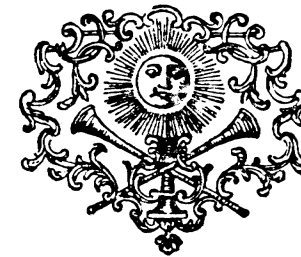


# THE FEDERALIST

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.*

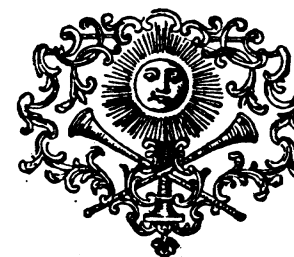
Hamilton, The Federalist



# THE FEDERALIST

a political review

*The Federalist* was founded in 1959 by a group of members of the Movimento federalista europeo and has been published in English, French and Italian since 1984. 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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## ***On the Hijacking of the "Achille Lauro"***

*The relationships between the American and the Italian government during the hijacking of the "Achille Lauro" call for reflection on the way in which the USA's hegemony over Europe has come to be transformed since the end of the Second World War.*

*For almost two decades after the end of hostilities, the domination of the North-American ally over Europe was characteristically progressive as a result of its objectively anti-colonial and anti-imperialistic stance. The comparison between the recent dramatic adventures of the Italian liner and the Suez crisis, which occurred almost thirty years before in the same area, is symbolic from this point of view. At the time of Suez, the American government's action had the effect of snuffing out the lingering imperialist ambitions of declining European colonial powers and facilitated the independence of Arab countries in the Middle East and the Maghreb. Today, the role played during the Suez crisis by France and Great Britain has been taken over by the United States, which is playing the part with equal brutality and equal lack of results.*

*The fact is that in the decades that followed the Second World War the basis of North-American leadership over Western Europe was made up of a profound community of interests between the USA with its hegemonic power and its allies. Thus, as the European States needed American military and economic help to survive, so the USA had a vital interest in being able to count on prosperous, strong and united European partners. The Marshall plan, the Atlantic Pact and the beginning of the process of European unification were a political expression of these common interests. Thanks to this, the power of the USA was much stronger than it is today, because it was based on the consensus*

of its European partners. And this in its turn was justified by the fact that the United States guaranteed its allies' security, brought peace to Europe thanks to the deterrence exerted on the Soviet Union by its nuclear monopoly and ensured Europe's economic recovery, the basis of Europe's subsequent prosperity. Initially this was due to the help given under the Marshall plan and subsequently to a stable dollar convertible into gold, sustained by structural surpluses in the American balance of trade.

The progressive nature of American leadership in that period is borne out, above all, by the fact that it actively favoured the beginning of the process of European unification in which the USA had an objective interest. This was a decisive factor in reinforcing the consensus of European allies vis-à-vis the dominant power, because it made American hegemony on Europe look like a transitory phenomenon, destined to cease as soon as Europe reached the goal of unity towards which it was moving.

As it turned out, Europe in that historical period was unable, as it was subsequently unable in the following historical period, to achieve unity. With the fall of the EDC, this great prospect, which had allowed Europeans to accept their status as satellites without feelings of frustration, disappeared. With the passing of the years, little by little, even that convergence of interests, which guaranteed the solidity of American leadership in Europe, waned.

The Soviet Union became a nuclear power and gradually reduced its nuclear gap with the USA, and even managed to overtake the USA in many sectors. Deterrence based on the nuclear monopoly thus ceased, without which the certainty of being defended by the USA could no longer be transmitted to Europeans by any strategic doctrine. The strategic doctrines which have followed since then, from the doctrine of flexible response onwards, in some way admit the possibility of war in Europe with increasing explicitness, which the preceding doctrine of massive retaliation was designed to exclude. Europe was inevitably given in this framework the role of theatre of operations, and draw up strategies to win it.

At the same time, the USA's complete dominance in world trading has come to be curtailed. The growing financial burden of being the leader in the Western world and the steady emergence of powerful competitors on the world market, primarily the European Economic Community, have undermined the support on which the dollar's convertibility into gold was based after Bretton Woods and its consequent stability. A period marked by a structural excess of the American trade balance was fol-

lowed by a period of structural deficit, financed by increasingly depreciating dollars, until the point was reached in August 1971 where Nixon suspended the dollar's convertibility into gold. This event, however, did not mark the end of the dollar's role as an international currency. But it was a clear sign of a trend that had been growing for many years: the passage from a period of history, when the USA's economic and monetary leadership in Europe constituted a growth factor in the stability for both areas, to another historical period in which the USA became increasingly imperialist and exercised a diverging effect on European economies. The period of monetary chaos and stagflation began. The construction of Europe which, in the first phase of the common market, seemed to be proceeding straightforwardly towards the goal, firstly, of economic unity and, subsequently, of political unity began to show the first signs of crisis.

This trend has developed ever since. US economic and monetary policy, based in the current period on a strong dollar, has the effect of draining European capital to finance the American balance of payments deficit and hence the arms race. The latter has undergone a further leap forward in quality with the launching of the SDI which, by making direct nuclear aggression on the United States more difficult, further accentuates the difference between the USA's strategic position and Europe's strategic position, and makes the possibility of a limited nuclear war in a European theatre increasingly possible. Parallel to this, is the style with which the American government exercises its leadership. The moralism and crusading spirit in the defence of democracy have now both been replaced by the open and brutal exhibition of power. The Sigonella episode illustrates this trend most effectively.

These phenomena are the consequences of the incomplete evolution of the world towards multipolarism. There can be no doubt about the fact that the evolution towards multipolarism is underway. This is borne out not just by the emergence of Europe and Japan as powerful rivals of the United States on the world market, but also by the fact that the USA and USSR have demonstrated that they are increasingly incapable of controlling the crisis flashpoints that have arisen in the world. It is equally true, however, that this trend has remained half complete, because the new virtual poles that have arisen in the shadow of the United States (and the Soviet Union) have not been able to take on — both as regards the management of the international monetary system and as regards guaranteeing world order — many of the responsibilities which weigh on the shoulders of the Superpowers. The result has been an increasing power

*vacuum, which no policy based on consent can fill. The only way in which the Superpowers can try to keep their leadership is to strengthen their military power.*

*The main responsibility for this state of affairs lies with the more advanced and richest of the new virtual poles, namely Europe. In the relationships between States, the exercise of hegemony necessarily involves taking on responsibilities as regards governing the world. It is certainly true that the type of government which Russian-American bipolarism today guarantees, based exclusively on military supremacy, is the worst possible kind of government. But it must also be said that any type of government guarantees a certain order, which, as such, is more progressive than anarchy, and that it involves serious economic, political and moral costs, which the hegemonic country supports on behalf of its satellites. It is in this context that post-war Europe has been able to prosper in irresponsibility, thanks to which, with the hypocritical good conscience of the sluggard, Europe feels justified in muttering against violations of its own multiple and impotent sovereignties by the American government. But the truth is that the deep cause of the imperialistic degeneration of American foreign policy is to be found in an impotent and divided Europe's inability to take on its responsibilities as regards the management of the world.*

*The political unity of Europe would be the first step towards the transformation of multipolarism from virtual to real. As well as freeing Europe from American hegemony, it would involve the start of a trend towards the regionalisation of spheres of influence and towards the creation of an international balance which is more peaceful and flexible, no longer based on the uninterrupted race to gain military power but on a system of alliances discouraging hegemonic trends. Only in this way could the better soul of America return to power, i.e. the soul that recalls America's democratic origins, one which today is still strong and alive, but which has been pushed to the wings of political life because of the constraints that the current international equilibrium place on the USA's foreign and domestic policy.*

*Obviously, the relationships of a politically united Europe with an America which had rediscovered its democratic calling would no longer be those of a set of unruly satellites vis-à-vis a hegemonic power. The ties between the two areas, based on a strong economic and cultural interdependence and on the common inspiration of democracy, would become incomparably more solid by virtue of being based on a consensus freely given*

*by independent peoples of equal dignity. It would be possible to think of a scenario in which, together with progress in the process of creating great federal units in Asia, Africa and Latin America and an end to the North-South divide, the project of uniting Europe and the United States into a federation, at first only economic and subsequently also political, would become concrete. In this way, the idea of a world government, in the institutional sense of the word, would begin to emerge from the mists of utopia and acquire the visible outline of a real process.*

*All this may seem, as the Germans say, Zukunftsmusik, music of the future. But we must not forget that, in the world today, historical processes are accelerating in very rapid progression. Moreover, the only conceivable alternative to world government is equilibrium based on deterrence and hence, as everybody can see from what is happening with the SDI, the increasingly crazy arms race and growing militarisation of society. It is a road at the end of which there is nothing but a nuclear holocaust. And faced with this prospect the time which ideas have left to mature in is shrinking and yesterday's utopia is becoming a political project.*

The Federalist

## Towards a New Model of Federal Democracy

FRANCESCO ROSSOLILLO

### *Democracy and its future.*

The institutional aspects of federalism are related in many interesting ways to crucial aspects of the more general theory and practice of democracy.

From the second half of the eighteenth century onwards, the history of democratic experience has been marked by an essential tension. On the one hand, what gave that complex of ideas, patterns of behaviour and institutions that habitually go by the name 'democracy' the capacity to take hold in Europe and, outside Europe, in the English-speaking world, was its original conjunction with the ideal of people's sovereignty, i.e. the affirmation of the general will, the identification between rulers and ruled.

Alas, the implementation of that ideal has never, since that time, gone beyond a few sporadic commencements. Indeed, even classical theoreticians of democracy, such as Rousseau, or Jefferson, clearly perceived that making reality conform to an ideal was only conceivable in a small State, i.e. in an authentic community, in which the identification between rulers and ruled might in fact be achieved by a daily and intense participation of the citizens in managing the community's affairs.

Yet, historically, the small State, as a political form, was already doomed in Rousseau's days. In most cases it disappeared in the following century because of the emergence of the nation-States and the power struggles which intervened between them. Only in particular historical circumstances did this process not take place, where, for example, the minimal strategic significance of some *Zwergstaaten* kept the greater States' appetites at bay. But it was certainly not in such neglected corners, forgotten by

history, that Rousseau's ideal had a chance to be fulfilled. Depending on their powerful neighbours for their security, welfare and communications, deprived of any possibility of deciding their own destiny, they were no longer places in which a large and active consensus could take shape: the consensus which develops only when people are faced with decisive options, those which act as a framework for all the other options and, if taken autonomously, support their autonomy. The small States' democracy was thus inevitably reduced to the exercise of purely ceremonial practices.

On the other hand, with the enlargement of the State's territorial sphere, it became utterly impossible to introduce institutions of direct democracy on a national scale. We must recall, to be sure, that the historical experience of democracy, as it developed within the nation-State, was a great phase in mankind's progress towards emancipation. As a consequence of the democratic revolution, an unprecedented widening of the social horizon, within which political elites were recruited, took place. Institutions and patterns of behaviour which guarantee their replacement took hold in legal systems and in customs. Democracy was thus a great agent of social progress and guarantor of pluralism.

Representation, in the nation-State, nevertheless fails to fill the gap dividing rules and ruled, as it mostly ends up by restricting the citizens' participation in politics exclusively to the rite of voting, thus giving the idea of popular sovereignty the appearance of a deception. It was in this way that, during the French Revolution, Rousseau's conception was used, paradoxically, as a weapon belonging to the rhetorical arsenal of centralising Jacobinism. And it was in this way that, throughout the history of European nations, every kind of abuse was perpetrated by majorities against minorities.

This process has gone so far that today the "classical" theory of democracy is no longer considered as "scientific" and tends to be substituted by a more "realistic" approach which, in Schumpeter's wake, defines democracy as a set of rules regulating the struggle for power.<sup>1</sup>

But the truth is that, although *today* democracy is *also* this, it is, in a perspective transcending the present, much more than

<sup>1</sup> Cfr. JOSEPH A. SCHUMPETER, *Capitalism, Socialism and Democracy*, London, Allen & Unwin, 5th ed. 1976, pp. 250 ff. For a recent and very interesting series of comparisons between the "classical" and "competitive" theories of democracy, see GRAEME DUNCAN, Ed., *Democratic Theory and Practice*, Cambridge University Press, 1983.

this. The ideal of democracy would not have shaken Europe so profoundly in the 19th century, nor would it still be one of the deepest motivations of the active sections of the peoples of the earth who are fighting to free themselves from oppression, if the essence of its message were not the promise that power will one day disappear thanks to the affirmation of popular sovereignty.

If it is true that men make their history by themselves, however large the scope to be attributed to self-deception in human conduct may be, it does not seem justifiable to maintain that the key-words expressing their profoundest aspirations during the great phases of advancement of the process of human emancipation were and are pure nonsense, without any counterpart in reality, or at least in that potential reality identified by Kant in human *dispositions*, bound to occur in the progress of history.

This means that the history of democracy is not yet over, that the idea of democracy has not yet externalized all its features and that the *programme* of this future development is contained in germ in Rousseau's theory of popular sovereignty.

If, then, the problem of reconciling the idea of popular sovereignty with the need to have large territorial areas ruled through the institutions of democracy has not yet been solved, this does not mean that this problem will not be solved in the future, as would happen if it were a pseudo-problem, posed in wrong terms on the basis of a false definition of democracy.

Rousseau himself glimpsed the path to be followed. In the *Social Contract* he wrote that a "confederation" is the instrument "for joining the external power of a great people with the simple rule and the good order of a small State".<sup>2</sup> But for Rousseau, who expressed his intuition in 1762, a "confederation" could be nothing but an association between sovereign States with purely defensive aims. Hence, for him, the problem of having the association as such ruled by the principles of democracy did not even exist. He remarked, moreover, that this was "a thoroughly new matter, whose principles have still to be established". In actual fact, subsequent historical developments have shown that confederations, i.e. defensive unions of sovereign States, have a short life and are bound to dissolve, or to be consolidated into federations or unitary States.<sup>3</sup>

<sup>2</sup> *Du Contrat Social* in *Oeuvres Complètes*, Paris, Gallimard, vol. III, p. 431 and note on the same page.

<sup>3</sup> Cfr. on this point MURRAY FORSYTH, *Unions of States. The Theory and Practice of Confederation*, Leicester University Press, 1981.

The problem was posed in concrete terms for the first time with the beginning of the American federal experience. In this case, we are no longer confronted by a single order of governments united in an association for common defence, but by two orders of government each of which, according to Wheare's definition, in its own sphere, is independent and co-ordinate.<sup>4</sup>

The problem of democratic rule for large areas is posed in new terms precisely by the two inter-related elements of independence and co-ordination. Through them we can envisage an institutional structure where independent local governments are allowed to experiment with advanced forms of self-government, with no interference from central government, but where, at the same time, thanks to the co-ordination existing between the two levels of government, both the way the political will is formed at the regional level and the content of the decisions taken at the same level can somehow be *transferred* to the general level.

