced by J. S. Mill — though, as we have seen, more positive than Mill about federalism. These Liberals were predominantly favourable to the federal idea. But there was another strand in British liberalism. Dicey was a Liberal until 1885, when he became a Unionist in reaction against Gladstone’s proposal for Irish Home Rule. In championing parliamentary sovereignty against federalism, he was following the other liberal school: the one which Bryce, in a book published in 1901 containing four essays on federal themes, was to

attack as representing “the dogmas” of Bentham and Austin, which had “had most influence” in England during the previous 70 years.²⁹

Theories of parliamentary and national sovereignty.

While the American were establishing the US Constitution, Jeremy Bentham wrote four manuscripts on the “Principles of International Law,” the last of which was entitled *Plan for an Universal and Perpetual Peace*. Following his custom of writing without bothering to seek publication, these papers, though written between 1786 and 1789, were not published until his collected works were produced posthumously in 1838-43. His peace plan was to start with France and Britain, then spread to universal membership. Peace was to be achieved by limiting troops and arbitrating disputes. A free press, hence pressure from public opinion, was to ensure that the decisions resulting from arbitration were applied. Although Bentham expected that to be enough, he allowed that there might perhaps be enforcement by contingents from the participating states, “as a last resort.”³⁰

It may appear strange that a man who was so ruthlessly realistic about the need to punish individuals who break the law should have believed that public opinion would be enough to bring nations into line. But Bentham had persuaded himself that there was “nowhere any real conflict” between the interests of nations.³¹ Nor did the thought that there could be conflicts between legal persons in the different states which would not be resolved by the law of any one of them apparently occur to him. How can such uncharacteristic naivety be explained?

Bryce may have put his finger on the answer when he wrote that Hobbes’s doctrine of sovereignty pleased Bentham “by its vigorous assertion of the legal omnipotence of an authority which a reformer of his drastic type needed for the accomplishment of his purposes.” It is more comfortable for those who want a strong state to impose a pattern on its citizens, to believe that no fundamental problems are raised by the relations among such sovereign states.

The doctrine of indivisible parliamentary and national sovereignty was developed and refined by John Austin, Bentham’s like-minded friend and neighbour. Bryce went on to place greater blame on Austin for the use he made of “Hobbes’s speculations,” because he wrote “as a jurist, professing to describe the normal and typical state,” but described only states “with an omnipotent legislature, of which the United Kingdom and the late South African Republic are almost the only examples, and those

with an omnipotent monarch, of which Russia and Montenegro are perhaps the only instances among civilized countries.”³²

Bryce was writing about the internal aspect of sovereignty; but the internal and the external aspects were closely linked, and went together in the work of writers such as Austin and Dicey. Herbert Spencer, who attacked “the divine right” of parliamentary majorities as dangerous for individual and minority rights, likewise drew attention to the line of descent from Hobbes to Austin, who aimed “to derive the authority of law from the unlimited sovereignty of one man, or of a number of men”; and he attributed this to Austin’s early career in the army, so that “he assimilates civil authority to military authority.”³³ Whatever the reasons for it, Austin provided a theoretical basis for the protagonists of parliamentary and national sovereignty.

The Mills lived next door to Bentham and Austin; and J. S. Mill, although sixteen years younger than Austin, studied law with him for a period in 1820-21. Although J. S. Mill developed utilitarianism way beyond the arid doctrine bequeathed by his father and Bentham, he seemed to find it hard to contradict them; and this may help to explain why his view of federal government was coloured by a preference for unitary nation-states, compatible with their and Austin’s ideas on sovereignty.

Where Bentham had seen public opinion as the mainstay of international arbitration and hence the antidote to war, J. S. Mill cast economics in that role. “Commerce,” he wrote, “is rapidly rendering war obsolete”; and he felt that international trade was “the principal guarantee of the peace of the world.”³⁴ International trade, and hence interdependence, were certainly rising. But war was far from obsolete; and the reason for this miscalculation, which was generally shared by nineteenth century liberal economists, was that they ignored the need for a framework of law and government for ensuring the proper conduct of international trade within a peaceful international order. Such, at least, was the conclusion expressed by Edwin Cannan during World War One, when he asserted that no liberal economist had given any thought to the need for law and government as the basis for co-operation in the international economy.³⁵ This theme was picked up and systematically explored by Lionel Robbins in books published in 1937 and 1939, lent urgency by the rise of protectionism and the approach of war. Robbins suggested that the classical economists, including Adam Smith, took too much for granted the framework of law and order that enabled the economy to function, and failed altogether to see that a liberal international economy needs international juridical and political institutions. These are needed, not just for

security, but to enact, judge and enforce laws of property, contract, competition and many other most complex matters. In short, economists had not been aware of the contradiction inherent in conceiving a world economy without a world polity.³⁶ In an article in 1939, von Hayek supported Robbins's view that this had been "one of the main deficiencies of nineteenth century liberalism," and underlined the need, instead, for "the abrogation of national sovereignties and the creation of an effective international order of law."³⁷

One of the possible reasons for this lacuna in liberal thought has already been suggested: the desire of some of the utilitarians for strong government led to the theory of indivisible sovereignty, which could not be reconciled with a federal international order. A second reason was that, even if they wanted strong government, liberals usually wanted less government; and although it is logically consistent to want less government in a state where there is too much, at the same time as more government internationally where there is none, the focus on less government may make the need for even a minimum of international government harder to see. Thirdly, as von Hayek pointed out, liberals supported the nationalist cause in Belgium, Greece, Ireland, Italy and Poland and were thus led, like J. S. Mill, into approval of the concept of the nation-state.³⁸ Fourthly, the security of world commerce and the stability of world money were, in the nineteenth century, largely the responsibility of the Royal Navy and the Bank of England; and this may have made it easier for the British, including liberals, to overlook the deficiencies of the system.

Whatever the reasons, ideas of sovereignty that were inimical to federalism continued to flourish throughout the nineteenth century, and the growing international need for a juridical and political framework continued to be ignored by many liberals. From the 1870s onwards, however, following the Franco-Prussian war and with a resurgence of protectionism, the need for such a framework became increasingly evident; and liberals were the most active in responding with federal proposals to solve international problems.

The Irish question also evoked proposals for federal structures within the United Kingdom. While the British did not bring themselves to the point of applying any such proposals to the UK directly, whether internally or with other states, they had, however, even before 1870, begun to show their capacity for applying the federal principle to the affairs of other states.

Federal constitutions for colonies.

It was liberals who, early in the nineteenth century, promoted the idea of self-government for the British colonies with European populations. The first official outcome of this was the Earl of Durham's report on Canada, written in 1839, which proposed a Canadian executive responsible to a Canadian parliament. But it was not until 1864 that a Liberal government convened a constitutional conference, which resulted in the enactment in 1867 of the British North America Act under the succeeding Conservative government. Conservatives showed themselves no more backward than Liberals in giving federal constitutions to the colonies; and, with the example of the United States next door, it was perhaps not surprising that the geographic and linguistic diversity of Canada was recognized in a federal constitution, though, unlike the US, with a parliamentary not a directly elected executive.

Already in 1846 Earl Grey, a member of the group of Liberals promoting self-government, proposed a Bill to Parliament to provide a federal government for Australia; but its federal provisions were dropped in committee.³⁹ The Australians had to wait for the 1890s before Conservative governments, worried by other European states' annexations in the Pacific, convened constitutional conferences and went on to establish the Australian federation in 1900.

The idea of a federal union of South African lands was also mooted by Liberals in the mid-nineteenth century. The Colonial Secretary, Edward Bulwer-Lytton, asked Sir George Grey in 1858 to report on the possibility of such a union.⁴⁰ Nothing came of it, however, until after the Boer War, when Milner's brilliant "Kindergarten" prepared a memorandum containing proposals for union. Inspired by one of their number, Lionel Curtis, and with the enthusiastic participation of another, Philip Kerr (later Lord Lothian), they proposed a federal constitution, based on thorough study of, inter alia, *The Federalist*. But in 1909 the Liberal government adopted the alternative of a unitary constitution, partly on grounds of economy. Curtis and Kerr were, however, to be, during the following three decades, among the most significant promoters of the federal idea in other contexts.

By the beginning of the twentieth century, then, the British parliament had enacted the constitutions of two of the four federations then existing in the world. That of the United States had been based on thinking in the British liberal tradition, and was by then familiar to educated and interested people in Britain. The Swiss federal constitution of 1848 was

inspired by the American example. It can hardly be said, therefore, that in the latter part of the nineteenth century the British were less well placed than most others to give informed consideration to ideas for the further application of the federal principle; and the period from 1870 to the First World War was, indeed, quite rich in such proposals.

Federal proposals: Europe, Empire, Ireland.

Bentham's plan for permanent peace shows no sign that he had digested the principles underlying the American Constitution which was being established when he wrote it. Richard Cobden was much concerned with organization for peace, and proposed a motion in parliament in 1849 for international arbitration, and one in 1851 for a general reduction of armaments, staying with the same concepts as Bentham had proposed. In 1867, however, James Lorimer, occupant of a chair of international law at Edinburgh, wrote a paper on international organization (not published until 1884), which clearly took account of the federal principle embodied in the US Constitution. There was to be a government for international purposes, with a two-chamber legislature, a judiciary, an executive and an exchequer. The government was to dispose of a small standing force and the member states to disarm to the level required for municipal needs. There would be an international tax, levied by the states; and their internal affairs would be excluded from the scope of the central government, save in the event of civil wars.⁴¹

In 1871, John Seeley, recently appointed Professor of Modern History at Cambridge, added political substance to this general idea. In the wake of the Franco-Prussian war, he was invited by the Peace Society to give a lecture on how to abolish war; and the lecture was published in *Macmillan's Magazine*, under the unequivocal title "United States of Europe." Seeley went straight to the point that international arbitration, if it is to be effective, involves vast political changes. What, he asked, is the "slightest level of federation that will be effective?" His answer, based on the American example, was that the minimum would include an impartial federal judiciary, a European legislature and executive, a direct link between the individual and the federal institutions, and armed force at the disposal of those institutions so as to overcome any possible resistance by the member states, to which troops were to be "absolutely denied."⁴²

Seeley asked whether this idea was practicable. His answer was realistic but constructive. Europe would find it harder than the Americans

had done. Europeans would need time to spread the conviction that such a reform in their relations was required. Seeley foreshadowed the belief of Altiero Spinelli in our own days that it could not be done by diplomatic methods: he said that a "universal popular movement" would be necessary. Although he stressed that he was merely responding to the question he had been asked, as to how war could be abolished, and although in his reasoning he did not deviate from rigorous, unemotional logic, he concluded his lecture with the vision of "a new Federation arising like a majestic temple over the tomb of war."⁴³

Neither the logic nor the vision appeared to evoke much response. Evidently the Peace Society was not reflecting any general appreciation as to the salience of the problem of abolishing war; and Seeley was unusual in responding so seriously to their concern. A decade later, however, his powerful intellect became preoccupied with a federal project which touched a more sensitive nerve in the British body politic.

The occasion for this new preoccupation was the rise of America and Russia, as predicted by de Tocqueville, to become the great world powers, outpacing all the historic European powers — save Britain, if Britain would only federate with the self-governing colonies, Australia, Canada, New Zealand and the British lands in South Africa, and maintain its relationship with India in a form that would consolidate this united British power. Seeley expounded this idea in his Cambridge lectures in the early 1880s, which were published as *The Expansion of England* in 1883.⁴⁴

Seeley was far from being a jingoist. He was able, as we have seen, to be inspired by the vision of a peace order based on a federal Europe. He rejected any bombast in his view of the Empire, and insisted that a federation of England with the self-governing colonies would not be an empire, but rather a very large state. He did not take it for granted that bigness was desirable, but concluded from the argument in his lectures, based on the realities of power, that Britain, like the other European countries, would otherwise be outweighed by the two states that have come to be called the superpowers. These were the grounds on which he became a liberal unionist and supported the Imperial Federation League, which was set up in the year following publication of his enormously influential book. The League attracted many Liberals who were disenchanted by Gladstone's insufficiently active approach to international affairs. The League's Chairman, William Edward Forster, was born a Quaker and became a Liberal MP for a quarter of a century. Among the Liberal Unionists who were energetic social reformers and whose equally

active view of external policy drew them to the League were Joseph Chamberlain and Alfred Milner.

Michael Burgess has written in detail about the imperial federalists and there is no need to expatiate on them here.⁴⁵ The point that must here be made is that, although the League doubtless attracted many people of a different colour, more concerned with domination than federation, there were also genuine federalists such as Seeley, who combined a sense of power realities with a commitment to a liberal constitution based on the rule of law and representative government. Such people were able to apply the federal principle to the problem of international order more generally, as Seeley had done in his lecture in 1871 and as Curtis and Kerr were to do after emerging from Milner's Kindergarten. The post-imperial reaction may have made it hard for British people to appreciate that imperial federalists of this type were neither narrow nor chauvinistic, but were seeking a reasonable solution to problems of international order in the world in which they lived; and this in turn makes it hard to realize the strength of the British federalist tradition.

In the same period as the proposals for imperial federation were being made, Irish nationalism gave rise to projects of Home Rule, and hence to further occasion for consideration of federal principles. This subject, too, is treated elsewhere.⁴⁶ Here, we need only note that Acton's keen interest in federalism as a principle of decentralization was doubtless enhanced by his role as an influential adviser to Gladstone regarding Home Rule; that the Cabinet Committee which prepared the Irish Home Rule Bill in the early 1890s certainly was not lacking in expert knowledge on federal constitutions, as one of its members was James Bryce; and that the erratic Joseph Chamberlain proposed a UK federation in April 1886 to solve the Irish problem, referred specifically to the Canadian constitution as a model in June,⁴⁷ and voted against the Home Rule Bill in July, thus deepening the cleavage in the Liberal Party. Ireland and the Empire also split the federalists three ways: those like Seeley who were for imperial federation but against Home Rule; those like Freeman who were for Home Rule but against imperial federation; and those who were in favour of both. Notable among these was the brilliant journalist and publicist, W. T. Stead.

Stead was a Liberal whose flair for publicity and commitment to causes gained him much fame and influence in the last two decades of the century. He was Assistant Editor of the *Pall Mall Gazette* from 1880 to 1883, Editor from 1883 to 1890, then founder and Editor of the *Review of Reviews*. As Editor, he gave every member of the staff his "Gospel

according to the *Pall Mall Gazette*," in order to imbue them with the *Gazette's* ideals. These included Empire Federation ("as an Empire we must federate or perish"); Home Rule ("the conciliation of Ireland is even more important than the Federation of the Empire"); and a Federated United States of Europe (the establishment of which was "the special role of English Statesmanship").⁴⁸

Stead's commitment to a federal Europe was genuine and consistent. He was a lifelong and passionate "advocate of arbitration, not as the ultimate solution of the difficulties, but as an ideal the advocacy of which would strengthen sentiment in favour of the United States of Europe," in which the law would be enforceable on individuals: "... You can only exorcize the soldier by the aid of the policeman."⁴⁹ There could be no veto and the federation had to have its own financial resources. It was the example of the USA that made the USE "at least thinkable."⁵⁰

Stead was not a man of structured thought, but he had an outstanding gift for the telling phrase or action. His Gospel's slogan for Empire Federation was taken up by Attlee in 1940, with his call for Europe to "federate or perish";⁵¹ and in 1898 he launched an International Peace Crusade, which was echoed in Henry Osborne's Crusade for World Government half a century later. This started after a peace initiative by Tsar Nicholas II in 1898. Stead made a highly publicized journey round Europe, meeting political leaders on his way to and from meeting the Tsar. On returning to London he organized a big public meeting, at which his speech was, according to Bryce, "as impressive as any I have ever read." He founded a new weekly, *War against War*, which called for a million volunteers for the Crusade; he had a million copies of a broadsheet distributed; he published his book, *The United States of Europe on the Eve of the Parliament of Peace*: the "Parliament of Peace" being the Peace Conference which, thanks significantly to his initiative, was held at The Hague from May to July 1899.⁵²

The Peace Conference resulted in conventions on arms limitation, mediation and arbitration. Stead saw such things as steps towards a Federation of Europe, which he likened to "an embryo in the latter stages of gestation."⁵³ Unfortunately that growth was to suffer many setbacks before it began again in earnest after World War Two. Almost immediately, the Boer War was to show how far the Hague conventions fell short of what would be required to ensure peace. But Stead continued to propagate the federal idea. In a speech in Berlin in 1907 he spoke of steps towards the federation of the world, "when the armed anarchy of a world split up into forty-six sovereign and independent states becomes a single

great federation with but one army and one navy to maintain order and enforce the law.”⁵⁴

Voices such as Stead’s became drowned by the wardrums as Europe drifted towards 1914. But the federal idea continued to spread, in various forms. Milner, who had been Stead’s Assistant Editor at the *Pall Mall Gazette*, helped Curtis and Kerr in their efforts to establish the *Round Table*, which became a powerhouse for promoting federal solutions, whether within the UK, for the Empire, or on a wider international basis. Meanwhile, a new school of federalism was gathering strength, inspired by the pluralism of Otto von Gierke. It was first led by Ernest Barker, a miner’s son who, after studying at Balliol College, Oxford in the 1890s, taught at Oxford, London and Cambridge, where he became Professor of Political Science in 1928. Barker wrote, in his *Political Thought in England*, published in 1915, that there was “much talk of federalism these days.” Behind it lay the feeling that “the single unitary state, with its single sovereignty, is a dubious conception, which is hardly true to the facts of life. Every state, we feel, is something of a federal society.” The “new Socialism” and the “new Liberalism” were both for the “disintegration of the great state into smaller national groups” which would have large powers.⁵⁵ This way of thinking had obvious affinities with Acton, with the proudhoniens in France, and with syndicalists such as G. D. H. Cole. It was carried farther with most distinction by Harold Laski. Barker had been Laski’s tutor, and Laski was deeply influenced by his federalism. This is clearly demonstrated in Laski’s *Studies in the Problem of Sovereignty* (1917), in his *The Foundations of Sovereignty and other Essays* (1921), and in his *A Grammar of Politics* (1925).⁵⁶ The latter, most influential, work contained extensive treatments of both the internal, decentralist, and the external, unifying aspects of federalism — although the prefaces of successive editions reflected the marxist stance that Laski adopted in the 1930s, asserting that federalism could not be applied until the class war had been won.

In the Introduction to the eighth edition of his *Law of the Constitution*, Dicey concurred with Barker’s observation that, by the time the First World War began, federalism was much discussed. But so far from welcoming this as Barker had done, Dicey devoted a substantial part of his massive Introduction to a diatribe against federal government, and against Home Rule and imperial federation in particular. “Thirty years ago,” he wrote, “the nature of federalism had received in England very inadequate investigation. In this, as in other matters, 1914 strangely contrasts with 1884. The notion is now current that federalism contains

the solution of every constitutional problem that perplexes British statesmanship.” He went on to assert that “... this belief in a new-fangled federalism is ... a delusion perilous not only to England but to the whole British Empire,” and to ask what would be the real position, under a federal government, of “that small country limited in size, but still of immense power, which is specifically known by the august name of England.”⁵⁷ If the intensity of his indignation bore any relation to the influence of the federal idea on the eve of World War One, federalism had indeed arrived on the British political scene.

Conclusion: a rich heritage, remembered briefly, then forgotten.

