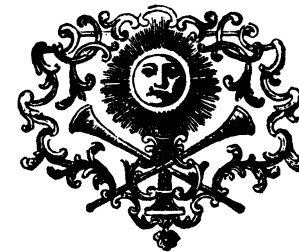


THE FEDERALIST

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

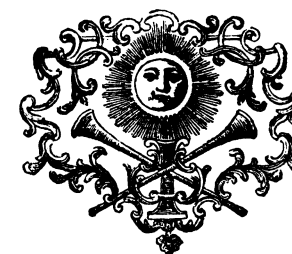


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THE FEDERALIST

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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The Problem of Security in the Nuclear Age

1. To face up to the greatest political problems of our age, and in particular the problem of security, we really need to think in new terms. Mankind has never before been in the position in which it now finds itself, which raises the possibility of mankind's extinction both through ecological dangers and the danger of nuclear war. When we speak of "security" we must always remember that it is not, unlike the past, just a question of defending your country's independence, but much more a question of safeguarding mankind's survival and the indispensable conditions for a more advanced phase of civilization.

2. In the final instance, this requires that the current state system — in which security is achieved only with power, even in the case of neutral countries (which are heavily armed) — is replaced by a world federal system "in which," as Kant wrote, "every state, even the tiniest, can expect its own security and the protection of its rights not from its own force and its own legal assessments, but only from this great federation of peoples, a collective force and decisions complying with laws of common will." Once this objective has been clearly fixed, the greatest difficulty that needs to be overcome in order to achieve it becomes equally clear, namely the fact that we need to use the agencies created by the need for power (absolute sovereign states) to achieve exactly the opposite goal: security without power, security only by means of law.

3. The recent Washington agreements on missiles deployed in Europe, and the prospective development of international politics in which Gorbachev places them, nevertheless show that the "march" towards peace may be undertaken as from now. In actual fact, it is precisely

nuclear weapons—i.e. the means by which we reach the top of the power tree — that generate the possibility of a completely new road. These weapons immediately provoked the need for direct communication, one which is instantaneous and permanent between the two great rival powers, and are gradually forcing the need to think about others' security when providing for one's own on all states, as they come directly or indirectly into the nuclear sphere. Nothing similar had ever happened in the past. Till now the policy of all states had been based, with no possible alternative, on the diametrically opposite principle, that of pursuing the increase in one's own power and the decrease in the power of others.

4. Put roughly, the new international politics, in its most complete formulation, as proposed by Gorbachev, should have as its guiding principle what was mentioned above about mutual security and as content: a) "defensive defence" (i.e. the capacity to defend oneself but not to attack), b) the attribution, partial or total, to a suitably strengthened UN of tasks such as controlling disarmament and regional crises and shaping a fair world economic and monetary system, the development of a universal ecological politics and so on.

5. The positive nature of this political project does not require any comments. It is on the other hand necessary to highlight its limits. These lie in the fact that in this way national military defences are not eliminated, i.e. there is no attempt to create one of the indispensable conditions for: a) achieving the point of no return as regards peace, avoiding the risk, which is always possible in the absence of solid world institutions, of relapses into national divisions and ills of the past, b) obtaining security only by means of law (protection of states in the world system, corresponding to the protection of individuals within their own state).

6. Giving up national armies, and solemnly agreeing to give up European defence in the context of the real formation of a first world government (even partial following Einstein's happy formula), i.e. in the context of a gradual unification of mankind even in political terms, a really united Europe could not only strengthen the policy of mutual security but even favour the fall of the limits that the USA and the USSR are not for the moment able to overcome: namely the problem of maintaining a national defence as the supreme bulwark of their absolute and exclusive sovereignty.

7. This European programme is not utopian policy. It is, providing that we really bear in mind the real situation in which mankind is, the only realistic policy. And it can be practised from now onwards. All Europeans can struggle to transform the Community into a real political Union, following the lines drawn up by Altiero Spinelli and the European Parliament. All men can: a) adopt the principle of mutual security and its correlate, "defensive defence," b) support, in the field of foreign policy, the strengthening of the UN and progress of all regional integrations and unifications. The road is therefore open, and it can be followed to victory if a growing number of people, by espousing federalism, prove able, with their thinking and action, to go beyond the simple national politics, and deal with the creation and development of international democracy.

The Federalist

Ecu and Rouble: towards a New International Monetary Order

ALFONSO JOZZO

Towards a multipolar international monetary system.

Experience over the years following the end of the Bretton Woods monetary system has shown quite clearly that floating exchange rates do not in fact give the individual states that greater autonomy in the conduct of monetary policy which was apparently sought by abandoning fixed exchange rates.

Indeed, economic activity has become even more interdependent, while unstable exchange rates and incompatible economic policies have produced grave uncertainty on the financial markets and in businessmen's investment decisions, inefficient resource allocation, slow growth and high unemployment. Even the successful control of inflation, once regarded as a sufficient condition for stabilizing exchange rates, has not restored balanced economic and financial relations among the various countries as desired.

Whereas more recent attempts to reach international agreements on exchange rate stabilization must be applauded as showing a common desire for greater stability, they do not remove the need for a new international monetary order, for a system with unanimously recognized rules and institutions capable of preventing or minimizing new disequilibria.

The answer is not to re-create a system such as that set up at Bretton Woods, for in the meantime worldwide economic and political changes have profoundly altered the entire scenario. In particular, the paper dollar standard, i.e. the institutionalization of the dollar's role as the central currency of the international monetary system, which was so well suited to the needs of the postwar world economy, no longer seems at all capable of ensuring stable exchange rates, but neither could any other system based on a leading national currency. Moreover, if we look at the way in

which world commercial and financial relations have evolved, it is impossible not to remark a strong trend towards polycentrism in recent years: the importance of the US economy has declined, that of the Japanese economy has increased, while at the same time new monetary and commercial areas are emerging and developing at a faster pace than previously thought possible.

A new international monetary system that did not take account of the changed situation would have little hope of effectively ensuring greater stability and growth throughout the world. It is essential, therefore, that it should embrace different commercial and monetary areas and be equipped with mechanisms and institutions designed to ensure that each area participates according, among other things, to its economic weight in the world. From this point of view the only practicable medium-to-long term course is to create a new monetary point of reference, such as the Special Drawing Right, but redesigned to take account of the different regional monetary situations that are arising.

The example of the European Monetary System, which was adopted in order to restore stable monetary conditions in Europe, is proof that practicable solutions do exist and that implementing them on a world level, after the necessary adjustments, could be an excellent starting point for a reorganization of the entire system.

The sort of agreement needed should provide for the participation not of the individual currencies but of the different monetary areas and should initially employ a similar range of instruments to the European Monetary System, i.e. a) exchange rate agreements among the currencies of the area with fixed parities vis-à-vis the Special Drawing Right, b) compulsory intervention by participating central banks, c) provision for facilities among central banks.

During its initial stage, a system of this kind might incorporate a limited number of monetary areas (for instance dollar, ECU and yen) and subsequently be gradually extended, as economic and financial conditions permitted, to other areas (such as COMECON, Latin America, Africa). Until these areas achieve a proper monetary identity of their own, using the European currency could be a valid alternative to the generalized use of the dollar for commercial and financial purposes, as well as a reference point for the creation of their own monetary system.

The COMECON.

A particularly interesting case is that of the COMECON, partly in

relation to the present reform plan and partly because of the close economic relations it has always maintained with Europe, relations which at times have been the most dynamic element in all world trade.

The political and economic debate that has developed in recent years around the question of reform has led to two conclusions: a) that the Socialist countries cannot, in the medium-long run, tolerate their exclusion from a monetary system in which they participate in practice, not least because of increasing economic, scientific and technological relations with the West; b) that the link between the Socialist and the Western economies stands in need of structural reforms, involving small and great changes in the system and improvements that must necessarily be gradual.

With regard to the first point, there can be no doubt that the dollar has been — and still is, although to a lesser extent — an important monetary reference point for the Socialist economies as well. However, the recent switch to ECUs for invoicing East/West trade does indicate a willingness to diversify into a more stable currency. So far this aspect has mainly concerned exports of manufactured goods by European countries, in particular Italy, to the USSR. Yet a raw material exporter such as the USSR, already affected by wide market fluctuations, does not need the further aggravation of exchange rate movements. It is possible, therefore, that there will be a further currency diversification on the export side as well. Furthermore, in the particular case of the USSR, the desire for stability as an exporter is compounded by its concern as a creditor, with a large volume of claims vis-à-vis developing countries.

As far as the second point is concerned, that is a need for structural reform in the East European countries, one of the most fundamental problems is that of the convertibility of the individual national currencies and the area's common currency, the Transferable Rouble. The convertibility problem, which we shall discuss further on, is a highly complex matter, for some time it has been at the centre of a lively debate and has been discussed repeatedly by the member countries and institutions of the COMECON.

Monetary integration of the area: the Transferable Rouble.

In order to fully comprehend the present problems and strategies of the COMECON it may be useful to recall briefly the phases in its monetary development.

The first decisive step towards better economic and monetary integra-

tion within the COMECON was made in 1964 with the introduction of a collective currency — the Transferable Rouble — and the creation of a central organization — the International Bank for Economic Co-operation (IBEC) — whose main functions were to supervise the system of multilateral settlements within the area and grant medium-long term loans to member countries.

The Transferable Rouble and the IBEC were created in response to a specific need to replace the bilateral clearing system and relative unit of account — the so-called rouble clearing — which had been in use since 1945 and which had raised several problems, above all due to its limited functions. The innovation adopted in 1964 was designed to do away with the disadvantages of bilateral settlement and at the same time create favourable conditions for credit granting and setting up reserves.

Unfortunately, the process of multilateralization has proceeded very slowly and with great difficulty. The role of the Transferable Rouble has gradually increased nonetheless and it is now employed in economic relations of all kinds between member countries — trade, settlement of services, credit granting. Despite many persisting defects it performs all the functions of a currency: store of value, reserve instrument, means of payment.

It should be recalled that a currency unit is only a store of value if it expresses the price of goods and services. Prices in Transferable Roubles are deduced from world market prices in the various currencies. However, since the individual currencies are often subject to wide fluctuations — which runs against a planned economy's need to keep prices stable — a system for calculating prices in Transferable Roubles has been developed based on the average world prices for each good over the preceding five years. The average thus obtained minimizes the effect of cyclical fluctuations (upward or downward) without altering the long-term trends of world prices. In this respect one could say that in the system of price formation within the COMECON the rouble is a fairly independent store of value, although linked to a group of currencies which measure the value of goods on world markets.

As a reserve currency too, the Transferable Rouble has certain specific features. This role derives from the granting of bilateral credits in the common currency by one country to another within the COMECON by means of transfers to accounts with the IBEC. The loans in question are conditional on the lender having reserves in Transferable Roubles resulting from a surplus of export revenues over outlays for imports. Reserves in Transferable Roubles accumulated by all participat-

ing countries to a programme also constitute the basis for multilateral credits granted by the IBEC and International Investment Bank.