In the federal experiences which have taken place in history until now, such a transfer has occurred only within very restricted confines. In a system founded on two tiers of government only (the Nation and the States), the regional level, which *ex hypothesi* enjoys independence, is too large to be a suitable seat for democratic self-government. Furthermore, co-ordination between the two tiers occurs only through the devices and mechanisms of bicameralism at the central level and by means of the settlement of disputes about the division of powers by the judiciary. This is generally insufficient to ensure authentic continuity between regional and general levels in the process of formation of political will.

The path to be followed when attempting to transform the ideal of popular sovereignty into a reality within increasingly large territorial spheres must be one which no historical constitution has ever followed before: the federal principle must be drawn up in such a way that the element of independence reaches down to spheres of self-government sufficiently restricted in size to be appropriate frameworks for authentically communitarian and participatory experiences. At the same time, the element of co-ordination must be reinforced by the introduction of institutional devices making it possible to link the formation of the political will at all levels and channelling it into a unique

<sup>4</sup> K.C. WHEARE, *On Federal Government*, Oxford University Press, 4th ed. 1973, p. 10.

upward process in which the contents of the general will, as they emerge at the levels where they express themselves spontaneously, are transferred to the upper territorial tiers.

In this respect, it seems to me that some suggestions bringing real theoretical advancements along the path we are pursuing can be put forward on the basis of the model of post-industrial federalism which has been debated for some time within federalist culture, the main features of which were indicated in an essay published in a recent issue of this journal.<sup>5</sup> The main requirement, imposed by the trends emerging in post-industrial society, to which this model tries to provide an answer, is that of *multi-tier planning*. This is a kind of comprehensive policy which is not limited to the economic sphere only, but is both economic and territorial. Furthermore, it is not worked out and enforced bureaucratically from the centre, but is implemented democratically thanks to the co-operation of various territorial agencies, each capable of taking initiatives and with the power to decide with reference to the problems whose territorial scope is equal to theirs. Multi-tier planning, in its turn, requires federal institutions to be duly implemented. But the federal institutions in question must have characteristics which clearly distinguish them from the classical model, as their specific function is precisely that i) of diffusing the element of independence, which must also become a feature of territorial spheres small enough to be a convenient frame for real community life and ii) of reinforcing the element of co-ordination, so as to render the institutional system in its entirety capable of taking decisions that, without prejudicing the independence of each of the levels of government of which it is made up, voice that one general will which manifests itself most genuinely within the communities forming the base of the system.

#### *The epistemological status of models.*

It is perhaps helpful, before going any further, to state as clearly as possible what is the epistemological status of a model, in the meaning in which I use this term.

It is not a concept describing an existing state of affairs. Rather it is designed to depict an *ideal*, a state of affairs not as it is, but as it should be. Now, an ideal is most certainly of no theoretical interest if it only mirrors someone's subjective preferences. Indeed, the theoretical usefulness of models depends on

<sup>5</sup> FRANCESCO ROSSOLILLO, "Federalism in a Post-Industrial Society", in *The Federalist*, XXVI (1984), pp. 120 ff.

the philosophy of history underlying them, and, in particular, on the relationship which the individual thinking about history has vis-à-vis his object. To illustrate two opposing attitudes of the interpreter vis-à-vis the historical process, let me contrast my concept of model with Max Weber's *ideal type*. Both concepts have common features, as the *ideal type* does not wish to reproduce reality as it is, but deliberately alters it by choosing certain specific points of view, and selects only those aspects of reality which fit into these points of view, connecting them up to each other in order to obtain a coherent picture of the process, institution or situation under scrutiny.

Max Weber believed that the decision to privilege one or other point of view depends exclusively on the historian's or the social scientist's values, which, in their turn, are largely arbitrary and have no link with those which, consciously or unconsciously, influenced the behaviour of the agents in the situation to which the ideal type refers. That is why the purpose of ideal types is only to provide the historian or the social scientist with a conceptual grid designed to interpret the inextricable muddle of historical events by forcing upon them an interpretation which, albeit arbitrary, provides him with the only possible instrument for introducing a certain order into processes which would otherwise exhibit none.<sup>6</sup>

My use of the model as a conceptual tool, on the contrary, assumes, as I intimated before, a different philosophical stand. The values influencing the definition of the concepts to be used for interpreting history are not construed as being the result of an arbitrary choice of the interpreter but are taken over by the interpreter from a historical reality to which the observer himself belongs, and which is relied by a continuous thread to the situation to which the concept refers.

This means that the selection of the features to be abstracted from – or added to – reality by the interpreter to build a coherent picture is determined by values which were already – consciously or unconsciously – shared by the agents of the process or the situation to be interpreted. Thus, historical interpretation must be seen as a *dialogue* between the agents of the process or the situation to be analysed and the interpreter. And this dialogue is made possible by the existence of a code common to both, i.e. by a *continuity of sense*.

<sup>6</sup> Cfr. MAX WEBER, "Die Objektivität sozialwissenschaftlicher und sozialpolitischer Erkenntnis", in *Gesammelte Aufsätze zur Wissenschaftslehre*, Tübingen, J.C.B. Mohr (Paul Siebeck), 3. Auflage 1968, p. 191.



Now, as history is a process that develops in time, the idea of continuity of sense implies progress and advance. Indeed, sense is dialectical: the context receives its meaning from its constituent parts, but the meaning of the parts is not complete until the context is made explicit. This means that each part of a discourse is all the more determinate, the more advanced the discourse is. On the other hand, each part of the discourse contributes to giving the context its meaning inasmuch as it has the capacity to *anticipate* the meaning of the whole.

The same considerations can be applied to history. If we concede that history has a sense – i.e. that it is like a discourse –, we must draw the conclusion that those who come after can understand the sense of any event of the past better than the agents themselves could, because they have a wider context at hand. But the event is a link in a significant chain, not merely a brute fact, to which a meaning should only be *given* by the interpreter: it is a message, with a sense of its own, launched by the agents to the interpreter.

Let us go back to our concept of model. If history is like a discourse, the meaning of any historical process, event or situation is bound to grow in richness and precision with the passage of time, reaching full maturity in the ideal moment of the completion of history. But, at the same time, all that really occurs in history contains in germ, and hence anticipates, the whole of future development. It already possesses, more or less implicitly, the sense that the further succession of events will unfold in its full explicitness. This is why it makes sense for the political philosopher to scrutinize ideas and institutions surfacing in history with a view to discovering the hidden implications they have and the determinations they must take on in order to reveal their full meaning. This is not mere amusement. If there is progress in history, the features implicitly contained in any idea, process or institution are bound to become real afterwards. Drawing up models, therefore, means trying to forecast the future behaviour of men, and, at the same time, means shaping conceptual tools which help to assess the shortcomings of our present situation and speed up the march towards a better world.

My aim in this essay is to make a contribution, with this end in mind, to clarifying the implications of the concept of democracy, and to try to see the institutional consequences of the full development of Rousseau's idea of popular sovereignty in a world increasingly freed by the scientific and technological revolution from the constraints of class antagonism and *raison d'Etat*.

The fundamental features distinguishing the model of post-industrial federalism which is taking shape in our debate from the classical model are essentially the following:

- i) the multi-tier nature of federal government, starting at the neighbourhood level, and working up through a whole series of intermediate tiers, to the world level;
- ii) the establishment of federal bicameralism at every level, the only obvious exception being the lowest one;
- iii) the introduction of the "cascade" electoral system. This is designed to regulate the temporal sequence of the elections for the legislative bodies of the various tiers very rigorously: elections start from the lowest tier, thereby ensuring the most truthful transmission of the general will from local communities, where it naturally takes shape, to those tiers which, due to their growing size, are increasingly remote from the original source. In this way rational co-ordination among the various tiers of federal planning is guaranteed.<sup>7</sup>

On the basis of this model it is possible to formulate a number of suggestions presenting some element of novelty. It must not be forgotten in this respect that these suggestions are elaborations of a model which is projected into an ideal stage of the historical process in which, thanks to the full accomplishment of the scientific and technological revolution at the world level, the political, economic and social conditions of the complete realisation<sup>8</sup> of democracy are taken for granted. The problem is, then, merely to spell out some of its institutional implications. Thus, many of the suggestions put forward below take for granted a situation in which the purport of the *roles* imposed upon the citizens by the economic and productive system tends to fade away, organized interests as such lose a considerable part of

<sup>7</sup> This proposal was first put forward by MARIO ALBERTINI in his "Discorso ai giovani federalisti", in *Il Federalista*, XX (1978), pp. 51 ff. The rationale behind the proposal is the creation of a mechanism which, thanks to a fixed series of elections at different levels in rapid succession, forces parties and candidates to organise their electoral campaign and draw up their manifestos in the light of the trends emerging from lower-level electoral debates. The adoption of this type of method would have the natural result of providing considerable continuity in selecting the political class, because the latter would be forced to define their leanings and persuasions in the light of the requirements of multi-tier planning and would be compelled to indicate the most effective syntheses of the solutions regarding which popular consensus has been expressed at lower levels, rather than trusting their fortunes, as usually happens today, to the support of sectoral interest groups.

<sup>8</sup> See MARIO ALBERTINI, note 11 of the essay "Peace Culture and War Culture", in *The Federalist*, XXVI (1984), pp. 26 ff.

their political relevance and the behaviour of the citizen-electors gains a higher degree of freedom, needing only appropriate institutions to be turned into action. It thus follows that many of the suggestions in this paper might not be suited to a transitional situation like that in which we are at present (the electoral method suggested, for instance, has nothing to do with the *Geyerbahn* method, that the federalists, on a different occasion, pointed out as being the most suitable for the European Parliament's elections).<sup>9</sup>

It has to be noticed, moreover, that the suggestions contained in this paper are only partial ones, and hence could be felt as being out of tune with the general nature of the statements constituting the paper's point of departure. Nonetheless, it seemed important to me to try to show that research in this direction makes sense, and deserves to be pursued, especially in times like ours, when awareness of the source of the original inspiration of the idea of democracy seems to be growing fainter and fainter under the impact, on the one hand, of the general acceptance of the charismatic nature of power and, on the other, of the increasing diffusion of reductive interpretations worked out by certain brands of political and sociological thought.<sup>10</sup> The issues with respect to which the post-industrial federalist model allows us to make some institutional remarks relevant to our main theme include: i) the composition of the legislative bodies at the different levels; ii) the constituencies for elections to the Lower Chambers iii) the electoral system for Lower Chambers; iv) representation in the Upper Chambers; v) timing and mode

<sup>9</sup> Cfr. MFE, "Il sistema elettorale per la seconda elezione europea. Proposte tecniche", in *Il Federalista*, XXII (1980), pp. 85 sgg. To illustrate the difference between the two perspectives (transitional and model) from a more general standpoint, reference can be made to the two great typologies identified by AREND LIJPHART (*Democracies. Democratic Patterns of Majoritarian and Consensus Government in Twenty-One Countries*, Yale University Press, 1984), namely majority democracy and consensus democracy. Clearly, the current practice of majority democracy (of the British type) would seem to be more appropriate to the requirements of *transition*, whereas the *model* is the purest expression of consensus democracy (where the process of decision-making occurs through a basis of consensus which is much greater than a simple majority and which may even mean unanimous agreement).

<sup>10</sup> Examples of reductionism, albeit at undisputed levels of scientific seriousness, may be seen for example in ROBERT A. DAHL's identification (i.e. in *Dilemmas of Pluralist Democracy*, Yale University Press, 1952) between democracy and "polyarchy" (i.e. pluralism of power centres) or in the conception of democracy as a legitimising procedure put forward by NIKLAS LUHMANN, in *Legitimation durch Verfahren*, Frankfurt a.M., Suhrkamp, 1983.

of elections to the Upper Chambers; vi) the presidential role and power to dissolve Chambers.

#### *Number of members in legislative bodies.*

Legislative bodies of nation-States, and particularly Lower Chambers (the House of Commons, *Assemblée Nationale*, *Bundestag*, *Camera dei Deputati*) are traditionally made up of a large number of deputies (several hundreds). This is for three main reasons.

i) In the nation-States the bulk of the legislative work is done by national Parliaments and a large number of representatives is needed because Parliaments have to be subdivided into many commissions.

ii) The absence of intermediate levels of government with any real autonomy means that the interests of individual localities have to be represented directly at the national level. The more representatives there are, the better this can be achieved.

iii) Politics is practised mainly at the national level. The national Parliament is, therefore, the place where the political class is formed and expresses itself. Drastically reducing the number of representatives would *ipso facto* mean mutilating the political class in an unacceptable way.

On the other hand, the large number of elected parliamentary representatives seriously hampers any sound development of democratic life. The most momentous of the ensuing inconveniences is the difficulty legislative work has in producing anything which can be identified with the general will. Parliament is flooded with a huge mass of local and sectoral demands, which can easily be voiced precisely because the low quorum required for electing a representative leaves plenty of room for action by organized interest groups within each single constituency. And this is one of the most important causes of the corporative degeneration of democracy.

In a multi-tier federal structure, national Parliaments of current proportions would not be needed. A multi-tier federal structure makes the division of legislative work among the representative bodies of the various levels entirely possible. It thus considerably reduces the number of tasks each level is called upon to undertake. But, at the same time, when it expresses itself, the political class need no longer rely on a single institution (or at least one clearly privileged over the others), but has at its disposal a whole series of bodies, each fully independent within its own sphere, to plan and follow its *cursus honorum*. Finally, multi-tier planning eliminates the need to have local interests

directly represented at the highest level. The synthesis of the problems perceived and the solutions proposed at the lowest levels is created step by step as co-ordination progresses upwards in territorial spheres of an increasing size.

We can draw the conclusion from this that the various legislative bodies at the different levels of our federal State model (and particularly at the higher ones) ought to be made up of a much smaller number of members than is the case now. At the national, continental and world levels, this number ought not to exceed a hundred.

The advantages that a small number of representatives would entail are worth recalling: i) greater prestige attached to the representative's role; ii) more rigorous political class selection, at least at the highest levels, which is an indispensable prerequisite for correctly carrying out a function which, in a complex framework like the federal one, is destined to become increasingly difficult and delicate; iii) political debates and legislative work become more rational and matter-of-fact (provided, however, the representatives are assisted by efficient technical services); iv) a steady decline in the role played by local and sectoral conditioning.

#### *Constituencies for the election of Lower Chambers.*

As indicated in the preceding section, the unitary nation-State has to reconcile two irreconcilable elements: firstly, the need for centralisation, based on the dogma of the nation "one and indivisible", and, secondly, the irrepressible persistence of a great number of infinitely diversified local realities. The institutional device used to 'solve' this consists in directly representing local realities within the national Parliament. This result is also achieved, as seen in the preceding section, by establishing a high number of representatives in legislative bodies, and by creating small constituencies (although their size varies according to the electoral system adopted). The result is that the representative is closely tied to his constituency, in which his political fortunes are at stake, and often makes the constituency's interests prevail over the country's.