By the end of the nineteenth century, the federal idea had indeed made great progress in British thinking, thanks largely to liberal writers who had digested the American experience and understood the fundamental principles that it embodied. The literature was both knowledgeable and predominantly sympathetic. After several decades when the doctrine of indivisible sovereignty and the growing concentration of power in the hands of the King-in-Parliament went largely unchallenged, the potential of the federal principle to solve problems confronting the British state began to become appreciated. Canada and Australia, both needing unity in diversity, were given federal constitutions, thanks as much to Conservative governments as to Liberals. Empire federation and Home Rule, implying in some of the proposed forms federal structures for the United Kingdom, became major political issues. Although with no such political steam behind it, the idea of the United States of Europe received wide publicity. In the early years of the present century, a pluralist federalism gained support. Even if Dicey’s indignation was disproportionate, it seemed by 1914 that federalism had secured a firm place in British political culture.

Two decades later, there seemed to be little to show for it. The Irish Republic and the Dominions were firmly independent, so federation of the United Kingdom or of the Empire was off the political agenda. Although American isolationism had weakened the League of Nations and undermined any idea of federating the English-speaking peoples, the British government had rejected Briand’s proposal for a European inner structure, in favour of keeping the League as it stood. Federalism was not much discussed.

H. A. L. Fisher’s *History of Europe* was published in 1936. Fisher had been, in addition to Warden of New College, Oxford, where Kerr and

Laski had been among his students, a Liberal MP and Cabinet minister. He had written a two-volume biography of Bryce.⁵⁸ A lecture he delivered in 1911, published as a pamphlet on *Political Unions*, was generally favourable and well-informed about federal government.⁵⁹ Gilbert Murray, in the entry on Fisher in the *Dictionary of National Biography*, wrote that he was “the spirit of liberalism, of Britain, of the nineteenth century”; and Fisher’s *History of Europe* contained over 400 pages on “The Liberal Experiment,” setting down what he saw as significant in the history of liberalism in Europe. Federalism is barely mentioned, save to describe Bismarck’s Germany as an autocracy with federal elements. Nothing on the Swiss constitution of 1848. Nothing on the federal proposals for the United Kingdom or the Empire. Nothing on the contradiction between indivisible sovereignty and federalism, except for a complacent reference to the refusal of governments to accept any diminution of national sovereignty in the League of Nations, and to the rejection of French ideas for a League police force.⁶⁰ It looked as if Dicey need not have worried: as if the prewar federalist ferment had sunk without trace.

Yet Fisher concluded his book by contrasting the two alternative destinies that now confronted Europe: either to “travel down the road to a new war or, overcoming passion, prejudice, and hysteria, work for a permanent organization of peace.”⁶¹ It was the growing awareness of these alternatives that was about to lead in Britain to a remarkable resurgence of the federal idea.

In 1935, a few months before Fisher wrote the last words of his *History*, Philip Kerr, by now Lord Lothian, had delivered his *Burge Memorial Lecture*, which was published as *Pacifism is not enough (nor Patriotism Either)*.⁶² Lothian had moved beyond the imperial federalist preoccupations of the *Round Table*, to face the problem that had concerned Stead: the need for a system that would ensure the abolition of war. Like Stead, he insisted — hence the title of his little book — that justice must have her sword. But his book was much more closely reasoned than Stead’s, crystal clear in its explanation why federal government was required and its analysis of the essential characteristics. Curtis’s magnum opus, *Civitas Dei*, was published around the same time, showing how the development of liberal democracy, including its embodiment in federal constitutions and hence its potential for solving the problem of world order, had stemmed from a religious appreciation of the value of the individual, leading to the policy based on individual rights.⁶³ Lionel Robbins, in 1937 and 1939, published his two books making the case for

a juridical, hence also a political framework for the international economy.⁶⁴ Both Lothian and Robbins were Liberals. All three were heirs to the heritage of literature which included such an impressive account of the nature and workings of federal government, and which was part of the cultural context for the flowering of British federalist literature in the late 1930s and the first period of World War Two, by authors such as Beveridge, Brailsford, Jennings, Joad, Mackay, Wheare and Wootton.⁶⁵ Such an outpouring of books and pamphlets of the highest quality, mostly between the years 1938 and 1941, would hardly have been possible had it not been based on a literature and a political culture in which federal ideas and knowledge had been so highly developed. It enabled the British federalists to design proposals for a European federation, based in the first instance on Britain, France and other European democracies, widening to include Germany and Italy when they would return to democracy, and to prepare opinion so that the offer of union to France in June 1940 was so readily approved by the Cabinet and favourably received by the British public.

After the fall of France, the British lost confidence in Europe for the time being; and the outcome of the war restored their faith in the British state, particularly if in alliance with the USA. The result was that, so far from seeking federal solutions to postwar problems, the British suppressed the memory of their prewar federalist revival, and forgot the earlier heritage on which it had been based. From being among the best-placed of Europeans to understand and promote the federal idea, they came to be among the most backward.

This is the more regrettable in that both the need and the potential for federal solutions has continued to grow. Technological progress has increased the need for integration on economic, environmental and security grounds. Rising demand for democratic and other rights points towards federal institutions both to control the supranational integration and to entrench decentralization within the state. At the same time more and more countries become capable of guaranteeing such rights. Liberal constitutions by now prevail throughout Western Europe, North America and Australasia; in India, Japan and a number of other countries; and their principles are gaining ground in most other regions of the world. Several countries have taken advantage of the capacity to apply these principles in federal constitutions. The European Community has begun to apply them in what have been called pre-federal institutions.

Yet contemporary Britain appears parochially unaware how far the liberal constitutional principles that the British did so much to develop are

becoming the world's leading political paradigm; and the British seem oblivious of the fact that the idea of federal government stemmed from those very principles and of the opportunity it offers to solve some of the fundamental political problems of the age. Britain, instead, undermines what autonomy remains to local government, tries to block the development of the European Community into a federal system, and does nothing to promote the application of the federal principle more widely in the world. We have left our baby on the neighbours' doorstep; it has grown to be one of the most valued citizens of the global village in which we live; yet we look the other way, deny all knowledge of the relationship, and fail to take any advantage of his sterling qualities — even if they can be seen as essential to the health and survival of the polity.

It is high time for the British to take steps to ensure that this tragicomedy does not turn to simple tragedy. One such step could be a closer study of the origins of the idea of federal government, of its relationship with British political philosophy, and of the way in which some of the best British jurists, historians, economists and political philosophers have applied their minds to it in the past. The intention of this essay has been to make a modest contribution to this end.

NOTES

¹ H. A. L. Fisher, *A History of Europe*, London, Edward Arnold, 1936, p. VI.

² James Bryce, *The American Commonwealth*, first edn, 1888; citations from third edn, New York, Macmillan, 1910, vol. I, p. 183.

³ Charles de Secondat, baron de Montesquieu, *L'Esprit des lois* (1748), book IX, ch. I-III and book XI, ch. VI; *Encyclopédie*, vol. XIV, p. 158, col. b et seq., cited in Bernard Voyenne, *Histoire de l'Idée Fédéraliste: vol. I, Les Sources*, Paris and Nice, Presses d'Europe, 1976, p. 132.

⁴ Cited, from notes in Lord Acton's unpublished manuscripts, in G.E. Fasnacht, *Acton's Political Philosophy*, London, Hollis and Carter, 1952, p. 243.

⁵ Montague Bernard, *Two Lectures on the Present American War*, Oxford and London, Parker, 1861, p. 90. The 85 essays brought together in *The Federalist* were first published in New York journals between autumn 1787 and spring 1788.

⁶ Alexis de Tocqueville, *De la Démocratie en Amérique*, vol. I (1835), part I, ch. 8.

⁷ M. Bernard, *op. cit.* (n. 5, *supra*). The observation about de Tocqueville is on p. 90. Bernard also refers (p. 81) to the recently published *History, Formation and Adoption of*

the Constitution of the United States with Notices of its Principal Framers, 2 vols, London, Sampson Law, 1854, whose American author, George Ticknor Curtis, introduced it as the first history devoted to the subject.

⁸ J. S. Mill, "Of Federal Representative Governments," in *Considerations on Representative Government*, London, Parker, 1861; third edn, 1865, reprinted in *Utilitarianism, Liberty, and Representative Government*, London, J. M. Dent, 1910, to which citations refer, pp. 366-376.

⁹ *Ibid.*, pp. 368-369; M. Bernard, *op. cit.* (n. 5, *supra*), p. 69.

¹⁰ J. S. Mill, *On Liberty*, London, 1859; citations from 1910 edn, see n. 8, *supra*, pp. 65, 139.

¹¹ P.-J. Proudhon, *Du principe fédératif* (1863).

¹² J. S. Mill, *op. cit.* (notes 8, 10, *supra*), pp. 168, 374-375.

¹³ J. S. Mill, *op. cit.* (n. 8, *supra*), pp. 362, 371.

¹⁴ *Ibid.*, p. 369; Edward A. Freeman, *History of Federal Government in Greece and Italy* (first edn, entitled *History of Federal Government from the foundation of the Achaean League to the disruption of the United States, vol. 1: General Introduction - History of the Greek Federations*, 1863; citations from second edn, London, Macmillan, 1893).

¹⁵ E. A. Freeman, *ibid.*, p. XIII.

¹⁶ *Ibid.*, pp. 2-6.

¹⁷ *Ibid.*, pp. 14-69.

¹⁸ *Ibid.*, pp. 11-12.

¹⁹ Lord Acton, *The History of Freedom and other Essays*, London, Macmillan, 1907, pp. 98, 280. The four essays that most concern federalism were "Freedom in Christianity" (an address given on 28 May 1877), pp. 30-60; "Sir Erskine May's Democracy in Europe" (first published in *The Quarterly Review*, January 1878), pp. 61-100; "Nationality" (first published in *Home and Foreign Review*, July 1862), pp. 270-300; "The American Commonwealth. By James Bryce" (first published in *English Historical Review*, 1889), pp. 575-587.

²⁰ *Ibid.*, pp. 98, 285, 290.

²¹ *Loc. cit.* in n. 4, *supra*.

²² See K.C. Wheare, *Federal Government*, London, Oxford University Press, 1945; citations from second edn, 1951, p. 262; for full reference to *The American Commonwealth*, see n. 2, *supra*.

²³ *The American Commonwealth* (n. 2, *supra*), vol. I, p. VIII.

²⁴ Henry Sidgwick, *The Development of European Polity*, London, Macmillan, 1903.

²⁵ *Ibid.*, pp. 436-437, 439.

²⁶ Henry Sidgwick, *The Elements of Politics*, London, Macmillan, 1897, p. 218.

²⁷ A.V. Dicey, *Introduction to the Study of the Law of the Constitution*, London, Macmillan, 1885; citations from eighth edn, 1915, pp. LXXVII-VIII, 141.

²⁸ In addition to the sources already listed, there is a comprehensive review of sources in K.C. Wheare, *op. cit.* (n. 22, *supra*), pp. 261-267.

²⁹ James Bryce, *Studies in History and Jurisprudence*, Oxford, Clarendon Press, 1901, vol. II, p. 50.

³⁰ The essays were published in Edinburgh under the supervision of Dr John Bowring between 1838 and 1843, in his edition of Bentham's Works. The Essay entitled *Plan for an Universal and Perpetual Peace* was published in London by Sweet and Maxwell in 1927, from which edition the references here are taken.

³¹ *Ibid.*, p. 43.

³² J. Bryce, *op. cit.* (n. 29, *supra*), pp. 88-89.

³³ Herbert Spencer, *The Man versus the State*, London, Williams and Norgate, 1884,

pp. 81-82.

³⁴ J. S. Mill, *Principles of Political Economy*, London, Parker, 1848; citations from new edn published in London by Longmans, 1909, p. 582.

³⁵ Edwin Cannan, *An Economist's Protest*, London, P.S. King and Son, 1927, pp. 66-67.

³⁶ Lionel Robbins, *Economic Planning and International Order*, London, Macmillan, 1937, pp. 240-241, 225-229, 426-429. The second book was L. Robbins, *The Economic Causes of War*, London, Jonathan Cape, 1939.

³⁷ F. A. Hayek, "The Economic Conditions of Inter-State Federalism," in *New Commonwealth Quarterly*, September, 1939, reprinted in F.A. Hayek, *Individualism and Economic Order*, London, Routledge and Kegan Paul, 1949, where the reference is to pp. 269-270.

³⁸ *Loc. cit.*

³⁹ Lionel Curtis, *Civitas Dei*, London, George Allen and Unwin, 1934-37; citations from new edn, 1950, pp. 396, 402.

⁴⁰ *Ibid.*, p. 415.

⁴¹ James Lorimer, *Institutes of the Law of Nations: a Treatise of the general Relations of separate Political Communities*, 1884, summarized in Finn Laursen, *Federalism and World Order*, Compendium 1, Copenhagen, World Federalist Youth, duplicated, 1970, pp. 38-39.

⁴² Professor J. R. Seeley, "United States of Europe" (a lecture delivered before the Peace Society), in *Macmillan's Magazine*, vol. 23, March 1871, pp. 436-448, here pp. 439-442.

⁴³ *Ibid.*, pp. 446, 448.

⁴⁴ Sir J.R. Seeley, *The Expansion of England*, London, Macmillan, first edn, 1883; second edn, 1895.

⁴⁵ Michael Burgess, "Empire, Ireland and Europe: A Century of British Federal Ideas," in Michael Burgess (ed.), *Federalism and Federation in Western Europe*, London, Croom Helm, 1986, pp. 127-152.

⁴⁶ *Ibid.*

⁴⁷ *Ibid.*, pp. 133ff.

⁴⁸ Frederic Whyte, *The Life of W.T. Stead*, London, Jonathan Cape, 1925, vol. 1, pp. 322-327.

⁴⁹ Document written in 1901, cited in *ibid.*, vol. 1, p. 155.

⁵⁰ W. T. Stead, *The United States of Europe on the Eve of the Parliament of Peace*, London, *Review of Reviews* Office, 1899, pp. 9, 15ff.

⁵¹ C. R. Attlee, *Labour's Peace Aims*, London, Peace Book Co., 1940, reprinted in C. R. Attlee, Arthur Greenwood and others, *Labour's Aims in War and Peace*, London, Lincolns-Prager, 1940.

⁵² F. Whyte, *op. cit.* (n. 48, *supra*), vol. 2, p. 147.

⁵³ W.T. Stead, *op. cit.* (n. 50, *supra*), p. 41.

⁵⁴ F. Whyte, *op. cit.* (n. 48, *supra*), vol. 2, p. 286.

⁵⁵ Ernest Barker, *Political Thought in England*, London, Williams and Norgate, 1915, p. 181.

⁵⁶ Harold J. Laski, *Studies in the Problem of Sovereignty*, New Haven and London, Yale University Press and Oxford University Press, 1917; *The Foundations of Sovereignty and other Essays*, London, Allen and Unwin, 1921; *A Grammar of Politics*, London, Allen and Unwin, 1925.

⁵⁷ A.V. Dicey, *op. cit.* (n. 27, *supra*), eighth edn, pp. LXXIV, LXXXIII, LXXXIV.

⁵⁸ Herbert A. L. Fisher, *James Bryce*, London, Macmillan, 1927.

⁵⁹ H. A. L. Fisher, *Political Unions*, The Creighton Lecture, delivered in the University of London, 8 November 1911, Oxford, At the Clarendon Press, 1911.

⁶⁰ H. A. L. Fisher, *op. cit.* (n. 1, *supra*), p. 1172.

⁶¹ *Ibid.*, p. 1222.

⁶² P. H. Kerr (Marquess of Lothian), *Pacifism is not enough (nor Patriotism Either)*, London, Oxford University Press, 1935.

⁶³ *Op. cit.* (n. 39, *supra*).

⁶⁴ *op. cit.* (n. 36, *supra*).

⁶⁵ Many of these sources are cited in John Pinder, "Federal Union 1939-41," in Walter Lipgens (ed.), *Documents on the History of European Integration: vol. 2, Plans for European Union in Great Britain and in Exile 1939-1945*, Berlin and New York, de Gruyter, 1986, pp. 26-155.

Notes

REFLECTIONS ON THE EUROPEAN COMMON HOME

The post-war period is finally over. The international order, which governed the world from the end of the Second World War, is undergoing an irreversible decline: a new era has begun in world politics, in which co-operation replaces antagonism and disarmament is taking the place of the arms race. And all this is due to the new Soviet strategic thinking, which has been at least partly accepted by the United States government. This new tendency has not been brought about by good will alone, but above all by necessity. The United States and the Soviet Union cannot continue to bear the cost of the arms race and military confrontation. The basis of this new tendency is the contradiction between the national dimensions of political power and the internationalization of the productive process.

On the one hand, interdependence reflects objective needs, which are vital for the survival of mankind: safety from the threat of nuclear war, protection of the environment, and the overcoming of the Third World's underdevelopment. These global problems require a high level of co-operation in specific areas to solve common problems.

On the other hand, the sovereign state has become incapable of solving problems with an international dimension on its own. In consequence, countries are forced to co-operate. "Unite or perish," said Aristide Briand in the period between the two wars, referring to the European nation-states. This saying is now applicable to the superpowers. The crisis of the sovereign state is, essentially, the root of the process of détente and co-operation, and is a preliminary to world unification.

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Europe is the laboratory of this process.

Europe was the battleground of the two World Wars; Europe has the highest concentration of troops and armaments; Europe is the centre of gravity for the USSR-USA's balance of power. Successful détente between East and West and successful international co-operation in Europe will have universal significance. Here the new model of reciprocal security (based on a non-offensive defence system) ought to show Europe's ability to transcend the East-West conflict and to allow for the dismantling of the two blocs.

It was on European territory that interdependence and the crisis of the nation-state started off the process of nations uniting from the end of the Second World War on, and here that new institutions were tried out to control this process.

This process however is broader than the confines of the European continent, for it affects every part of the world where the state has not yet reached continental dimensions (Africa, the Arab world, Latin America, etc.). But the European Community is a model, because it has reached the most advanced stage of integration.

At the same time, the process of democratization, which is determining the change of political regime in the Soviet Union and in Eastern Europe, exerts a strong influence on world politics. The contrast between communism and democracy is becoming obsolete, as is the East-West conflict, particularly that between Eastern and Western Europe.

While the prospect of the European Community's transformation into an economic, monetary and political union is coming closer, a new and broader process of unification is starting. The design for a European Common Home, which includes the United States and the Soviet Union, opens up great new prospects: the possibility of overcoming the division between the two halves of Europe, of dismantling the iron curtain and the military blocs, and of experimenting with a new international order in Europe, based on a co-operative model of international relations.

The participation of the superpowers (and in particular of the United States, which are not a European country, and of the Soviet Union, which is a European and Asiatic power) is essential to a solid foundation for the European Common Home. The fact is that it is on them above all that the demilitarization of East-West relations depends (in other words the transformation of military blocs into political alliances); and this is the starting point for the development of Pan-European co-operation.

It has to be emphasized that disarmament is a precondition for economic co-operation. The analogy with European integration is instructive: the formation of a united economic zone came as a result of the

end of military conflict, with American dominance over Western Europe. This means that the European Common Home will be above all the home of common security — the institutionalization of the Helsinki process. This is the reason why Japan is not included in the European Common Home: it is already disarmed, and has thus already satisfied the conditions for joining the new universal system of security. On the other hand, Japan's participation is indispensable in formulating plans for the creation of a just international economic order.