The convertibility problem.

In its role as a means of payment the Transferable Rouble still has many shortcomings, although it is nonetheless widely used for payments within the area. A currency ought to represent a generalized purchasing power; that is to say, its power should be closely linked to the freedom with which the currency can be spent. The fact that the Transferable Rouble is not "basically convertible" — i.e. the possessor of a financial surplus with the IBEC is not free to use it to purchase goods and services in one of the countries of the area — is perhaps the main obstacle which the Socialist countries will have to overcome if they wish truly to internationalize the rouble and ensure its more effective use within the COMECON.

The basic problem is that the purchasing power of the Transferable Rouble is limited by the rigidity of the market and by the relative shortage of certain goods, not by defects in the monetary unit itself. It would, in fact, be more correct to describe a country as having "basic inconvertibility" than to say that a given currency is inconvertible: that inconvertibility applies not only to transactions in Transferable Roubles but also to those in convertible currencies because Western firms are unable — even using convertible currencies — to negotiate directly with the COMECON partners and obtain the goods they want.

This type of inconvertibility largely depends on the planning system, which does not permit purchases and sales that are not regulated by the plan and so impedes widespread use of the Transferable Rouble in transactions with third countries, as well as preventing the proper operation of the mechanisms set in motion by the creation of the system.¹

In order to achieve the "basic convertibility" of the Transferable Rouble — and of the individual currencies of the area — radical economic reforms must be enacted to rid the present planning system of its rigidities and of the problems caused by a distorted price structure not linked to the world market.

An easier and more immediate objective would be to achieve "monetary convertibility," that is the possibility to change a currency such as the Transferable Rouble or one of the individual national currencies into another currency within or outside the area.

In the past there has been much discussion about the possibility of an

"external" convertibility of the rouble, only applying to settlements of East-West trade and not within the COMECON. This position has now been completely abandoned for two reasons: the first is that external convertibility depends on the level of international reserves, and at present those of Eastern Europe are certainly inadequate; the second is that the solutions now sought are those which will also guarantee greater economic or monetary integration within the area.

This is not to say that a policy geared to achieving external stability as well will not be pursued. It will, however, run parallel to internal convertibility — of the Transferable Rouble against the currencies of the area and, among the latter.

The problem of the integration of the COMECON has been the focus of action for many years, although results have not always been proportionate to the efforts made.

The prospective convertibility of the individual national currencies — Russian rouble, Hungarian florin, Czechoslovakian crown and so on — must be regarded as a positive development, so long as it is not intended to replace the convertibility and more widespread use of the Transferable Rouble.

On the other hand, it should not be forgotten that the desire to employ an international monetary unit in economic relations which is independent of the monetary power of a specific country but which has as stable as possible a purchasing power is the reason why in 1964 the COMECON countries created their first embryonic common currency.

Furthermore, on several occasions since the introduction of the new system based on multilaterality, emphasis has been placed on the central role of the Transferable Rouble in the COMECON's monetary and financial system. The 1971 "Global plan to strengthen and improve co-operation and integration among the Socialist economies of COMECON member countries" represents a major step in this direction. On that occasion, the Transferable Rouble was defined as "the collective Socialist international currency of the member countries" and was to be the object of a series of measures designed to increase its use in multilateral payments and payments to third countries, to make it convertible with the other COMECON currencies and to make the IBEC the centre which would ensure the rouble's convertibility.

Although little has been achieved in this direction since then, the basic strategy remains unchanged and may even be relaunched in the present reform plans.

It is in that direction, therefore, that efforts must continue, for it is

probably the only route to a "neutral" solution for the countries belonging to the area. What must be avoided is an easy relapse into exclusive use of national currencies. If this were to happen the COMECON countries would, in some respects, be moving backward along the road covered by the Western countries, and the European Community in particular, in recent years. It is essential that they should exploit the advantage of having realized at an early stage the need for monetary integration, that is for a common currency and common institutions.

The danger of relapsing into the use of national currencies became fully apparent at the last meeting of COMECON countries held in Havana last December, during which a general arrangement emerged among some of the countries to sign bilateral agreements designed to facilitate use of their national currencies. It is interesting to note, however, that many countries responded to this tendency by declaring their support of a common currency whose convertibility vis-à-vis the individual national currencies would be an effective means of restoring appropriate monetary relations within the area.

The need for reform.

In the medium-to-long term the COMECON countries will have to pursue the objective of full convertibility of their common currency. This is the premise for effective world-wide use of the rouble. History teaches that such convertibility makes currencies "stronger": for example, when, after World War II, the Western currencies were declared financially inconvertible, the subsequent depreciation was limited by the fact that they could nevertheless be exchanged for goods. It is evident that in order to achieve full convertibility some profound reforms are necessary to link domestic prices more closely to world market prices and to bring them more into line with the cost of the resources employed.

A number of steps are being taken in this direction: in the USSR for example, the resolution of the Plenum of the Central Committee of June 1987 has set economic reform in motion by calling for a reorganization of finances, credit and monetary circulation. It provides for a thorough reform of prices, with the abolition of subsidies for agricultural product prices and tariffs and with wage increases.² Similar reforms have been enacted in Hungary, while Czechoslovakia has decided to unify the exchange rates of the crown, previously set at different levels for different categories of imports.

The start of a period of increased competition among firms of East

European countries could lead to a greater propensity to innovate, which in turn would reduce the dependence on the West and improve export opportunities. This would be an excellent result, not only in terms of improving the efficiency of the economy of the whole area but also because it would tend to bring the balances of payments into equilibrium and so speed up the process of making the individual currencies and common currency convertible.

EEC-COMECON monetary co-operation.

There is a basic similarity between the experiences which the EEC and COMECON are undergoing at present: despite having started from highly divergent political, cultural and economic positions, both areas are seeking forms of integration that can ensure greater stability and lasting growth. Although in some way the European Community has covered more ground in this direction, there can be no doubt that for the COMECON countries, especially those with a narrow market, the enlargement of their internal market is a priority and an essential condition for restoring equilibrium in their economies and their financial positions.

In the pursuit of greater economic integration money becomes an essential element: the ECU and the Transferable Rouble could play a truly unifying role alongside the national currencies of each area. And the creation of a link between these two monetary units would boost mutual co-operation and help the COMECON common currency to achieve full convertibility more rapidly.

From this point of view it is to be hoped that agreements will be reached — even on a bilateral basis initially — between the EEC countries and the COMECON to provide for increased use of the ECU in the settlement of trade and the start of use of the Transferable Rouble. This possibility — which the IBEC envisaged in 1972 when the so-called "Basic principles for settlement in Transferable Roubles" were adopted — could become reality with the application of an initial form of convertibility between the COMECON currency and the European currency. This convertibility could be guaranteed by the creation of reserves in ECUs obtained from exports invoiced in the European currency.

A next step might be to establish an exchange rate for the ECU vis-à-vis the Transferable Rouble. Explicit agreements on this point between the monetary authorities of the two areas, including rules for intervention to defend the desired parity, would act as a considerable incentive to

Western firms to do business with the COMECON countries and would help the latter in the formulation of plans relating to foreign trade.

Measures such as these, designed to create a monetary link as the basis for greater economic integration, could well be adopted in the short term. They would be relatively easy to apply since considerable similarities already exist between the composition of the ECU and currencies used in trade between the two areas.

The time now seems ripe to begin further moves towards strengthening co-operation between the common monetary institutions of the two areas, which already possess similar features. Like the European Monetary Co-operation Fund (EMCF), the International Bank for Economic Co-operation (IBEC) is in some way at the centre of the system; in both cases the regulations governing their activity provide for the granting of credit to finance balance of payments disequilibria. Along similar lines to the European Investment Bank (EIB), the International Investment Bank (IIB) manages a special fund to finance economic and technical aid to less developed countries. Lastly, both areas possess a multilateral clearing system, albeit with large differences.

There are many steps, in addition to those outlined above, which could be taken in this sphere to increase monetary co-operation between the two areas.

For instance, the countries belonging to the European Community could become members of the IBEC, which contemplates this possibility in its Statute. In turn the COMECON bank (IBEC) as well as the individual East European central banks could apply to the EMCF for status as "third party holders," as envisaged in the EMS agreements, and obtain official ECUs from the EEC central banks with right to the same return as the Community central banks.

In addition, the banks of East European countries with branches in the EEC could, by Statute, become members of the ECU Banking Association — an organization embracing over 80 banks operating within the Community as well as the European Investment Bank itself, which supervises the ECU clearing system. Indeed, once certain requisites for admission have been fulfilled, such banks could even become clearing banks, a possibility envisaged by recent extension of the system to non-EEC banks.

An initial bond between the two monetary systems which would in some way bring the Transferable Rouble into contact with the ECU would help to ensure that trade within the COMECON develops in line with world market trends, a prerequisite for more decisive steps towards

"convertibility."

In this perspective it would be possible, and desirable, to strengthen the monetary links between some of the COMECON member countries and the EMS. Far from becoming centripetal forces, such measures would pave the way for closer future co-operation between the two systems and would allow countries such as Hungary, in particular, to perform a specialized role as a financial centre. These are well-known problems, however, even within the European Community, where the member countries participate in different ways in the European Monetary System.

What needs to be done is to redefine the COMECON monetary mechanisms in order to adapt existing institutions to the new lines of growth of the economy recently adopted by the USSR and other member countries; this, in fact, would also provide the opportunity to take part in the process of reform of the international monetary system under agreements with the countries belonging to the European Monetary System. It might also offer a chance to rename the "Transferable Rouble" making it more supranational, as happened with the ECU, which was introduced under the agreements setting up the EMS in December 1978.

European unity to strengthen international co-operation.

It may be worthwhile to emphasize that the measures outlined so far, all seemingly easy and quick to implement, in reality demand considerable determination as well as sound institutional organizations.

As we move towards a phase of increasing monetary pluralism, Europe's role becomes of crucial importance: progress towards more advanced forms of economic, monetary and political unity is a necessary condition in order to be able to experiment with wider forms of international co-operation. It is the Europeans who must become an example and a driving force in creating the first organized forms of management of the world economy.

European economic unity, for which 1992 is the deadline, would be given a sound boost by the achievement of monetary unification, the decisive step towards which is to consolidate the European Monetary System by creating a federal European bank to which the individual governments delegate the management of the common currency.

Sounder relations within the area, guaranteed by a central organization for the management of the currency, are essential in order to initiate a new cycle based on economic growth, increased employment and more

stable relations with other areas.

NOTES

¹At the beginning of the 1970s, for instance, many problems arose concerning medium and long-term credit operations by the International Investment Bank because the countries which received the investment loans had difficulty in purchasing, in exchange for Transferable Roubles, technical materials not specifically covered by the bilateral agreements.