We should not forget, besides, that, until a short time ago, it would have been impossible to organize elections in any other way, since transport and communications were not sufficiently developed to make an electoral campaign a practical possibility over very extended areas.

Both these constraints disappear in the post-industrial federal State model. Representing local communities' interests directly at the centre is no longer necessary or justified since, firstly, local

communities' problems are tackled directly by autonomous levels of self-government in the territorial sphere in which they occur and, secondly, they must be co-ordinated with one another within larger territorial spheres. The "cascade" electoral system ensures a link between the different levels of the debate on the main orientations of multi-tier planning. Besides, at every level, in federal bicameralism the Upper Chamber has the institutional function of representing the interests of the distinct territorial spheres of which each level is made up. The specific task of Lower Chambers at every level is to take legislative decisions which identify and express the general interest of the whole of the territorial sphere over which they have jurisdiction.

This is the reason why it seems right to argue that parliamentary representatives should be elected at all levels in single constituencies (regional, national, continental and world-wide) so that they are not compelled by the very logic of their election to set the interest of a portion of the territory before that of the whole.

The logistic reasons which made it impossible until a few decades ago to generalize the adoption of single constituencies in very extended territorial spheres now no longer hold true: progress in transport and mass media (especially television) is changing the nature of electoral campaigning. It is a trend which presents significant and positive aspects. We should not overlook the fact that only personalities with a considerable political stature are able to stand at elections in which, due to the institution of the single constituency and to the limited number of representatives to be elected at every level, they are compelled, through the mass media, to come 'face to face' with huge numbers of electors, in order to obtain their vote. This is a solid guarantee against the election of the excessive number of yes-men, lobby-representatives, party-bureaucrats, etc. who crowd national parliaments today.

The argument asserting the democratic value of direct dialogue between candidates and electors — which is already weak when applied to an election for a level of government covering a large area, due to the law of numbers — becomes even less convincing in the context of our federal State model, in which local interests are specifically shaped and voiced at city-neighbourhood, district and regional level, i.e. where direct contact between candidates and electors is still possible. At higher levels, only guidelines giving the basic framework of co-ordination of the options taken at the lower levels are defined. As to these general guidelines, the general will is correctly expressed, rather than through

personal contact between candidate and elector (which can be achieved in any case only at the cost of splitting the general will into a number of conflicting particular wills), by an electoral mechanism capable of directing the attention of candidates towards the problems of the whole rather than towards those of a single part. (We should not forget, moreover, that the specific function of the "cascade" elections is to avoid abstract antithesis between the interest of the whole and the interest of the parts, and to give a concrete form to the general interest taken as a synthesis of the interests of the parts).

A final point relates to the previously mentioned need to maintain a constant link between the sections of the political class operating at higher and lower levels. Since it is at lower levels that needs are actually perceived and general will casts its roots, it might be thought that small constituencies would strengthen this link, whereas a single large constituency would weaken it. But the reverse is true. The enlargement of the State's size in the course of history, from the Greek city-State to the great continental States of our time, bears witness to the growing interdependence of the problems politics is called upon to settle, though such problems keep on surfacing in the form of needs felt and expressed in the daily life of local communities. This implies that the task of the higher levels of self-government is to create the conditions of compatibility necessary to tackle lower level problems successfully. And this goal can be attained only if the political class at the higher levels feels responsible to the electorate of the whole territory within which the synthesis must be effected. If this were not so, i.e. if representatives acted as interpreters of the interests of only a fraction of that territory, compromise would usurp synthesis, the logic of power would arise and the problem of pursuing the general interest would recede into the background.

#### *The list system and preferences.*

Introducing a single constituency at every level for Lower Chamber elections inevitably leads to the list system and raises the question of preferences.

No further discussion is required as regards the list system, since objections to it are the same as those already discussed when dealing with single constituencies.

The problem of preferences, however, still remains. They are widely, and not unjustifiedly, held to be a serious source of corruption in the political system, which tends to become increasingly corporative, where preferences are used. But the

penalty for getting rid of preferences without abolishing the list ballot is that parties impose candidates chosen by the party apparatus on the electorate. This is rightly felt by people as a violation of the spirit of the democratic game.

What in actual fact turns preferences into a degenerative factor in political life, fostering clienteles and cliques and making corporative interests overshadow the general will, is the fact that they are optional: it is no secret that the majority of electors do not, in fact, indicate any preferences, thus favouring the strategy of organized interest groups, who get their candidates elected with the votes of a relatively small number of electors.

The solution is to make preferences compulsory, by stipulating that a vote is valid only when it indicates a minimum number of candidates on the list.

Combined with the single constituency, which in all cases compels parties to endorse distinguished candidates, potentially capable of attracting a large number of votes in all geographical and sociological sectors of the constituency, this mechanism would give a decisive contribution to eradicating patronage.

#### *Representation within Upper Chambers.*

The function of Upper Chambers in federal States is to represent the interests of the member States in the federation's Parliament. Their traditional make-up has usually been historically dictated by the circumstances in which the United States of America were created. At that time, the problem was resistance from the smaller States, who were afraid, that, if the principle of proportional representation, applied in both federal Chambers, had turned them into insignificant minorities, as compared with the larger States, then giving up their sovereignty would mean losing any possibility of asserting their position.

This led to the introduction, in the American Senate, of the principle of equal representation, whereby the smaller States were allotted much more power than they would have obtained from a population count.

In our model of post-industrial federalism, equal representation should be substantially confirmed (albeit with certain adjustments and with the proviso that it has to be applied at all levels). The paramount government function in a post-industrial federalist model is multi-tier planning, whose main goal is to achieve and maintain a balanced territorial setting. To achieve both these objectives, those regions in a federation which, at the time when the federation is set up, are peripheries, threatened with depopulation and underdevelopment, must be placed in such a position

as to make their voices heard with the same strength as the rich, densely-populated, well-served central regions of the same size. In a system heavily characterized by polarization between centre and periphery, because of the greater numerical, and hence political, strength of the privileged areas, proportional representation within both Chambers would tend to reinforce polarization and would thus jeopardize the main objective of multi-tier planning.

More generally, proportional representation within the Upper Chamber is a straightforward negation of the basic nature of federalism as such. What distinguishes federal planning from centralized planning is precisely the former's capacity to channel resources towards underprivileged regions reversing their spontaneous tendency to flow towards the centre, thanks to the greater political power they command in a federal institutional setting. On the contrary, the logic underlying the defence of the interests of the economically hegemonic regions is the same that would spontaneously prevail within a unitary state. This is the reason why attributing political weight to the different territorial spheres corresponding to levels of self-government proportional to their population would mean reproducing the very same imbalance within the federal State that the federal solution was designed to overcome.

This does not mean that only peripheral and underdeveloped regions would benefit from this institutional mechanism. Indeed, territorial imbalances bring damage to both rich and poor regions alike. Rich regions have to put up with congestion, pollution, a tremendous increase in property values, exceedingly high service costs, and the like. This means only that, as the spontaneous logic of territorial polarization is to be self-sustaining, even against the medium-term interests of the richer regions, it can be countered only by giving greater political clout to the weaker poles.

The principle of equal representation within Upper Chambers is valid in the post-industrial model of federalism, however, provided that the territories for a particular level of government are of a comparable size. If, for historical reasons, this does not happen, and some of the territories with the same level of government are both limited in size, and yet very rich and densely populated (like Belgium, the Netherlands and Luxemburg in Europe) equal representation would bring about consequences diametrically opposite to the ones expected. It would further strengthen already strong regions. In such cases, the principle of equal representation would need to be attenuated by adopting weighted

representation mechanisms, like those currently applied within the European Parliament. Yet, even in these cases, at least in a first phase, the arguments heeded by the American Founding Fathers are still valid: thus small States must always be allowed a certain degree of over-representation to guarantee their independence and to recompense the sovereignty they are called upon to abandon.

We cannot conclude the section on equal representation within federal Upper Houses without touching on the problem of its seeming to contradict the principle of *one man one vote*, which is commonly considered one of the basic principles of democracy.

Indeed, the institutions of representative democracy carry out two most important and sharply distinguished functions: as *government* and as *guarantor*. The latter was paramount in the first phase of the history of democratic institutions, when the task of Parliament tended to coincide with the defence of the subjects' rights against the arbitrary power of monarchy.

Parliament's increasing power over the centuries radically changed this, as the executive became an expression of Parliament. The latter has thus become an eminently governmental institution, with the result that its function as a guarantor has tended to become obliterated. This drift went far enough to raise the problem of protecting the rights of the citizens against the arbitrary rule of majorities, around which the debate between liberals and democrats in the 19th century centered.

Federal bicameralism makes it possible to recuperate the function of representation as a guarantor. The latter is carried out by protecting the rights and interests of the lower tiers of self-government against possible encroachments by majorities in the higher tiers (thus complementing the role of the judiciary, which in addition has the task of protecting individuals' rights against any arbitrary interference by political power). This function is allotted to the Upper Houses. All this implies a division of labour among the Chambers, reflecting the diverse interests each of them represents. Lower Chambers initiate the legislative process, shape and control the executive with democratic procedures. The Upper Chambers' tasks are to safeguard the specific interests of the lower tiers of government and guarantee their rights, laid down in the constitution.

In support of this we may recall that our federal model does not provide for bicameralism to be established at the lowest level, namely the neighbourhood. Though political representation is preserved at this level, the orientations of self-government

emerge spontaneously from the day-to-day debate among the citizens, i.e. among the very people who directly bear the consequences of those decisions they take part in making. At this level (the one which comes closer than any other to achieving Rousseau's ideal of an identification between rulers and ruled) the distinction between the two functions of representation is abolished (as self-government is achieved in this case in the full sense of the word). Yet the same distinction surfaces again at the immediately higher level (the municipality, or district) and finds its expression in bicameralism.

All this highlights the reasons underlying the different mechanisms through which representation takes shape in both Chambers: the principle *one man one vote* must be scrupulously applied within representative institutions with governmental powers (as the principle of majority rule is the very essence of democracy in this particular capacity). On the other hand, in those institutions functioning as guarantors (whose task is to secure respect of the insuperable limits of a government's action) the principle of equality must be applied with reference to the levels of self-government whose spheres of independence ought to be protected, and only within each of them does the principle of *one man one vote* reacquire its cogency.

#### *Timing of elections for Upper Chambers and attendant electoral methods.*

In the USA the evolution of the Senate's structure and function has been such as to eliminate the Upper Chamber's specific role as a place where federal policies are rediscussed in the light of member States' interests. The Senate has become a kind of duplicate of the House of Representatives. American bicameralism has thus lost its federal character, since senators and representatives are elected in the same way, which both weakens the Senators' links with their States and preserves the Representatives' links with their constituencies.

In our model, the essential difference between the two Chambers is already guaranteed by the single constituency device for electing Lower Chambers at each level. But a further guarantee could well be provided by an election calendar designed to focus the public's attention on the specific nature of the problems emerging at every level and their connection with what emerges in the electoral campaigns of the lower levels. Hence, making the election of an Upper Chamber and the Lower Chamber at the level immediately below it coincide, so that campaigning in both elections is on the same issues, seems the best way of

ensuring that members of the Upper Chambers are sensitive to the specific problems of the territorial levels they represent.

The arguments for a single constituency in Lower Chamber elections hold true, *mutatis mutandis*, for Upper Chamber elections, the only difference being that the latter are bound to be held in as many single constituencies as there are territorial spheres to be represented at the higher level. For example, continental-level Upper Chamber elections will be held on the basis of national single constituencies, national-level Upper Chamber elections on the basis of regional single constituencies, and so on.

Finally, as regards the electoral system in the strict sense of the word, it seems that the single transferable vote is to be recommended both because of the small number of representatives to be elected at each level for the higher one and because of the greater flexibility political alignments will presumably acquire in the post-industrial era, in a multi-tier federal structure.

#### *The presidential role and the dissolution of Parliament.*

As regards the Presidential Role at the different levels and the power to dissolve the Chambers, let me first of all recall a conclusion reached in my previous essay, which I took for granted in the foregoing section: that, if we ideally locate ourselves in a historical perspective where the division of society into antagonistic classes and of mankind into exclusive nations has been overcome and where multi-tier planning basically becomes the only government function, then it is not hard to see that the relationships between the legislative and executive can only be patterned on a parliamentary model, i.e. a model where the cabinet needs the confidence of Parliament, or of one of Parliament's Chambers, to get into office, and Parliament, or one of its branches, has the power to dismiss the cabinet at any moment by a vote of non-confidence.

One of the corollaries of a parliamentary system, in the constitutional tradition of western democracies, is the existence of an institution with a presidential role (Head of State) and with the power, among others, to dissolve Parliament (or at least the Lower Chamber) when it fails to produce a government majority.

What form of institution with a presidential role is compatible with our model? Could such an institution be empowered to dissolve Parliament, or one of its branches?

As regards the first question, in a multi-tier federal system, the problem not only concerns the general level, but regional

levels as well. There is no way to escape this conclusion because the independence of all levels of government is an essential feature of all federal structures.

As to the nature of such an institution, a number of interesting ideas are to be found in the Draft Treaty of the European Parliament (which on this point as with other points, owes much to the ideas put forward by the UEF).<sup>11</sup> In the case of the European Union, the strongly differentiated nature of all aspects of European society and persistent national loyalties (which are by no means incompatible with a strong consensus for the idea of European political unification, as it exists in European public opinion) has imposed the adoption of a corporate solution as to the Community's Presidency. The presidential function has thus been attributed, in the Draft Treaty, to the European Council. In a world perspective, where the disappearance of any non-juridical external constraint will tend to weaken any spontaneous drift towards centralisation, it seems legitimate to maintain that the solution indicated for the European Union should be extended to all levels. The only exception would be lowest level, whose homogeneity requires a different solution. The presidential function would thus be attributed, for each level of government, to a corporate body made up of the heads of the executives of the level immediately below.

As regards the second question, the problem is to see whether, at each level of government, the corporate presidency should be empowered to dissolve the Lower Chamber, should the latter fail to produce a majority supporting the cabinet (the same problem does not arise with the Upper Chamber which, *ex hypothesi* has no power to control the executive).

In actual fact, the corporate Presidency's power to dissolve the Lower Chamber is incompatible with the essential function of "cascade" elections: to secure organic and permanent links among the different tiers of governments, which thus enables the general will to reach levels of government which are not so closely in touch with the real needs of the citizens. (The "cascade" system selects the political class in such a way that candidates are compelled to express their options and their programmes on the basis of those spelt out at the lower levels of government; so that, once the political will is formed, the greatest co-ordination among the different tiers of global planning can be achieved. For this to be realised, it is essential that the timing of elections at

<sup>11</sup> UEF, *Proposals for the Solution of the Institutional Crisis of the Community*, February 1982.

the various levels should be both rigidly fixed and unalterable, which would not be the case if the Lower Chamber of a single level of government were dissolvable).