Economic co-operation, which is necessary to create this new international order, could develop on the basis of the convergence of interests of the superpowers. Co-operation and integration will in the first place affect the EEC and Comecon. But the economies of the Eastern countries are not yet ready to compete on the world market. First, the Comecon has to become a free trading zone and to reform its structures along EEC lines, in order that it may integrate more closely. In a world in which large markets represent an indispensable condition for participation in a new phase of economic development, a national way to *perestroika* does not exist. The first objective to seek in this direction is establishing trade between Comecon countries at world prices, paid in hard currency. The Prime Minister of the Soviet Union has proposed introducing these new rules starting in 1991.

On the other hand, the EEC, to co-ordinate its own economic relations with Comecon within a global context and to facilitate reform and development in Eastern Europe, has proposed to institute a Bank for Reconstruction and Development. But there is no doubt that the European Monetary Union and the use of the Ecu as a common currency will constitute a decisive factor in favour of opening up the Comecon to the world market and creating the economic conditions for the construction of a European Common Home.

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But with the end to the old international order conceived at Yalta there lurks a serious danger: the rebirth of nationalism.

As always happens in the transition from an old to a new political order, there are forces that want the wheel of history to turn back. The forces of nationalism are once more raising their head; they are at work everywhere, trying to exploit the space opened up by *détente*.

The Cold War and the antagonism between the east and west blocs represented a factor of cohesion between the alliances and between

countries which no longer exists today. There is an analogy between the current situation and the period of the First World War, when multinational empires disintegrated and Europe fell into nationalistic anarchy. Today the most serious danger is represented by the break-up of the Warsaw Pact and of the multinational states, such as the Soviet Union or Yugoslavia. The victory of nationalism would bring Europe once more into chaos — once more the old continent would be engulfed in bloody tragedy.

The epicentre of this potential earthquake is in Germany. The world watched and rejoiced as the Berlin Wall crumbled, but at the same time it follows with anxiety the dramatic evolution of events in this country and listens with troubled mind to the ever more numerous chorus of voices evoking the ghost of an inevitable German reunification. The problem is on the agenda and a solution cannot be postponed, for the new settlement of Germany is the keystone to the new world order which is arising in Europe. And this means that the question of Germany's size and power, which upset the European balance of power and produced two world wars, once more comes to the fore.

The creation of a large and powerful country at the centre of Europe could give West Germany the illusion of independence, which until now it has sought in European integration. A unified Germany could become an alternative to European unity.

If the principle of fusing the state with the nation is to prevail over the principle of multinational organization of countries and federalism, the unification of the two Germanies will be only the starting point of much broader claims over borders, which are destined to radically alter the map of Europe. In fact, in West Germany there have been ever more insistent calls for reintegration of the territories east of the Oder-Neisse line, which belong to Poland.

If nationalism prevails, we can be sure that other territorial claims will follow. Indeed, there are German communities in Czechoslovakia, Hungary, Rumania, Switzerland, France, Belgium, even in the Soviet Union, and an entire sovereign state, Austria, belongs to the "German nation."

All this would lead to the disintegration of Europe. This threat would also affect the European Community: on the one hand, the weakened American dominance has not yet been replaced by a cohesion within the European Community strong enough to extirpate nationalism forever, while on the other hand, European unification is (and has always been conceived as such, from the very beginning) the only alternative to

German militarism and nationalism.

The solution to the problem of German reunification does not lie in the fusion of the two Germanies and in the creation of a German nation-state.

For the moment inter-German relations can be regulated by the proposed "contractual community," in other words the peaceful co-existence of two Germanies, bound by a confederal link in the economic and monetary field, which could allow for the maintenance of present borders and the respective alliances in the context of the construction of the European Common Home.

Naturally all this does not eliminate the question of the definitive structure of German reunification. If the past is to be overcome, however, priority must be given to European unification. The European Council of Heads of State and Government, which took place in Strasbourg 8th-10th December 1989, defined the reference framework for the process of German reunification: the European Community and the European Conference on Security and Co-operation. In the context of these two processes, German reunification will not be the result of dividing and setting countries up against one another, but the fruit of a process of integration and pacification.

Relations between the two Germanies could even become a model and stimulus for the entire process of rapprochement and integration between the two Europes. If in fact in the two Germanies the process of disarmament were to be speeded up and an agreement on the withdrawal of foreign troops were to be reached quickly, the conditions would be created for starting the process of economic integration, which would be facilitated by the fact that the GDR is already almost the thirteenth member of the EEC. With this in mind, Berlin, which was the symbol of the division of Europe, could become the capital of the European Common Home.

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I would now like to examine the limitations of the design for the European Common Home from the federalist point of view.

As regards its institutional structure, the project has a clear confederal nature. In other words, its structure cannot eliminate unequal distribution of power between superpowers and their allies. In a system of independent and sovereign countries there is no room for equality between small and large countries, because it is strength, and not an impartial judge, that determines international relations.

On the contrary, federal institutions represent the only means of achieving liberty and equality between sovereign states, because they allow for legal guarantee of these values. There is no democratic method other than federalism which can create powers both at regional and at world level.

It therefore follows that, however weakened American and Soviet dominance in Europe may be, they can only be definitively overcome by the European Federation. The unification of the German people, without the creation of a German nation-state, can be achieved in the context of the enlargement of the European Federation to include Eastern Europe.

It is true that the Soviet Union has abandoned the doctrine of limited sovereignty and has supported this decision with the withdrawal of its troops from Afghanistan. Furthermore it has accepted that a Solidarity leader can become head of government in Poland, on condition that this country's membership of the Warsaw Pact should remain unquestioned. But it is undeniable that the changes taking place in the Soviet Union have inevitably had an influence on the other socialist countries. The stimulus towards economic and political reform in Eastern Europe comes from the Soviet Union. The opposite is not true, as is illustrated by the fate of the reform plans produced on the periphery of the communist bloc, as in the DDR in 1953, Hungary in 1956, Czechoslovakia in 1968 and Poland in 1981. They failed because they met with opposition from the Soviet Union.

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The most common objection raised against the proposal for the European Common Home is that this is a proposal to group together the rich countries and exclude the Third World. It is a well-founded objection, as is clearly shown by the danger that aid programmes for Eastern Europe may put limits on Third World aid.

This means that the design for the European Common Home should not be directed against any other country, but should be placed within the context of building world peace through strengthening the United Nations. The aim of the European Common Home should not be that of separating Europe from the world, but of moving towards world unity.

In the first place, we must consider that if Europe (the battlefield of the world wars and the cold war) becomes the site on which peace is built by the practice of trust and co-operation, it will change the course of world history. If the tendency towards co-operation between the USA and

USSR prevails over the tendency towards antagonism, the world situation will improve. Russo-American co-operation is preconditional to strengthening the United Nations. And if the UN plays a more important role, its power to prevent war will grow and weaker countries will have better protection of their rights.

On the other hand, North-South co-operation should be substantially improved, if one of the more serious threats to world peace is to be eliminated: the unjust international economic order, which assigns 20 per cent of the wealth produced in the world to 80 per cent of the population. Only by disarmament can an immense quantity of resources become available for aid and development (and for the protection of the environment).

In the second place, if East-West co-operation is a necessary condition for building a peaceful world, it is nevertheless not a sufficient condition. For example, even the first stage of disarmament (which concerns weapons of mass destruction) would be impossible without the agreement of the Third World. In fact the Third World is not prepared to renounce chemical weapons without the simultaneous destruction of all nuclear weapons. This consideration applies equally to all the other worldwide problems, which cannot find a suitable solution within the framework of the European Common Home, without, that is, the participation of the Third World: the formation of a new international economic and monetary order, the protection of the environment, institutional reform of the UN, and so on.

The design for the European Common Home is an imaginative proposal for a new prospect, rather than a precise institutional project. However, it seems to me to contain the central idea for formulating hypotheses on the transition towards world government. Einstein's formula of a partial world government, which referred to a nucleus of countries strong enough to gradually involve the rest of the world in the unification of the planet, may be linked to the idea of the European Common Home.

On the other hand, the lesson of European integration teaches us that reconciliation between France and Germany (enemies in so many wars) was the starting point for the integration process. The fact is that the Franco-German axis was the driving force in European integration.

Furthermore, European integration began with six countries and now numbers twelve. This means that today not even the whole of Western Europe has been involved in the process. Analogously, Russo-American reconciliation may be conceived of as the starting point for world

unification and the Russo-American axis may be its driving force.

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I now wish to consider the role of the European Community in building the European Common Home.

The example of the European Community has strongly encouraged the change in Eastern Europe, serving as point of reference and pole of attraction. But strengthening the European Community and transforming it into a European Federation will extend Europe's international influence. This represents the best help it can give to further the cause of *perestroika*. A European state could play a mediating role in a global system of states. It will be free from American dominance and become a bridge between East and West. It will not present itself as the antithesis of communism, but as the attempt to reconcile democracy and socialism. It can put a brake on the secessionist tendencies of the Warsaw Pact countries. It will become the living alternative to the nationalist model. It will show that nations can coexist peacefully in a federal context. Finally, it will offer a model for a federal reconstruction of the Soviet Union.

What lesson can be drawn from the revolutionary changes now taking place in Eastern Europe? We must strengthen our efforts to build political unity in Western Europe. The tendency towards disintegration in the Warsaw Pact must be met with the formation of a new political order based on international democracy.

NATO and the EC must not fall into the temptation of drawing political and strategic advantages from the changes taking place in the East, and above all they must firmly reject the idea of drawing Eastern Europe into their own political orbit. This would look like a challenge to the Warsaw Pact, and as such could threaten the whole process of reform in Eastern Europe.

On the contrary, the problem is the convergence of the two Europes. European unification is developing within the framework of many concentric circles. The hard core is composed of the twelve countries of the European Community, which is evolving into an economic, monetary and political union. It is divided between those countries committed to this objective and those against it, such as the United Kingdom.

The second circle is composed of the six countries of EFTA, the free trade area with which the EEC is preparing, in view of the 1992 deadline, to renegotiate commercial relations, with the aim of creating a "European

economic space," within which goods, services, capital and people can move freely. It is well-known that some EFTA countries, like Austria and Norway, would like to enter the EEC — a wish that is shared by some non-EFTA countries, such as Turkey.

The third circle is formed by the Council of Europe, which now groups the twenty-three democratic countries of Western Europe, which co-operate in the field of defending human rights, culture and the environment. Today, this organization has a new dynamism: it is tending to promote the development of East-West relations and to open up its own institutions to East European countries which have begun the process of democratization. Some of these (Hungary, Poland and Yugoslavia) have applied to join the Council of Europe, and even the Soviet Union, which already participates as an observer at the consultative Assembly with a delegation of parliamentary representatives, could soon become full members.

The fourth circle is formed by the thirty-five member countries of the European Conference on Security and Co-operation (otherwise known as the Helsinki process), which is to say Eastern and Western Europe, the Soviet Union, the United States and Canada. With the building of a new system of international relations based on mutual trust and designed to promote disarmament, a framework has been created for the development of East-West co-operation and the spread of democracy. This is the framework in which, according to Gorbachev, the division between the two halves of Europe may be overcome in the building of the European Common Home.

The prospective creation of a Federation of Western Europe, and of *perestroika* in Eastern Europe, show that Europe once more occupies a central position in world politics. Europe may become the starting point for a process of unification which involves the whole world, even though it is now limited to one continent, and for the model of a new world order based on international democracy. In other words, the European Common Home may be seen as the laboratory of world unification.

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The objective of the European Common Home does not constitute a secondary aspect of *perestroika*: on the contrary, it is a crucial element in defining the meaning of this political project.

Building the European Common Home represents the answer to a great historical challenge: to show that it is possible to overcome the rift,

formed in Europe by the Russian Revolution, between the system of democratic countries with capitalist economies, and the system of socialist countries.

This process indicates a direction which does not involve negating the differences between the countries of East and West, but moves towards their gradual reduction. The influence which each system has had on the other was evident even from the period in which they lived isolated and divided by tension and hostility: particularly the penetration of elements of socialism into the fabric of Western European society. But today *perestroika* is without doubt an expression of the need to reform the socialist system on the basis of the principles of democracy and a market economy.

The bipolar logic of the opposing blocs made democracy coincide with capitalism and socialism with Stalinism, made it impossible to reconcile democracy and socialism, and closed the way for any intermediate position.

The project of creating ever closer forms of political co-existence between the two Europes will allow an unprecedented experiment to be carried out: the attempt to achieve the peaceful co-existence of countries with different economic and social systems, without depriving them of their autonomy, on the sole condition that they all have a market economy and democratic institutions.

At the same time, this project will represent a potent stimulus for the renewal of federalism and a challenge to its capacity to face the new problems of the contemporary world: the creation of a new developmental model, based on global and articulated planning, on participatory democracy, on harmony with nature, as an answer not only to the specific problems of each system, such as the crisis of so-called real socialism, or the crisis of western democracy and the welfare state, but also to common problems, such as the building of world peace, the protection of the environment and aid for development.

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It is difficult to foresee the course that will be taken by the process of Pan-European integration. Nevertheless, my last reflection will concern this issue.

The more general framework of this process is, as we have seen, the Conference for Security and Co-operation in Europe. It is probable that the development of the Helsinki process will produce the institution —

a confederation — necessary to create ever closer political and economic links between Eastern and Western Europe. This result could be reached by the institution, together with the Council of Ministers, of a Parliamentary Assembly, consisting of parliamentary representatives from all Europe, the Soviet Union and North America. Free elections in Eastern Europe make this experiment fully practicable.

On the other hand, because of its interregional dimensions, the European Common Home will be undermined by a double contradiction. In fact it is at the same time too big and too small. I have already shown that it will be too small to manage global problems. Consequently, it will develop a tendency towards world unity. But it will also be too big to become a regional pillar of a world federation. It is more likely that the United States will become a member of a Pan-American federation, including Latin America, while it is foreseeable that Western Europe and Eastern Europe will federate with the Soviet Union.

The institution in the context of which the federative Pan-European process can take shape will be the Council of Europe. I suggest this hypothesis not because I believe in the federal potential of this organization, for in reality it is the weakest of European institutions, but because it is the most suited to starting the process of co-operation. Gorbachev has realized this, as his historic speech made to the the Council of Europe on 6th July 1989 proves. After all, did not the integration of Western Europe begin forty years ago within this very organization?

The signing of the European Convention on Human Rights, which constitutes the most important achievement of the Council of Europe, would give the newborn democracies of Eastern Europe an international guarantee. Seen in this light, these countries' membership of the Council of Europe may be viewed as a means of consolidating democracy in Eastern Europe.

On the other hand, the aim of the European Common Home is a fundamental element in defining *perestroika*. The fact is that democracy and human rights are not only the common values which allow the countries of Eastern Europe and the Soviet Union to unite with Western Europe in a common organization. They are also a political precondition and a first step on the way towards building a Pan-European Federation.

Lucio Levi

GERMAN INFLATION OR EUROPEAN MONEY?

1. Modern economic theory analyses inflation as the possible result of insufficient fiscal revenue with respect to expenditure.¹ The state may resort to inflation, in other words print bank notes and use it to carry out payments, if it has to face financing requirements which are higher than its ability to collect taxes and to receive credit from the public. Some economists have even theorized the depreciation of the value of money, at constant rates, as an instrument for financing current state expenditure.²

In the case of Germany, the first great inflation coincided with the financial disequilibrium deriving from the enormous expenses incurred by the state during First World War. Thus, if — between 1880 and 1913, at a time of peace for Europe — German inflation had shown an extremely moderate and at times even negative trend, instead during the years of the First World War yearly inflation rose on average to 28.3 per cent. Immediately after, between 1919 and 1923, inflation reached a yearly 662.6 per cent.³

The second large inflationary phenomenon is also tied to a World War. In June 1948 — with Germany in ruins — Ludwig Erhard started off a monetary reform in three out of the four occupied zones. The *Deutsche Mark* replaced the *Reichsmark*: those bank deposits whose title deed was legitimate and certain were converted at a 10:1 rate. In practice, the government no longer recognized the legal value of the *Reichsmark* and reduced the purchasing power of monetary patrimonies tenfold. Every citizen was given forty new D-marks, which represented the foundation for incrementing the new patrimonies. The “old” money no longer had any value.

The 1919-1923 crisis and the 1948 episode have made a lasting impression in the historical memory of the Germans, who now consider the restraint on inflation carried out by the federal bank of issue, the *Deutsche Bundesbank*, as extremely important.

However, it would be a mistake to consider that the inflationary phenomena which have just been described were the result of mistaken monetary policies on behalf of the *Reichsbank*, the central bank of the Weimar Republic. The German inflationary crises, in the first half of the century, are rather the result of long-lasting military conflicts of enormous proportions, which saw the German state opposed to almost all of Europe and the world. German inflation is the result of the phenomenon which the historian Paul Kennedy⁴ has described exactly as a case of

over-stretch: a political, economic and above all military commitment of the great German power in an area which was too widespread for its resources. In other words German inflation is not a consequence of the weakness of Berlin's central bankers or of lack of good economists in the Germanic world, but rather of the blunders of politicians who imposed on Germany efforts that could not be financed with an orderly fiscal manoeuvre.

Postwar monetary stability in the Federal Republic — the largest of the two states which arose after the fall of the *Reich* — represents the basis of the strength both of the D-mark and of the West German economy and it is obviously in the first place a result of the population's hard work, of the moderate wage claims of the working class, of the rigour and independence of the *Deutsche Bundesbank* and finally of *Ordnungspolitik* (the economic policy in favour of non inflationary growth, theorized by Walter Eucken and the Freiburg school and put into practice by the federal governments right from the beginning of the fifties). But the basic external factors which contributed to keeping inflation low must not be forgotten.

The inclusion of Federal Germany in the Community framework has finally solved the problems of its borders with Western Europe, allowing economic policy to be directed towards objectives of austerity and stability, wholly respectful of the market, instead of towards forced economic expansion so as to rearm and reconquer territories, which would have made administrative control of resources and nationalization of industries absolutely indispensable.

The Marshall Plan contribution has, moreover, freed the German public budget of the burden of reconstruction, which would not have been bearable in a non-inflationary context. Western Germany's entry into NATO has finally allowed it to saddle its powerful American ally with the burden of military expense. Costs would otherwise have been extremely high, since the country is situated along the border with the Warsaw Pact.

In conclusion, the *integration* of Federal Germany into the Western bloc is one of the foundations of non-inflationary postwar growth. Thanks to it, the new West German state has been freed from the fiscal reasons for hyperinflation.

2. *Extension* and *integration* are the two key words to the contrastive historical experiences of Germany in the first and second half of the century. During the first fifty years the German attempt to extend its boundaries, to increase its national power and to impose a new order on

Europe produced inflationary impulses: Germany underwent a faster depreciation of money than its neighbouring areas. In the second half of the century, West Germany's participation in European and Atlantic integrative processes — combined with the great German productive potential and the presence of high technological know-how — has made it possible to implement economic policies oriented towards monetary stability both on the part of Centrist governments and Social-Democrat-guided coalitions.

As a partial confirmation of the analysis of the anti-inflationary role of West German integration in Europe, it can also be remembered that East Germany has, at least partially, benefited from the advantages deriving from participation in a league of states, although very different from that of the West. The Democratic Republic has in fact frozen all its border problems with Eastern Europe, which caused the Second World War, and has laid most of the burden of defense on the Soviet Union. It certainly was not a free and conscious choice — as in the case of the Western Republic — but in relative terms the economic effects are similar. Estimates of East Germany's inflation speak of a rate of around 12 per cent a year, decidedly higher than that of West Germany, but in any case much more limited than the "South American" type index of other Eastern European countries (think of inflation in Poland and Yugoslavia).