²Until now the objective of maximizing the growth rate of national income through faster capital accumulation had prompted these countries to keep raw material prices relatively low and machinery prices relatively high. This distorted structure of relative prices had, on the one hand, concentrated resources in the hands of machinery and plant producers and, on the other, encouraged wastage of primary resources and discouraged technological innovation because of the consequent lack of incentive to innovate.

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Notes

THE EUROPEAN FEDERALIST MOVEMENT'S CRITICISM OF THE TREATIES OF ROME

Among the political forces favouring European unification the MFE was the one which, under Spinelli's guidance, expressed the most radical criticism of the Treaties of Rome in the period of their genesis,¹ and differences on this theme were one of the fundamental reasons for the split in the UEF, a split which was only made up in 1972. It is now more than thirty years since the signing of those treaties (The Thirtieth anniversary was celebrated in 1987) and I think that it is useful to compare the criticism expressed at that time by the MFE and the development of the European integration so far achieved.

* * *

At the outset it is essential to specify that the MFE's criticism of the Treaties of Rome was really more than anything else criticism of the EEC, because, given the limited extension of its field of action, Euratom was not considered capable of advancing European unification in a consistent way, even though it could have achieved its own objectives. Attention was thus concentrated on the EEC, which had the very ambitious objective of achieving the unification of the whole European market, and to use this as a basis from which to work towards political unification.

Criticism of this plan was mainly directed at the principle behind it. The MFE maintained, on the basis of the fundamental teaching in *The Federalist*, and taken up by such important contemporary economists as Robbins, Einaudi, Ropke and Hayek, that effective economic unification of many state entities was impossible without first achieving a political union which would limit sovereign power and install a superstate federal power. There were two basic arguments which articulated this axiom

which from the very beginning of the policy of European unification had guided federalist criticism to the gradualist-sectoral approach.

In the first place, economic unification of the European states seriously willing to progress in this direction presupposed the unification of their foreign policies and their defence policies. No state, in fact, would be willing to renounce its own economic self-sufficiency, the precondition for its political independence and its military security, as was implied in the concept of a single unified market, without strong guarantees as regards its security. But these guarantees could only be a reality if federal institutions existed that ensured both the independence and the defence of the territory of the member states in a unitary way. Further, since relations with other states could not help but influence the economic development of the states involved in the unification, a single foreign policy was necessary, which would only be possible on the basis of political and military unification, and which would allow an effectively unified economy to be built.

Secondly, only the existence, right from the beginning in the process of economic unification, of a supranational authority, founded with the direct democratic consensus of the people, could overcome the powerful and deep-rooted protectionist interests existing in the different states, and would allow the general interest of the European people to prevail in the creation of one economic system. Thus while no-one could seriously believe that a unitary economy could be instituted and maintained in a single country if it were under a council of provincial governors with the right of veto and only responsible to the provincial parliaments, at the same time it was senseless to say that a unitary European economy could be installed and maintained on the basis of the co-operation of sovereign national governments, which were structurally orientated to privileging particular national interests rather than the common European interest.

On the basis of this theoretical standpoint, the criticism of the EEC that arose was mainly institutional. The doctrine that considered the Community as constituting an intermediate category between the traditional international organizations and those of a federal nature, because it had some federal aspects, was strongly refuted. Above all, the autonomy of the supranational executive organ, the direct application of Community provisions and rulings, the majority vote in the Council of Ministers, the provision for direct elections to the European Parliament. The decisive element which, according to the MFE, made the Community basically similar to traditional international organizations was its lack of financial autonomy and autonomous power (which only political and

military power could create) capable of imposing the common will on the national governments. This, moreover, denied the Community any power to impede the secession of the states which were not willing to accept the common will, and made it inevitable that the confederal practice of the unanimous vote was maintained, even though this runs counter to the letter of the Treaties. As far as direct elections to the European Parliament goes, it was stressed that, given this body's lack of power, direct elections would be against the most basic democratic principles and would not change the fundamentally confederal nature of the Community.

This criticism of the institutions was reinforced when some fundamental inadequacies in the EEC's project for economic unification were seen to derive from the inadequacy of its institutions.

First, this project did not contain any ruling on the creation of a common currency. This clearly derived from the fact that a real European government was not really wanted. Consequently, it was necessary to set aside the problem of giving the EEC monetary powers since these can only be possessed by a sovereign institution. On the other hand, this undermined the basis of the planned economic integration, since a common market could only function if there was a common currency in the unified area, not different national currencies with uncertain, fluctuating exchange rates. And this was the case for two reasons: in the first place, only a common currency would allow secure payments and forecasts throughout the common market and would eliminate the risks of currency restrictions at its source. Secondly, because only by the institution of a common currency would it be possible to overcome trade and balance-of-payment problems which would otherwise be unsolvable and would impose all sorts of restrictions, because of strong national interests.

This flaw was a particularly bad instance of a general lack of order in the field of political economics. The EEC provided, in a very precise, detailed way, for the gradual abolition of customs and quotas on industrial products and it contained the promise to achieve a common agricultural market and free movement of workers, capital and services. The Treaties were, however, very vague on political economics, i.e. on the tools which modern mixed economies must use to face the crises caused by the working of the economy, to correct territorial, sectoral and social imbalances caused by the uncontrolled play of economic forces, and more generally to orientate economic development towards specific priorities chosen by the democratic institutions. In this field two tools were

provided for: the Social Fund and the European Investment Bank, which had too limited resources and powers to have a real balancing influence. Moreover, there were only vague promises to harmonize the social and economic policies of the member states, which were to remain under the control of the individual member states.

This also was a forced choice, given the confederal nature of the Community institutions. The transfer to the Community of aims relevant to the political and economic field, would be possible only if a federal European government were founded. Only this kind of government, in fact, would have the tools (the power, the democratic consensus and financial autonomy) to put effective political economics into effect at a European level, in some cases replacing and in other cases complementing national political economics. On the other hand, the incapacity to face this problem immediately compromised the prospects of real progress on economic integration.

Since it was not possible to institute and maintain a single market without strong unity among the economic policies of the member states, the achievement of this aim was still dependent on the spontaneous development of completely independent national policies. But this, in its turn, though possible during phases of positive economic development, would be undermined in moments of crisis, which would inevitably produce differences between the national economic policies, and would certainly cause restrictionist measures.

The lack of effective economic policies on a European level, apart from making the integration of the markets very precarious, meant that whatever progress was achieved in this field, would inevitably be greatly distorted. In particular, widespread free trade not accompanied by a vigorous economic policy on a European scale designed to achieve balance, would produce serious territorial imbalances, favouring more industrial concentration in the strong areas of Europe and continued underdevelopment in the weak areas. Furthermore, the struggle against the power of monopoly groups would become even more difficult because, while greater free trade would weaken the effectiveness of national economic policies, on the other hand it would not be possible to create valid European economic policies because of the limitations of the Community institutions.

The MFE's criticism of the EEC led to a drastic conclusion. The Common Market, taken in the literal sense, was the commitment of the six governments to intensify the process of liberalization in the industrial sector, which had come to a dead end within the framework of the OECD.

This commitment was made possible by the strong economic expansion which market economy countries had maintained for some years. This expansion made free trade desirable and hardly worrying for the national industries of the Six, and it favoured the harmonization between the economic policies. As long as this agreement remained favourable the EEC functioned, because the governments wanted it to work, but it would have fallen to pieces as soon as the situation changed, and the governments, or some of them, decided that it would be better to dispense with these links.

The political action which the MFE began as a result of this analysis was the launching, in great style, of a campaign aimed at mobilizing the European people in favour of the European Constituent and the European Federal Union and denouncing nation-states and the pretension of trying to build European unity through diplomatic treaties between the governments.

* * *

It is necessary now to evaluate this thesis in the light of the subsequent thirty years' experience.

The least valid part of federalist criticism of the Treaty of Rome is clearly the disbelief in the possibility of making real progress in the economic unification of Europe on the basis of the Community institutions. This opinion has been contradicted by the success of so-called negative integration, that is free trade, which has had a major influence on economic growth of the Community, has brought about the enlargement of the Community, has favoured the strengthening of the democratic system and its extension throughout Western Europe. It is necessary at this point to state that the MFE, correcting its rather schematic vision of the priority of political over economic unification in the light of experience, was able to give a very convincing explanation of the fact that notable progress towards economic unification was made, despite the postponement *sine die* of the creation of a European political authority of a democratic, federal nature. According to their analysis, this progress was made possible by the fact that, owing to the lack of a democratic, federal European power, the main integrating factor was a non-institutional (*de facto*) political power based on "the eclipse of national sovereignty" and "the non-institutional (*de facto*) unity of state policies."² Thus it was recognized that the endemic weakness of the European nation-states forced them to co-operate in order to survive, and to co-

operate in their foreign policies, in defence and in their economies (all within the American hegemony which the fall of the EDC had reinforced) — factors which were particularly marked for geo-historical reasons in the Europe of the Six. The federalist analysis showed that this political basis for European economic integration was structurally unsound, because the strengthening of the national states due to their economic integration was destined to undermine the bases of their agreement on state policy, if this was not stabilized by the power of strong supranational institutions.

Thus we can see that if historical experience has brought to light some overschematic areas in federalist criticism of the EEC, it does, however, substantially confirm both the theses on the inevitable distortions involved in an integration process without strong common economic policies and on a reversal of the process of economic unification, in the case of a serious change in economic trends.

With reference to the first thesis, we may merely stress that the great imbalances between different parts of the Community have always been, and still are, its worst handicap, and that the relationship between this handicap and the inadequacy of the Community institutions has become more and more evident. Experience has shown that only a European authority with real powers and direct democratic legitimation would be able to impose a satisfactory level of solidarity between the strong and weak states of the Community, in the same way in which, in the states, only the existence of a central democratic authority founded on the consensus of the poor and the rich regions can make national solidarity prevail over the particular interests of the different regions.

With reference to the second thesis, it is a fact that since the time when, at the beginning of the seventies, the world economic expansion and monetary stability phase, a period during which the Common Market went through its transitional phase, came to an end, and a difficult phase in development of the world economy began, economic integration came to, and still is, at a virtual halt. The attempt to go from negative integration to positive integration, or to the development of effective common policies, has not only been unsuccessful, but free trade has actually taken a step backwards.

With reference to the political aspect of the federalist criticism of the Treaty of Rome, it is worth mentioning the hope that there is a possibility of building an autonomous force of a supranational nature, capable of forcing national governments to accept the European Constituent. But it is important to remember that this judgment cannot be universal.

The main opposition to official European politics, which aims to rally the people of Europe to contest the legitimate nature of the nation-states, did not have the success that was expected. In fact, the campaign for a Congress of the European People and the other popular campaigns which followed it in the early sixties did not rally enough public support to change the balance of power in favour of federalist demands because of the organizational weakness of the federalist force.