Clearly relationships between the legislature (the Lower Chamber in particular) and the executive must be established in our model in such a way as to make it possible for the system to function without the need to resort to dissolution.

Before suggesting the possible institutional remedies, let me recall that, in a world-wide multi-tier federal government, any transitory institutional *impasse* affecting one level alone would be much less momentous than in a nation-State. Indeed, in the latter, a government crisis brings about a total, or almost total, paralysis of the decision-making process in the public sphere, including the crucial field of foreign policy. But in a multi-tier federal scheme, the crisis would only affect one of the many levels of government, and thus a limited sector of public life; and, even if it did affect the world level, it would be no more critical for this, as, once deprived of the power to run foreign policy (and its current monopoly in the field of monetary policy) the world level of government would have no greater effect at all on citizens' lives than the smaller territorial spheres, inasmuch as it would not have the power to take decisions immediately affecting their day-to-day interests.

This does not of course mean we must not try to find institutional mechanisms capable of reducing the chances of a cabinet crisis at any level to a minimum and of ensuring, should it prove impossible to avoid a crisis, that it can be managed in the most effective and least traumatic way.

The most appropriate remedy for an institutional *impasse* would seem to be the *constructive vote of non-confidence*, introduced after the Second World War into the Fundamental Law of the Federal Republic of Germany. This device, however, cannot avoid the *impasse* arising either when a Chamber fails to produce a majority to support a cabinet, just after its election, or when the cabinet itself resigns.

In these cases it seems legitimate to state that the responsibility for running the executive power during a crisis should belong to the corporate Presidency, complemented with further representatives of the cabinets of the immediately lower order, assisting the respective heads of government. The corporate Presidency would appear to be the sole body satisfying both the requirement for democratic legitimacy (even though this legitimacy is expressed at another level) and the requirement of establishing a structural link with the decisions of lower order levels of government.



## Notes

### UNEMPLOYMENT, MONEY AND FISCAL POLICY WITHIN THE EEC

The growing success of the ECU in the private sector has given new life to a stream of proposals which, by a series of technical improvements in issue and circulation methods, are designed to increase the ECU's use and acceptability.

Some of these proposals have been accepted and were, in fact, promptly implemented by the market. Others have been jointly approved by member States. They include the amendments approved in mid-April in Palermo by the EEC financial ministers on using the ECU as part of the Community's exchange mechanism in inframarginal interventions, authorising other countries' central banks to hold official ECUs as reserves, fixing the interest rate for official ECU deposits on the basis of the market's interest rates, and abandoning the ECU's ties with official discount rates, which are less appealing than market rates.

Other suggestions, which were not immediately taken up, are nevertheless food for thought and, indeed, hold out the promise of new progress on the road to European monetary unification. Particularly noteworthy among these are plans to encourage wider use of the public sector ECU as a step towards closing the gap in the ECU's two uses.

After the ECU's successful acceptance by the private market, there are two crucial issues, among many others, which will have to be solved to create a truly European currency. Both relate to matters mentioned above. The first is the need to keep a tighter

control over the official ECU, making it less erratic, and ensuring, in particular, that it is closely linked to the Community's budgetary policies. The second is to overcome the current dichotomy between official and private ECU, because no true currency can have two parallel but unconnected circuits. One possible link between the two circuits of the ECU might well be the EEC budget, through which money flows are directed towards the Community's network of agents.

Today, the Community budget disguises as ECUs what is, in fact, finance coming from member States in national currencies. This finance is returned to them in national currencies as payments. If the Community budget collected funds and redistributed them to the various beneficiaries in ECUs, or in a foreign currency denominated in ECUs, rather than merely recording finance in units of account, then the dichotomy between the two circuits would be eliminated.

J.P. Planchou, a socialist deputy from Paris and director of the Club République moderne, in an article, arguing along these lines, which appeared in the economic supplement of "Le Monde" on January 15th,<sup>1</sup> puts forward an interesting proposal.

With a view to creating a "monetary shield" which would give greater autonomy to the European area, Planchou suggested that, as well as taking numerous measures designed to increase the official and private use of the ECU, the member States should float joint loans, subscribed to and quoted on the different markets and should issue Treasury Bonds in ECUs, revenue from which would be distributed among the member States. The second proposal, if properly interpreted, might well lead to important developments in monetary integration.

But these suggestions have only been roughly outlined and really need numerous qualifications to be fully assessed. For example, despite the ambiguous reference to loans issued simultaneously by various governments, it is implicit that a Community body would have to take charge of issuing ECU Treasury Bonds and sharing out the funds raised among the member States using some, as yet, unspecified criterion. Equally, if ECUs are collected in this way, they would presumably consist of foreign currency denominated in European units, otherwise there would be no point in using a formula already adopted in Italy (where the

<sup>1</sup> J.P. PLANCHOU, "Renforcer le SME en le rendant plus souple pour mieux résister au dollar", *Le Monde*, 15 Janvier 1985.



Treasury has for some time now issued Credit Certificates in ECUs) and nor would there be any sense in distributing the revenue among the member States.

However, if our interpretation of Planchou's suggestions is correct, then, once implemented, this proposal would have the merit of opening up the way for an intermediate form of European budgetary policy, with a considerable degree of autonomy vis-à-vis national policies.

Until conditions permit the development of a truly European budgetary policy including deficit spending financed by a fully-fledged European currency, the creation of European Treasury Bonds, to be used for purposes collectively approved within the EEC, would certainly be a step forward as compared with the current situation, where at the very best we can talk about an embryonic European fiscal policy.

Even more interesting is the suggestion made by the Italian economist, Ezio Tarantelli,<sup>2</sup> for "an ECU for the unemployed" designed to fight against unemployment and relaunch growth in the EEC by means of concerted action among the member States. Ezio Tarantelli was recently killed in a terrorist attack for which the Red Brigades claimed responsibility and was known both in Italy and Europe for his suggestions for creating a European Incomes Policy (EIP), as a step towards relaunching monetary unification and furthering the EEC's integration.

Tarantelli believed that, through a revamped European Trade Union Confederation, the trade unions in the member States ought to harmonize wage and labour policies on a yearly basis so as to unify inflation rates and stabilize exchange rates between European currencies.

In this way, one of the conditions required for the existence of a Community currency would be achieved, even though, obviously, before this could effectively circulate within the Community, other conditions would need to be satisfied, first and foremost joint control of the growth of public expenditure in the member States, another significant factor explaining the different inflation rates in the various countries.

Against this solid and stimulating theoretical background, shortly before his tragic death, Tarantelli suggested that the Community should take steps to print ECUs and distribute them

<sup>2</sup> E. TARANTELLI, "Lo scudo dei disoccupati", *Politica ed Economia*, n. 2-1985; E. TARANTELLI, "Come fabbricare lo scudo", *Politica ed Economia*, n. 3-1985.

through the Social Fund to the member States according to the number of unemployed in each country.

The issue would be the responsibility of the European Fund for Monetary Co-operation and the sums made available in the various countries would be used to encourage productive investments or to support employment directly by a number of measures.

In a series of articles taken up by other authors, the proposal is debated in such great detail that it is impossible to summarise or comment on it here.

To give a more precise picture, we may merely add that the ECU for the unemployed would be issued in exchange for Community budget contributions paid by the member States in national currencies. Hence, as well as having no inflationary impact, this would make it possible to lessen the constraints that the balance of payments places on intra-Community relationships. Moreover, the ECU for the unemployed would make joint EEC refutation possible, thus enabling the hard core of unemployment to be gradually reduced within a reasonable time scale.

Two requirements are catered for by the creation of an ECU for the unemployed and by Planchou's proposal for the issue of European Treasury Bonds. But they also raise a problem.

In the first place, both suggestions are designed to create a link between Community monetary policy and fiscal policy, a first step towards overcoming the embryonic state they currently have. They contribute to shaping efficient Community instruments, able to control the European economy and counter the ever-present risk of the Community's splintering up. What is required today to get Community integration out of the doldrums in which it has been stuck for far too long, is relaunching monetary unification together with a consistent increase in the Community budget. The first is necessary to guarantee the continued existence of an integrated market and to increase the degree of integration achieved, putting the immense potential for integration which has not yet been exploited to good use. The second is vital for the harmonisation of the member States' economies, bridging the gaps between the central and peripheral areas of the Community. As the Mac Dougall Report<sup>3</sup> has clearly shown, a Community budget of 2 to 2.5% of Community GDP would make a considerable reduction in the disparities in income existing among the various regions of Europe possible and would certainly reduce

<sup>3</sup> COMMISSION OF THE E.C., *The Role of Public Finance in the European Communities* (Mac Dougall Report), Brussels, 1977.

economic fluctuations within the EEC. The data presented in the Mac Dougall Report show that the redistribution effect on the disparities in the standard of living between the member States (which is today no more than 1 to 1.5%) could reach about 10% if there was an increase in the Community budget, or a transfer of expenditure, equivalent to 0.7% of overall Community GDP from the national level to the European level. Much still remains to be done as regards these objectives: even with the imminent increase in VAT earmarked for the EEC budget, the size of the EEC budget vis-à-vis Community GDP will still be less than 1.5%. But an employment support programme like the one Tarantelli proposed would increase this to over 2%, exceeding the critical level indicated in the Mac Dougall Report.

The second requirement catered for by the proposals examined here is how, in a short space of time, to relaunch demand in the member States and reduce Europe's current unemployment to less traumatic levels. An entire generation is running the risk of remaining permanently excluded from the labour market if the Community countries fail to agree on placing the fostering of employment first on their list of collective preferences. Certainly, a Keynesian policy of employment, after the crisis manifested by the Welfare State, is not sufficient and it will be necessary to resort to active policies in this sector, such as the transformation of the Social Fund into a European Work Agency linked to a regional network of agencies, which act as suppliers of employment in the last resort. But meanwhile, if the rate of growth stays down at the current 2 to 2.5%, it is difficult to see how unemployment could be brought down in a reasonably short period of time. If we recall past attempts at unco-ordinated reflation, blocked a couple of months later by balance of payments problems, then it is clear that the relaunch which Europe needs will only come as a result of a concerted effort — for, as the Albert-Ball Report<sup>4</sup> stresses, the "Community efficiency multiplier" makes it possible to obtain growth rates which are 2 to 4 times better than alternative individual action and trade and balance of payments results that are from 1.2 to 3 times better.

As we hinted above, the two proposals raise a problem. What are the institutional prerequisites needed to enable these steps forward in European monetary and fiscal policy to be carried out?

<sup>4</sup> M. ALBERT, *Un pari pour l'Europe*, Seuil, Paris, 1983.

History allegedly teaches that the birth of a currency has often preceded the establishment of the Central Bank controlling its issue and circulation. This is Triffin's argument.

I have my doubts that faith in spontaneous market mechanisms is justified today. In any case, it would be necessary to clarify in what way the relationship between the instrument's efficiency and the autonomy of the economic policy centre responsible for managing it is to be established.

In a complex and articulated world like ours, and faced with a heavily imbalanced institutional system favouring the member States, relaunching monetary integration and strengthening the EEC budget both require proper reform of the Community institutions. In the first case, it means the passage to the second stage of the European Monetary System and the creation of the European Monetary Fund. In the second case, it means the development from EEC to European Union with the concomitant strengthening of the Community budgetary authority, the European Parliament, and of the body responsible for managing the Union's fiscal policy, the Commission transformed into a true European government.

Franco Praussello

## SPAAK II OR SCHUMAN II? THE IMPLICATIONS OF ARTICLE 82 OF THE DRAFT TREATY ON EUROPEAN UNION

Increasingly, voices can be heard arguing that progress towards European Union can only be made if those countries willing to move towards such a Union go ahead and do so by themselves without continually being blocked by a minority. This idea — support for which has been hinted at by a number of governments<sup>1</sup> and national parliaments<sup>2</sup> and is perhaps implicit in the fact that the "Dooge" ("Spaak II") Committee deliberately adopted its report by majority — was initially put forward by

<sup>1</sup> See for example the speech by President Mitterrand to the European Parliament, 24 May 1984.

<sup>2</sup> See for example the resolution of Italian Senate on 10 May 1984, 110th public sitting, Verbatim Report pp. 11-40.

the European Parliament. In Parliament's draft European Union Treaty,<sup>3</sup> Article 82 — one of the more controversial articles, yet at the same time a possible key to its success — envisages the possibility of the Union being established, if necessary, without the participation of all the Member States of the European Community. What led the European Parliament (EP) to put forward such an option? How does it stand in legal terms? What are its prospects?

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Parliament put forward the option of adopting the Treaty without all the Member States because it had become convinced that unless such a possibility were on the table, its draft Treaty had little chance of making headway. Over the years the EP had seen many proposals for institutional reform enjoying broad support blocked by one or two Member States alone. During the preparation of the draft Treaty, Parliament had witnessed the discussions on the Genscher-Colombo proposals in the Council, during which individual Member States consistently blocked a whole range of constructive proposals, however moderate.<sup>4</sup> It was aware of the limited prospects of certain States accepting the draft Treaty, except, perhaps, if confronted with the possibility of being left out and the majority of States going ahead without them. Some Members had in mind the precedent of Schuman's Declaration in 1950 to move ahead with those Member States of the Council of Europe which agreed to proceed further down the path of integration: six of the then twelve Member States agreed to do so — some of the others followed later. The European Community, as we know it, would never have come into existence if the six had waited for the others to agree. This time, the EP defined a "critical mass" which would be the minimum number of States necessary to forge ahead: Article 82 refers to a majority of Member States of the Communities whose population represents two-thirds of the total population of the Communities.

Such arguments may be politically attractive, but the legal implications of moving in such a way from Community to Union are somewhat different from moving ahead to create the ECSC Treaty thirty years ago. Unlike the earlier case, the Union would

<sup>3</sup> Official Journal (1984) C 77 p. 33.

<sup>4</sup> For an account of this process, see Joseph Weiler in *Journal of European Integration*, n. 2-3 (1983) p. 129.

absorb Community matters and administer them through its own institutions. Would such a move be possible?