On the whole, the German economic area — which during the two world wars was most affected by inflation — in time of peace enjoys the advantages of its geographical centrality and can benefit from the traditional sense of discipline and from the wide diffusion of culture which characterize its population. Germany is now characterized by relative stability, in relation to the mean inflation rate in the respective political areas the two Republics belong to.

The option between *extension* and *integration* of Germany in Europe — solved, in the postwar period, in favour of the second option, both by free choice and in the wake of the new power balances imposed on the Germans — becomes once more a current issue due to the rapid disintegration of the Communist bloc and the rapprochement between the German Federal Republic and the Democratic Republic.

This alternative is obviously posed in very different terms from those of the past, even the recent past. The outline of European politics has undergone deep changes over the last few months and in many aspects is completely different both from that of the pre-war period and from that of recent years. In the first half of the century, state hierarchy was

determined by the size of armies; during the following decades the fundamental factor was represented by nuclear weapons; over the next few years the key to European equilibriums could be money. In a continent where the use of military force is becoming more and more improbable and where forms of market economy seem to impose themselves with respect to planned economy, creating new ties between states, it is no longer necessary to use weapons to solve the problems of interdependence and of force relations. Instead it is much easier to pull out one's wallet and buy whatever one wants. Whoever has the power of "good" money can use it to find resources all over the continent, making direct investments, acquiring businesses abroad, issuing securities which are held by international savers.

The *extension* option thus acquires a mainly *monetary* character. In the case of the Federal Republic this option is no longer represented by impossible territorial claims but by a rapid expansion of the use of the D-mark outside national boundaries. The routes of this expansion process in Europe can be summed up in three points: monetary unification between West Germany and East Germany, currency competition within the area of the European Monetary System and lastly the parallel circulation of the D-mark in Eastern Europe. Obviously, with the use of D-marks on the part of families and businesses not residing in Germany, there must be a transfer of resources towards the country issuing the currency. Monetary phenomena, in fact, always have some form of real offset: it could be summed up as the economic primacy of Germany in Europe.

The option of the *integration* of Germany into Europe also has a decisive monetary component, which might be synthesized as follows: monetary unification between the two German Republics within the EMS, the realization of a fixed exchange rate system in Europe, the development of the Community budget, the creation of forms of monetary collaboration at a Pan-European level. The real compensation of such a monetary process could be described in the following terms: the productive potential of united Germany is turned to the best advantage by full participation in a political union of Europe; Germany is at the centre of a growth process of Central and Eastern Europe, which involves the whole continent in a balanced way and confers new dynamics to the whole of world economics.

The aim of these pages is to prove that, while the *monetary extension* option is tendentially inflationary, *monetary integration* preserves money value stability. The only possibility of integrating the East Ger-

man regions into the Western political and economic system without causing a "Pan-German" inflationary process therefore consists in a simultaneous strengthening of European integration.

A further *Leitmotiv* of these pages is the belief that the destiny of European integration is now firmly linked to Central and Eastern European events. The link is evident in the monetary sector: an inflationary solution to the problem of intra-German monetary union endangers the stability of the European Monetary System, threatens the results achieved over ten years of progressive convergence of Western European economic policies and compromises every effort to realize monetary union in Europe.

3. German monetary authorities certainly bear in mind the risk of an over-extension of their currency. In an essay recently published on the Federal Bank's monthly bulletin,⁵ the *Bundesbank* economists point out, with ill-concealed preoccupation, that the central banks' German mark reserves amount to 230 billion (September 1989). To make a comparison, this sum corresponds to 20 per cent of the M3 monetary aggregate at the end of that same month and exceeds, in terms of flow, the overall increase of the same aggregate between 1986 and the first half of 1989.

Part of these 230 billion (and precisely 48 billion) has been deposited by the other central banks at the *Bundesbank* and has therefore been removed from the commercial banking system. However, if the central banks, to defend national currencies, should decide to intervene on the exchange markets, to disinvest their D-mark reserves in the *Deutsche Bundesbank* and sell them to commercial banks and other operators, the German monetary mass would undergo an undesired increase of the same breadth of the interventions. The 48 billion D-marks deposited in the German Federal Bank — mostly from the American Federal Reserve System — can therefore flow onto the market, increase the amount of money and cause inflation. The remaining 180 billion D-marks have already been deposited on the Euromarket. They are only a part of the 720 billion D-marks which are in the hands of foreign operators. If a redistribution of international portfolios were to take place, the effects on the exchange rate of the D-mark would be immediate: a fall of the D-mark with respect to the dollar would foster the importation of inflation.

Thus, according to *Bundesbank* economists there are already reasons for alarm. If monetary policy and the Budget in Germany were no longer directed towards monetary stability, foreign investors would alienate the D-marks already in their possession and the inflationary effects would

increase internal problems. Monetary stability must therefore remain the objective of German monetary policy.

The Government of the Federal Republic has recently offered the other German Republic to negotiate an intra-German economic and monetary union. The Bonn government proposal was urged in the first place by the Social-Democrat opposition, was supported by the Liberal party, was adopted by the Treasury Minister Waigel and was finally presented, at the highest level, by Chancellor Kohl to the President of the DDR Council Modrow.

The *Deutsche Bundesbank* has never concealed, according to the occasion, its irritation, surprise and skepticism towards economic and monetary union with the other German Republic. Political reasons seem, however, to have prevailed over technical indications and have impressed a pace on the monetary integration between the two Germanies that the process of European unification has not reached yet. Federal Germany intends to help with all its force the weak economy of the Democratic Republic. Moreover, Bonn wishes to prevent emigration from Prussia, Saxony and Thuringia towards Federal Germany from continuing at the high rate of the last few months. Every month fifty thousand people flock into the western regions, in search of affluence and security. The Bonn government offers its solid currency to those who intend to remain in the present DDR. An economic and monetary union also represents the first clear step towards the re-unification of the country and the overcoming of the state of political inferiority into which Germany had fallen after the experience of Nazism and the Second World War.

The term "monetary unification," in the case of the two Germanies, raises some ambiguity. In actual fact it concerns the *extension* of the use of the Western D-mark to the eastern regions: the *Deutsche Bundesbank* will have to give money at fixed peg to the companies and citizens of the DDR. The possible inflationary consequences are still a matter of discussion among experts. If some emphasize that the economic growth of the DDR will allow it to absorb all pressure on prices, others instead are of the opinion that the extension of the Western D-mark to East Germany is a concession of new purchasing power without any real compensation.

Some preoccupations also derive from fiscal policy. Federal Germany will have to make considerable efforts to reduce the regional imbalances among the Western *Länder* and the Eastern regions. While the Federal Republic is a substantially homogeneous country, Germany is

divided by forty years of different economic development. The present DDR has serious problems that need solving in the sector of technological infrastructures, has to cope with the appalling decadence of its town centres and is suffering from grave ecological problems.

The list of Germany's problems is not circumscribed to the German area. Once the D-mark has become united Germany's legal tender, it could be adopted as investment currency and as instrument of exchange by millions of families and companies outside the country. This could take place both within the Community, due to the well-known phenomenon of currency competition in the presence of the liberalization of currency, and in some countries of the East (Poland, Czechoslovakia, Yugoslavia). There is no doubt that, in this case too, monetary *extension* could sooner or later turn into an *over-extension* phenomenon. In the case of the D-mark circulating as a parallel money within the whole European area, the Federal Republic's monetary authorities could lose all ability to control an important part of the national monetary mass. The very conceptual definition of quantitative monetary objectives would become problematic.

Let us assume for a moment that the above-mentioned phenomena (German monetary unification, circulation of the D-mark as a parallel "European" money) took place without the process of European monetary integration being strengthened at the same time. The cohesion of the EMS would certainly be hard put to sustain it. Until now the central Community banks have followed the discount rate policy of the *Deutsche Bundesbank*. The French, Belgian, Dutch and, on some occasions, the Italian and British reference rates, too, have undergone variations that wholly correspond to those of the German administered rates. The central Community banks have therefore acknowledged the primary role of the *Deutsche Bundesbank* within the EMS. The D-mark is considered as the anchor of stability of all European monetary policy. The exchange agreement has worked up to now on the basis of two fundamental rules: the *Deutsche Bundesbank* carries out, in the first place, an orderly and rigorous anti-inflationary policy and, secondly, the other central countries follow the behaviour of the German monetary authorities.

Let us also assume that the *Deutsche Bundesbank* — having to face an inflationary threat coming from within the country — wishes to reduce liquidity in unified Germany and to carry out a tight monetary squeeze. The European partners will have to face a difficult choice: either they follow the *Deutsche Bundesbank* and carry out a restrictive policy or they will have to renounce par exchange rate with the D-mark. It may be

imagined that conflicting interests will put the credibility of the exchange system to a severe test and that the operators will try to assay its strength on the market. In the lack of an agreement on fixed exchange rates or a real single currency, the expectations of the markets will end up by going towards exchange rate instability in the Community and towards more frequent realignments.

But even in the opposite hypothesis of an accommodating policy of the *Deutsche Bundesbank* and of the development of German inflationary dynamics, the European exchange rate agreement will still not avoid tensions. The central European banks will in fact have to face a surprising alternative: to maintain par exchange rate with respect to the D-mark, importing inflation from the German area, or to allow their own currencies to appreciate over Germany's currency.

In conclusion, a European exchange system cannot have as its reference point a country in which inflationary pressures develop. In the case where the central bank of that country reacts with a monetary squeeze, deflationary influences will be transmitted to the whole European area; instead in the case where the central bank's behaviour allows the resurgence of inflationary pushes, the whole monetary system will be affected by decreases in the value of money. The reference standard of the European monetary system must be represented by the lasting stability of the value of money. Up to now Federal Germany has accomplished its task very well during the ten years of the EMS by guaranteeing an inflation rate which is stably lower than the European average. Unified Germany might not be able to take up the heritage of the Republic of Bonn.

Equally serious monetary problems could derive from the D-mark circulating outside the German area. Since the D-mark is issued by the Federal bank of Frankfurt, the only source for the parallel D-mark market outside Germany is represented by a stable deficit of the German balance of payments, which cannot avoid having consequences, over the medium run, on the exchange rate and on inflation. The anti-inflationary credibility of the *Deutsche Bundesbank* will undergo another hard test. The Federal Bank will in fact issue a national money with European diffusion and will have to cope with the so-called "Triffin dilemma." On the one hand, it will have to commit itself to avoiding internal liquidity crunch phenomena due to the balance of payments deficit and the external circulation of the currency; at the same time it will have to prevent a "DM-shortage," in other words a permanent shortage of D-marks outside the Federal Republic, if it wishes to avoid families and businesses deciding to ascribe

the role of predominant parallel currency to another money and consequently selling D-marks all at the same time, depreciating the exchange rate.

4. European *monetary integration* offers the framework for solving the problems pointed out so far.

Let us once more formulate a hypothesis: intra-German monetary unification and the diffusion of the D-mark in Eastern Europe as a parallel currency take place in parallel with a substantial strengthening of the Community. In fact, within the EEC a system of irrevocable fixed exchange rates is decided; moreover, the Community institutions are provided with more substantial resources of their own and the budgets of the member-states undergo European control and co-ordination procedures.

In this ambit German monetary unification merely represents one moment of the wider European unification, an enlargement of the EMS area. In actual fact, East German citizens do not simply receive Western D-marks, in exchange for Eastern banknotes: their new money, although it has the appearance of the banknotes issued by the *Bundesbank*, is the European money: this European money, although it does not have its material expression in a banknote or in a coin in ECUs, is however defined by the presence of a single monetary mass in Europe. The possible inflationary effects and the monetary troubles deriving from the concession of *uno actu* purchasing power to the citizens of East Germany must no longer be considered as a consequence of the extension of German liquidity, but rather of the growth, less important in percentage, of European liquidity. It is evident that inflationary dangers are less acute if the whole of monetary Europe and not only the Western mark area confers the new money to East Germany.

Very similar considerations can be also made concerning fiscal policies: if the financial burden of East German recovery — and also of that of vast areas of Central and Eastern Europe — is left only on the shoulders of West Germans, the German state will very likely suffer from considerable financial disequilibria. But a deficit spending policy on the part of the Bonn government, similar to that carried out by the French government during the first years of François Mitterrand's presidency, is not in the interest of the Germans nor of other Europeans, because it would undermine the exchange rate mechanism within the EMS, would foster inflation in the country with the strongest economy within the single market, would make the implementation of the Delors Plan

absolutely impossible and would block the whole monetary integration process in Europe: for this reason a deep strengthening of the Community budget becomes necessary, so as to allow, according to the mechanism of one's own resources, the financial burden to be shared by all of Europe.

The risk of the parallel circulation of the D-mark outside the German area should also be coped with on a European level. It is obvious that the citizens of Central and Eastern Europe have wanted to travel abroad for years, but they do not have at their disposal a currency which is convertible into other currencies. It is also clear that the new political and economic élites wish to link their countries stably with the world market and, firstly, to the European Community, but the companies do not possess hard currency and their reserves of currency are often very modest. The convertibility route of national currencies is long, because it presupposes that the national economy is able to export goods and to ensure, with the gains from exportation, the solidity of the reserves and the country's solvency. It might thus be inevitable that, while waiting for the entry of the Central and Eastern European countries into a framework of Pan-European monetary integration, the Community currencies — linked by an agreement on exchange rate stability — and in particular the German mark, play the role of parallel currencies.

During the stage when the definite stability of the EEC exchange rates has not yet been achieved — I refer therefore to the next few months — the "private" ECU will have to be put alongside the D-mark as a parallel currency in the countries of the East, granting credits and aid in the European currency. In this way, as Michel Aglietta and Christian de Boisseu have underlined in *Le Monde*,⁶ all the twelve Community currencies will be adopted as an instrument for payment or reserve in Poland, Czechoslovakia and in other economic areas which are opening up to the free market. If one assumes that part of the parallel circulation in ECUs does not add to, but replaces the parallel circulation in D-marks, the sum of the Western monetary instruments in Central and Eastern Europe could represent a much lower percentage fraction of overall Community liquidity with respect to what it represents, instead of the German national liquidity alone. Thus, while awaiting definite exchange rate stability within the EMS, it becomes necessary to think of a *double Community parallel currency* in Eastern Europe: the ECU and the German mark. This way the inflationary effects produced in Germany by the circulation of national monetary instruments in Eastern Europe can be reduced.

Starting from July 1st 1990 the Governors' Committee of the central

banks of the EEC will become the nucleus of the future European central banking system. The Committee will assume, albeit progressively, control over monetary aggregates, the rate policy, and exchange rate strategies of Community partners. It can reasonably be thought that the Committee — in other words the institution which expresses the still somewhat weak monetary identity of the EEC — will have to go deeper into the matter of monetary relations with Eastern Europe: it will therefore have to be given the power to control the use of the D-mark and the private ECU, in other words of the double parallel currency, and will possibly have to arrange the monetary policy measures which allow it to extend or restrict liquidity according to the circulation of currencies outside the Community. In other words, the Governors' Committee will have to turn into a Federal Open Market Committee of the D-mark and the private ECU.

The Committee will also have to maintain direct relations with the monetary authorities of the Eastern European countries and take up initiatives to grant resources directly to these countries. A European fund in ECUs for monetary stabilization in Central and Eastern Europe — taking as a model recent initiatives in favour of Poland — could represent an important common contribution of Western Europe.

In a second phase — once the reform of the economy of Central and Eastern European countries has been consolidated — it will be necessary to proceed resolutely towards wider forms of monetary integration than the current European Community. The EEC must encourage forms of monetary integration in the East, among countries willing to sacrifice, in conditions of equality, part of monetary sovereignty in favour of common authorities. In Western Europe the ECU will by then have replaced, according to the Delors Plan, the fixed and irrevocable exchange rate system and the individual national currencies. The ECU and a money of account of Central and Eastern Europe can then be tied up by exchange rate agreements similar to those of the European Monetary System. The families and businesses of Western Europe, as well as those of Central and Eastern Europe, will then have at their disposal convertible money which participates in a single European system of European stability of prices and exchange rates.⁷

Finally, a few words on long term prospects. The European Community — probably extended to Central and Eastern Europe — will have the possibility, if it wants, to become the United States of Europe. They will have a common currency that will become one of the pivots of the international monetary system. The option between *extension* and *inte-*

gration and the same dangers of monetary *over-extension* will appear at a worldwide level and this article will inevitably have to take on a different title: "European inflation or world money?"

5. The course of the debate on intra-German monetary union shows that, if there exists on the one hand the political will to assume responsibilities beyond the frontiers and, on the other hand, the willingness to sacrifice national sovereignty, the monetary integration processes are fast. The debate on European monetary integration must now continue with the same intensity. The union between the two marks of the East and the West, if placed within the framework of a rapid European monetary unification, is the basis of a stronger European monetary identity and the beginning of a pan-European integration process. If instead the events of the last months are not accompanied by European monetary growth and by the consolidation of Community finances, the danger exists that structural inflationary phenomena might take place in Germany and that all Europe might consequently enter into a difficult phase. The dilemma over the intergovernmental conference on monetary and economic union, which starts at the very latest at the end of 1990, must be solved: the decisions taken on that occasion will clarify whether Europe chooses the road to integration or inflation.

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NOTES

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² Harry Runge, *Haushaltsfinanzierung durch Notendruck*, Berlin, Ducker und Humblot, 1986.

³ Andrea Sommariva, Giuseppe Tullio, *German Macroeconomic History 1880-1979: A Study on the Effects of Economic Policy on Inflation, Currency, Depreciation and Growth*, MacMillan Press, 1987.

⁴ Paul Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000*, Unwin Hyman, 1988.

⁵ "Die längerfristige Entwicklung der Weltwährungsreserven," in *Monatsberichte der Deutschen Bundesbank*, January 1990.

⁶ Michel Aglietta, Christian de Boissieu, "Le rouble, le mark et l'écu," in *Le Monde*, 19.12.1989.

⁷ Alfonso Jozzo, "Perestrojka a passo di rublo," in *Il Sole 24 Ore*, 14.11.1989.

CAN FEDERALISM BE A MODEL FOR AFRICA?

Is it possible to speak of an African federalism? Taking into account all the studies on this issue — especially academic legal studies concerning African unity — one might be led to believe that everything has already been said.

Actually, the existence of the federative phenomenon in Africa has been pointed out in various contributions concerning the study of Pan-African movements, which developed after the First World War and brought about the decolonization of Africa.

Likewise, many historical and ethnological studies have shown, although with some hesitation, the existence of phenomena of the federal type in the social systems of pre-colonial black Africa.

Finally, the observation of the successes and failures of the unions between African states from the very first years of their independence, the balance of successful or unsuccessful federal experiences and more particularly African unity policies represent the main theoretical basis of what has been called African federalism.

However, when trying to verify the extent of federalist theory within the African continent, everything or almost everything still has to be said, because it really is not possible to speak of African federalism as a political project. Neither for the past nor the present can one claim the existence of a movement, in the form of an association, having as its exclusive aim, in an autonomous form, the support of the federalist idea as a political project for Africa.