This undoubted failure, while demonstrating a certain doctrinarianism which characterized the political line of the MFE in those years, should not make us overlook one very important fact. During a period of history in which the successes of economic unification tended to hide the structural limitations of the European Community, the popular campaigns of the MFE between 1957 and 1966 had great validity in that they kept alive the idea of the democratic, federal alternative to a European organization which was weak and precarious because it excluded the participation of the people. Even if only a small part of public opinion was capable of understanding the message of the federalists, these popular campaigns are the first example in European history of a grass-roots' political movement capable of developing in a unified way beyond the national confines of the different countries of Europe. They showed that, every time the citizens were asked whether they were for or against a complete unification of Europe with the participation of the people, the response was mostly favourable. The fact that it had kept up its opposition to a poorly developed European constitution allowed the MFE to play an important role when the crisis of European integration brought the problem of political unification to light again.

This happened also because the excessively reductive vision of the Community institutions, which removed any federal characteristics whatsoever from them and thus excluded the possibility of seeing them as a lever with which to advance demands for the European constitution more effectively, has been rectified. In this context the commitment of the MFE to direct elections to the European Parliament emerged, based on the conviction that direct popular elections would open the way for the struggle to give the European Parliament an important role. Subsequently, support for the initiative of the Strasbourg Assembly for the institutional reform of the Community emerged, which led to the approval of the Draft Treaty establishing the European Union (February 14, 1984) and the reproposal of real reform of the Community institutions since the governments have approved the Single European Act.

Sergio Pistone

NOTES

¹For the MFE's criticism of the Treaties of Rome see: A. Spinelli, *L'Europa non cade dal cielo*, Bologna, Il Mulino, 1960; A. Chiti-Batelli, *I trattati del Mercato comune e dell'Euratom visti da un federalista* (two cyclostyled pamphlets published by the MFE in 1957 and 1958); L. Levi-S. Pistone (eds.), *Trent'anni di vita del MFE*, Milan, F. Angeli, 1973; L.V. Majocchi-F. Rossolillo, *Il Parlamento europeo. Significato storico di un'elezione*, Naples, Guida, 1979; W. Lippens, *45 Jahre Ringen um die Europäische Verfassung*, Bonn, Europa Union Verlag, 1986.

²See M. Albertini, *L'integrazione europea e altri saggi*, Pavia, edizioni Il Federalista, 1965.

EUROPEAN LAW AND NATIONAL CONSTITUTIONAL LAW

The Constitutional Court of the Federal Republic of Germany (the *Bundesverfassungsgericht*) introduced an important innovation in German constitutional decision-making as concerns the relationship between national law and Community Law, with a unanimous decision taken by its Second Senate on the 22nd of October 1986 (*Europarecht* 1987-1, pp.51ff.)

The text reads:

"1. a) The Court of Justice of the European Community is a legal judge in the sense of article 101, section 1 n. 2 of the Constitution. It is a sovereign judging body, created by the Treaties establishing the Community, which decides in the final instance in the framework of powers and procedures normatively laid down on the basis of juridical rules and criteria, and with the independence that a judicial body must have. b) The procedures followed by the Court of Justice correspond to the correct requirements of the rule of law; these guarantee the right to be heard, the possibility to act as a prosecutor or as a defendant according to procedures suited to the object of the dispute and a competent and freely chosen defence.

2. So long as the European Communities, and in particular the decisions of the Court of Justice of the Communities, guarantee in general that in its relationship with the powers of the Community there is effective protection of fundamental rights on the same level, as regards its basic characteristics, as the protection considered unfringeable by the

Constitution, especially in its essential contents, the Federal Constitutional Court shall no longer exert its judgment on the applicability of derivative Community law as a juridical foundation in the decisions of courts and administrative authorities which are operative in the jurisdictional sphere of the Federal Republic of Germany, and will not in future test that law's compliance with the fundamental rights guaranteed by the constitution."

* * *

The ruling of the *Bundesverfassungsgericht* is significant in a number of ways. Firstly, it upholds the principle — new in the history of the Court's decisions on this subject — that not only must the rule that Community law prevails over national law be generally recognized, but also that if a conflict arises, brought up by a national court, between European and national provisions the ruling on the matter must not be taken by the national Constitutional Court, but by the European Court of Justice. This implies that, under certain conditions, which I will mention later, Community law is removed from any judicial review in respect of the national constitution. In this way the principle of the prevalence of European law not only over ordinary national law but also over national Constitutional law is established.

The fact that the validity of this principle, as far as the jurisdiction of the courts of the Federal Republic is concerned, has been recognized only today is justified in the ruling with an extremely interesting argument, which at the same time in some way limits its scope. The Court refers to a former ruling of May 29, 1974, in which the argument was put forward that the level of European integration which had been reached could not allow one to affirm that the protection of rights afforded by the Court of Justice of the Community was comparable with that guaranteed by the *Bundesverfassungsgericht*. "The Community did not yet have a legitimate Parliament elected directly and democratically, by general elections, with legislative powers and to which the bodies of the Community with legislative powers were fully responsible; it did not yet have, in particular, a codified catalogue of its fundamental rights; the decisions of the Court of Justice did not at that time have the necessary guarantees to secure the necessary certainty of law." But since then, the ruling goes on, "the protection of fundamental rights by the European Communities has been greatly increased, and it can now be considered to comply in its orientation, contents and efficacy to the standards laid down by the

Constitution."

* * *

The argument of the *Bundesverfassungsgericht* isolates an extremely important and very sensitive point. It is in fact clear that if it is true that in the period between 1974 and 1986 the European Parliament became more legitimate by being elected directly by universal suffrage, it is also true that during the same period it has not obtained the legislative powers and the powers of control which the ruling attributes to it, except in the ambiguous and totally ineffective form laid down by the regulations of the Single European Act of Luxembourg. In the meantime, with a view to the internal market which is envisaged for 1992, the work that the unelected bodies of the Community do has increased substantially. One has to conclude that the lack of democracy in the Community has become worse rather than better since the election of a powerless Parliament.

The ruling of the German Constitutional Court is still very important in the history of the Community, however. It focuses attention on a very serious contradiction, but this is a contradiction that the politicians and not the judges should resolve, because only the politicians created it, refusing, with their short-sighted but tenacious attachment to national sovereignties, to reform the institutions of the Community so that their powers of decision come under the citizens' control.

* * *

The judges are only doing their duty in creating through patient, intelligent work, one of the most solid realities of the *de facto* unity of Europe: European law. They have only, in the letter and the spirit of the Treaty of Rome, to draw inferences from the "functional relationship between European law and that of the member states" taking into account the fact that "the Community Treaties ... and the law based on them are part of the internal law system ... and must be observed, interpreted and applied by ... the courts (of the member states)." In this way the contradiction between the Europe of the people which everyday consolidates its unity and the Europe of the governments, which seems only to be able to find reasons for division, is becoming more and more apparent to everyone. But it is a good thing that the contradictions are becoming more marked, because this gives us a better chance of getting out of this intolerable situation in which twelve indecisive, corporatist governments

have blocked the work of De Gasperi, Adenauer, Schuman, Spinelli and Monnet.

* * *

To conclude we should note that the ruling of the *Bundesverfassungsgericht* contains some important thoughts on the question which the UEF posed at its Congress in Strasbourg, regarding the possibility of a referendum on European Union, to be held at the same time as the European elections in 1989, on the basis of a decision which ought to be taken by the Community's Council of Ministers solicited by a solemn appeal of the European Parliament. This is a decision whose constitutionality is disputed in many political circles in the *Bundesrepublik*. Now because a referendum on this subject would unequivocally be part of the law system of the Community, the decision of the Constitutional Court of the Federal Republic brushes aside all objections to it because it declares that it is not its role to interfere in decisions of that sort. It goes without saying that the initiative of the European Parliament would constitute a definite guarantee of respect for fundamental democratic rights, whose violation could only once more raise the problem of the jurisdictional monopoly of the Court of Justice in matters of Community law.

Francesco Rossolillo

FEDERALISM AND POLITICAL THOUGHT OF CHRISTIAN INSPIRATION *

If we carefully analyze the development of political thought of Christian inspiration, we discover a whole complex of positions which interweave, sometimes directly and in other cases only indirectly (but with equally significant results), with tendencies and fundamental principles

* This is part of the report "Federalism: philosophical bases, historical experiences and political practice" presented by the author at a meeting organized by the European People's Party, held in Vienna on April 23-24, 1987, on the theme "Doctrine of the Christian Democrat political action."

which belong to federalist practice.

First of all, the fundamental question of peace must be stressed, which is at the centre of the political thought and action of Christian Democrat parties.

Federalism maintains that the threat to peace comes from the present international anarchy, that is from the fact that international relations still belong, in a certain sense, to the prejuridical sphere of the state of nature, to a power relationship tempered by a system of agreements and treaties, but not yet by law. Substituting treaty with law is the keynote of federalism.

Although we must distinguish the development of specific political programs from the affirmations of the Church, we cannot ignore the fact that for several decades, since Europe was bloodied by two world wars, the concern of the Holy See has been directed particularly to the problem of how people could live together in peace, justice and positive development. These documents are well known, and here we may mention in particular all those who do not limit themselves to calling for a change in the soul of man — without which all real attempts to improve the condition of mankind is vain — but instead stress the need and urgency for a different organization of relationships between states and between people, with the creation of a world authority capable of exerting effective power that will rise above the current tensions and build lasting peace.

Even if the exact words "federalism" and "federation" are not used, certain documents of the Vatican II Council (*Gaudium et Spes*), the encyclicles of John XXIII and Paul VI, the latter's paper to the UN in 1965 and the speeches of John Paul II (on various occasions, and especially for the annual Day of Peace) recall the underlying thought of federalism. Even before, Pius XII, in speeches in 1957 (to the delegates to the Congress of Europe, promoted by the European Movement, to the Parliamentarians of the ECSC, to delegates at the Frascati Congress of the Italian section of the Council of European Municipalities), expressly referred to the Holy See's interests in the efforts to build a federation since the end of world conflict, to the "healthy way" followed by those states which accepted the principle of delegating a part of their sovereignty to a supernational organization and to the need to "build a Europe in which a vast and solid majority of federalists exist, favourable to the principles of true personalism:" several times the appropriateness of "developing a strongly effective propaganda in favour of the federalist idea was underlined, thus accelerating the decisions of the governments and offering

them the support of democratic public opinion.”

More recently, in certain countries bishops or episcopal conferences, concerned with problems of peace and disarmament, have invoked the creation of an “authority” capable of putting an end to the jealous sovereignty of the individual states.

* * *

Three threads link Christian Democrat political thought with the fundamental search for peace, and, therefore, with the ideas of the limitation of sovereignty and defence of the “human person”: three objectives which are part of federalism for many reasons.