The first potential obstacle is the fact that the Communities have their own revision procedures laid down in Article 236 EEC (and its equivalents in the ECSC and EAEC Treaties<sup>5</sup>) which foresee only a minor (consultative and certainly not initiating) role for the EP, a unanimous decision by Council and ratification by all the Member States. Clearly such a procedure would stand in the way of the EP's strategy. But a considerable body of legal opinion maintains that the treaties cannot be amended other than by these procedures. Kapteyn and VerLoren van Themaat say: "It appears highly questionable whether reliance on a universally recognised rule of international law, according to which, notwithstanding the prescribed procedures, a treaty can always be amended by a later treaty, also applies to treaties which have called into being a new legal order which limits the sovereignty of the Member States and is binding on them as well as on their nationals".<sup>6</sup>

Referring to the European Court of Justice's jurisprudence in the *Costa v. Enel*<sup>7</sup> case — in which the Court ruled that the Member States have limited part of their sovereignty and transferred power to the Community, creating a body of law which binds both their nationals and themselves — they argue that a revision of the treaties cannot take place without respecting the procedure laid down therein, which involves the institutions to which the Member States have surrendered certain powers. This view is widespread<sup>8</sup> but not shared by everyone: Davidson, Freestone and Lodge argue<sup>9</sup> that in legal and political reality the Member States remain masters of the Community and are therefore free to agree on new treaties without following the Community procedure. But, in practice, although treaty amendments have been made in the past<sup>10</sup> which did not follow that procedure,

<sup>5</sup> Article 96 ECSC and Article 204 EAEC treaties.

<sup>6</sup> KAPTEYN and VERLOREN VAN THEMAAT, *Introduction to the Law of the European Communities* (1973) pp. 37-38.

<sup>7</sup> Case 6/64, *Costa v. ENEL* (1964) E.C.R. 585.

<sup>8</sup> See also, for example, Schwarze 'Das allgemeine Völkerrecht in den innergemeinschaftlichen Rechtsbeziehungen' in *Europarecht* (1-1983) p. 1; SCHERMERS in *International Institutional Law* (2nd ed. 1982, ch. 8) and LESGUILLONS in *L'application d'un traité-fondation: le traité instituant la CEE* (1968).

<sup>9</sup> LODGE, FREESTONE and DAVIDSON, in *European Law Review*, vol. 9, n. 6, December 1984, pp. 387-400.

<sup>10</sup> For example the amendment of the ECSC Treaty to take account of the Saar Treaty (1956).

the controversy this caused later was among the reasons that ensured that subsequent revisions<sup>11</sup> were carried out in compliance with the procedure. Furthermore, Parliament itself has supported the use of the revision procedures, to preserve the "acquis communautaire" from erosion by the Member States and involve the Community institutions in the procedure.

How, then, did Parliament justify proposing a new Treaty that did not follow these revision procedures? Its argument was simple and clear: the draft Treaty, although containing an article (Article 7) in which it takes over the "acquis communautaire" and therefore implicitly assumes that the Union should be the successor to the Community, is not a revision but a new Treaty, the scope of which is far wider and which can by no means be compared with simple amendments to the existing treaties. Professor Jacqu , one of the four lawyers assisting the Parliament in drafting the Treaty, wrote: "The revision procedure must be applied when one acts within the framework of the old system, which one intends to reform. That procedure no longer comes into play when the aim is to constitute institutions with new powers and possessing a different juridical status".<sup>12</sup> Indeed, the EEC Treaty was created without reference to the revision article in the ECSC Treaty, and when the ad hoc Assembly engaged in the preparation of the Political Community and, later, the Member States studied the Fouchet Plan, no references were made to the revision procedures of the existing treaties. Parliament was correct not to invoke these procedures.

Avoiding Article 236 and drafting a clear political proposal also had the advantage, from Parliament's point of view, of avoiding a new treaty being drafted in the first instance by foreign ministry officials, whom it regarded as the custodians of national sovereignty and those with a vested interest in the status quo.<sup>13</sup>

The non-use of the revision procedures of the existing treaties is thus no obstacle to Parliament's strategy.<sup>14</sup> A new Treaty can be signed and ratified, without following the revision procedures of the current treaties. But does this mean that such a Treaty

<sup>11</sup> For example the 1970 and 1975 treaties amending certain budgetary and financial provisions of the treaties.

<sup>12</sup> JACQU , 'The European Union Treaty and the Community treaties', *Crocodile*, n. 11 (1983), p. 7.

<sup>13</sup> See *European Parliament Doc. 1-575/83/B*.

<sup>14</sup> Nor does it prejudice Parliament's position that these procedures should be followed in the case of amendments to the existing treaties rather than the adoption of a new treaty.

could be signed by a certain number — but not all — of the Member States of the Community?

The arguments here are more complex. Much depends on the attitude adopted by the States that do not wish to join the Union. The simplest scenario from the legal point of view would be one in which the non-contracting States accept the creation of the Union,<sup>15</sup> perhaps safeguarding their interests by means of some form of association agreement with it. In this case, there should be no obstacle in the way of allowing an abrogation of the Community treaties by unanimous agreement of all its signatories, in accordance with international law,<sup>16</sup> and the Union would then succeed to the Communities.

If one or more of the non-contracting States are not willing to dissolve the Communities, then the situation is more complex. They could maintain that the Union States have failed in their duties towards them as undertaken in the Community treaties and that the Union Treaty is illegal and invalid. Haraszti<sup>17</sup> has argued that a treaty "irreconcilable with the substance of" an earlier treaty "would amount to a violation of international law" and would therefore be void under Article 53 of the Vienna Convention on the Law of Treaties. As Davidson, Freestone and Lodge have pointed out,<sup>18</sup> there is little juridical authority on this. Indeed, both Schwarze<sup>19</sup> and the former Advocate General of the European Court, Catalano, have argued that it is in fact the other way around. Since the preamble to the EEC Treaty states that the contracting parties are "determined to lay the foundation of an ever closer Union among the peoples of Europe" and that similar provisions exist in the preamble to the ECSC Treaty, and given that these treaties provide insufficient means to that agreed end, "action by the States that created it towards fulfilling the main obligation signed and adopted by them is perfectly legitimate. There could then be doubts about the proper fulfillment of the above obligations by the States that do not adopt the new Treaty of the Union since their behaviour tends to prevent attainment of the objective they undertook to follow".<sup>20</sup>

<sup>15</sup> As in 1960 all OEEC countries accepted its replacement by the OECD, although not all OEEC Members were to accede to the OECD.

<sup>16</sup> Article 54, Vienna Convention on the Law of Treaties.

<sup>17</sup> HARASZTI, *Some Fundamental Problems of the Law of Treaties*, (1973), quoted in Lodge Freestone and Davidson (*op. cit.* footnote 9), p. 347.

<sup>18</sup> *Op. cit.*, (footnote 9), p. 397.

<sup>19</sup> SCHWARZE in *Deutsches Verwaltungsblatt* (1985).

<sup>20</sup> CATALANO, 'The European Union Treaty: Legal and Institutional Legitimacy', in *Crocodile*, n. 11 (1983), p. 4.

Such an argument is, of course, attractive to supporters of the Treaty and similar arguments were used when the United States of America were constituted without adhering to the revision procedures of the Articles of Confederation and before it was clear that all the States would accede. The same was true of the drafting of the Swiss constitution after the Sonderbund war. In both cases new juridical entities were successfully created and recognised as replacing the previous entities, which were never formally dissolved. Nevertheless, as commented in the *Yearbook of European Law*,<sup>21</sup> "such an argument appears to belong more to the realms of politics than law". What is certain, however, is that there is much scope for legal argument, but this is unlikely to stand in the way of States determined to establish a Union. The most that the non-contracting States could insist on is the maintenance of the Community alongside the Union, and to try to restrict Union responsibilities to matters not dealt with by the Community or which the Community agrees to transfer to the Union. Such a situation would entail a number of political, practical and legal difficulties. There would be costly institutional duplication with the Community Parliament, Council, Commission and Court existing alongside those of the Union. There would be constant wrangles over the respective responsibilities of each framework, many matters being dealt with in both. The Union States would presumably act as a cohesive group within the Community. They could even act to minimise the importance of the Community by voting down the budget to the lowest possible level and refusing to develop any new policies. They might even simply opt out of the Community, whatever the legality of such a move. In any case, it is difficult to see what advantages the non-contracting States would have in the long run in insisting on the maintenance of the Community alongside the Union. The difficulties for all, but especially for them, inherent in such a situation, would be prohibitive. It is far more likely that they would prefer to negotiate a unanimously-agreed association agreement with the Union perhaps preserving the "acquis communautaire" such as free circulation or participation in research projects. Alternatively they could swallow their reservations and join the Union after all: this is indeed what Parliament hopes would happen in the end.<sup>22</sup> The strategy of allowing the

<sup>21</sup> D. NICKEL and R. CORBETT, 'The Draft Treaty establishing European Union', in *Yearbook of European Law*, (1984) forthcoming.

<sup>22</sup> See Resolution on the deliberation of the European Council on European Union adopted on 17-4-85 (Croux Report) Doc. A 2-17/85.

Union to be created without all Community Member States is not intended to exclude anyone, but to prevent a minority from thwarting the desire of the majority to establish the European Union. The success of this strategy will depend not, as is usual in Community affairs, on compromising with the most recalcitrant, but on the determination of the majority. The appropriate historical analogy is not Spaak in 1956 but Schuman in 1950.

Richard Corbett

## PROCESSES OF INTEGRATION IN LATIN AMERICA

When the national States were formed in Latin America, ideas grew up about their unity, just as they did in Europe after the French Revolution. These ideas symbolically foreshadowed the future even though at the time there was no immediate possibility of implementing them. In 1815 Simón Bolívar wrote: "How grandiose is the idea of making the New World a single nation, with a bond that ties its parts together and to the whole. Already with a single origin, a single language, the same customs, traditions and religion, the New World ought, by virtue of this, to acquire a single government confederating the individual States as they gradually come to be created".<sup>1</sup> Even though we are still very far from this objective, we can now see the first signs of a nascent process of unification.

Behind this process lies the growing development of supranational integration on a world-wide scale affecting human behaviour in such fields as the economy and information among others. On a strictly political level, what has encouraged the process of unification is the birth of a world system of States characterised (transiently) by US-USSR bipolarism. The dominance of the world stage by the US and the USSR and the consequences of this for all the countries in the world, have led Latin American countries to try to free themselves from US protection by moving towards the Third World and Europe.

Common values and common interests were rediscovered. Just like Bolívar, Southern America saw its common destiny

<sup>1</sup> SIMÓN BOLÍVAR, *Letter from Jamaica*, September 6th 1815.

with Europe and looked on Europe to generate a movement, firstly, towards regional integration and, subsequently, towards subregional integration. This new outlook made the dialogue between the republics more sustained, more dense and made it possible to assess the difficulty of the undertaking, the great political will it requires, the fundamental need to free oneself from old mental forms and to face problems with new eyes. But it also brought about a realisation that, for every country or group of countries, the time had come to shoulder one's responsibilities even at regional level and to express oneself with a certain degree of harmony.

The Falkland-Malvinas war and the prevailing crisis in Central America acted in such a way as to make this clear evolution apparent. The evolution was apparent, but not decisive, in the case of the Falkland-Malvinas war. The conflict emerged as a result of the action of the Argentinian generals who were urged on, in all probability, by an internal situation which the democratic Latin American republics neither accepted nor approved. In this phase, the solidarity shown to Argentina was limited but, subsequently, as a result of the British intervention, a Latin American fibre which seemed dormant began to vibrate.

With Central America, the phenomenon is different. The five countries in the region<sup>2</sup> suffered great hardship as a result of the increase in oil prices, which led to a crisis in their economies and compromised their development. Mexico and Venezuela, nearby oil producers, decided to reduce their oil bills by setting aside funds or "oil facilities" to be used to finance development plans drawn up by the beneficiary countries.<sup>3</sup>

Subsequently, Mexico and Venezuela joined Canada and the US in developing an integrated aid programme to the Caribbean countries. Columbia eventually participated in the plan which was signed in New York on March 15th, 1982.

A surge of solidarity was felt vis-à-vis the Sandinista revolution struggling against Somoza's dictatorship and the diplomatic activity of the Andine Group of countries<sup>4</sup> and other countries in the continent certainly contributed to easing the transition towards liberty. Subsequently, Mexico and Venezuela granted the "oil facilities" mentioned above and, together with Columbia, they joined Canada and the US in a Panamerican initiative. But

<sup>2</sup> Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador.

<sup>3</sup> As a result of the agreement signed at San José, Costa Rica, August 3rd, 1980.

<sup>4</sup> Bolivia, Colombia, Ecuador, Peru and Venezuela.

the situation in Central America, where a variety of political regimes live side by side with difficulty, deteriorated day by day and the surrounding countries became aware of their regional responsibilities and decided not to act in a Panamerican context but to confine their action to Latin America. Thus the Contadora Group<sup>5</sup> grew up between Columbia, Mexico, Panama, and Venezuela which, with ups and downs, but admirable perseverance, tried to overcome the divisions between the Central American countries and to obtain a reduction in arms and the number of "advisors" who were in no way connected with the region. They also attempted to re-introduce trading and, in a long term outlook, they tried to re-introduce efforts designed to strengthen co-operation in the various economic and industrial sectors.

The Contadora Group was certainly the first concerted, organised and sustained attempt to help neighbouring countries to rediscover peace in the American sub-continent. It had the support of the EEC from the outset. Widening the geographical horizon to south of the Panama isthmus, we find other solidarity movements. Within the Andine Group, Columbia and Venezuela united their forces to encourage the return of democracy in Ecuador, Peru and Bolivia who, in fact, organised free elections in 1979, 1980 and 1982. And in America itself, where the presence of a number of dictatorships had led to, or had at least facilitated, the proliferation of other dictatorships, the advent of democracy in the three Andine countries sent a wind of liberty which rekindled the cult of democratic values, enflamed the peoples and opened up the way for the return of liberty in Argentina, Uruguay and the return of civilians to power in Brasil. Chile and Paraguay in 1985 remain the only military strongholds and the dictators realise that their days are numbered.

In the same way that the beginning of the 19th century heralded the birth of Latin American republics, the end of the 20th century is for them the equivalent of the rediscovery of liberty after a long period of dictatorship. Unfortunately, the combined effects of the generals' management and the international economic situation have placed the economies of all these countries in a critical condition and the giants of South America, Argentina, Brasil, Mexico and Venezuela have a national debt of various thousands of millions of dollars despite their exceptional natural resources. In the Colombian city of Cartagena, a special

<sup>5</sup> From the name of a tiny Mexican island where the representatives of the four countries met for the first time.

group of Latin American debtor countries has been set up to discuss matters with the creditor countries.