Actually, when trying to present or propose the project of a new federalism, based on the principles of the modern federalist doctrine, the term "African federalism" still has to be defined, and the African federalist project still belongs to the future. A study of the experiences of unions between states, in the latter perspective, is of little interest, also as regards what African ethnophilosophy and political anthropology claim about the pre-existence of the phenomenon on the continent.

The only interesting aspect — certainly not to be neglected — presented by this type of historical study¹ on the existence of federal phenomena in pre-colonial Africa (unlike Bernard Voyenne's works² on the idea of European unification in the West) consists in the fact that these demonstrations tend to prove that federalism cannot in any way be considered as an imported ideology in Africa. The possible similarities between the two political and social systems of Africa and Greece consist in the alliance contract or pact among the segments (clans, families and

ancestral families) that make up the socio-political systems, which should represent the fundamental principle at the basis of the political organization of the black-African and Greek societies. These verifications establish irrefutably the universal nature of federalism as a form of organization and administration of a political society.

The Jacobin ideology of the state, based on the necessary coincidence between state and nation, conquered the whole world. It arrived in Africa towards the end of the 19th century, with colonization, and it settled there at the end of the Berlin conference more than a hundred years ago.

However, after the Second World War, some signs of dissent began to appear with the refusal of colonialism and the desire for emancipation, initially, and subsequently through the desire to overcome the artificial state frameworks imposed by the colonial powers, expressed by some Africans³ with the formula of a "federation with the metropolitan power," or, according to others,⁴ through a "militant Pan-Africanism," to make explicit the objective of a total breach with colonialism. In this new shape, African federalism appeared as an ideology of African decolonization.

But, at that point, we cannot claim that African federalism had clearly established itself as the ideology of a federal state. It had not yet defined itself autonomously with respect to the great ideological and political currents which predominated at that time, namely colonialism and communism.

Actually, when examining the programme of the *Parti Fédéraliste Africain* (PFA),⁵ the only political organization in Africa that refers to federalism, it is quite clear that the African Federation was seen only as an instrument for solving the colonial crisis. This attitude can be explained with the desire of the colonialist governments of the time to oppose the African colonies' yearning for independence. The experiences of those days cannot be defined as federalist, as the indispensable political conditions were lacking, particularly independence, for the component entities, or entities to be "federalized," to have at their disposal the freedom necessary to the conclusion of a pact — in the general sense of *foedus* — destined to reinforce and guarantee their independence. It is worth noting in fact that, from a technical and juridical point of view, the act which creates federations of states is always an international act: a federation of states cannot arise through a "ministerial regulation," as in the case of the old federations in Africa during the colonial era.

The African and international context, in which those African federalists pursuing a unitarian purpose operated, did not allow them in any

way to clearly formulate the African federal objective, despite the presence of the Senghor *Parti Fédéraliste Africain*; and above all, the elements of federalism were insufficient or almost absent — due to the stage of development of institutional life in Africa at that time — as federalism by aggregation always presupposes the pre-existence of sovereign and separate political entities which federate through a constitutional bond. And in effect, on the one hand, the African states had not acquired a sufficient degree of independence and, on the other hand, the process of internal constitutionalization was too little developed to imagine a constitutional bond among the separate states.

Some jurists⁶ maintain, however, that the use of the concept of African federalism is appropriate to describe the political experiences of that time. On our part, we think that a correct interpretation of modern federalism, meant as a conscious overcoming of the national state, does not allow us to see in these experiences forms of authentic federalism. The prospects for a real federalist experience in Africa are ahead, not behind us.

The same conclusions are reached when examining the constituent elements of the concept of "militant Pan-Africanism" in the light of the federalist theory.

"Militant Pan-Africanism" is the movement which raised the greatest hopes during Africa's decolonization. However, its lack of clarity as regards the geographical limits of the area to be federated — as it wished for the total unity of Africa,⁷ neglecting the areas of civilization — its alliance with international communism,⁸ its centralizing tendency,⁹ but also the absence of a philosophical and methodological basis able to present it as a coherent doctrine have reduced it to the role of simple ideological fantasy, preoccupied, like many others, with justifying a form of power.

In conclusion, African federalism, in the political and ideological sense so far defined, serves to point out, on the one hand, the attempts made during decolonization to create "federations" among the African states and the old colonial powers and, on the other hand, the "Pan-African Movement" for the independence and the national reunification of Africa, based on the "militant Pan-Africanism" of Dr. K. Nkrumah.

This expression of African federalism, in a historical context dominated by the cold war and the clash between the great political and ideological currents of the world in the postwar years — communism and the power politics — could not escape these historical determinations, which condemned it to remain without any real outlet. African federalism

could not, in such a context, expect to reach the degree of theoretical autonomy necessary for it to be used as an ideological basis for the construction of the political unity of Africa.

Pan-African ideology, however, has been useful to create the cultural and historical foundations which could allow the African states to envisage their unity.¹⁰ Actually, cultural Pan-Africanism is able to play this role only on condition that federalism is formulated as a political project for Africa. Since the supposed existence of an “African nation” is not now a motivation strong enough to prompt the union of the African states, the latter can now only be founded on a federal basis. Really, one of the main facts in the history of Africa since the African states have had access to sovereignty has been the triumph of nationalism all over the continent. The myth of the “national way to development,” as underlined by Professor Guido Montani,¹¹ has been an ideological impulse towards the economic and political establishment of the young African states of recent independence and has replaced Pan-Africanism, which had served as ideological impulse to decolonization. “State nationalism,” which has been popular in Africa for over a quarter of a century, has produced as its result the creation of new national loyalties within the territorial spaces defined by colonization.

It is worthwhile specifying the meaning I give to the concept of “state nationalism.” Beyond the classical distinction between subjective and objective definitions of the nation, it can be considered that the nation is defined as a community whose members, united by ties of material and spiritual solidarity, have become aware that they represent an entity distinct from the other human communities. But the theme of the nation, in the European experience, has always been rapidly associated with that of the state, as a justification of the latter’s independence: it is the emergence of nationalism as an ideological phenomenon different from the “cultural nations.” Within the African context, the role of the state has prevailed in the formation of the nation, because the historical evolution of the national formation in Africa was interrupted by the intervention of colonialism. The present African state has consequently been condemned to seek a new form of national aggregation, which could only be founded on the idea of nation as the Western concept had developed it.

One of the first difficulties encountered by the African state, since the very beginning of its independence, has been (as the French jurist Georges Burdeau has underlined very appropriately) “the one raised by the structure and boundaries of the national framework.”¹² Thus, starting from the territorial framework inherited from colonialism and arbitrarily

delimited, encompassing different ethnic groups, the African state has committed itself, over the last thirty years, to creating a new type of global and national solidarity. And it has committed itself strongly. In other terms, the search for a national framework — because of the pluri-ethnic nature of the African state, with the exception of Somaliland and Lesotho, which are mono-ethnic nations — has been possible only through coercive and ethnocidal means. The creation of the nation has taken place without problems only in those exceptional cases in which the state has made the most of the exclusive feelings of a majority ethnic group, which has managed to gather heterogeneous contributions to its cause. However, the African nations are still, at the same time, both an aspiration and an objective to be reached and an operating reality, the various phases of whose establishment are articulated around precise events and different structures of integration which are repressive and inclusive, clearly perceivable and easily found out. This process has now reached a phase of irreversibility. This is what Mouflou¹³ rightly qualifies, in an original essay on African unity, as “the triumph of the nationalists”. The author concludes, at the end of a sociological analysis of the Organization of African Unity (OAU), that this organization has served more to consolidate the national states than to construct African unity.

The creation of the OAU, inspired by the confederal model, in actual fact opens up a new chapter of African history. This act is founded on the acceptance of the state entities derived from the Berlin Treaty. For the first time now there is the indispensable condition for a federation — which was missing in the aftermath of independence — in other words the existence of independent and separate sovereign states. The decolonization of Africa and then the triumph of the “myth of the national way to development” have considerably reduced the force of what represented fundamentally the basis of Pan-African unity: the memory of the common experience of slavery and of colonization. This evolution has resulted in the emergence of a feeling of diversity between the new nationalities, a feeling which has almost managed to place the original cultural identity of the Africans in the background. Thus Maryse Condé is not wrong when she questions the operative character of cultural identity. “Cultural identity — she says — has been spoken of for some time. The term is supposed to indicate the notion of an original and clearly defined identity which shows at all the levels of the collective expression of a country or people and which allows them to assert themselves among others. Fear and the sensation of being threatened can generate very disputable feelings. Now the African peoples have already suffered

enough from myths. So we see the sad effects of 'negritude' raised to the status of system of government. The first question is the following: who speaks of cultural identity?"¹⁴ The author wanted to point out, although in a rather confused way, the fact that the development of "state nationalism" in Africa tends to checkmate all the expressions of the Pan-African movement.

The fact that the process of emergence of "state nationalism" has come to maturity can be noted by the numerous conflicts which have set the independent African states against each other, all members of the Organization of African Unity,¹⁵ which have largely taken the shape of an armed war. It is the result of the policy of national interest, of the application of the doctrine of the *raison d'Etat* in inter-African relations. It is clear that the Pan-African system has now entered the era of the nation-state. The model of the nation-state, based on the necessary coinciding of state and nation, is the system on which those African states which have reached full maturity are based.

Alexander Hamilton wrote in *The Federalist*: "To look for a continuation of harmony between a number of independent unconnected sovereignties situated in the same neighbourhood, would be to disregard the uniform course of human events and to set at defiance the accumulated experience of ages."¹⁶ This means that it is impossible to maintain peace among sovereign states without a federal tie. The problem therefore lies in the difficulty to reconcile the idea of sovereignty with the need for peace.

The latter can only be achieved on condition that democratic institutions be extended to the governments of the various states considered. These are the first premises of federalism, which after Kant and the American experience represent the essential instrument of an association of states for maintaining peace. It is not the "confederation" proposed by Rousseau,¹⁷ in other words an association of sovereign states for purely defensive purposes; but, according to Wheare's definition,¹⁸ two levels of government at the same time co-ordinate and independent, each in its own sphere.

It seems that these two elements, considered in conjunction, pose the problem of African unity in new terms. The use of the concept of African federalism we mentioned before thus finds its full meaning, contrary to its previous use. In actual fact, these elements make conceivable an institutional structure in which the local government — the independent African state — will be able to give expression to advanced forms of self-government without undergoing interference on the part of a central

African or foreign authority; but in which, at the same time, thanks to the co-ordination existing between the two levels of government, the formation of the African political will and the decisions taken at this level can be applied at a general level.

Thus the federal model has become a necessity in Africa. African unity can no longer be conceived of except in terms of federalism, since the policy carried out at present in Africa by our national governments almost exclusively follows the classical principle of every foreign policy, which consists of obtaining advantages for one's own state and citizens, whence the numerous conflicts among the African states. And this assigns to African federalism a fundamental role, both as a political project and as a solution to those inextricable conflicts, in maintaining peace.

Therefore federalism, as a "scientific critique of the national state," in the meaning given to it by Mario Albertini,¹⁹ finds in Africa the conditions for its full application. It becomes necessary to refute the erroneous ideas unfortunately taken up by many federalist writings, according to which "nationalism, the ideology of the national state, still has a role to play in Africa, due to the number of tribes and clans," "Africa can only start building regional confederations, because the integration process of the African peoples has not yet been completed ..." This assertion is not only a dangerous attenuation of the universal significance of federalism, but it tends to lose sight of the fact that the essence of federalism lies not only in its supra-national nature, but also and above all in its fundamental goal of maintaining peace among human groups, independently of the forms of political organization. Of course, African unification, in the light of the federalist theory, cannot be conceived as dull uniformity. It is quite evident that it is a matter of limiting unification only to those areas whose dimensions go well beyond local politics' scope and which cannot be controlled through mere intergovernmental co-operation. All other matters must be left to the local authorities' competence. Thus the "subsidiarity" principle has been enunciated, according to which the general collectivity — the union — intervenes only when the regional collectivities — the states — are inadequate in relation to the size of the problems to be solved. The subsidiarity principle²⁰ is the very foundation of federalism, which has often been defined as "unity in diversity."

Unity and diversity characterize African history and culture. The great religious and philosophical currents, the main styles of architecture, art and music have never known boundaries in Africa, just as the multitude of our languages and the diversity of our regional and national

identities belong to the cultural heritage of Africa. The political history of Africa has been dominated, for long periods, by a constant alternation between centripetal and centrifugal forces.²¹ If, in events, centrifugal forces have prevailed over centripetal forces — the great African empires lasted much less than the periods of anarchy and political breaking up — this is due in most cases to the phenomenon of foreign invasion, which is also a constant element in African history. Within this context, African unification can only mean the search for a unity which does not destroy diversity. *Thus the African federation will necessarily be, in its initial phases, a multinational and multilingual federation.*

It is worthwhile pointing out, to eliminate any doubt on the up-to-dateness of African federalism, that the “national framework” in Africa²² — more than anywhere else in the world — is insufficient to guarantee the harmonious development and real independence of our peoples. The smallness of the territory, the weakness of the national market, the precariousness of the economic resources condemn every African state, taken separately, to never being able to acquire the dignity of a real state nor to being elevated to the rank of a modern nation. Therefore it is useful to affirm that the federalist model is not a metaphysical ideal, but corresponds to the need to create common structures able to face the challenge of the transnational dimension. The federalist model, and there is no doubt about it, is the most effective formula to organize African unity so as to solve the economic development problems of Africa.

It seems appropriate, before going on, to clarify the meaning I attribute to the word model: it is by no means an arbitrary choice comparable to Max Weber’s “ideal type,”²³ but the federalist model, in the sense I use it, in Africa is a historical necessity, which has its roots in our concrete realities: it is required by reason. Moreover, the Bismarck concept of politics as “the art of what is possible” has often guided us in our political choices in Africa, while today it is most of all a matter of making possible what is necessary.

Most of our peoples are worried and are trying to find an answer to many problems, such as unemployment, famine, education, professional training, health, working conditions. Federalism offers an answer to these challenges. *Only an African government, in fact, can have the necessary means and mobilize the necessary resources to tackle these fundamental problems.*

But, in conclusion, what do we mean by federalism, beyond the formula “unity in diversity”?

One first classical definition is given by what is commonly called the

American or Hamiltonian school,²⁴ which sees in federalism the theory of the federal state, characterized by the vertical division of powers between the Union and the member-states: it is institutional federalism. The federal state, according to this concept, is nothing but a framework which does not imply in itself a choice of society, since it can exist in régimes and systems as different as those of the United States, the USSR, the Federal Republic of Germany, Mexico, India, Brazil, Yugoslavia, Australia or Switzerland.

Beyond the juridical and institutional experience of the federal state, federalism also appears like an organization principle applicable to various aspects of social life. Trade unions, political parties, the most diverse associations, business companies often have structures of a federal type. Starting from these observations, some authors consider federalism as a way of organizing society: it is integral federalism,²⁵ represented by the French school inspired by Proudhon.

Beyond these exclusive definitions, it seems legitimate to speak of federalism, as Ferdinand Kinski proposes, “when a political, economic or cultural organization comprises various autonomous collectivities linked to each other by common structures and institutions to which they have delegated some of the power and competence for managing common affairs and for defending their external interests; when unity and diversity, in a complex organization, are equally respected; when the distribution of powers is carried out so that they are exactly suited to the problems to be solved and, finally, when the member-groups and the autonomous parts can take part in the decisions of the embodying organization and control it.”²⁶

Is it then possible, starting from this partial experience of the federal states and the already existing federal structures in the non-state areas, to set up federalism as a model for Africa?

We are persuaded that Africa needs to progress towards federalism, if it wants to survive as a civilization.

This need cannot be met except by overcoming the obstacles opposing it. The federalist model will have some probability of success in Africa only if forces and tendencies favourable to its achievement already exist and if the federalists take the initiative in this process and deeply commit themselves to it.

Today in Africa there are many economic and institutional factors, whose presence tends to prove that the continent is evolving towards its unification. The presence of pre-federalist mechanisms, certainly insufficient, but real, in African unity policy, represents a considerable

progress in the unification process. In conclusion, the present crisis of African unity is but the result of the lack of federalism in Pan-African institutions.

However federalism will serve as a basis for African unity only on condition that — as William Riker,²⁷ who derived this conclusion from the federalist experiences in history, has underlined — *there exists a conscious political subject to propose it*. In Africa there has never really been a movement which has supported in an autonomous manner in front of public opinion the idea of African unity. *The establishment of a federalist force becomes an indispensable condition for the federation of Africa.*

If for many reasons federalism is a necessary model for the Africa of today, its realization depends on the mobilization of young Africans as the federalist force of the future.

Fall Cheikh Bamba

NOTES

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Interventions *

ITALIANS AND GERMANS IN THE EUROPEAN MOVEMENT

The June 1989 European elections were accompanied in Italy by a referendum on the question of granting the European Parliament a constituent mandate. About 80 per cent of the Italian electorate voted "yes." This result is a demonstration of the positive attitude towards European integration which has for years characterized the debate on developments in European politics in Italy. How this referendum was arrived at is significant: as indeed is the result, which beyond all doubt has to be considered extremely positive.

The initiative was launched by the *Movimento Federalista Europeo*, which, with the support of the political and social forces organized in the Italian Council of the European Movement, mobilized a large number of deputies and senators to present the relevant bill to Parliament. The initiative was carried forward through a lengthy legislative procedure, accompanied by continual pressure on the parties and their groups, and even on each individual deputy. The subsequent campaign of information did the rest. In the end the law sanctioning the referendum was approved by an enormous majority and the date was fixed to coincide with that of the European elections.

It was a great success for the Italian forces of European and federalist inspiration. In no other country have such initiatives met with success. It has to be recognized however that in other countries the political, cultural and constitutional prerequisites, as well as those having to do with national tradition were much less favourable to such an action. But it is

*This heading includes interventions which the editorial board believes readers will find interesting, but which not necessarily reflect the board's views.

also true that nowhere else are the federalists and Europeanists so politically active, so flexible in organization and so intellectually lively as in Italy. This deserves to be recognized, particularly by the Germans.

After all, along with the Italians, the Germans represent the strongest group in the European Union of Federalists (UEF) and in the International European Movement, and are therefore the predominant group.

Within the UEF, *Europa Union Deutschland* is the partner of the Italian *Movimento Federalista Europeo*; just as the Italian Council of the European Movement has the German Council as its partner. In both cases they are complementary in their diversity. For years they have found themselves together in the struggle to pursue common goals, despite the difficulties which arise as a result of their differences. Their collaboration, like the rivalry between them and consequent conflicts, are dynamic elements for progress and renewal in both the European Union of Federalists and the International European Movement.

Competition appears above all when strategic or conceptual questions are at stake, where naturally different historical experiences and political culture come out. This may be observed in the very structure of the federalist and European associations: what in Italy is called a "movement," and consequently acts in an activist, movementalist way, is called an "organization" in Germany, and acts in a systematic and schematic manner.

If the Italian associations have been recognized as having greater flexibility in organizational respects compared to federalist and European associations in other countries, in Italy it is recognized that no other association in the UEF is so well and rationally organized as the Europa Union, and that the German Council represents an unequalled example of well-thought out organization. And where the Italians distinguish themselves by intelligent political activism, the Germans shine at the institutional level. What in Italy is achieved by liveliness and intelligence, in Germany is compensated for by scientific activity.