To see evidence of the first point (peace and the limitation of national sovereignty), it is enough to recall the pages of Jacques Maritain in *Man and the State* (Chicago, Chicago University Press, 1951) and his speech during the meeting of cultures at UNESCO, in April 1966. Referring to the need to organize a global “political” society, Maritain stressed two fundamental conditions. “The first is the definite renunciation of the idea or the idol of the sovereignty of the state, of the idea of this mortal god, as Hobbes said, which was born in the mind of Jean Bodin in the sixteenth century and which is called the sovereign state.” The second condition is to awaken in all thinking men, both governors and governed, a real consciousness, always present and active deep in the heart, of the general welfare of man. In *Man and the State* he wrote: “A federal solution will appear as the only way for Europe and for Germany.” But — he added — “after the bloody annihilation caused by Hitler’s dreams, there will have to be deep and decisive changes before we come to a federal solution acceptable to Europe and the people of Germany liberated from Nazism and the Prussian spirit, a European federation that is in which a plurality of German states could take part, consistent with the diversity of their cultural heritages, and in which all the member states would accept the limitations of sovereignty required by organic and institutional co-operation.” Only in this idea is there any hope for Europe and Western civilization, according to Maritain.

This is summarized in the premise: “The thesis that we maintain is that a federal Europe is inconceivable without a federal Germany and a federal Germany is impossible without a federal Europe. These two aspects of the problem seem inseparable.”

Even if we consider the question of Europe in itself — added Maritain — we must state that “the federal idea, in its real sense, is valid for the

whole of Europe,” and means “limitations on the sovereignty of all the countries that make it up and common good will.”

In his *A travers le désastre* (New York, La maison française, 1941) Jacques Maritain spoke of the “historical ideal of a federation of free peoples.” Such an ideal, which up to now has been unrealizable because of the old structures of “a socio-political global regime founded on selfishness and jealousy,” would “probably become reality” once Nazism was defeated. The concept is taken up again in *Messages 1941-1944* (Paris, Hartmann, 1947) which Maritain broadcast on American radio during the war.

It seems opportune to recall here two thoughts of Luigi Sturzo, the founder of the *Partito popolare italiano*, who had to go into exile during the Fascist dictatorship in Italy. In an essay which he published in the book *L'Italia e l'ordine internazionale* (1944), on the future League of the United Nations, discussed in the Teheran meeting in 1943, he contests the phrase which appears in the text, “the sovereign equality of all the states which love peace.” “The sense is not clear,” he writes, “because it could mean that the sovereignty of every state must remain intact in the League of Nations.” Sturzo continues: “It is nice to recall the precedent of the United States. When the confederation of the thirteen states was founded, it was laid down that all of them should remain sovereign states with all the powers which had not been explicitly transferred to the confederation. What was bound to happen, happened. The confederation was left with no powers, without enough money to guarantee its public debt, without authority and without an army to defend it from the rebellious movements of every single state. After about ten years, the founding fathers got together in Philadelphia with the aim of formulating a Constitution which would permit the United States to continue. The sovereign rights of the individual states over taxes, the army, tariffs and interstate questions of both the states and the central government were transferred to federal bodies, and thus the United States were born.

Today there is only one alternative: either a League of Nations with its own juridical and political powers, with its own international police, and a contribution of armaments from every state: or an imperialistic supremacy (to give it its true name) of great powers which take on the responsibility of world order and direct protection, or protection by means of spheres of influence, of other states. None of the spectrum of possibilities we can think up between these two poles will be able to make either one or the other system prevail. We are in favour of a League of Nations with all the necessary powers to create a new order in the world.”

Sturzo's arguments collected in the various volumes *Politica di questi anni* (above all for the periods 1946-48, 1948-49, 1950-51) and the messages he sent to the international congress of the *Nouvelles Equipes Internationales* (1950) and to the II Hague Congress of the European Movement (1953) are worth reading. We find the signature of Sturzo among those of the members of the international committee promoting the petition for a "Federal Pact" (1950).

But there is another aspect of this link between the philosophy of federalism and political thought of Christian inspiration: community personalism. Jean Luis Loubert del Byle in his book *Les non conformistes des années '30* expressly states that the spirit of the thirties was in many ways anchored to a personalist concept and that it "found, after the Second World War, a direct posterity in federalism." Henri Brugmans wrote in the journal *Esprit* (November 1948 No. 625) that "federalism is not only an original way of organizing international relations, but a complete doctrine, with its seeds in personalist philosophy, which attempts to concretize a certain conception of man and society." Denis De Rougemont, one of the protagonists of European federalism, in his book *L'Europe en jeu* replies that the federalist doctrine is to be found above all in a certain philosophy of the person which simultaneously contains a denial of individualism and collectivism. "Political structures of a federalist nature, the only creators of peace, the only acts which can safeguard freedom within order" must be created. However "no European federation is possible outside the framework of a World federation. Neither peace nor future, however," De Rougemont argues, "will arise except through the attempt to found a world government. And to do this the world needs Europe, both its critical sense and its inventive spirit."

Among the many texts which we could quote with reference to this, particularly apposite seems the statement of Alexandre Marc (in his book *Dialectique du déchaînement*, Paris, La Colombe, 1961): "Federalism is a type of personalism. What inspires federalist humanism is not Man in general, but the Person."

The conception of personalism is particularly linked to the name of Emanuel Mounier, and to the journal he founded in 1932, *Esprit*. From its outset *Esprit* was an international journal. In fact, Mounier and his friends always tried to go beyond the limited idea of the nation-state, a nation-state which is generally only a temporary stage in political development. What we are looking for — this expression is often used — is a "world democracy." Europe could be the root of this. However, it must be said that, if we follow the political evolution of *Esprit* from a

European point of view, we see a vivid contrast between the period before the war (the thirties) and after the war. It seems as if *Esprit*, having been favourable to unification as long as it was only an idea, became hostile to it as soon as it began to be fulfilled.

After the war — J.M. Domenach, one of his closest collaborators, writes — Mounier, who died in 1950, and his friends, remained faithful to their previous theoretical positions: they refused nationalism and explicitly defended the idea of Europe. But in the name of the ideal Europe, socialist and neutral, they were always against concrete efforts towards the building of Europe. During the strife over the EDC (1950-1954), they were very hostile.

A third link between federalism and the thought or the political philosophy of Christian inspiration is the recognition of the meaning and value of autonomies and the principle of subsidiary levels.

It is not necessary to recall here how political thinking of Christian inspiration has always refused the opposition of individual and state as the only poles and subjects of political organization, but has instead stressed the importance of an organic concept of society (directed towards the person) and the different levels and groups in which this develops: this represents a fundamental point in the philosophy of Christian social ethics. Thus the opposition to every form of centralism, the struggle for decentralization which is not bureaucratic but institutional, for the recognition of effective autonomies guaranteed by the Constitution. Hence the continuous effort to rediscover the meaning and the aim of the local community.

Thus came the formulation of a "principle of subsidiarity" which — in certain ways — recalls the federalist method (infrastate federalism). This is a principle which holds that tasks and responsibilities should not be taken on by the higher levels of government, when they could be more efficiently taken on by levels closer to the citizen. This principle protects autonomies but also encourages research for new institutional levels which go beyond the traditional states, when it is shown, as happens today, that certain problems cannot be resolved at a national level. This principle reveals the limitations of the centralized nation-state.

It is as well to recall that already in the Nineteenth century a German Christian thinker, Constantin Franz, had strongly criticized the nation-state, hoping for strong internal decentralization and a European federation, two complementary aspects of the same problem. "Since we are not nationalists," he wrote, "we must assign precise functions to the commu-

nities within a country;" for the same reason he considered it necessary to develop the cosmopolitan aspect of federalism.

To conclude, we can state that the theme of peace is the connecting link between the political thought of Christian inspiration and that federalism which we call institutional or supranational, federalism as it applies to international relations. The link with personalism and the theme of regionalism and, more generally, of autonomies, involves the other meaning of federalism, which we could call integral, global or infrastate federalism.

Gianfranco Martini

PROPOSALS FOR A EUROPEAN ECOLOGICAL MOVEMENT *

The Western industrialized world presents itself as a group of (national) "entities", which not only organize competition within their borders but also compete with one another at international level, in the industrial and commercial sectors. Basing themselves on their national sovereignty, they adopt unilateral measures in the monetary, budgetary, fiscal, industrial, customs, administrative, and health fields, etc, with the aim of raising the competitiveness of their economies and their rate of development, and to get other countries to shoulder their economic problems, inflation and unemployment. If we take into consideration the policies carried out by all the national (or regional) governments, we can see that their aim at the moment is to reach the highest level of efficiency, maximizing the cohesion between the government's action and the action undertaken by industrial and union forces, with the support of educational institutions.

We see this aspiration to complete cohesion in the words with which Galbraith refers to the alliance between "big governments," "big business" and "big unions," and in Mr. Vanden Avenne, President of the

* This is an abridged text of the speech held at the federalist Seminar in Ventotene on September 1-8, 1987.

Vlaams Economisch Verbond's quip that Flemish Belgium should take its lead from Japan and that we should speak of the *pays flamand incorporated* as we speak of *Japan incorporated*. The same idea comes out in the declaration of Jean-Marie Dehousse who, in his position as President of the Walloon executive, states that he feels closer to the Walloon entrepreneurs than to the Flemish workers.

In this framework of national cohesion, the live forces of the state (union, social, political and many other forces), are invited to limit their criticisms to national management and to identify themselves with the politics of government and the great industrial forces.

In the present state of crisis — which the Greens do not consider conjunctural, but rather the beginning of a new economic situation — the experts consider that there will be a spurt of development, at both national and international level (a new Kondratieff cycle), and are awaiting new technology which will bring not only new forms of rationalization of the processes of production of goods and services, but also new consumer products.

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The strategies of silent alliance between national governments, entrepreneurs, unions, centres of scientific research, are founded on economic nationalism and on classic productivism. In the short term, these traditional forms mobilize the masses and obtain certain results by pursuing the idea of the competitiveness of the national economy. In the medium term, they show the important progress that needs to be made through new technology, which can stimulate growth in the national and world economies.

But the governments and traditional parties do not have any plan for society. They know they must support their own best enterprises so that they can successfully face up to international competition, and that they must create the conditions necessary for the development of a certain industrial world which will see to the development of a plan for society. The political parties and the democratic forces will have only the job of correcting the social and ecological imbalances, produced within society. We must add here that the political world has not even the slightest idea of the plan for society which the industrial world is preparing. It only knows that it should preach optimism, that young people should study, should specialize as much as possible, should learn to use their initiative to get by, that school programs and continued training of the individual

should respond to the needs of industry and new technology. But when we ask the political class towards what objectives these efforts are directed, we are told that the aim is to maintain our competitiveness compared with other national economies and to reach the standards of the most advanced countries, Japan and the USA, by the year 2000. This concept is repeated at every opportunity in the declarations of the governments, without the need ever being felt to refer to "other" realities in Japanese and American society: living standards, spending power, social security, unemployment, poverty, cost of university studies, military defence (Japan does not have an army), level of conservation or of destruction of cultural and natural heritage, etc.