The dialogue has led to the development of new ties between Latin America and the European Community: a regional co-operation agreement was signed between the European Community and the Andine Group while others were signed with Brasil and Mexico. Another is being drawn up between the Community and Central America as a result of the ministerial meeting held in San José in Costa Rica on September 28th and 29th 1984.<sup>6</sup>

In this last part of the century and millennium, Latin America has rediscovered freedom, has returned to the democracy which its founding fathers desired and more than ever has realised that those who fought for its liberty went from one country to another to place their swords at the service of this ideal. The bicentenary of the birth of Simón Bolívar was solemnly evoked in 1983, particularly in a moving session in the Andine Parliament on July 22nd, 1983 in the Venezuelan Senate. The Libertador's thinking and works were perfectly up-to-date and must serve as a stimulus towards a more coherent and more efficient organisation of the Latin American continent. But how can we overcome the nationalistic drives, how can we cancel the aftermath of past conflicts, how can we avoid the recurrent danger of territorial claims along the frontiers? As mentioned above, Latin America has looked upon Europe and has followed with enthusiasm the establishment and development of the three European Communities, the fusion of their executives, the election of the European Parliament by direct universal suffrage,<sup>7</sup> the consolidation of political co-operation between the member States outside the sectors covered by the treaties, the subsequent enlargements and efforts designed to bring about political union.

The medium and small-sized countries in Latin America have chosen the same road of subregional integration, particularly after the unhappy experience of an over-ambitious attempt at the regional level of the continent. In the first five years of the Central American Common Market's activity a number of results were achieved in the economic field but, since then, the high

<sup>6</sup> The five Central American countries, the four Contadora Group countries, the European Community and the two candidates for EEC membership, Portugal and Spain, participated in this meeting, called at the Latin American countries' request.

<sup>7</sup> Chile, a founding member of the Andine Group established by the Cartagena agreement in 1969, left the Group on October 30th, 1976, after three years of dissent with the other member States after the military coup d'état.

level Committees for the relaunching and restructuring of the general integration treaty have followed one after the other without success, which is hardly surprising given the region's political situation. In the Andine territory, the results achieved have been greater in the political field, particularly after Chile's withdrawal, Venezuela's participation and the relaunch decided in 1979. But the five countries, faced with the well-known phenomena of economic recession, inflation, unemployment, were not able to overcome purely nationalistic interests and lay down common action designed to create a true area permitting new, rational and lucrative industries to be established and developed in a unified market.

And yet it did not escape the attention of these Andine countries, nor the Central American countries and Argentina, Mexico and little Uruguay that every isolated effort is vain, and that the maintenance of areas of conflict has the sole, unedifying result of 'justifying' huge purchases of arms which are every day more sophisticated and deadly and removing funds from their natural objective of creating employment and prosperity. Only Brasil, almost a continent in itself, may be able to stave off the deadline whereas, for the others, perhaps with differing degrees of intensity, time is fast running out.

Latin America has a place to occupy in the world of the year 2000, which probably will not be made up of isolated States but regional groups of States, organised according to various formulas desired by the interested parties but able to express and negotiate with a single voice and at least in perfect harmony. The first steps have already been taken at least on paper. Within the South American mosaic there are already signs of the development, side by side with the three big countries, of a central area made up of the five central American States and perhaps Panama, too, and an Andine area enlarged to include Chile when democracy has been restored there.

The New World has probably realised that the Republic of Republics desired by Simón Bolívar cannot be constructed with an association of States so dissimilar from each other like those that the geopolitical map today shows. Without losing sight of Simón Bolívar's objective, a number of intermediate steps are necessary to ensure that the equilibria achieved with the birth of the new republics are progressively replaced by other more stable and long-lasting equilibria. In this perspective, everything which has been done so far seems to be coherent and opportune. It is vital not to stop half way but to proceed resolutely along



*the road, thinking of the third millennium in the awareness of the new structure that society is taking on.*

*The general return to democracy and renewed attempts at integration which we have mentioned need to be listed among the highly positive facts of the 20th century and require every possible help and co-operation by the EEC starting with the concrete example of a clear awareness of the greater integration needed. But beyond this, these attempts must be matched by a thorough overhaul in the attitude of democratic parties. Despite their internationalism, they continue to think and act according to the logic of national power, sometimes confusing the national State's historical crisis with its contingent forms, without heeding the fact that the great processes of regional and, embryonically, world integration are the only terrain on which the world balance of power can possibly be altered (to the advantage of all peoples) and on which democracy can be developed in such a way as to bring about international democracy.*

Armando Toledano Laredo

## Problems of Peace

### JONATHAN SCHELL AND THE PROBLEM OF NUCLEAR WEAPONS

*A well-known cliché has it that European intellectuals are essentially ideologists, inclined to reasoning with fairly general interpretative categories, who are capable of reaching fairly high levels of abstraction, but who are then unable to translate all this into concrete proposals or immediate objectives of political action. American intellectuals, the cliché maintains, are essentially pragmatic and more inclined to limiting the problem and isolating it from its general context so as to find a satisfying solution at once, even though it may not be the perfect solution. In other words they are said to prefer a concrete yet provisional solution to a general but abstract one.*

*Jonathan Schell is an intellectual whose line of thinking constantly wavers between these two models. He knows how to be a 'European' when he traces the general framework of problems and when he explains the issue. He knows how to be American when he indicates what he thinks is the only road to be followed in the immediate future. Naturally, these models do not necessarily manage to merge. Indeed, this is not the case or rather not yet the case, but there can be no doubt that the presence of these two styles, albeit alternating and discontinuous, is in itself a great point in Schell's favour, if only because it facilitates constructive dialogue with those European intellectuals (and federalists in particular) who have always tried to weld theoretical rigour in analysis with suggestions about the political conditions that make a solution possible.*



Schell's latest work is *The Abolition* (New York, Alfred A. Knopf, 1984), but the basic concepts of his political philosophy, relating to the nuclear problem, are contained in his previous book, *The Fate of the Earth* (New York, Alfred A. Knopf, 1982). For greater understanding of what will follow, we may conveniently summarise the main points.

1. The danger that humanity will be wiped out does not lie in this or that political circumstance, but in having reached a certain level of knowledge regarding the physical universe. Ever since man managed to carry out the conversion of mass into energy, according to Einstein's well-known formula  $E=mc^2$ , an immense and previously unknown force has been in man's hands, "the force from which the sun derives its energy".

From that moment in time, the small human beings who freed "the fundamental force of the universe" have lived and will for ever more live in mortal danger of mankind's self-extinction.

The nuclear threat, says Schell, does not consist in the fact that certain nations have nuclear weapons but in the fact that mankind as a whole now possesses, once and for all, the necessary knowledge to produce them. Those times when self-extinction lay beyond the reach of our species will never return.

2. The invention of nuclear weapons has removed any meaning from war as a means of regulating conflicts between States. Ever since man became stronger than nature, violence can no longer take on the form of war because war can no longer achieve what it achieved in the past (the exhaustion of one or more contenders and the victory of the other). Violence can no longer lead to victory or defeat, and can no longer achieve particular ends, and can no longer be war. For this reason, war no longer has any meaning, there is no need to 'abolish war' between the Superpowers: war is already dead because it is no longer a possible choice. Indeed, we can only choose between peace and annihilation.

3. We live in a world dominated by a system of sovereignties which has the same relationship to the land as a polluting factory has with the environment. It is not true that the Superpowers possess nuclear weapons only for the purpose of preventing their use and thus preserving peace. Nuclear weapons serve essentially to defend national interests, i.e. to conserve and perpetuate the system of national sovereignties. In the pre-nuclear world, nations guaranteed their sovereignties by threatening (or resorting) to war. Today they resort to threatening extinction.

4. Using Clausewitz ("It is never possible to separate war from political ties; and if in some hypothetical way it could come

about, all the various threads would in some way be interrupted, and then we would be faced with something with no sense and no object") Schell argues that, with the advent of nuclear weapons, the violence of war (which is the means) is separated from its political objectives (which are its end): the nuclear holocaust would be a political end with no sense.

It follows that, today, we are in the presence of a divide between violence and politics. This divorce, based on the irreversible progress of scientific knowledge, is both definitive and must be applied to the entire field of politics. The new political task is to build a world not based on violence. This task is divided into two basic objectives: on the one hand, saving the world from extinction by eliminating nuclear weapons and creating, on the other hand, a political instrument by which decisions can be taken which national sovereign States once took by resorting to war.

5. In our world, nuclear weapons (by not being used) have already half-renounced their traditional military role. They are psychological weapons, their true target is the mind of adversaries. Their destiny, if the system of deterrence works, is to rust away in silos. But we must go beyond this, we must make weapons completely abstract. Instead of being objects they must be turned into thoughts in our minds. We must destroy them and thus pass to a system of 'perfect deterrence', i.e. a system where the deterrent is given by the knowledge that, in a disarmed world, rearmament would mean extinction. For this reason, the main strategic principle would be: the deterrent is knowledge. The nuclear threat was born from knowledge and must remain in knowledge.

The conclusions of *The Fate of the Earth* are fairly explicit: renounce weapons, whether nuclear or conventional, give up national sovereignty and find a political system which, by replacing the current political decision-making mechanisms is able to resolve international disputes peacefully. This is no doubt a book rich with analysis and fairly interesting reflections, with a 'pathos' which transpires from every page and which ends with a big question: what is the political instrument which, today, needs to be 'invented' to prevent international tensions from ending up in a nuclear holocaust?

In his latest book, *The Abolition*, Jonathan Schell constructs what he thinks is a possible concrete reply. What is most striking in this latest work is the sharp break with a number of ideological positions he previously held (for example, on the theme of the renunciation of national sovereignty), and the abandonment of

a more analytical and more problematic style in favour of a fairly 'concrete' style of argument centred on an anxiety to find a practical solution that can be offered up to the rulers of the Earth here and now.

Once again it is helpful to summarise the salient features of this latest book to be able to give an overall assessment of Schell's work.

1. The radical turning point in his thinking occurs precisely on the theme of national sovereignty — a further demonstration, if there was any further need, that this is precisely the key factor — for he accepts the official thesis of current political 'realism' which claims that the abandonment of sovereignties must be considered as absurd.

Schell recognises Albert Einstein as the leader of the cultural and political current which sustains the historical need for the abandonment of national sovereignties in favour of a world government, the only guarantee of universal peace. He considers Einstein's proposal, however, to be an abstract, almost scientific formula: with his science he changed the world and now he wants to change it again through a political proposal. But, adds Schell, politics is different from science, its time span is different, the end to national sovereignties is not something for today, sovereignties are not in crisis. It is necessary, therefore, to accept them at least for an indefinite period.

The current fact, which must be taken as the point of departure, is the following: the existence of national sovereignties (=theoretical possibilities of using weapons) tied to the existence of nuclear weapons (=the impossibility of using them for the purposes of war, but only for the holocaust) have laid the bases for a new system: nuclear deterrence. Schell thus uses the approach set out by Bernard Brodie who is considered to be one of the founders of American nuclear strategy, based precisely on deterrence.

2. With the system of nuclear deterrence the world has changed. Today the alternative is no longer between the conflict of the States and world government, because with deterrence, the conflict is forestalled, and therefore avoided, while the contrasts are frozen, suspended or deferred or even pass to the economic and cultural fields, or the field of internal insurrection, local revolutions included.

Thus the task of deterrence is not to control conflicts or to sanction results but to forestall them.

From this point of view, then, while the hypotheses of war and world government (the 'savage freedom' and the 'civil state'

as Kant put it) are the means by which to control conflict, and are hence the instruments of change, on the other hand, nuclear deterrence favours a stalemate, the status quo and the conservation of what already exists.

But the merit of nuclear deterrence, according to Schell, is that, thanks to it, we have passed into a world where the use of force to regulate international conflicts is lost. Although we have not yet reached the 'civil state', the 'free state' no longer exists. We are, in fact, in a deterred state, i.e. in a situation where, thanks to nuclear deterrence, contrasts between sovereign States no longer develop into armed conflicts, but are deferred, and deviated towards other forms of conflict. Nuclear weapons have taken the sword of war out of our hands: we cannot abolish war because nuclear weapons have done it for us. The question moves from how to abolish war, to how to go ahead in a world in which war is already abolished. Deterrence, therefore, is not a continuation of international anarchy (the 'free savagery') in which war is still possible, but a new system by means of which we can move forwards into a world where war does not exist.

We should add that Schell recognises quite frankly that the choice of deterrence shows that the main objective is the maintenance of sovereignty, but we will return to this later.

3. Unlike Brodie, Schell realises, however, that there is an objective disparity between ends and means with deterrence. If the end is stability, the defence of the status quo, and if the means is, every time, the threat of a holocaust, then we risk an unbearable situation: even the tiniest attempt against international stability entails the threat of a nuclear holocaust! And then one wonders whether there is no other means by which to preserve stability with less risks.

Revealing a 'realism' which is taken to the extremes of unreality, Schell maintains, first of all, that it is necessary to accept the world as it is, without wishing to change it. He realises that he is professing a conservative faith, but, he says, it is the price we must pay for the nuclear threat. This does not mean that peoples subjected to a great power must not fight for their own liberty because the principle of maintaining the status quo exists: it only means that they cannot count on external military help.

In the second place, and here we finally reach the core of his proposal, we need to pass from the idea of offensive weapons to defensive weapons. The cornerstone of the entire operation consists in establishing an agreement which abolishes nuclear weapons and replaces them with a defensive shield. It seems

to us that there is no way of escaping the similarity between this vision and the current American administration's policy — indeed, Schell himself recalls that Reagan's proposal for a space shield would be fine as long as the timetable of the operations were reversed: we must first abolish (offensive) nuclear weapons and then construct defensive weapons.

Schell goes so far as claiming that this system of purely defensive weapons would not need any international control. The guarantee that the system will work is given by the knowledge that a breach of the agreement would be to nobody's advantage and would plunge all nations into an abyss. Indeed, in this new world of deterrence without weapons (perfect deterrence) both security and deterrence would be guaranteed by the capacity of all nations to re-arm within a short period. If, for example, the agreement was violated, the aggressor would have an immediate advantage, but would know that retaliation would come in any case, even after a few weeks, because knowledge of nuclear weapons is given once and for all. Schell puts it this way: if Japan had had nuclear weapons in 1945, would the USA have risked New York and Chicago for Hiroshima and Nagasaki? With the abolition of nuclear weapons alone, we would remove the threat of a holocaust for an indefinite period of time, while still protecting national sovereignties with conventional weapons.

4. The final part of Schell's discussion is entirely taken up with what procedures are necessary to create a world with no nuclear weapons. Negotiations must be based on the objective, whatever it may be: the stability of current arsenals, space weapons (apparently, Schell thinks they are exclusively defence systems), weapons limitation etc. Once the objective of the negotiations is settled, negotiations can be carried out in several stages, bearing in mind that, in the various stages: a) deterrence always works; b) the principle of not using nuclear weapons first (no first use) must be introduced. This principle, together with the principle of obtaining a deterrence which is not based on weapons, can create the bases for complete nuclear disarmament.

The solution of the nuclear issue, therefore, comes in two stages: a) agreements between the powers to fix the status quo and abolish nuclear weapons. In this phase, disagreements between nations would not be tackled and resolved, but only suppressed or deferred; b) with the nuclear threat removed, all the main issues in the world could be tackled with new non-violent means, and new decision-making systems could be discovered and tested. In conclusion, the world of deterrence without weapons is not

a world without frontiers; indeed the latter, far from disappearing, would become sacrosanct. The world would thus be 'crystallized' into unchangeable units within which the peoples would not be able to conquer others, but would be sheltered from the conquests of others.