It is understandable that these differences in talent, outlook, vision, thought and expression give rise to differences in choice of priorities and the path to follow. These are discussed together, obviously bearing in mind the common goal of unity, which also defines the style of relations. And it is thus that mutual understanding grows, which in turn allows each side to learn from the other.

But it is not merely in methodology that the competition between Italians and Germans in the European Movement can be fruitful, for even the content of the federalist aims is involved in a conflict destined, to be

sure, to be resolved in understanding and agreement.

Federalism for example is taken for granted by the Germans, who live and work politically in a federal state, as part of their own experience, a consolidated and practical system, whose functioning is unquestionable. It thus does not constitute a problem, and therefore rarely — all too rarely — is it thought about on the theoretical plane.

The Italians, on the other hand, for the moment only know federalism on the theoretical level; this theory appears to them attractive, and rightly so, from the intellectual point of view; it gives them many convincing answers to the variety of problems posed by their state system, like the prospect of creating a European and international state system. Their experiences as political militants go back, however, to the centralized constitutional system in which they move. And naturally this experience also influences federalist theory, by accentuating the unitary aspect over that of multiplicity, which the Germans consider fundamental.

Consequently the Italians support a top-down model of federalism, represented by depriving the individual components making up the federation and concentrating power in the central organs of government, whose federative order is based on theoretical principles according to which parts of power can easily be restored to the components. The Germans, on the contrary, are in favour of bottom-up federalism: the various components maintain their autonomy, together forming the federation, so that the areas of power which they entrust to the federation can be administered only with their participation.

It is not by chance that the governing body of the *Movimento Federalista Europeo* in Italy consists of people elected by the Congress (from above), and is called the Central Committee; while, in contrast, the corresponding organ (*Hauptausschuss*) of the Europa Union is formed of delegates sent by the regional associations (from below).

Perhaps all these differences have been pushed to the limit here. Not all Italian federalists, and not all German federalists after all will recognize themselves in these general observations. Basically however, things are as I have said. It is for this reason that the Italo-German dialogue is of such importance.

The International European Movement and the European Union of Federalists have both drawn advantage on the level of ideas from the fruitful competition between Germans and Italians and from their sincere and passionate co-operation. The successes in favour of European integration and the prestige which these associations have won for themselves as initiators, promoters and stimulators in the various positive

and negative phases of the process of integration, are based largely on this Italo-German dialectic which, naturally, has never excluded friends and partners from other nations and their own important individual contributions.

Thomas Jansen

Federalist Action

THE EUROPEAN UNION

AND THE ECONOMIC AND MONETARY UNION *

1. The problem of Economic and Monetary Union will be analysed in this report from a specific point of view: this involves, in effect, describing the ties which exist between the process which will lead to the creation of a European currency and the strengthening of common policies, and the process regarding the creation of a European Union. Thus, we will not examine in detail those technical aspects which characterize the current debate on the creation of a Central Bank, or on tax harmonization. Rather, we will restrict ourselves to highlighting those facts and problems which federalists can use to promote the development of the process intended to lead to the creation of a European Union.

We must, therefore, first go back to the adoption of the Single Act and the federalists' evaluation of this. It is true that our judgment of the decisions taken at Luxembourg were entirely negative in nature, in that we held them to be entirely inadequate to guarantee the political and institutional minimum needed to give the Community an effective decision-making capability. At the same time, we viewed the project for the completion of the internal market, which was begun in Luxembourg on the basis of the recommendations contained in the 1985 White Paper — with the commitment to proceed towards the abolition of all barriers of a physical, technical and fiscal nature to the free circulation of goods, services and factors of production — as an effective step forwards, in that it was intended to bring to the fore certain contradictions regarding which it would have been possible at a future date to intervene in order to claim

*Report presented to the II Commission at the XIV Congress of the European Union of Federalists (U.E.F.), held in Brussels, April 7-9, 1989.

recognition of constituent powers for the European Parliament.

In fact, immediately after the defeat at Luxembourg, Spinelli relaunched the European Union project, which had a dual structure: on the one hand, the European Parliament was to claim the conferring of a constituent mandate by the states, so that the project for a European Union would not have to pass through a diplomatic conference, but could instead be directly submitted for ratification by the member states subsequently. On the other hand, it was necessary to promote a widespread mobilization of public opinion, and it is known that Spinelli considered the possibility of a referendum on the granting of a constituent mandate, which was to take place at the same time as the next European elections.

However, the main problem which we must consider is the following: is it possible to relaunch the struggle for the Union during the present phase of the European integration process? In order to answer this question we must ask ourselves if the growth of the integration process is capable of bringing into play new forces which, thanks to federalist initiative, will constitute a sufficiently vast alignment of forces capable of overcoming the resistance that will inevitably obstruct the attempt to promote such a profound institutional transformation of the Community.

From this perspective, an examination of the problems relating to the creation of an Economic and Monetary Union is of prime importance. Indeed, in addition to the continued talk regarding the mythical 1992 deadline, it is necessary to examine the real problems which today have been brought out into the open, and which are thus the forces that we can count on to relaunch politically the process leading to the creation of a European federation.

2. The project for the completion of the internal market has notably strengthened the chances of success in the creation of Monetary Union. The UEF (European Union of Federalists) has for a long time taken a clear stand in this regard. Federalists have fought for the elimination of the flexible exchange rate system, which has had strongly adverse effects on the European integration process. While pointing out its limits, they have strongly supported the project for the creation of the European Monetary System, which represents both a clear step forward as compared to the preceding situation, characterized by total flexibility, and a springboard for further progress towards a Monetary Union.

And the EMS has been just that. It has made it possible to overcome the serious difficulties created by flexible exchange rates, as regards both agricultural and industrial integration. It has strengthened the momentum

towards monetary stability in those countries characterized by high inflation rates, at the same time as stimulating the growth of processes of production restructuring. It has promoted the convergence of national economies, thereby favouring further progress in the process of monetary integration.

Today, an important stimulus towards monetary unification comes from the decision to move on to a complete liberalization of capital flows. It is clear that a decision of this kind, designed to promote an efficient allocation of savings on the European capital markets, presupposes stability in exchange rates. For in fact, only in this case it will be possible for savings flows to be solely determined by the differences in profitability among alternative investment projects, rather than being conditioned by the relative strengths of the various currencies, and therefore by the prospects of devaluation (or revaluation) for each investment.

The road to follow is already marked out, after the decision at the Hannover Summit to hand over the task of preparing a report on the creation of a European Central Bank and the role of the ECU to a Committee chaired by Jacques Delors; the report is to be presented on the occasion of the Madrid Summit, at the end of the six-month term of the Spanish presidency. In this area, the role of federalists, that of taking the initiative, already appears to have exhausted itself: other economic and social forces have now entered the field and are fighting for the achievement of those objectives which the UEF bought to the fore for a long time. Our task during this phase will be one of active surveillance. Clearly, the results that come out of the Madrid Summit will have to be carefully evaluated in order to determine to what extent it will be possible to take advantage of the advancements proposed in the monetary area to promote first the creation of a Monetary Union and then move towards the completion of the European Union.

3. Obviously, in the event of the complete liberalization of capital movements, monetary policy at the national level will lose its effectiveness: interest rates would be determined on the European market and a variation in these rates by an individual country, for purposes of the expansion or restriction of productive activity, will have no influence on effective demand, but only on the balance of payments. If stabilization and growth policy loses an instrument at the national level, there will then be a need for a strengthening of the powers — granted to the Community — for the management of economic policy. And this need is even more evident if we consider the limits that the completion of the internal market

will also impose in the area of tax policy.

With the Single Act, the Community's member states have, in effect, decided to promote the creation of a "space without internal frontiers, in which the free circulation of goods, persons, services and capital is assured" before 1993. However, the creation of a single market for goods necessarily presupposes that VAT and excises systems in effect at the moment be reviewed. Today, on the basis of the rules of the Treaties of Rome, the existence of tax frontiers is made necessary by the application of the principles of taxation in the country of destination: in fact, in order to avoid the appearance of distortions of a fiscal nature in the competition between goods produced in the various member states, which are characterized by different systems of indirect taxation, at the moment of export to another country within the Community, goods receive a refund at the frontiers, of those taxes paid within the country of origin, while at the moment of import they pay a compensatory duty equal to the taxes of the country of the good's final consumption. In this way the choice of production site is not influenced by the structure of the divergent tax systems of the member countries, since there is uniform tax treatment, within each consumption market, for all goods, regardless of whether they were imported or produced domestically. At the same time, there still is a lot of room for autonomy regarding the management of tax policy, since the national authorities responsible for economic policy can fix tax rates and tax bases while bearing in mind the needs of their own countries.

The completion of the single market requires, on the other hand, the elimination of tax barriers, and the proposals put forward by the Commission, at least as far as the VAT system is concerned, call for the application of the principle of taxation in the country of origin. Export will no longer constitute a non-taxable operation, but will instead be taxed on the basis of the rates of the country in which production takes place, and goods can then freely circulate within the Community. This proposal implies as a necessary corollary the harmonization of the taxable bases as well as a certain alignment of the tax rates. If we bear in mind that, in the case of excise duties, the Commission's proposals assume a total uniformity of rates, we may conclude that the Community is heading towards a Tax Union, and thus towards a reduction in the member states' financial autonomy. On the basis of these observations a recent document by the Bank of Italy concludes that "the change to a taxation based on country of origin and the birth of a Tax Union are justified above all in view of a Community fiscal system that will be much more developed than the

current one, and that will hand over functions which today are carried out at the state level to the supranational level, as well as a system of grants that is much more detailed than the present one. The strengthening of Community finances in a federal direction and the political and institutional developments connected with this, would constitute an important moment in the process of European integration.”

4. The stimulus towards more widespread tax harmonization is further strengthened by the process under way for the creation of a European financial area, since the liberalization of capital movements runs the risk of causing sizeable distortions in the allocation of savings in the presence of significant differences in tax structures. In fact, investment decisions are influenced by the characteristics of the tax system, as far as the location of corporations headquarters and their productive activities are concerned, as well as the use of savings by private investors. For this reason, the Commission intends to put forward precise proposals to bring both the taxable base and the corporate tax rates closer together, in addition to encouraging harmonization of taxes on capital income of the member countries.

In addition to the specific solutions being proposed, it must be pointed out here how the inner logic of the process that is to lead to the completion of the internal market manifests itself. In the years following the creation of the Common Market, the process towards trade liberalization for goods was begun and brought to a conclusion, by means of the elimination of customs duties and quotas, which weighed heavily on intra-Community trade. The monetary crisis that followed the decision to make the dollar non convertible into gold, and the economic crisis following the rise in raw material prices, in particular oil, interrupted this evolutionary process for some fifteen years. However, thanks mainly to the action undertaken by the European Parliament due to the initiative of Altiero Spinelli, which relaunched the process for the completion of a Monetary and Economic Union and the commitment to profound institutional reforms that are necessary to deal with the democratic deficit that still characterizes the Community, the Delors Commission proposed a specific program for the completion of the internal market by 1992 and get it accepted by the governments. In effect, this involves completing the effective unification of the internal market as far as the production and exchange of goods is concerned, by eliminating those obstacles of a physical, technical and fiscal nature that still exist today and which are emblemised by the maintenance of frontiers. Above all, this involves

moving the liberalization process forward as far as services and production factors are concerned.

However, this process, once under way, necessarily requires the implementation of further reform measures. Displaying an attitude that is much more realistic than in the past, the Commission has thus presented its proposals regarding tax harmonization. Shortly after, as soon as the rules for guaranteeing the liberalization of capital movements had been defined, it became obvious that it was necessary to proceed further along the road to harmonization of corporation income taxes and taxes on capital income. With equal clarity the governments were made aware of the urgent need to restart the process towards the creation of a Monetary Union, with the creation of a European Central Bank and the transformation of the ECU into a true currency. The Community has thus set out along a downward path towards Monetary and Economic Union, where each decision taken makes further steps to speed up the achievement of the final objective even more indispensable.

This represents the basis for the federalists' evaluation of the Single Act which, on the one hand, they immediately judged unfavourably because of its failure to overcome the democratic deficit which characterizes the Community, while on the other pointing out its potential, which is tied to the decision to promote the completion of the internal market. The jump from nation states to a united Europe is possible, in fact, only during a phase in the process in which some decisive obstacles regarding the question of sovereignty — in short, money and defence — can no longer be confronted in a positive way at the national level, but instead require a European solution. At the same time, the growth of the process of economic integration links interest groups to the European level and thus favours a political initiative designed to transfer sovereignty from the states to a European Union in the process of being formed. This is the area in which federalists can become involved in order to lay the basis for their claim for the granting of a constituent power to the European Parliament, since each step forward towards the completion of the internal market and the realization of a Monetary Union increases the democratic deficit in the Community, and thus makes the foundation of an effective governing of the European economy even more urgent.

5. In a recent study carried out by request of the Commission — the Cecchini Report — the economic advantages arising from the completion of the internal market are analytically determined. We may mention the principal results brought out by this Report, in order to evaluate to what

extent these would be attainable without the support of active interventions in the way of fiscal policy by the Community.

The Report estimates above all the direct costs of the formalities at the internal frontiers and the administrative costs that result from this for the public and private sectors, which are calculated to be equal to 1.8 per cent of the value of goods traded within the Community. To these costs must be added those for industry deriving from the existence of other barriers, technical ones in particular, which are at least equal to 2 per cent of the total costs of the firms. The total of these costs represents around 3.5 per cent of industrial added value.

The Report shows that the potential economies of scale for which no advantage is derived by the European industry are considerable. A unified European market would in fact be able to guarantee stronger competition among firms of an efficient size, and in this way it is estimated that around one-third of European industry could benefit from a reduction of costs which, according to the sector, could vary from 1 per cent to 7 per cent. The economies of scale thus obtained would be equal in total value to 2 per cent of European GDP.

On the whole, taking all sectors into account and all types of cost and price reductions, the Report reaches the conclusion that the total economic advantages would amount to a value of between 4.25 per cent and 6.5 per cent of GDP for the Community as a whole. At 1988 prices, and for the 12 member countries taken together, the total value would vary from 170 to 250 billion ECU.

As far as macroeconomic evaluations are concerned, the effects of the completion of the internal market have been grouped by the Report into three categories, each of which has a different impact:

- a) the elimination of delays and costs linked to internal frontier formalities;
- b) the opening up of public markets to competition;
- c) the liberalization and integration of financial markets.

In addition, the more general effects in the area of demand are considered, which reflect changes in business strategies within the new climate of increased competition.

The global impact would become apparent above all through downward pressure on prices and costs and, with a slight delay, in a stimulus to the increase in production. By 1992, the cumulative impact would be equal to 4.5 per cent in terms of GDP, and to a reduction of 6 per cent in the level of prices. The medium term impact on employment would be positive, with the creation of 2 million jobs. The Commission has further

estimated that, in the event of more active accompanying macroeconomic policies, the increase in GDP could reach 7 per cent and could be accompanied by the creation of 5 million jobs. In short, the potential economic advantages which could be obtained through the completion of the internal market are substantial. It is necessary to note, however, that, in the absence of expansionary macroeconomic policies designed to create favourable demand conditions, it is not at all certain that these potential effects will actually occur.

The proposal by Albert, that the completion of the internal market should be accompanied by a European investment plan, capable of sustaining demand, and thus reducing unemployment, appears to be more than ever of current interest. There exists in effect an "effectiveness multiplier for Community expenditure." Compared to isolated national measures, an expansionary fiscal policy managed at the Community level produces an effect that is from two to four times greater with regard to the acceleration of the growth rate, and from one to two times lower with regard to the adverse effects on the balance of payments. It is a question, therefore, of using the lending capacity of the Community, and that of the BEI in particular, to finance additional investment projects. A three-year Community loan of around 20 billion ECUs (with an increase of around two and a half times the financing granted by the BEI in 1987) would thus lead to a yearly increase in the growth rate of one percentage point.

Regarding the use of these investments, we need only point out that the Round Table of industrialists presided over by the President of Volvo, Guyllenhamar, has identified a large number of investments in Europe equal to some 50 billion ECUs for a group of projects (tunnels, transnational TGV, telecommunications, environment, transport) with a financial return in the order of 7-10 per cent. It is clear that the budgetary austerity policies undertaken in recent years by most of the Community's countries have given rise to an important number of unsatisfied needs. The urgency for a strengthening of public intervention at the Community level must be further emphasized if one considers the other objectives which economic policy must pursue within the Community.

6. The Cecchini Report, like the current economic debate in general, tends to point out the advantages, in terms of efficiency, arising from the completion of the internal market. These evaluations are certainly important, and should not be underestimated. However, while several conservative political and economic groups, expressed in particular by the political stand on Europe adopted by the British government, emphasize

the need to rely solely on market forces and to guarantee the survival of the exclusive sovereignty of the member states, federalists are fighting for a political conclusion of the process begun by the decision to promote the completion of the internal market. To federalists, in fact, this political development is indispensable not only to reduce the Community's democratic deficit, but also — and at the same time — to permit the realization of other important economic objectives, in addition to the greater efficiency in the allocation of resources made possible by the elimination of barriers that interfere still today with the free circulation of goods, services and factors of production.

The need for an increase in the size of the Community budget to at least 2.5 per cent of GDP in order to guarantee an adequate capacity for the automatic stabilization of production levels as well as an effective support of the weak areas in the Community during the process of monetary unification, has already been clearly pointed out in the MacDougall Report, to which federalists have several times drawn the attention of political, social and cultural groups. This need must be put forth again today with force, if the completion of the internal market by 1992 is not to turn into uncontrollable deregulation, with a market dominated by the largest financial and economic groups and with complete disregard by the Community in relation to the pursuit of those values that uniquely characterize European society.

It is not necessary here to define precisely the development of those common policies already undertaken and the characteristics of the new policies to be advanced. We will limit ourselves to a brief review of the main objectives which must be pursued, parallel to the completion of the internal market, by means of a substantial increase in the size of the Community budget.

a) Firstly, it is necessary to guarantee the maximization of production and the reduction of unemployment. From this viewpoint, as we have already mentioned, the elimination of barriers of all kinds which still exist must be accompanied by the use of an active policy supporting effective demand.

b) A second objective, also called for in the Single Act, involves social cohesion, or the creation of a European social area, which presupposes the strengthening of the already-existing structural policies and the undertaking of new interventions, above all in the Community's weakest areas.

c) The creation of a large market by itself does not guarantee a fair division of benefits on a territorial basis. In this regard as well there exists

the need for greater appropriations for structural policies and for greater spending capacities at the Community level; measures are needed for the creation of adequate infrastructures, which are indispensable when reducing territorial imbalances already evident within the Community; the latter will inevitably grow worse, without the necessary corrective measures, during the process involving the completion of the internal market.

d) Furthermore, it is necessary to undertake an effective ecological restructuring of the European economy. It is true, in fact, that the problem is mainly regulatory in nature, since constraints must be imposed on the market so as to direct production and consumption in an effort to safeguard the environment and conserve its natural resources. However, there are also important problems regarding the use of financial resources, which are indispensable to make the processes of production restructuring compatible with other economic objectives (for example, social cohesion).

e) Finally, an active policy must be begun at the European level to ensure that the growth of the European economy will be compatible with the development of Third World countries. Here as well it must be pointed out that the idea of a "Marshall Plan," designed in particular to support the countries of the Mediterranean basin and the African ones, has become part of the cultural heritage of European federalists, and has been explicitly affirmed in the "Mediterranean Manifesto" by Mario Albertini, which was recently approved in the First Conference of Federalist Forces in the Mediterranean held in Potenza on October 28-30, 1988. This theme has been taken up again in a very innovative manner with reference, among other things, to the social aspect of this phenomenon in terms of the immigration problem, in a motion presented to this Congress at the end of the work by the Commission on the Rights of Citizens set up under the UEF Federal Committee.