The traditional forces do not have any vision of the future: they base themselves simply on classic monetarist reductionism and economic nationalism to develop their policies on a day-to-day basis.

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We can say that the ecological and Green movements are distinguished from the traditional political forces (which were born with the first industrial revolutions, at the time when dynastic and religious nationalism — *cujus regio, ejus religio* — was giving way to the nascent democracies, popular and linguistic nationalism) because of their criticism of economic and monetary reductionism — an ideological and pseudo-scientific product of these industrial revolutions — and because of their new attitude to nationalism as a basis for the sovereignty of the states and as the supreme criterion for democratic solidarity.

It would be interesting to record the actions, the plans, the manifestoes and the draft laws of the ecologists to see, on one hand, which are part of the struggle against economic-monetary reductionism, and, on the other hand, which are inspired by criticism of political nationalism.

All the proposals relating to the debate on the goods to safeguard, produce, reproduce, develop and put at the disposal of all human beings rather than nations (which is a very different thing), belong without doubt to the first category. The terms of this debate are based on alternatives of this type: nuclear energy or alternative energy sources, industrialized agriculture or alternative agriculture, motorways or unpolluted nature, exchange-value or use-value, production of monetarized wealth or non-monetarized production etc.

In contrast with traditional forces, the Greens have a plan for society and they certainly have clear ideas on the goods and services to produce

(and reproduce) and those not to produce. They do not, however, ignore the monetarized economy (in a dualistic economy) which remains vital for the production of goods and services and for the achievement of many plans for social justice, but which cannot impose its units of measurement and criteria of evaluation as the only valid ones every time that economic and social decisions must be taken.

The traditional forces incite entrepreneurs to produce anything at all, as long as it is a good or a service which can be monetarized, commercialized, exported and taxed, without taking into account the consequences and the damage it might do to our natural and cultural heritage, our health, employment prospects, neighbouring countries, the Third World and peace. The Greens have a different attitude. Their ideas on the choice of products and means of production are less simplistic, more complex, because they take into account a wider range of factors. Traditional forces incite us to produce anything at all, and ensure that the modern state (its Social Security and Health Service Ministry and its Department of the Environment) will repair the damage and the destruction caused. The Greens do not encourage the production of just anything. Look at the plans in the fields of industry, agriculture, transport, energy, education, culture and art and you will see that they take a wider range of factors into account, not just the monetary factor: respect for the environment and our natural and cultural heritage, the possibility of decentralizing production and promoting direct democracy, the interests of the Third World, general health, peace, etc. Social and ecological factors do not come after the economic choices, but are integrated into the choice itself. The social thinking of the ecologists is there from the beginning, from the moment in which the choice of what to produce and how to produce it is made, before the means of production have become means of destruction.

The debate of the Greens with the traditional political forces will be difficult and, on a few specific themes, compromise, on which the dialectic between government and opposition is based in a democratic society, will be impossible. In this way the Greens will not be just a force of opposition and criticism, but also the vehicle for radically alternative behaviour — in the world of production and in all aspects of daily life — on the basis of a new plan for society.

To create a human society, which is federalist, decentralized, transnational, supranational, which foreshadows global society, implies not only a peaceful, non-violent attitude based on solidarity, but also a systematic criticism of nationalism, that is the force that opposes solidarity and transnational democracy.

Given that nationalism has dominated and divided men of the same families, the same classes, the same universal ideologies, it is necessary to know how to understand nationalism, its dialectic and its success, in the same way as it is necessary to understand economic reductionism and expansionist productivism. But to condemn nationalism, to criticize it and to refuse it is not enough. The Greens propose international solidarity and, if possible, multi-cultural, transnational, or supernational democracy, as an alternative to the nationalism of those who govern which justifies the selfishness of the people, their aggressiveness and discrimination against all those who are not part of the nation.

All the proposals of the ecologists are within this framework, for example those on disarmament, on supporting international bodies like the UN, the democratization of the European institutions (we support the European Parliament, elected directly since 1979), and the defence of foreign workers.

Ludo Dierickx

“PLANETARY MAN”

The thinking of Ernesto Balducci emerged fully in the essay published two years ago under the title *L'uomo planetario* (Brescia, Camunia, 1984). The author goes some way towards founding an authentic peace culture and for this reason it merits specific, if tardy attention from those who, like the federalists, consider the end of the political divisions of the human race as their main objective and the inspiration behind their work.

It must be said immediately that the condition of contemporary man is defined in this book in terms of its ambiguity: it becomes really planetary precisely at the moment when the extinction of the species ceases for the first time to be theoretical and acquires a high level of historical probability hanging over the immediate future. Scientific and technological progress which has given planetary proportions to mankind, establishing real co-existence for much of the human race and, potentially, for all men, has also introduced the possibility of universal

destruction, which is thus shown not to be an unforeseeable and inevitable natural necessity, but instead a possibility created by the decisions man can take in the course of his freedom.

In Balducci's vision, the radical novelty of this situation marks the definite end of anthropocentrism which survived the Copernican revolution. The very hypothesis of the oneness of life in the cosmos, stressed by the author with an insistence that may appear excessive, far from contradicting this idea, acquires an emblematic value, as the image of an anthropological solitude rendered more acute by the perception of a catastrophic risk. The person is thus encouraged to assume overall responsibility for living nature, in terms of service and not possession, an approach which would seem to bring the author closer to an environmentalist position.

Behind the cosmological representation there is, in fact, great evidence of urgent moral preoccupation. Man liberated from all anthropocentrist leftovers has for Balducci recovered the sense of his own precariousness, not just in an individual sense, renouncing for ever the triumphalism of “magnificent, progressive destinies” and the ideologies and theologies that founded them. This type of existential modesty is the primary condition for pulling up the deepest psychological root of war culture. In a historical situation in which — according to the image of Franco Fornari mentioned by the author — St. George is no longer able to kill the dragon without killing the virgin and himself at the same time, and it is not longer possible to disperse the fear of death by sacrificing a scapegoat: “The only road to salvation is through man reconciling himself to his own death.”

It may seem, at this point, that reflection on planetary man is taking on a purely subjective value based on conscience irreparably estranged from the political field which interests us most, spilling over into religious meditation or even psychoanalysis. But this is not so. Balducci's essay uses the psychological roots of aggression to characterize historically and to demystify “the laws of nature” that war culture has constructed to justify behaviour whose continuation would cause the end of the species. His polemic against the ideologies of the past never confines itself, which is far from being the usual case, to refuting every guiding principle; rather, Balducci's reflection on planetary man is designed to find a possible response to the challenge which today faces all mankind. His *bête noire* is entirely different: it is the now desperate attempt to divine the historical future by extrapolating past tendencies, ignoring the radical quality of a break which has succeeded in questioning the very identity

of the species and the sense of its evolution. From this derives his obvious lack of patience with that part of the political culture which continues to think of the future in the categories of war, victory and defence, as if nothing irreparable had happened, while the condition for planetary unity is the knowledge of possible catastrophe and its universal character.

Putting an end to war culture, by means of the evolutionary change that the circumstances require, is for Balducci necessary for the survival of the human race. In his view, faith now identifies itself, in a secular fashion, with the certainty of this change, a certainty which however appears to him to be "the historical path to practising theological faith," since the choice on which it is based is more than a political choice: it is the choice between life and death or, as he says, Creation and Anticreation.

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This summary of the essay could suffice to show its interest for federalist thought, as it corroborates our ideas about the present urgent need for a global political horizon, placing the end of the political division of the human race at the centre of the contemporary political perspective.

However, there are many points in this book which link up more directly with traditional themes of our thought. It is worthwhile recalling here what he said about the non-fulfilment of the hopes for peace awakened by the bourgeois and proletarian revolutions, founded on the dogma implicit in all "ideology about technological progress," according to which the means will produce their own ends. Although he makes no explicit reference to the nation-state type of involution of traditional ideologies, this analysis comes to conclusions not very different to our own, since this kind of involution is in fact an example of the reversal of means and ends and the deterministic illusion that comes with this.

We are even closer to his ideas, which are in fact very critical, concerning the contemporary sprouting of political separatist movements with an ethnic and religious basis, which he interprets as a search for ancestral identity, in the face of the crumbling of the aggregating capacity of "progressive" ideas. Every federalist could thus share his judgment on this point, when he says: "The historical salvation of man lies not in religion, but in reason, taken as the foundation of an ethical conscience, proportionate to the new problems."

To this false pluralism, which becomes a flight into the past to avoid the responsibilities of the present and the risks of the future, Balducci

links the false universality of Western bourgeois ideology: the latter, according to the Hegelian scheme, "making the whole of concrete history coincide with its own logical ideas, ended up in a celebration of the present which left no leeway for alternatives." Such a double refusal of the Western past, both remote and recent, brings the contemporary European (and not only those faithful to historical religions) up against an objective separation between his own original identity and the universality of the planetary vocation which the times call for. Religious conscience feels the anxiety of this separation very acutely, but, here too, Balducci has a secular proposal, a recognition of the past founded on the "critical instrument of verification and causal co-ordination," with the aim of going beyond the opinions with which different cultural contexts have linked and conditioned the message of the individual historical religions, making the name of God a cause for division. He maintains that the discussion should go beyond the divisions between historical religions, submitting theists and atheists to a common judgment, both enslaved in different situations to schemes of power and oppression. A faith which contains the traditional anti-theist objections is in his opinion one in which "God is not thought of or imagined through conceptual filters, but instead is realized in love, devotion, the testimony which destabilizes this world dominated by self-sufficiency," proposing not the reconciliation of believers with believers, but the reconciliation of man with man.

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Clearly, even though not immediately occupying a position within political thought, *L'uomo planetario* nevertheless comes to bear on such questions as the difficult conciliation between universality and pluralism, which are the cultural prerequisites of political federalism and whose investigation is essential if the federalist proposal is not to be unduly reduced to its institutional dimension. In this light the polemical reference to the Carolingian Europe of the fifties and the insistence on the end to divisions inherited from the Second World War should be read as they appear in the particular context of this essay, adverse to every political abuse of the Christian name, but justly favourable to giving the churches an autonomous role as a critical conscience for civil society. In more general terms the insufficient or tardy sensitivity of the author to the political plan of European federalism must be understood as a reflection of a historical impatience which though censurable in a politician, is much less so in someone like Balducci, who has a prophetic vision of

history in the long term: his main preoccupation has always been the Pauline aspiration to dialogue with the Gentiles — and in this case the so-called developing peoples — beyond the limits of a Western Christianity now in his opinion undergoing dissolution as a social and religious reality.