We have given a detailed account of Schell's thesis for three basic reasons. The first is that Schell's work is a serious attempt to overcome the current system of deterrence based on nuclear weapons and this attempt is carried out bearing in mind the need for 'political realism' (or at least this is the intention). The second is the fact that this contribution falls entirely within the culture of major intellectual environments and the American establishment — which is of no small significance, particularly for Europeans. The third is that some of Schell's arguments are to be found in the European debate: for example, considering nuclear weapons as psychological weapons, which will never be used, or the acceptance, which is taken for granted, of national sovereignties and even the desire to resolve everything by means of negotiations among the powers. It is useful, therefore, to show what conclusions are necessarily reached when we depart from certain premises.

While we have stressed the significance of Schell's work in itself, we must at the same time stress that his attempt to develop a system of deterrence which is not based on nuclear weapons does not seem to come off for a number of reasons, in particular, because of his approach to the problem, the contradictions within the system of thinking which underlies the approach, and the really 'fideistic' conclusions, which are so out of step with the 'realism' of the premises.

Frankly, we are obliged to say that The Abolition is a step backwards with respect to the positions in The Fate of the Earth and it is difficult to understand the reasons for the about-turn on various points. Our critical assessment may be summarized as follows:

a) According to Schell everything began with the invention of nuclear weapons. From that moment onwards, everything changed: war no longer has any sense, there is only the possibility of the holocaust, it is necessary to eliminate nuclear weapons. Certainly, nuclear weapons are not just weapons which are a little more deadly than the previous weapons: they are certainly something different which makes the idea itself of their use irrational and contradictory. But irrational does not mean in this case unreal. And we should not forget what war meant in the past, when entire populations, such as the Indians and Indios

of America were wiped off the face of the planet (due to the passage from the sword to firearms), or when defenceless people were slaughtered wholesale because no distinction was made between theatre of war and the remaining territory (the First and particularly the Second World War, and subsequent 'local' wars). And what could we say if one day the diabolical human mind went beyond nuclear weapons, and used new weapons capable of annihilating only the adversary without running the risk of annihilating the entire human species?

It is here that the error in Schell's approach lies. Indeed, the problem is not nuclear weapons (or tomorrow another weapon). The problem is: there is a possibility of war (or the holocaust) not because there are weapons, but there are weapons because there is still the possibility of war, i.e. there is still in our world the possibility that States will resort to war as an *extrema ratio*. And it is no good arguing, as Schell argues, that with the advent of nuclear weapons war no longer has any sense, because the loss of sense is not the same thing, in itself, as its disappearance. Time and again, if not always, men have acted irrationally without rational institutions. The key problem is, therefore, the possibility of wars, not the existence of weapons which is a clear consequence of this possibility.

Now the possibility of war (or the holocaust) is, in its turn, the consequence of the exclusive sovereignty of States which is the true cause of the problem of peace and war. Not by chance, indeed, precisely on this point, Schell makes the real political choice which, subsequently, determines all the rest. By accepting the sovereignty of States as an unchangeable fact, he is forced to try to square the circle of general disarmament without international control by falling back on the hope — which is simply unrealistic — that the true deterrent is simply the knowledge of everything nuclear.

b) Do nuclear weapons abolish war as Schell says? Certainly, we agree when he says that a different war would be fought with nuclear weapons from those which men have fought for thousands of years. It would be a war which in the end would have no winner or loser, but only losers or rather extermination. But what sense is there in saying there is no more war, but only a holocaust? Does the problem change perhaps? Does something change perhaps if we know that we will not die from a war but from a nuclear holocaust?

In our opinion, if it is used in this way, the distinction between war and holocaust (even though, in some respects, conceptually correct) is in danger of causing confusion. It is

liable to encourage the fairly widespread illusion that, thanks to nuclear weapons and deterrence, there will be no armed conflicts between the Superpowers. Here, too, we are up against an error in approach, an error which derives from the belief that the problem of war lies in the existence of weapons. Indeed, just as it is true that it is not weapons which create the possibility of wars, it is equally true that it cannot be the invention of a particular weapon (nuclear weapons) which will eliminate this possibility.

Certainly, nuclear weapons, inasmuch as they give rise to the problem of the mankind's extinction, also pose the problem of the abolition of war. But let us tread warily: they only pose the problem, they do not resolve it in themselves.

About two centuries ago, Immanuel Kant set out the problem in the proper way. He said that it would be war, because of its increasingly destructive nature, that would bring an end to itself, provoking, "after at first imperfect attempts", an end to the "savage liberty" of States with a "federation of peoples". Hence nuclear weapons pose the problem of an end to war, but the solution, once again, does not lie in its abolition (Schell) but in an end to exclusive national sovereignties, in the power to prohibit war, in the creation of a world federation (Kant), because only by abolishing exclusive national sovereignties is it possible to abolish war (and hence weapons).

c) Schell seems to be very aware that the key problem lies in sovereignty. In a fairly lucid way in *The Fate of the Earth*, he says that mankind has always lived in a system of sovereignties: "the leading feature of this system ... was the apparently indissoluble connection between sovereignty... and war... For without sovereignty, it appeared, peoples were not able to organize and launch wars against other peoples". And he further adds: "Indeed, the connection between sovereignty and war is almost a definitional one — a sovereign State being a State that enjoys the right and the power to go to war in defense or pursuit of its interests." But in *The Abolition*, all this is forgotten. On several pages a certain fastidiousness emerges vis-à-vis those who argue that it is necessary to overcome the system of sovereignties if we wish to abolish war forever. He says that the world, as a whole, intends to preserve the sovereignty of States, even at the risk of its own survival, as if we could expect that one fine day, suddenly, States decided to give up their sovereignty spontaneously!

The passage from a system of independent and sovereign States to a federal system of States is never spontaneous or painless,

but is the fruit of hard political fighting which can only be successful when this passage is dictated by profound and impelling historical and political reasons (are not the peace and safety of mankind just this?), and when a political movement exists which is the bearer of new aspirations.

It is highly singular to recall these things to an intellectual from the USA, a State which would not have existed today if, two centuries ago, the more far-sighted section of the American population had not opted, with the Philadelphia Convention of 1788, for the abandonment of the thirteen States' sovereignty in favour of their federal union.

Schell certainly knows these things better than we do, as he will certainly have heard of Alexander Hamilton, indeed he quotes a well-known passage from him, precisely the same one that this review has had on its front cover for the last twenty-five years ("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"), but then he forgets it — which is such a pity!

Certainly, the problem of the passage from a system of sovereign States to a federal union cannot be envisaged in a uniform and contemporary way for all the countries in the world. It is an enormous problem and cannot be dealt with here. We shall restrict ourselves, therefore, to making the following concluding remarks.

First of all, the abandonment of national sovereignties presupposes a historical and political crisis of States, without which it cannot be proposed. And this is something, which, in the second half of the Twentieth century, concerns European States primarily, whose political and historical crisis is matched by an increasingly deeper economic and social interdependence (birth of the EEC). The federal unification of mankind can begin only in Europe, the area of the world which saw the birth, the apogee and collapse of the nation States and which, precisely for this reason, can launch a message of great historical importance to the whole world by uniting itself, thus indicating the road to the world's unity. For this reason, this is an objective which, for Europeans, is already couched in terms of political struggle.

For other areas of the world, the problem arises in different terms: because their economic and social interdependence is not yet sufficiently developed, nation States are still too recent an acquisition and still represent the achievement of independence (Third World countries). For yet other areas, the problem does

not even arise, because the States are not yet historically in crisis (USA and USSR): and this explains why in these areas of the world the problem is not felt either by public opinion or by the ruling classes and the intellectuals. This does not mean that we cannot think and act now: a) in terms of regional unification, albeit restricted to the earliest stages of development, in all those countries which (unlike the USA, the USSR, China and India) do not yet possess a multinational dimension and/or a multistate dimension; b) in terms of foreign policy in all countries, including the USA. Any American can, like any other person, support or contest the reinforcement of the UN on concrete issues, such as the creation of an International Authority ("Convention on the Law of the Sea", Jamaica, December 1982, ratified so far by 140 States, mainly Third World countries, but openly contested by the USA) which should run the riches of the seabeds and their subsoils for all mankind without regard to national jurisdictions. Any American, like any other man, can support or contest European unification and other regional unifications.

For an American it is an already effective choice, between an imperialist policy (divide et impera) and a policy of support for all the seeds of world unification already activated. And it is reasonable to think that only a world which begins to realise it is moving towards political unity (a world government based on great regional governments) could find the moral orientation and indispensable political capacity to resolve the greatest problems of our times, which do not make it possible to separate issues of security from those of the economic and civil development of all the countries of the world. It is this idea that we would like to discuss with all American intellectuals.

North America certainly is not undergoing a crisis in sovereignty. It is a country with enormous political, economic and military power which directly or indirectly dominates half the world (if not more). There is therefore no basis for a policy of renunciation of part of national sovereignty. And this explains why intellectuals like Schell, initially favouring the idea of world government, end up by falling back on the acceptance of the world of sovereignties, when they see that no practicable roads appear before them. But it is also true that American intellectuals can already take a concrete stand against the imperialist policy of divide et impera which the weakness of a divided Europe fatally unleashes in the USA.

Today, the cultural leanings towards cosmopolitanism and world government which were once consistent (up till 1945) in the

USA — not by chance precisely in the State born from an end to sovereignty — only exist as a minority trend. Despite this, they are still present and may be strengthened.

The weakness of federalism in contemporary American culture is serious for the entire world. It must therefore be brought to the attention of American intellectuals. The intellectual is a person who filters and develops stimuli, suggestions and ideas which come from society. The average intellectual usually reworks the dominant ideas of his age and Marx was right when he said "the ruling ideas are the ideas of the ruling class".

But the true task of the intellectual is research into truth even, and above all, when this truth goes against dominant ideas and against the powers that be. And the truth is that, although we can debate the question, it is not possible to speak of lasting peace, general definitive disarmament, if we do not begin by renouncing exclusive national sovereignties in favour of federal unity, today in Europe, tomorrow in other regions and, eventually, in the world.

Antonio Longo

## Federalist Action

### APPEAL FOR THE EUROPEAN UNION

On June 29th 1985, a huge popular demonstration was held in Milan in support of the European Union timed to coincide with the meeting of the European Council. While the Heads of State and Government were discussing the advisability of convening an inter-governmental conference, jointly entrusted with the European Parliament with the task of drawing up the definitive text of the Treaty for European Union, one hundred thousand people were demonstrating in favour of European Union in Milan's Piazza del Duomo.

For the first time in the history of the Community it proved possible to mobilise a great mass of citizens on an objective of general and not partisan interest. As a result of the initiative of the European Federalist Movement, a group of eminent intellectual Europeans lent their support and sent an "Appeal for European Union" to the Heads of State and Government of the Community which is reproduced below.

\* \* \*

For far too long Europe seems to have been on the decline. The continent whose prowess in arts, thinking and civilisation has provided the backbone of today's world has no say in the crucial decisions on which tomorrow's world depends. Employment, money, computer technology, nuclear technology, the conquest of space and the control of armaments are fields where Europe is a hopeful, wishful onlooker, powerless to take any decisions. Europe is an object, not a subject of history. And yet Europe has never prospered so much. A large part of cultural development and

scientific research is still carried out in Europe, in all fields. The world's destiny is clearly tied to Europe's destiny.

Europe's crisis is a crisis in her political institutions. The divided nation States are not able to face up to the challenge of a world changing before our very eyes, a world needing unified political structures at a continental level. The Community's institutions do not correspond to what is expected of them: they need to be modified. Europe has no government, nor currency nor defence of its own: each of these is vital for her. We may propose guidelines, ideologies, strong and varied strategies for tomorrow's Europe. But certainly the varying options can only be compared effectively if there is a common base, an institutional framework which really makes tomorrow's Europe achievable. It is, therefore, in everybody's interests to create this framework.

The European Union has been discussed for over forty years. For a long time, there has been a great majority of citizens favourable to a United States of Europe. But there has always been some "realistic" politician ready to claim that such a Union is premature. The reverse is true, for Union may become impossible if we wait any longer, just like ancient Greece and Renaissance Italy who had to abandon Union (on which their prosperity depended) once the most propitious moment had passed.

The European Union is not only the correct reply to Europe's crisis. It is much more: it is the proper reply to a basic need of the contemporary world. At the continental level, a United Europe would be a model for Africa and Latin America, two continents which, having belatedly adopted the European nation State structure, need, instead, a federal Union. In international relationships, the existence of a new entity called 'Europe' would help to eliminate the tensions created by the current bipolar system (which are all the more dangerous precisely because of the weakness of divided Europe). It would hold out promise and prospects for the East European countries and would be an economic and political reference point for Third World countries, whose insistent search for dialogue with Europe is no mere chance.

At a world level, the goal is even higher. Never before have all the various parts of our planet been so interdependent in culture, technology, economy and information. Every man now feels in some way jointly responsible for the fate of every other man. Never before, when the highest manifestations of a civilisa-

tion several thousand years old can be snuffed out in a few minutes, together with most of mankind, in the wake of the awful decision of a handful of men, has there been an awareness that man's common destiny embraces all mankind, both in risks and hopes. As lucidly indicated by various great minds from Kant to Einstein, the future lies in the political unification of all mankind. This is an ideal which is common to very diverse political ideologies and which Christianity itself, on a different level, foreshadows. Only a world federation will put an end to war — which young Europeans today fortunately know nothing about, but which they instinctively hate. A united Europe is a basic step towards the peaceful unification of the entire world. This is today's goal which in its turn heralds tomorrow's goal. We need to unite Europe to unite the world.

Utopia? But with no prospect, no ideal to match the demands of one's age, history is in danger of degenerating into a disordered, fatal train of events. We can never be sure of the outcome, but at least trying is a moral imperative.

For the first time in thirty years, there is a concrete Draft Treaty for European Union. The Draft Treaty was passed on February 14th 1984 by the European Parliament, which is the only body elected by universal suffrage to represent the basic common interests of all Europeans. The large political families, from the Socialists to the Christian Democrats, from Liberals to Communists, worked together on the Draft Treaty. The various governments are about to examine it and may agree to a number of amendments. But the basic principles of the Draft Treaty must not be touched. If no effective powers of government are given to the Commission rather than, as at present, to the Council of Ministers, and if the European Parliament is given no legislative powers, then the Community's crisis will not be solved. Any proposal by governments which does not accept these two fundamental theses will run counter to the principles of the European Union and ought to be explained to the general public as being just such.