From this very brief examination it is nevertheless clear that the Community needs a larger budget in order to guarantee the fulfillment of these objectives which should coincide with the completion of the internal market. However, this increase in the budget's size and the strengthening of common policies will necessarily tend to worsen the Community's democratic deficit, in an untenable way, and will thus represent a further stimulus for the federalists' claim that it is necessary to move on to the creation of a democratic power to govern the European economy.

7. If the Community progresses towards an Economic and Monetary Union, it will become increasingly important to undertake, as the Werner Report has already pointed out, effective co-ordination of the member states' budget policies, in particular as regard the determination of the deficit and the means of financing it.

In this regard, there are several models which can be adopted. In the majority of existing federations the member states retain the power to decide their own debt levels, and total amount of expenditure and tax intake. Hence, as they no longer have the monetary instrument at their disposal, the member states reserve for themselves the right to obtain the loans necessary to achieve a balanced budget from the market. The only exception to this is the Australian Loan Council, since in that country the federal authorities play a pre-eminent role in deciding on how much credit each member state can have, with the Loan Council acting as a body which negotiates loans on behalf of the states.

Clearly, what we have here are two polar-opposite models: in fact, in the first case the power to control a fundamental variable of economic policy by the central government appears to be excessively weak; in the second case, on the other hand, the degree of centralization is at a maximum, since the member states have lost their autonomy in determining their overall expenditure and tax intake levels, even if they presumably take advantage of a lower cost of indebtedness thanks to the centralized management of loans carried out by the federal body.

Another possibility would be to make it obligatory for member states to eliminate the "structural" deficit by means of constitutionally-based rules or to keep the budget balanced on a cyclical basis. More generally, however, if the wish is to correctly define the problem regarding the balancing of the member states' finances on the basis of the principles which characterize a federal state structure, then it does not seem desirable to allow the market, in the last instance, to decide on the debt levels permitted to the various levels of government. Rather, a solution which grants the Community the power to decide the overall debt levels for all public administrations in order to serve the equilibrium and growth needs of the entire European economy, appears more in order. In this instance the member states would be faced with exogenously-determined maximum debt levels, and on this basis they would have to establish the amount of tax revenue and expenditure. The determination of the total level of indebtedness will naturally have to take into account the need for an (anti-cyclical) economic policy management, while the distribution of credit among the various countries will also have to be carried out with

regard to the objective of reducing those regional disequilibria of a structural nature, as well as that of a stronger social cohesion within the Community.

Once again giving the Community such delicate tasks to undertake, together with the parallel reduction of national sovereignty in fiscal matters, is only conceivable if at the same time there is a strengthening of the European Parliament's powers and its capacity to control European government. If the reverse should hold true, not only will the structure of the decision-making process be unacceptably in contrast with fundamental democratic principles, but it will also certainly be paralysed by the resistance of the member states, who, in the present situation in the Community, can even make use of the right of veto.

8. In view of a gradual creation of an Economic and Monetary Union we can define a policy aimed at balancing public finances in those European countries with serious budget deficit problems, so as to guarantee at the same time the strengthening, and not the dismantlement, of the welfare state. The reference point for confronting this problem is clearly the theory of fiscal federalism. And the analysis of the problem must begin with the fact that during the next few years public demand will, in any event, play a decisive role in stimulating a new growth cycle in productive activity and the beginning of a process of ecological restructuring in the economy.

Within the framework of the Keynesian system the state's primary task is to intervene to guarantee full employment, either by creating new demand directly through public expenditure in order to make up for insufficient private demand, or by making effective a potential demand for goods and services which does not take place in the market due to the unavailability of income. In this case the state, to stimulate demand, transfers income to the poorest classes or reduces taxes on private income. In this way, by taking advantage of the available potential demand, the economy was ensured a full growth cycle, especially after the Second World War.

Today, at least in European countries, the fundamental needs of the population are to a large extent satisfied, and thus the potential demand that can be made effective involves goods with a high elasticity and whose production is mainly controlled by the public sector. At the same time, an ecological restructuring of production and consumption inevitably assumes substantial public intervention. In short, in this area of public spending an expansion, not a reduction, is foreseen.

On the other hand, despite the present tendencies favourable to a drastic reduction in public intervention in the economy, it is not reasonable to maintain that the advances which the welfare state has been able to assure to European citizens in the presence of much lower income levels, and which have brought Europe to the forefront as compared to the United States and Japan, should now be done away with in the presence of a much higher absolute level of wealth.

The fact is that the true problem on today's agenda is not that of reducing welfare expenditure, but of making it more efficient. In this perspective, it is necessary to point out a weakness in traditional thinking, which tends to identify public intervention with the direct production of public goods by the state. In reality, if the idea is to combine efficiency with equity, and therefore to move towards the solution of the crisis in public finance without sacrificing the social achievements of the past, we must hand over a greater governing responsibility for social spending to those groups directly concerned.

In short, the lower-level government bodies (and thus not only the member states, but the regions, provinces and municipalities as well) must provide for social services which concern their own populations, either directly or through agreements with private producers in cases where these are technically and economically more efficient, while making them responsible for the financing of these services. The necessary precondition for this is, obviously, that the central level of government — that is, the European level — must guarantee that all the Community's territories start out on an equal footing, by means of a suitable policy designed to create an equal distribution of resources on a territorial basis.

By decentralizing the financing responsibilities for public expenditure, social control over this expenditure will increase, thereby avoiding the degradation and corruption which statalism carries in its wake, and there will be a guarantee that social expenditure will grow to the extent that the citizens involved will be willing to hand over at the same time the availability of private goods. This willingness will be shown evidently by the agreement to an increase in taxation levels.

These considerations should serve to clear the ground of a deceptive criticism against the creation of an Economic and Monetary Union, which is based on the statement that the construction of such a Union appears destined to bring an increase in the degree of centralization in its wake. This view is used as a means of opposing those developments that have arisen out of the decision to move on to the completion of the internal

market by 1992. On the contrary, the realization of an effective unity in the economic and monetary fields, and the granting of effective governing powers over the European economy to the Commission, democratically controlled by the European Parliament, both constitute an indispensable premise for the achievement of the maximum degree of decentralization on the basis of the principles of fiscal federalism, without going against the pursuit of the objectives of equity which represent an inalienable heritage of European civilization.

9. In conclusion, we have seen that the completion of the internal market by 1992 has brought forth the problem of the construction of a Monetary Union and a Tax Union, as well as that of the strengthening of budget policies at the European level. As far as the problems of the Central Bank and the transformation of the ECU into a true European currency are concerned, the process is already underway, and the responsibility for initiatives in this regard falls no longer to federalists, and thus to the UEF; rather, an equally important task, though with a different significance, has become part of their duties: that of active vigilance, so as to make sure that those obstacles which will inevitably be created by more conservative groups, do not prevent this process from succeeding.

It is rather in the area of the Economic Union that federalists today must take on initiatives, by promoting a debate within the UEF on those issues that have been briefly discussed here, attempting to establish a common position and, as a result, having close contacts with other groups — political, social and cultural. These efforts are closely connected with a UEF policy that seeks to relaunch the constitutional initiative in order to attain the foundation of the European Union. Without progress in the political area, it is not, in fact, realistically imaginable that the completion of the internal market will occur by 1992.

The main target for the UEF in this area is undoubtedly the European Parliament, which must once again be made aware of the problems analysed in the MacDougall and Albert-Ball Reports, those concerning the construction of a Tax Union, and the development of an Economic Union based on the principles of fiscal federalism. However, the UEF must also turn to other economic, social and cultural forces, offering them the solutions worked out by federalists to deal with the problems which will inevitably come up regarding the 1992 deadline. In this way the alignment of forces that the UEF can mobilize in the struggle for the construction of a democratic power at the European level will be widened. This, in fact, represents the decisive objective on which the

completion of the internal market and the creation of an Economic and Monetary Union depend. Also in this regard, it will be indispensable for the Congress to express itself in precise terms regarding the relaunching of the federalist initiative, in view of the construction of a European Union, and on the conditions which are necessary to carry out for this goal.

Alberto Majocchi

Thirty Years Ago

THE NATION, IDEOLOGICAL FETISH OF OUR TIME *

Important conclusions can be reached if we accept that the typical character of the “nation” is not the language, nor the possession of a territory, nor tradition, nor *race*, by virtue of the fact that these elements are too vague (tradition), or retrospective (possession of the territory), or incomprehensible (*race*) or not always present (language) where there are people who feel they belong to a nation and if we also admit that the “nation” in the specific sense is an ideological fact.¹

To begin with, a criterion can be established to judge the degree of nationalism. The national feeling — according to what we claim — is the ideological reflection of the citizen’s ties with his nation-state. Consequently, the national feeling becomes stronger and more exclusive as these ties increase in extension (number of citizens actually involved) and depth (number of human activities linked to the state). This relationship can be described more accurately as follows. When all citizens take part in national life, and a sufficient number of important human activities lie within the scope of the state, the interest of the group considered as supreme good becomes the criterion by which everybody can judge these activities (which also tie the citizen psychologically to the nation). In this case these activities are no longer judged only for their specific value — for example economic activity in exclusively economic terms — but also are valued for the services they can render to the nation, that is for their national value. And this is not all. In the case of a conflict between the specific value of a certain activity and the national value, the national value prevails (for example, companies which are not competitive but

*This text was published in *Il Federalista* in the year 1960 (n. 3, pp.173 ff.)

necessary for the nation's glory or security will be maintained through protectionism). As the state increases its powers, the number of human activities to which this scale of values is applied also increases. Of course, if state powers end up by covering the most important aspects of social life, and also concern the school system, culture, religion and so on, nationalism, through the very extension of its scale of values to all these activities, ends up by becoming exclusive, levelling, totalitarian and really turns the national group into a horde, as Namier claims.²

In conclusion, strong nationalism causes an inversion in the scales of values which emerge spontaneously from the different human experiences, and the subordination of all these values to the national value. At this point it is important to note that this inversion in the scales of values determined by national conscience can also be observed in the action of individuals who are not aware of it, and instead in good faith believe they are abiding by the scale of values typical of their profession, of their political party, and so on. This depends on the fact that national reality in its specific character is not, as we said, a linguistic or ethnic reality and so on, but an ideological reality. National conscience is an ideological conscience and therefore, according to the old Hegelian-Marxist terminology, it involves self-mystification, considering natural, or necessary, or universal, and in any case absolutely good, what is simply historical and contingent.

Whoever believes in an ideology ignores that the representation of society contained in his ideology is a simple psychological reflection, half true and half false, of the situation of power; and has a steadfast faith in the correspondence of this representation to reality. For this reason ideological man lives in an imaginary world, or rather in a world where the concrete aspects of the actual situation are present in his mind, but in a completely distorted and idealized manner. For example, in the case of the nation, the individual possessed of an Italian national sentiment really believes (which is what he is taught at school) that the chain of the Alps, if not actually sacred and created by God to mark the borders of his country, is at least something *natural*, intangible, and not simply the mobile point of arrival of a certain type of social organization — the nation-state — destined, like every historical fact, to be overcome; likewise, he believes his being Italian is an ethnic-linguistic-cultural-juridical-political condition which has its *natural* foundation in history, and cannot be questioned, and easily changed, like the condition of being Liberal, Socialist or Conservative, because it would concern God knows what fundamental character of his personality; and he thus hides to

himself that a century and a half ago this condition did not exist, just as it will certainly not exist in not too distant a future, because the economic and political evolution of mankind will impose much wider social groupings in the future than those of the past.

Because of this screen between his representation of the world and the world itself, ideological man does not exactly realize what he is doing nor the values he actually conforms to. It is due to this fact that the national value is considered supreme also by individuals who, in their open professions of faith, affirm the priority of Liberal, Social or Christian values, or any other values whatever, over the national value. Indeed a Socialist who has accepted, as normally happens, the *national road* to Socialism and who carries out his political action exclusively within the national framework would be surprised if one objected that in this way he has put the national value above the Social value. But the objection is true because this Socialist, if he lives in an industrialized country, engages a political struggle to improve the situation of those of his fellow-countrymen who are workers, who are now privileged people, and is not concerned, if not platonically or to the insignificant extent allowed by foreign policy, with the billion and a half people who live at or below the poverty line. Likewise the Liberal faithful to the nation sacrifices, in favour of the security or power of the state, economic and individual freedom; and the Christian, for the same reasons, even sacrifices the divine character of the human being every time he sees an enemy in a foreigner; and generally neither realizes that he is first a nationalist, then a Liberal or a Christian.

This mystification did not represent a serious danger in the 19th century mostly for two reasons: a) in the 19th century a large number of the members of nation-states did not possess a national conscience or indeed had an anti-national one,³ and the states had fewer powers than at present. In other terms, national ties did not concern the whole population, and were not very deep: consequently the national ideology was not widespread nor deep-rooted in society, and there therefore remained a wide margin for the affirmation of the scales of values emerging from the different human experiences, which were independent from the nation and/or in any case faced a relatively weak national value; b) not only was national integration lower, and therefore many activities took place freely within a supranational framework without any intervention on the part of the state but, insofar as this integration existed, it did not represent a factor of stagnation. Due to the degree of development of science, technology, economy and the division of work of a century ago, the dimensions of

nation-states were in fact generally much larger than the optimal dimensions for economic development, for the necessary framework to have sufficient means for scientific research, and in general larger than the dimensions necessary at that time for actual and effective interdependence of human activities which were already controlled by the state. For this reason the development of these activities was not restrained either.

Instead in our time national mystification represents a grave danger. In our time the dimension of the actual interdependence of human relations, in the field of economy as in many other fields, has definitely surpassed the dimensions of the classic nation-states. But this process has been accompanied, in the state order, by the opposite process. In fact at the same time nation-states have constantly increased their powers, and therefore have constricted a large number of human activities within their now oppressive framework; and for this reason they have reinforced the creation of a national ideology in society, preventing individuals from realizing what was happening.

The nation-states really do force individuals to expend their energies at a much lower level of efficiency than the optimum in decisive areas of human action: science, economics and so on. For example, Maurice Allais has calculated that solely for the difference in the size of the market, the general productivity of work in France is half of that in America.⁴ But this obstacle — the nation-state — is difficult to overcome for the very reason that it translates itself, in the conscience of the individual, into the nation; and the nation is an ideological fact which produces, in the mind of those individuals who make no effort to evade the national psychological state by breaking their ties with the national political power, the conviction that their national condition is *natural* and unalterable. It is evident that the citizens of small or medium-sized bordering states could, by establishing regional federations, achieve the optimum dimensions for the political and economic process, like the USA and the USSR, but this observation is made with difficulty, or it does not achieve a strength equal to its evidence, because it encounters the widespread conviction that the national condition is a kind of *natural state*, and not a situation produced by men and which can be modified by men.

This conviction — which, if it is not overcome, will condemn the inhabitants of small and medium-sized states to economic and spiritual decadence — represents the most serious disequilibrium factor in the contemporary world, in which the barriers maintained by the old European system, and by the limited development of science, have disap-

peared. The world state system, and the rapid evolution of science and technology, are unifying the world, and producing the aspiration to live at the highest level of human possibilities everywhere. This impressive urge cannot evolve in a satisfactory way if it does not, at the political level, turn into a system of large continental federations, and subsequently into a world federation. For this reason the identification of the ideological character of the nation, and the related possibility of demystifying the ideological justification of the nation-state, can in our time be at least as important as the demystification of the ideological justification of capitalism. Indeed, the results which could be obtained by politically associating men at the continental level would certainly not be inferior to those obtained during the previous century through workers' associations, which allowed employees to have at their disposal an economic and political power to face the economic and political power of employers.

Mario Albertini

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¹ Obviously the situation of power is also made up of elements such as linguistic behaviour, territory, traditions, and even *race* (so far as there are individuals who believe in the racial myth). But these elements are only partly autonomous (and in this case they represent the "spontaneous nationalities" which are not linked with political power, and have nothing to do with modern nations), and as for the rest they are products of the state's activity (the language, too, especially as regards its extension to the whole national territory). In any case these elements become political facts, and in the minds of citizens they turn into the idea of "nation" only because they become part of the situation of power, and not because of the mysterious effect, not traceable historically, of a "national" origin of all human behaviour, an origin that national historians place vaguely in times when individuals had no idea they belonged to a French nation, or an Italian nation, and so on, and in which these expressions did not even exist. Concerning this, see the revised edition of the volume *Lo Stato nazionale* by Mario Albertini, soon to be published by Giuffrè, Milan.

² Obviously in decentralized states, or rather in federal states, nationalism is less strong because human activities linked to political power are not regulated only by central government, but also by local governments (or powers), and thus determine different centres of reference, different loyalties, that break down the monolithic psychological bloc of centralized unitary states. This is true in particular for the school system and culture. If the government which has the powers of foreign and military policy also has responsibility for education, it ends up by using it to educate citizens in the cult of the nation, in other words of the state, through gross cultural distortions which did not, and do not, appear outrageous even to those who believe the value of culture is truth. These observations on

decentralized and federal states are confirmed by the situation of the English-speaking countries, Great Britain and the USA, whose nationalism has remained rather modest despite the great incentive resulting from being, one in the past century and the other in this, the first world power. In conclusion the typical *nation* has as its power substrate the modern bureaucratic state of the unitary and centralized type.

³ In the second half of the nineteenth century, and in many cases still in the early twentieth century, the nation was a value that was questioned, and often denied, above all by the two large political groups that had difficulty in becoming part of the nation-state: the Catholics and the Socialists. Undoubtedly, when in 1847 Father Luigi Taparelli d'Azeglio wrote, in the pamphlet *Della Nazionalità* (On Nationality), that the nation is a relative good and that in its name civil wars should not be fought; and in general when he claimed that it is not at all necessary for state and nation to coincide, he expressed opinions much closer to Christianity than those of the Catholics who became servants, in war and in peace, of the nation-state, thus placing his *fellow-countryman* at the top of the scale of human values, and in second position man made in the image of God, whom one must kill even if he is a Christian, even if he is a Catholic, when the state to which he belongs is at war with his own. The Socialists were even more drastic than the Catholics. They had educated their militants to feel and think in an anti-patriotic way: among the workers of fifty years ago there were many who mocked the national flag, derided their fatherland in songs with expressions such as "*porcassa Italia*" ("dirty Italy"), and considered any service to the state, starting from national service, as a service rendered to the ruling class, the bourgeoisie. The strong emphasis placed on the social value naturally induced the Socialists to feel solidarity not with their bourgeois fellow-countrymen, but with the proletariat all over the world, and even to consider nationalism and patriotism as tricks of the bourgeoisie, means to divide the workers, to weaken them and beat them.

⁴ See Maurice Allais, *Les perspectives économiques de l'unification européenne*, in "Annales des Mines," May 1959. This alone is enough to objectively decree that the French Socialist leaders (and likewise the Italian, German, etc. leaders), for the very reason that they concern themselves exclusively with the national political struggle and national planning, and do not fight for the immediate establishment of the Federation of Western continental Europe, seriously damage the workers of their countries with the only aim of keeping them French, Italian and German, in other words national.