In fact, this judgment on Europe, which in the book coincides with his judgment on Western culture, is necessarily ambiguous, because the West's contemporary historical situation is ambiguous. It is worth looking here at two passages from the last chapter. 1939 is defined as "the year of the explosion of the civilization of those who had invented everything, explored everything, civilized everything, an explosion that thus revealed itself to those who six years later invented the uranium bomb and now are spreading their death strategies through space." And yet, two pages later we read: "Despite the reservations which we must have about the technological organization of relationships between man and culture and between man and society, there is no doubt that technology created the structural conditions of planetary man."

Within these obvious limitations, there are, however, ideas of great intelligence, which are perfectly capable of inclusion in a federalist perspective. This is the case of the chapter dedicated to Judaism, perhaps the most original among those dedicated to a summary appraisal of individual religious realities, where with reference to anti-semitism he speaks of "rejection processes by the social body in a search for compactness in the name of the idea of nation," in terms which recall the federalist analysis of political totalitarianism as a radical refusal of diversity, seen as a cause of weakness for the state. No less interesting, in the same chapter, is the reference to the European roots of Zionism: "It must not be forgotten that the founders of Israel left Europe in order to become Europeans." But most stimulating of all, from our point of view, is the consideration "that the historical destiny of the Jews is to aspire towards universality through their own uniqueness, so that they will remain a scandal and a symbol until the different human families, faithful to their respective differences, join together in a universal community." "Until now," continues Balducci, "if we have chosen the line of ethnic faithfulness, we have tampered with the criteria of total equality between people, and when we have chosen the line of this equality we have shown hostility, theoretical and practical, to every form of diversity, individual and collective. The Jewish question prevents us from squaring the circle, i.e. finding a solution to a problem which has not yet been resolved because the right conditions do not yet exist."

Plainly, Balducci's penetrating analysis here moves very close to its inevitable federalist conclusion.

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What is lacking in historical analysis is however made up for by what I would call a prophetic element, but which could also perhaps be defined in more lay terms as a prepolitical or politico-cultural approach.

From the statement that "every judgment which does not take the indissoluble unity of the destiny of man into account is immoral," and from the recognition of the relativism of every spiritual form, which deprives the change from one cultural form to another of all meaning, according to the traditional idea of conversion, Balducci finds arguments which lead him to propose "the option of a new identity in which all the identities of the human race could be included." Here, and not by chance, he uses the image of the fragment of a shattered vase which, according to the custom of the primitive Christian communities, was given to the brother about to go on a long journey, as a sign by which he would be recognized on his return. The new identity would not, therefore, be an alternative to that which everyone builds up for himself, but would emerge from a knowledge of the limits of this first identity, and from a definite refusal of all totalizing presumptions.

With this happy image, even more than through any conceptual formulation, "planetary man" seems to achieve that unity in diversity which is the aim and final aspiration of our federalism. This attempt at reconciling seemingly contradictory needs appears to be precisely the change which the world needs as man becomes "increasingly free from need, but for this very reason increasingly more fragile and endangered in the vastness of the universe."

Carlo Ernesto Meriano

UNBALANCED GROWTH AND THE INTERNAL MARKET: THE CASE OF EUROPEAN REGIONAL POLITICS

The economic and social situation of the different parts of Europe at the beginning of the eighties is very different, as we can see from the second periodical report of the Commission on the subject.¹

Considering the statistics on the regional problems, which take into account the levels of GDP per inhabitant and per employed person on the one hand, and unemployment rate on the other, it seems clear that the most backward regions at the very most reach only seventy per cent of the Community average. These are the peripheral regions, most of all on the North-West/South-East axis, which include most of Greece, Southern Italy, Corsica, Ireland, Northern Ireland and other regions situated in the North and West of Britain, in central Italy and Belgium, with a population of about fifty-two million inhabitants, nineteen per cent of the Community's population. Greece apart, the greatest difference is between Hamburg and Calabria: the GDP indicators per inhabitant and per employed person in these two regions are 3 to 1, and the levels of unemployment are respectively about half and almost twice the Community average.

In the most general terms, then, the comparison between the ten most advanced regions and the ten most backward regions shows us the disparity between their levels of income (GDP per inhabitant) which are both 50 per cent above and below the EEC average, and between their unemployment levels which go from 5 to 20 per cent (1983 figures).

However the most worrying piece of data is quite different. We can see from the examination of the dynamics of income and employment since the first petrol crisis shock that the different levels of development within the Community are not evening out; in many cases they are becoming more pronounced. Thus, to come back to the example of the two regions at the extremes of the spectrum, between 1973 and 1979 the increase in GDP per inhabitant in the Hamburg region went up about twice as much as it did in Calabria (while the increase in the unemployment rate was roughly the same in both regions), so much so that in the period from 1975 to 1979 the relationship between GDP per head in the two regions went up from 5.1 to 6.4, if we measure it on the basis of constant prices and exchange rates, and from 3.3 to 3.9, if measured on

the basis of standard purchasing power units.

In this way the indications contained in many studies about the effects of the structural crisis which hit all the European countries about the middle of the seventies, because of the increase in the price of petrol or because of the huge process of reorganization of traditional industries which is still going on, are confirmed.²

As regards the position of the regions, the restructuring and the crisis have meant a worsening in the differences in levels of growth and job-creation, and therefore in the standard of living experienced in the different areas involved in the process of European economic integration.

All of this underlines the incapacity of the Community to manage its so-called phase of positive integration properly, after the completion of the removal of customs barriers at the end of the seventies, thanks to the elimination of duties on the transfer of goods within the Community. In this, as in other matters, the governments and the Commission have shown themselves unable to produce policies which meet the challenge of the times, and the different national reactions to the emergencies caused by the economic crisis and by the worldwide restructuring of industry have made the already striking regional differences within the Community even worse.

In fact, while in the fifties and sixties the regional disparities attenuated thanks mostly to the great increases in productivity recorded in the peripheral regions and by the harmonization of national economies, in the seventies this process has reversed, mostly because of differing exchange rate trends, productivity and sectorial prices. This happened even though the differences between the different regions within the countries concerned decreased.³

In other words, it would appear that the fundamental causes of the worsening of the inequalities between the European regions are the lack of unification achieved by exchange rate and policies concerning factors, and through the absence of policies designed to reduce the differences between the member states, which are at least as powerful as those employed by the individual countries within themselves.

This conclusion can at least be a useful point of departure when assessing the size of the task which faces the Community in the coming years, after the second enlargement which increased its population by a fifth, but its GDP by less than a tenth. The seriousness and intrinsic quality of the problem of making the economies more equal after the entry of relatively backward countries like Spain and, above all, Portugal can be seen if we remember the new context of an enlarged Community, in

which twice as many people live in areas where the GDP per inhabitant is less than 30 per cent of the Community average, and the relationship between the GDP per head measured in Hamburg, the most advanced, and that of the least developed region, that of Vila Real in Bragança, Portugal, increases to 12 to 1.

In terms of this situation, we need to ask what will be the effect on the development of the inter-regional differences of the progressive creation of an internal market, which the ambitious and rather illusory Single European Act envisaged as taking place by 1992.

As is well-known, the provisions of the Single European Act, though predicting economic integration by the above date, make no change to the decision-making mechanisms which brought the Community to this state of paralysis and which prevent the emergence of autonomous European government will and capacity because they leave the individual members' power of veto on the workings of Community politics intact.

There is no need to be a prophet to see that the objective of the creation of an internal market by 1992 will not be achieved, just as in the past the commitment made by the governments to reach economic and financial unity by 1980 and achieve the second phase of the EMS two years after its introduction were not respected.

As the many studies of the subject show us, and as the history of the Community's functioning should teach us, for complete economic integration to be achieved, as well as the free transfer of goods and means of production, we also need monetary unity and unity as regards policies concerning factors and goods, which is impossible without a deep transformation within the EEC and the existence of a real government of the European economy, independent of the conditioning of the national governments.

To admit the impracticability of the final objective does not necessarily mean that the individual procedures which are meant to contribute to its achievement must immediately fail, and we will see what happens when measures crucial for this integration are adopted.

Let us suppose that common provisions are adopted in the field of monetary policy, for example the renunciation by the member states of the power to control their money supply and decide the exchange rate. The new obligations which the member countries would have towards the Community would create difficulties in the balance of payments both within the Community and vis-à-vis the rest of the world, while it would increase the difficulties involved in choosing the best balance between inflation and unemployment, if there is a relationship between these two

(the Phillips curve).

If we instead consider the provisions for liberalization in the sector of the movements of capital, we have to take into account not only the difficulties involved in the balance of payments, but also the possibility of there being transfers of capital to the most developed areas.

This is just a rough analysis, but it is sufficient to show us what the completion of the internal market along the lines laid down by the Single European Act and without counter-measures would be like. It would cause a still further worsening in the disparities between the central regions and the peripheral regions of the EEC, which would make the latter resist shifting their powers to the European level.⁴

That this interpretation is not without foundation is shown, for instance, by the reactions of the monetary authorities of the countries with weak currencies to the prospect of taking away protectionist apparatus, which blocks the movements of capital with the rest of the Community. In particular, in Italy the Central Bank and experts who profess themselves to be pro-European had reservations about proposals aimed at moving towards the principle of the free transfer of capital within the EEC.

The fact is that, just as it was not in favour of Italy joining the European Monetary System, the Bank of Italy now fears the loss of its power to control monetary policy, and this has adverse consequences for the management of the economy of the country. Renouncing the rules that govern the movements of capital could perhaps make the participation of Italy and other countries with weak currencies in the EMS more difficult, given that — as Giavazzi and Giovannini have shown — the controls on the flow of funds between countries were specifically used to support the bonds towards the monetary system itself.⁵ If that were true, the paradoxical situation would arise of progress towards a European currency being hampered in the name of maintaining the level of monetary integration which has been reached.

Like every paradox, the apparent contradiction simply shows a problem in the wrong context: in this case the efforts to create a European currency without the correct context of the unification of markets and policies.

Within a complete economic and monetary union, the difficulties which characterize the process of integration by stages disappear completely, or are much attenuated.

In our case, the difficulties of the countries whose weakness could be increased by the formation of an internal market, both as regards the

management of their economies and the probable worsening of the differences in their internal development compared with more advanced countries, could be got over by means of an automatic redistribution of resources, connected to the existence of an adequate budget and Community fiscal system, as was suggested in the Mac Dougall Report.⁶

Naturally, the precondition to Europe developing a common fiscal system, able to run an efficient system aimed at a balancing between the different regions, is the transformation of the present Community into a European Union.