The European Union is the natural development of the EEC. All the Member States of the Community may adhere to the project, or a majority of them, the non-participating countries naturally having the right to continue their partnership with the Union as in the present Community. Let no government, however (perish the thought), try to prevent the States and the peoples who want it from forming a Union.

In these exceptional circumstances, which may not occur again in the future, it is vital for the European Parliament to oversee



the Draft Treaty's progress, and keep faith with the responsibility it has undertaken on behalf of the peoples of Europe. Let political parties and governments be up to their role and at last turn Europe citizens' desire for Union into fact.

\* \* \*

Nicola Abbagnano, Francesco Alberoni, Hans Albert, Rafael Alberti, Edoardo Amaldi, Giulio Carlo Argan, Maurice Aymard, Carlo Bo, Norberto Bobbio, Karl-Dietrich Bracher, Fernand Braudel, Anthony Burgess, Italo Calvino, Guido Carli, Alberto Cavallari, Luigi Cavalli-Sforza, Henri Cartan, Marie-Dominique Chenu, Carlo M. Cipolla, Maria Corti, Sergio Cotta, Mario Dal Pra, Renzo De Felice, Jean Delumeau, Jean Elleinstein, Norbert Elias, Luigi Firpo, Hans-Georg Gadamer, Alessandro Galante Garrone, Natalia Ginzburg, Renato Guttuso, Peter Härtling, Albert Hirschman, Karl Krolow, Jacques Le Goff, Emmanuel Le Roy Ladurie, Primo Levi, André Lichnerowicz, Niklas Luhmann, Danilo Mainardi, José Antonio Maravall, Alberto Monticone, Alberto Moravia, Severo Ochoa, Fulvio Papi, John Pinder, Romano Prodi, Rosario Romeo, Jacques Ruffié, Giovanni Sartori, Leonardo Sciascia, Cesare Segre, Paolo Sylos Labini, Jan Tinbergen, Robert Triffin, Peter Ustinov, Leo Valiani, Vercors, Jan Witteveen, Federico Zeri, Antonino Zichichi.

## Discussions

### KEYNES AND FEDERALISM \*

Was Keynes, the famous economist, really a defender of the absolute sovereignty of national States, ready to choose protectionism and autarky if free trade proved incompatible with the pursuance of equilibrium (i.e. a balance in world power)? This was

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\* (*Editorial Note*) Mr. Herland's attempt to defend Keynes' image as a federalist is not convincing. In all the cases mentioned — the Customs Union, the international monetary system and local autonomy — Keynes' proposals either went in a purely confederal direction, as regards the supranational level, or alternatively favoured administrative decentralisation, but were never directed towards constructing a federal State. Keynes was always careful to avoid questioning the sovereignty of States and in particular the sovereignty of Great Britain. It is true that at Bretton Woods Keynes defended free-trade positions, but could he realistically have adopted a different position, faced with the USA's manifest desire to create a vast open world market? Outright defence of the British Empire, with all its privileges, was no longer possible because of the irreversible decline of Great Britain as a world power. Indeed, Keynes always acted and drew up proposals with a view to recreating Great Britain's hegemonic position. In other words, on the international scene, he went against the course of history, as ought to be clear today.

Put in a nutshell, an intelligent and realistic internationalist defends autarky or free trade according to whether the international order is moving towards anarchy or stability as a result of the world balance of power, but has never known how to, or wanted to propose an alternative supranational order. Keynes never knew how to or wanted to indicate the institutions which are indispensable for a rational and democratic government of the world market (why for example did he never openly support the idea of a United States of Europe?). And today's Keynesian economists really seem incapable of removing the same nationalist blinkers (the closed national market or the world market as a simple arithmetic sum of



the thesis put forward in a recent article in *The Federalist* which attempted to compare a shackled Keynes, with long-standing prejudices, with a Robbins presented as a coherent partisan of international free trade, in other words, of a liberalism organised as a supporter of a series of supranational federal institutions.<sup>1</sup>

The judgement on Robbins was based on a number of texts which prove his federalist commitment beyond a shadow of a doubt. On the other hand, the criticism of Maynard Keynes is based on nothing more than a few sentences taken from an occasional article. Now a more profound examination of his writings leads us to soften the argument put forward in *The Federalist* quite considerably. We may ask ourselves whether it is worthwhile returning to this matter. The Editor of this review will answer this question by publishing this comment or not. As for us, we feel it is useful to correct the impression that the readers of *The Federalist* may have formed as regards Keynes, for the following reason: it is certainly interesting to understand how a liberal like Robbins was led, by the mere force of reason, to envisage a federal organisation of the world. But the case of Keynes is even more interesting. Indeed, whereas Robbins' mark is far from indelible,<sup>2</sup> Keynes still remains today the greatest economist of our century, the man who influenced and continues to influence both theorists and those in government. Is it not important to know whether a man who is unanimously recognised as being a genius — and whose interests were, moreover, inextricably economic and political — really was a defender of the national State? Indeed, if one is a federalist, it is inconceivable that a genius, who was a specialist in the sector, could take up a radically different position. Unless, of course, he is not a genius, or unless the federalists are completely mistaken.

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national markets) within which the *General Theory* was drawn up. For this reason, today, in a deeply interdependent world, there is a growing crisis in Keynesian economics, which is in danger of becoming a dusty museum piece unless it manages in some way to renew itself radically. For precisely this reason, *The Federalist* believed that it was important to draw the world's attention to the thinking of a federalist economist like Robbins, who was able to look beyond the narrow horizons of Keynes.

<sup>1</sup> "Federalism in the History of Thought: Lionel Robbins", *The Federalist*, October 1984.

<sup>2</sup> He is known above all by economists for his definition of economic science, a classic definition but not less criticisable and criticised for this. Cfr. *An essay on the Nature and Significance of Economic Science*, Macmillan, London, 1932. For criticism see, for example, M. GODELIER, *Rationalité et irrationalité en économie*, Paris, Maspero, 1968.

1. It is certainly useless to look for any profession of federalist faith in Keynes' work. The word "federation" itself was not to his liking. He hardly ever used it and when he did it was as a type of extreme and scarcely credible solution between existing States.<sup>3</sup> It is, moreover, true that he upheld protectionism, but only as a lesser evil, not as a panacea. All this took place in the course of the Great Depression, in particular in 1931, when Great Britain came up against difficulties because of the over-valued pound. Keynes immediately criticised the return, in those years, of the pound to its pre-war gold parity,<sup>4</sup> but in vain. Now, Keynes was not just a great theorist, he was also a very pragmatic man, keen to put forward immediately applicable solutions in the light of all existing constraints. In 1931, with an over-valued pound and a creeping crisis, it was obviously not possible to relaunch the British economy without the protection of a "substantial revenue tariff".<sup>5</sup> Two years later, when Keynes wrote the article quoted in the previous issue of *The Federalist*, Great Britain had restored its currency to a more reasonable level, but the world economy had become so unstable that free trade could not have had any other result but to increase the divergencies. In a storm, it is much better to be tucked up safely at home.

2. Keynes never was, not even remotely, a federalist militant. However, he argued in favour of federalism without even realising it. Nowhere is there any reference to federalist doctrine and despite that, in a certain sense, all his work tends towards the realisation of this doctrine. It is known that he took part in the British delegation at the Paris Conference at the end of the First World War. In total disagreement with the conditions placed on the vanquished, because he foresaw that they would have borne in them the seeds of a future war, he resigned before the Peace Treaty was signed and expressed his opinions in a book which was a resounding success, *The Economic Consequences of Peace*. Here is how at the end of the book he criticised the institutional pact of the Society of Nations: "But alas! Article V provides that 'Except where otherwise expressly provided in this covenant or by the terms of the present treaty, decisions at any

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<sup>3</sup> See *The Collected Writings of John Maynard Keynes*, Macmillan, London, vol. XXVI, p. 249. Following the customary procedure, we will quote the works in this series placing the number of the volume in Roman upper case letters after Keynes' initials (in this case: JMK XXVI).

<sup>4</sup> See *The Economic Consequences of Mr Churchill*, 1925, republished in *Essays in Persuasion* (1931), JMK IX.

<sup>5</sup> "Mitigation by Tariff", 1931, in *Essays in Persuasion*, op. cit., p. 236.

meeting of the assembly or of the council shall require the agreement of the members of the League represented at the meeting'. Does not this provision reduce the League, so far as concerns an early reconsideration of any of the terms of the peace treaty, into a body merely for wasting time?"<sup>6</sup> The matter could not be expressed better and it is at least curious to note that, on this point, the situation in Europe has not improved since 1919.

A few pages later, he protested against the 'Balkanisation' caused by the 1919 and 1920 Treaties in terms which are a far cry from an anthem to the Nation. It was on this occasion that he proposed the creation of a European free trade zone which is referred to in the article comparing Robbins to Keynes. "By the proposed free trade union some part of the loss of organisation and economic efficiency may be retrieved which must otherwise result from the innumerable new political frontiers now created between greedy, jealous, immature, and economically incomplete, nationalist States".<sup>7</sup>

3. Keynes' first important economic work was the 1930 *Treatise on Money*. It is much more than a treatise in the traditional sense of the word (an exhaustive treatise on the matter) because it contains a number of important theoretical statements, in particular on the demand for money. And what concerns us even more, is that it also includes a planned reform of the international monetary system which deserves some consideration.

In 1930, the main economic powers (United States, Great Britain, France, Italy and so on) still used the gold standard, but Keynes considered this to be a "barbaric inheritance". Indeed, the value of gold depended on the quantity of gold available vis-à-vis other goods. The discovery of new gold deposits created inflation and, conversely, rapid economic growth without a parallel increase in gold reserves caused deflation. Keynes considered the second possibility as being more likely. But deflation was not welcome because the transfer of wealth operated in creditors' favour. The *Treatise* gave two solutions to this type of situation. The first solution may be defined "confederal", the banks must agree to modify reserve ratios between non-metallic currencies and gold, so that the quantity of money can increase at an adequate rate. The second solution went much further. It aimed at nothing less than the creation of a "Supranational Bank Currency" issued in particular when national central

<sup>6</sup> *The Economic Consequences of the Peace*, 1919, JMK II.

<sup>7</sup> *Ibid.*, p. 169. My underlining.

banks borrowed from a "supranational bank". "The ideal arrangement would surely be to set up a supernational bank to which the central banks of the world would stand in much the same relation as their own member banks stand to them".<sup>8</sup>

4. Such a solution, which in practice consists in adding a supranational level without suppressing the national level, is federalist in nature. The main outline of this solution was subsequently adopted in the 1943 plan, which proposed a model of international monetary organisation for the post-war period.<sup>9</sup> Under this scheme, a supranational bank, called *Clearing Union*, was empowered to issue a credit currency, then called *bancor*, to be used among central banks. There was, however, an essential difference between the two projects: in 1930, with sterling tied to the gold-standard, Keynes' ideas on the subject could have no practical effect. On the other hand, in 1943, when Keynes went back to work for the British Treasury, his plan constituted Great Britain's official proposal and was discussed, in particular, with the Americans.

Thus, the negotiations which preceded the Bretton Woods Conference brought the two main "contenders" together: Keynes, on the one hand, and Harry White, for the United States, on the other. White's plan initially concealed a certain amount of supranationality, but the same was not true of the United States' official plan which was only internationalist. Given the power relationships existing at the end of the war, the American plan, of course, predominated. The result was the International Monetary Fund, so rightly denominated because it really was international, i.e. dictated by the law of the strongest. From this standpoint, monetary relationships from 1945 onwards evolved in a perfectly predictable way and, more exactly, the drift from the gold standard to the dollar standard is perfectly in keeping with the basic tenets of the organisation set up at Bretton Woods.

To conclude, the considerable role played by Keynes on this occasion needs to be stressed: a federalist in action who was not content to *think up* an institutional system, however perfect, and who put himself in a position to communicate his ideas to all, but who in actual fact went so far as to *turn them into reality*. Certainly, he failed, although in the short term, but there is no

<sup>8</sup> *A Treatise on Money*, 1930, JMK VI, p. 358.

<sup>9</sup> *Proposals for an International Clearing Union*, 1943, JMK XXV, p. 168 et seq., p. 453 et seq.

blame to be attached to being defeated and, on the other hand, the establishment of special drawing rights in 1970 and the subsequent steady development of their role shows that the reform of the international monetary system is beginning to move in the direction indicated by Keynes.<sup>10</sup>

5. Federalism does not stop perforce at supplanting the nation State in favour of a "higher-stage" of State organisation. It can also be a "downwards" movement designed to achieve the maximum autonomy possible for infra-State public collectivities. Keynes very early on declared his support for this development and held that it had become necessary because of the foreseeable growth of functions guaranteed by public power.<sup>11</sup> A short time after this, Keynes completed his thinking along these lines in a step where he clearly showed the idea of self-management, in the sense that individuals, or companies, who have common interests, agree to defend them collectively. "I believe that in many cases the ideal size for the unit of control and organisation lies somewhere between the individual and the modern State. I suggest, therefore, that progress lies in the growth and the recognition of semi-autonomous bodies within the State-bodies whose criterion of action within their own field is solely the public good as they understand it, and from whose deliberations motives of private advantage are excluded, though some place it may still be necessary to leave, until the ambit of man's altruism grows wider, to separate advantage of particular groups, classes, or faculties-bodies which in the ordinary course of affairs are mainly autonomous within their prescribed limitations, but are subject in the last resort to the sovereignty of the democracy expressed through Parliament".<sup>12</sup>

In the continuation of the paragraph quoted, Keynes refers to medieval corporations. More or less at the same time, in France, an openly federalist movement, the *Ordre Nouveau*, was to "upgrade" the notion of "corporation".<sup>13</sup> In both cases, a more co-operative form of economic organisation, which was less individualistic than capitalist enterprise, was being called for.

<sup>10</sup> A fuller discussion can be found in our work *Keynes*, UGE 10/18, Paris, 1981, ch. 6.

<sup>11</sup> "I believe that in the future the government will have to take on many duties which it has avoided in the past. For these purposes Ministers and Parliament will be unserviceable. Our task must be to decentralise and devolve wherever we can..." in *Am I a Liberal?*; JMK IX, pp. 301-2.

<sup>12</sup> *The End of Laissez-faire*, 1926; JMK IX, pp. 288-9.

<sup>13</sup> See in particular the Movement's manifesto in number 9 of *L'Ordre Nouveau* (March 1934).

In conclusion, the picture of Keynes put forward in *The Federalist* is in danger at the very least of being misleading. It is true that he was never avowedly a federalist. It is equally true that on certain specific occasions he sought purely national solutions to his country's difficulties. But the fact remains that when the question of world economic organisation arose, and in particular in the monetary field, he proposed federal institutions. Finally, his attempts to define decentralised economic relationships, appropriate to the society of his time, place him very close to the positions held by his contemporary federalists.

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