Federalism in the History of Thought

BERTRAND RUSSELL

Bertrand Russell (1872 -1970) was one of the most eminent and respected proponents of world government in the postwar period. In 1950, when he received the Nobel prize for literature, the awards committee described him as "one of our times' most brilliant spokesmen of rationality and humanity." He was also one of the first proponents of world government in this century.

Russell was a mathematician and a philosopher. He established his reputation as a founder of modern logic with his work between the turn of the century and the First World War. His most influential books with the public were written between the First and Second World Wars. Russell aimed to take all of philosophy and bring it to bear on the problems of human experience in a way that enabled people to make better decisions and live more fully. His books consist of page after page of careful observation, deft analysis, and sensible advice. It has been said of him that not since Voltaire was there a philosopher with such an enormous audience. The extent of his influence is undoubtedly due to his being as lucid a writer as he was a thinker.

During the First World War Russell was active in the anti-conscription movement, for which he was fined and jailed and stripped of his lectureship at Cambridge University. His library was seized to pay the fine. After being offered a teaching post at Harvard, he was refused a passport. He eschewed the life of the detached, academic commentator. He often put himself on the line, taking a stand in the political debates of the day, taking risks for his convictions, and in particular the cause of peace. He ran for parliament three times in his life, unsuccessfully.

At the onset of the Second World War, he says in his autobiography, he found it increasingly difficult to maintain his pacifist convictions.

He found the Nazi's "utterly revolting" and "intellectually odious." When he envisaged the possibility of England's defeat by the Nazis, he

said "I found this possibility unbearable, and at last consciously and definitely decided that I must support what was necessary for victory in the Second War."¹

In the mid-fifties, anguished by the deepening Cold War and the threat of nuclear catastrophe, he began a campaign of essays and lectures in support of international cooperation. In consultation with Albert Einstein, he authored a Manifesto which became a clarion call for a new international civility, since known as the Russell-Einstein Manifesto. He founded the Pugwash movement to unite the voice of scientists across the ideological divide of the Cold War in support of nuclear disarmament.

His Autobiography contains many references to world government. The book cites a letter to Ely Culbertson, 1942: "As regards international government, I think it far and away the most important question at present before the world. I am prepared to support any scheme which seems to me likely to put a large preponderance of armed force on the side of international law." In another reference he paraphrases a lecture given at Columbia University in 1949: "If mankind is to survive, the power of making scientific war will have to be concentrated in a supreme state. But this is so contrary to men's mental habits that, as yet, the great majority would prefer to run the risk of extermination ... Whether a world government will be established in time or not is the supreme question." Russell records that "Among the first organizations to show a pronounced interest in my views were the World Parliamentarians and, more seriously perhaps, the Parliamentary World Government Association with whom I had many meetings."

In a summation of his life, written at age 80, Russell surveyed his work over three-quarters of a century which witnessed two horrible wars culminating in the partition of the world into two hostile camps. "I am still conscious of something that I feel to be victory," he said. "I may have thought the road to a world of free and happy human beings shorter than it is proving to be, but I was not wrong in thinking that such a world is possible and that it is worth while to live with a view to bringing it nearer."

This essay, in which he says secure peace depends on nations being willing to "part with their absolute sovereignty as regards their external relations," and to accept the decisions of "some international instrument of government," was written in 1917. It was intended to be delivered as one of a series of lectures, which the British War Office prevented him from delivering. He was charged with inciting industrial disaffection to stop the war. The lectures were instead published, in the United States

only, as a book entitled *Political Ideals*.²

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¹ This and the following quotations are cited from: Bertrand Russell, *Autobiography*, London, Unwin Paperbacks, 1975.

² B. Russell, *Political Ideals*, London, Allen & Unwin, 1963.

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NATIONAL INDEPENDENCE AND INTERNATIONALISM

In the relations between states, as in the relations of groups within a single state, what is to be desired is independence for each as regards internal affairs, and law rather than private force as regards external affairs. But as regards groups within a state, it is internal independence that must be emphasized, since that is what is lacking; subjection to law has been secured, on the whole, since the end of the Middle Ages. In the relations between states, on the contrary, it is law and a central government that are lacking, since independence exists for external as for internal affairs. The stage we have reached in the affairs of Europe corresponds to the stage reached in our internal affairs during the Wars of the Roses, when turbulent barons frustrated the attempt to make them keep the king's peace. Thus, although the goal is the same in the two cases, the steps to be taken in order to achieve it are quite different.

There can be no good international system until the boundaries of states coincide as nearly as possible with the boundaries of nations.

But it is not easy to say what we mean by a nation. Are the Irish a nation? Home Rulers say yes, Unionists say no. Are the Ulstermen a nation? Unionists say yes, Home Rulers say no. In all such cases it is a party question whether we are to call a group a nation or not. A German will tell you that the Russian Poles are a nation, but as for the Prussian Poles, they, of course, are part of Prussia. Professors can always be hired to prove, by arguments of race or language or history, that a group about which there is a dispute is, or is not, a nation, as may be desired by those

whom the professors serve. If we are to avoid all these controversies, we must first of all endeavour to find some definition of a nation.

A nation is not to be defined by affinities of language or a common historical origin, though these things often help to produce a nation. Switzerland is a nation, despite diversities of race, religion and language. England and Scotland now form one nation, though they did not do so at the time of the Civil War. This is shown by Cromwell's saying, in the height of the conflict, that he would rather be subject to the domain of the royalists than to that of the Scotch. Great Britain was one state before it was one nation; on the other hand, Germany was one nation before it was one state.

What constitutes a nation is a sentiment and an instinct, a sentiment of similarity and an instinct of belonging to the same group or herd. The instinct is an extension of the instinct which constitutes a flock of sheep, or any other group of gregarious animals. The sentiment which goes with this is like a milder and more extended form of family feeling. When we return to England after being on the Continent, we feel something friendly in the familiar ways, and it is easy to believe that Englishmen on the whole are virtuous, while many foreigners are full of designing wickedness.

Such feelings make it easy to organize a nation into a state. It is not difficult, as a rule, to acquiesce in the orders of a national government. We feel that it is our government, and that its decrees are more or less the same as those which we should have given if we ourselves had been the governors. There is an instinctive and usually unconscious sense of a common purpose animating the members of a nation. This becomes especially vivid when there is war or a danger of war. Any one who, at such a time, stands out against the orders of his government feels an inner conflict quite different from any that he would feel in standing out against the orders of a foreign government in whose power he might happen to find himself. If he stands out, he does so with some more or less conscious hope that his government may in time come to think as he does; whereas, in standing out against a foreign government, no such hope is necessary. This group instinct, however it may have arisen, is what constitutes a nation, and what makes it important that the boundaries of nations should also be the boundaries of states.

National sentiment is a fact, and should be taken account of by institutions. When it is ignored, it is intensified and becomes a source of strife. It can only be rendered harmless by being given free play, so long as it is not predatory. But it is not, in itself, a good or admirable feeling. There is nothing rational and nothing desirable in a limitation of sympa-

thy which confines it to a fragment of the human race. Diversities of manners and customs and traditions are, on the whole, a good thing, since they enable different nations to produce different types of excellence. But in national feeling there is always latent, or explicit, an element of hostility to foreigners. National feeling, as we know it, could not exist in a nation which was wholly free from external pressure of a hostile kind.

And group feeling produces a limited and often harmful kind of morality. Men come to identify the good with what serves the interests of their own group, and the bad with what works against those interests, even if it should happen to be in the interests of mankind as a whole. This group morality is very much in evidence during the war, and is taken for granted in men's ordinary thought. Although almost all Englishmen consider the defeat of Germany desirable for the good of the world, yet nevertheless most of them honour a German for fighting for his country, because it has not occurred to them that his actions ought to be guided by a morality higher than that of the group.

A man does right, as a rule, to have his thoughts more occupied with the interests of his own nation than with those of others, because his actions are more likely to affect his own nation. But in time of war, and in all matters which are of equal concern to other nations and to his own, a man ought to take account of the universal welfare, and not allow his survey to be limited by the interest, or supposed interest of his own group or nation.

So long as national feeling exists, it is very important that each nation should be self-governing as regards its internal affairs. Government can only be carried on by force and tyranny if its subjects view it with hostile eyes, and they will so view it if they feel that it belongs to an alien nation. This principle meets with difficulties in cases where men of different nations live side by side in the same area, as happens in some parts of the Balkans. There are also difficulties in regard to places which, for some geographical reason, are of great international importance, such as the Suez Canal and the Panama Canal. In such cases the purely local desires of the inhabitants may have to give way before larger interests. But in general, at any rate as applied to civilized communities, the principle that the boundaries of nations ought to coincide with the boundaries of states has very few exceptions.

This principle, however, does not decide how the relations between states are to be regulated, or how a conflict of interests between rival states is to be decided. At present, every great state claims absolute sovereignty, not only in regard to its internal affairs but also in regard to

its external actions. This claim to absolute sovereignty leads it into conflict with similar claims on the part of other great states. Such conflicts at present can only be decided by war or diplomacy, and diplomacy is in essence nothing but the threat of war. There is no more justification for the claim to absolute sovereignty on the part of a state than there would be for a similar claim on the part of an individual. The claim to absolute sovereignty is, in effect, a claim that all external affairs are to be regulated purely by force, and that when two nations or groups of nations are interested in a question, the decision shall depend solely upon which of them is, or is believed to be, the stronger. This is nothing but primitive anarchy, "the war of all against all," which Hobbes asserted to be the original state of mankind.

There cannot be secure peace in the world, or any decision of international questions according to international law, until states are willing to part with their absolute sovereignty as regards their external relations, and to leave the decision in such matters to some international instrument of government.¹ An international government will have to be legislative as well as judicial. It is not enough that there should be a Hague tribunal, deciding matters according to some already existing system of international law; it is necessary also that there should be a body capable of enacting international law, and this body will have to have the power of transferring territory from one state to another, when it is persuaded that adequate grounds exist for such a transference. Friends of peace will make a mistake if they unduly glorify the *status quo*. Some nations grow, while other dwindle; the population of an area may change its character by emigration and immigration. There is no good reason why states should resent changes in their boundaries under such conditions, and if no international authority has power to make changes of this kind, the temptations to war will sometimes become irresistible.

The international authority ought to possess an army and navy, and these ought to be the only army and navy in existence. The only legitimate use of force is to diminish the total amount of force exercised in the world. So long as men are free to indulge their predatory instincts, some men or groups of men will take advantage of this freedom for oppression and robbery. Just as the police are necessary to prevent the use of force by private citizens, so an international police will be necessary to prevent the lawless use of force by separate states.

But I think it is reasonable to hope that if ever an international government, possessed of the only army and navy in the world, came into existence, the need of force to exact obedience to its decisions would be

very temporary. In a short time the benefits resulting from the substitution of law for anarchy would become so obvious that the international government would acquire an unquestioned authority, and no state would dream of rebelling against its decisions. As soon as this stage had been reached, the international army and navy would become unnecessary.

We have still a very long road to travel before we arrive at the establishment of an international authority, but it is not very difficult to foresee the steps by which the result will be gradually reached. There is likely to be a continual increase in the practice of submitting disputes to arbitration, and in the realization that the supposed conflicts of interest between different states are mainly illusory. Even where there is a real conflict of interest, it must in time become obvious that neither of the states concerned would suffer as much by giving way as by fighting. With the progress of inventions, war, when it does occur, is bound to become increasingly destructive. The civilized races of the world are faced with the alternative of co-operation or mutual destruction. The present war is making this alternative daily more evident. And it is difficult to believe that, when the enmities which it has generated have had time to cool, civilized men will deliberately choose to destroy civilization, rather than acquiesce in the abolition of war.

The matters in which the interests of nations are supposed to clash are mainly three: tariffs, which are a delusion; the exploitation of inferior races, which is a crime; pride of power and dominion, which is a schoolboy folly.

The economic argument against tariffs is familiar, and I shall not repeat it. The only reason why it fails to carry conviction is the enmity between nations. Nobody proposes to set up a tariff between England and Scotland, or between Lancashire and Yorkshire. Yet the arguments by which tariffs between nations are supported might be used just as well to defend tariffs between counties. Universal free trade would indubitably be of economic benefit to mankind, and would be adopted tomorrow if it were not for the hatred and suspicion which nations feel one toward another. From the point of view of preserving the peace of the world, free trade between the different civilized states is not so important as the open door in their dependencies. The desire for exclusive markets is one of the most potent causes of war.

Exploiting what are called "inferior races" has become one of the main objects of European statecraft. It is not only, or primarily, trade that is desired, but opportunities for investment; finance is more concerned in the matter than industry. Rival diplomatists are very often the servants,

conscious or unconscious, of rival groups of financiers. The financiers, though themselves of no particular nation, understand the art of appealing to national prejudice, and of inducing the tax-payer to incur expenditure of which they reap the benefit. The evils that they produce at home, and the devastation that they spread among the races whom they exploit, are part of the price which the world has to pay for its acquiescence in the capitalist régime.

But neither tariffs nor financiers would be able to cause serious trouble, if it were not for the sentiment of national pride. National pride might be on the whole beneficent, if it took the direction of emulation in the things that are important to civilization. If we prided ourselves upon our poets, our men of science, or the justice and humanity of our social system, we might find in national pride a stimulus to useful endeavours. But such matters play a very small part. National pride, as it exists now, is almost exclusively concerned with power and dominion, with the extent of territory that a nation owns, and with its capacity for enforcing its will against the opposition of other nations. In this it is reinforced by group morality. To nine citizens out of ten it seems self-evident, whenever the will of their own nation clashes with that of another, that their own nation must be in the right. Even if it were not in the right on the particular issue, yet it stands in general for so much nobler ideals than those represented by the other nation to the dispute, that any increase in its power is bound to be for the good of mankind. Since all nations equally believe this of themselves, all are equally ready to insist upon the victory of their own side in any dispute in which they believe that they have a good hope of victory. While this temper persists, the hope of international co-operation must remain dim.

If men could divest themselves of the sentiment of rivalry and hostility between different nations, they would perceive that the matters in which the interests of different nations coincide immeasurably outweigh those in which they clash; they would perceive, to begin with, that trade is not to be compared to warfare; that the man who sells you goods is not doing you an injury. No one considers that the butcher and the baker are his enemies because they drain him of money. Yet as soon as goods come from a foreign country, we are asked to believe that we suffer a terrible injury in purchasing them. No one remembers that it is by means of goods exported that we purchase them. But in the country to which we export, it is the goods we send which are thought dangerous, and the goods we buy are forgotten. The whole conception of trade, which has been forced upon us by manufacturers who dreaded foreign competition,

by trusts which desired to secure monopolies, and by economists poisoned by the virus of nationalism, is totally and absolutely false. Trade results simply from division of labour. A man cannot himself make all the goods of which he has need, and therefore he must exchange his produce with that of other people. What applies to the individual, applies in exactly the same way to the nation. There is no reason to desire that a nation should itself produce all the goods of which it has need; it is better that it should specialize upon those goods which it can produce to most advantage, and should exchange its surplus with the surplus of other goods produced by other countries. There is no use in sending goods out of the country except in order to get other goods in return. A butcher who is always willing to part with his meat but not willing to take bread from the baker, or boots from the bootmaker, or clothes from the tailor, would soon find himself in a sorry plight. Yet he would be no more foolish than the protectionist who desires that we should send goods abroad without receiving payment in the shape of goods imported from abroad.

The wage system has made people believe that what a man needs is work. This, of course, is absurd. What he needs is the goods produced by work, and the less work involved in making a given amount of goods, the better. But owing to our economic system, every economy in methods of production enables employers to dismiss some of their employees, and to cause destitution, where a better system would produce only an increase of wages or a diminution in the hours of work without any corresponding diminution of wages.

Our economic system is topsyturvy. It makes the interest of the individual conflict with the interest of the community in a thousand ways in which no such conflict ought to exist. Under a better system the benefits of free trade and the evils of tariffs would be obvious to all.

Apart from trade, the interests of nations coincide in all that makes what we call civilization. Inventions and discoveries bring benefit to all. The progress of science is a matter of equal concern to the whole civilized world. Whether a man of science is an Englishman, a Frenchman, or a German is a matter of no real importance. His discoveries are open to all, and nothing but intelligence is required in order to profit by them. The whole world of art and literature and learning is international: what is done in one country is not done for that country, but for mankind. If we ask ourselves what are the things that raise mankind above the brutes, what are the things that make us think the human race more valuable than any species of animals, we shall find that none of them are things in which any one nation can have exclusive property, but all are things in which the

whole world can share. Those who have any care for these things, those who wish to see mankind fruitful in the work which men alone can do, will take little account of national boundaries, and have little care to what state a man happens to owe allegiance.

The importance of international co-operation outside the sphere of politics has been brought home to me by my own experience. Until lately I was engaged in teaching a new science which few men in the world were able to teach. My own work in this science was based chiefly upon the work of a German and an Italian. My pupils came from all over the civilized world; France, Germany, Austria, Russia, Greece, Japan, China, India and America. None of us was conscious of any sense of national divisions. We felt ourselves an outpost of civilization, building a new road into the virgin forest of the unknown. All co-operated in the common task, and in the interest of such a work the political enmities of nations seemed trivial, temporary and futile.

But it is not only in the somewhat rarefied atmosphere of abstruse science that international co-operation is vital to the progress of civilization. All our economic problems, all the questions of securing the rights of labour, all the hopes of freedom at home and humanity abroad, rest upon the creation of international good-will.

So long as hatred, suspicion, and fear dominate the feelings of men toward each other, so long as we cannot hope to escape from the tyranny of violence and brute force. Men must learn to be conscious of the common interests of mankind in which all are at one, rather than of those supposed interests in which the nations are divided. It is not necessary, or even desirable, to obliterate the differences of manners and custom and tradition between different nations. These differences enable each nation to make its own distinctive contribution to the sum total of the world's civilization.

What is to be desired is not cosmopolitanism, not the absence of all national characteristics that one associates with couriers, *wagon-lit* attendants, and others, who have had everything distinctive obliterated by multiple and trivial contacts with men of every civilized country. Such cosmopolitanism is the result of loss, not gain. The international spirit which we should wish to see produced will be something added to love of country, not something taken away. Just as patriotism does not prevent a man from feeling affection for his own country. But it will somewhat alter the character of that affection. The things which he will desire for his own country will no longer be things which can only be acquired at the expense of others, but rather those things in which the excellence of any

one country is to the advantage of all the world. He will wish his own country to be great in the arts of peace, to be eminent in thought and science, to be magnanimous and just and generous. He will wish it to help mankind on the way toward that better world of liberty and international concord which must be realized if any happiness is to be left to man. He will not desire for his country the passing triumphs of a narrow possessiveness, but rather the enduring triumph of having helped to embody in human affairs something of that spirit of brotherhood which Christ taught and which the Christian churches have forgotten. He will see that this spirit embodies not only the highest morality, but also the truest wisdom, and the only road by which the nations, torn and bleeding with the wounds which scientific madness has inflicted, can emerge into a life where growth is possible and joy is not banished at the frenzied call of unreal and fictitious duties. Deeds inspired by hate are not duties, whatever pain and self-sacrifice they may involve. Life and hope for the world are to be found only in the deeds of love.

(Prefaced and edited by Dieter Heinrich)

NOTE

¹ For detailed scheme of international government see *International Government*, by L. Woolf, Allen & Unwin.

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