Beyond the palliative possibilities such as the increasing available resources⁷ and widening the range of policies decided according to European and not national criteria, this is the real problem that has to be solved if we are to have a European regional policy capable of confronting the task of overcoming the problems inherent in the creation of an internal market, in a context in which a third of the European citizens lives in regions characterized by high unemployment and low income levels.

Franco Praussello

NOTES

¹EEC Commission, *The Regions of Europe; the second periodical report on the socio-economic situation and evolution of the regions of the Community*, COM (84) 40 def., Brussels, 1984.

²On the regional effects of the restructuring of industry in Europe see D. Wadley, *Restructuration régionale*, OCDE, Paris, 1986.

³R. Camagni, R. Cappellin, "European Regional Growth and Policy Issues for the 1980s" in *Built Environment*, n.7, 1981. See also the work of Wadley and the seventh chapter of the Commission's document, *The Regions of Europe*, quoted above.

⁴Those who drafted the Single European Act realize that the gradual establishment of the internal market would entail a special effort on the part of "some economies which have a different level of development" and they admit that the Commission gives them special dispensations. Their attitude is, however, completely in line with the original provisions of the Treaty, which do not propose an active policy to reduce imbalances, but stop at tolerating certain transitory exemptions to the principle of free exchange, which is one of the main inspiring philosophies of the Community. The last paragraph of Article 15 of the Single European Act lays down that if the particular statements proposed by the Commission "assume the form of exemptions, these must be temporary and entail the least possible blockage of the free market." See EEC Commission, "The Single European Act", E.E.C. Bulletin, Supplement no.2, 1986.

⁵F. Giavazzi, A. Giovannini, "The EMS and the Dollar" in *Economic Policy*, no.2, April 1986, maintain that the controls on the movements of capital within the EMS would have the function of allowing the EMS to work without great difficulty, and would thus at least guarantee its survival, even if it would hold back the process of monetary integration.

⁶EEC Commission, *Rapport du groupe de réflexion sur le rôle des finances publiques dans l'intégration européenne (Rapport Mac Dougall)*, Brussels, 1977.

⁷It is as well to note that in 1987 the sum allocated in the Regional Development Fund totalled 3.3 billion ECU, or 9 per cent of the Community's budget.

Interventions *

THE INTERNATIONAL SYSTEM AND CENTRALIZING DYNAMICS IN TODAY'S FEDERAL STATE

1. Basic features of the problem.

As is well known, industrial revolutions have brought about many changes in modern society. The impact of these changes, which are occurring at an increasingly faster pace, and which have no historical precedent, is both positive and negative. Although there is social and material progress, there are also new types of alienation and disorder, which affect different social groups and different regions within the states to a varying degree. The opposition between centre and periphery can be seen on an international scale, if we look at the unequal relationship between countries and groups of countries, which many have tried to compare to the class struggle. The aims of this struggle are mainly economic, but the political system allows clearer identification of the agents and gives them a minimum framework.

Alienation, exploitation, domination and co-operation or the lack of it between countries all contribute to the reinforcement of the power of states, whether in the case of a great power reinforcing its state apparatus to safeguard or to extend its economic dominion, or — at the other extreme — a small country trying at whatever cost to get a minimum of tools to ensure its own position.

We may note that where different levels of government exist, both in the Third World countries, or in the so-called capitalist or Communist countries (i.e. countries with ideologies which are often diametrically opposed), it is always the central government which manages to gain

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

some advantage from the growth of public powers. In brief, there are few options concerning the future evolution of the federal states in this context. Either we accept the tendency towards centralization, thus risking falling into new forms of totalitarianism and concentration of power in the hands of a few men, or we stop this tendency, and the whole system ends up being paralysed by confusion and anarchy.

In fact extreme situations like those described are scarcely imaginable in the industrialized countries of the West. Even where the centralization of political power is very strong, the complex nature of problems and the consequent specialization of functions fragment decision making powers to a certain extent. But to what extent? This is one of the things we need to investigate. If we wish to speak of the dynamics of centralization within a state, we must study its relations, not only with neighbouring states, but also with the whole international political and economic system.

We have stressed the limitations of decision-making power within a state, but the margin of manoeuvre, even that of the great powers, is reduced still further by the international political and economic system. To take a concrete example, multinational companies act within a space transcending the territorial boundaries between individual states and, obviously, those between the regions of the individual states. The penetrating power of these private enterprises is worth analysing, because it poses a problem which requires systematic decisions to be made. In fact, the central government of a given state, in its relationships with these powerful enterprises, must sometimes resist, sometimes yield, and sometimes collaborate, and often all at the same time, to different degrees depending on circumstances and power relationships. Now, the least we can say is that, in this clash or co-operation (whether free or forced), the government in question will need all its resources and will thus be little inclined to divide its powers with low or medium levels of government, above all when there is the risk that these may overturn or at least block the political procedures it intends to use with multinational companies. And, to complicate matters, multinational companies can at times try to divide the different government departments and the different levels of government (as in the case of the game of undercutting each other that regions and provinces play in an attempt to get foreign investments).

Put in this context, the territorial and political frontiers between states and between their constituent parts, seem rather aleatory. In the case of weak states, foreign economic penetration is such that these frontiers have no significance. On the other hand, in some cases and to varying extents, this penetration fluctuates. And it is in this case that the existence

of some state structure or other becomes important to develop a country or a region. Between total power and no power at all there is a vast intermediate area.

In a similar context, state power, if its area for manoeuvre is used well, remains, in the absence of anything better, a vital element. But what will be the role of the semi-states, as a certain number of provinces etc. can be considered, in relationship to the central government and foreign economic agents?

2. Political centralization, the counterpart of capitalism?

In an article which has become famous, "The Obsolescence of Federalism",¹ Laski seems to be affected by the results of the New Deal in the United States, at a time when centralization is proceeding at an unprecedented pace in peacetime. Laski, a theorist of the Labour movement, is at the same time quite worried by the development of multinational enterprises, funded mainly by American capital. For him, what was happening at the time (during the great crash) in a country like the United States was a forerunner of what would happen to federalism in the other industrialized countries of the world. Confronted by the tendency towards political centralization (the central government of the United States) and economic concentration (private enterprises), he drew certain conclusions along the lines that many federal states could follow to justify the growth of their powers and their functions.² In fact, these states would have an increasingly unequal struggle with national private enterprises and with those controlled from abroad. Limiting himself to the American case, Laski maintains that administrative decentralization is a good thing, but he insists on the great need to concentrate political power to the benefit of the central government. The weakening of the latter by the division of powers (the horizontal division) and by means of federalism (the vertical division) no longer corresponds to the needs of industrialized society.

According to Laski and many like him, who are anxious to "save democracy," if we want to oppose monopoly capitalism and the concentration of economic power in the hands of a few, homogenous, efficient groups, it is necessary to strive for parallel centralization of political power, in the hands of democratically elected representatives. The national government would no longer have to worry about the limits other political bodies might place on it, which might paralyse it. On the contrary, it will play a role which intermediate governments cannot play

with any success.

According to those who promote this thesis,³ political centralization would allow for minimum national standards of health, education, social security, working, environmental, and union conditions, progressive income tax, transport, energy, public works, etc. If these tasks are left to government at a lower level, there is the risk they will not co-operate, that they will compete and play against each other to attract foreign investment, or other short-term advantages. They would thus become easy prey for large international enterprises, who already control most of them. Further, these governments do not have the right people or material resources to face the tasks listed above, or to engage in any real economic planning. Thus it is clear that the governments of the member states are an obstacle towards social progress, rationalization, and effectiveness, all things which characterize a modern, democratic society. It must be added that, when Laski and his followers published these ideas, the situation, especially in parts of the southern United States, was not in the least favourable to decentralization.

From a more general point of view, the central government would ideally be a valid alternative, at least in certain ways, to capitalism in the phase we could define "contracting capitalism," as opposed to the "savage capitalism" of the last century. According to this interpretation of the facts, present day capitalism needs a framework which would allow the free circulation of goods and people, and, as Laski stated in another paper, intermediate governments are an obstacle to this. Capitalism needs a uniform legislative framework, and a credible, rapid and effective partner who speaks in the name of all the citizens of the country. This type of new, evolved capitalism "can no longer allow itself the luxury of federalism." It is, however, necessary to oppose a form of politics which allows capitalism to dominate public powers. The new model proposed is useful to citizens, economic enterprises and democracy alike, but its nature is such to automatically bring about the decline of the member states as entities with autonomy.

Rather strangely, however, Laski disapproves the concept of sovereignty for the federal state,⁴ as for the unitary state, because such a concept does not allow the conduct and the objectives of the state in its internal/external relations to be described, and instead he puts forward the idea of association as the essential basis of the modern state, because, he argues, the authority of the state does not in the end have any guarantee beyond the "will" of its members.

Let us end by observing that this scheme is not devoid of logic if we

accept its premises. On condition, however, that the central government is sufficiently independent from the economic agents in question. And this is simply not the case, particularly in the United States, where, as everyone knows, the central government is greatly influenced by representatives of the most important economic groups. This interference is justified, on the other hand, because there must be osmosis between the public and the private sectors, if we want to achieve our objectives of rationality, effectiveness and economic profitability.⁵ This is part of the logic of a system which seeks to put pressure on strategic positions. If political power is centralized in the hands of a national government, all efforts will be directed towards the latter. And instead of becoming a judge or an independent partner, it risks becoming manipulated to a greater or lesser extent. But this is another problem which must not be treated simplistically, because, in one federal capital, there is a plethora of agencies and commissions, which are dependent both on Congress and the Executive which certainly complicate the interplay of interests.

At this point in our discussion, let us state the fact that, whatever the result of the ties between public power and private enterprise, the central institutions have become the main meeting point between these agents. This situation has incalculable consequences for the international system and power relations within the states, if we consider the joint power of public and private agents in America. Furthermore, the American federal state is now considered, if not a model to be imitated, at least a prototype for federalism in the post-industrial society (for better or for worse).

3. Central governments and the international system.

In an essay entitled *National Autonomy and Economic Development*, the American sociologist Peter Evans⁶ indirectly faces the problem which interests us here, studying the impact of investment on mining and manufacturing industries, as well as the strategies of multinational enterprises as regards imports. This study refers to a certain number of relatively weak countries characterized by close relations with American multinationals. The first conclusion reached will surprise few. The essay states that the less a country is developed, the more its industry is dependent on foreign enterprises, if people, goods and money are allowed to circulate freely.

In this case, small and medium-sized enterprises are rarely able to compete with the large ones. Their immediate, short-term interest causes them to seek forms of co-operation with large enterprises. But this co-

operation comes at the price of a subordinate relationship, mostly dependent on decisions taken in a different country. Because the management and the main shareholders are foreign, their sensitivity to the problems of the country in which they have economic interest is fairly tenuous. However, as the writer stresses, if a relationship of this type involved public enterprise, the countries in question would be called colonies.⁷ Since the economic agents are private, the loss of national sovereignty is not always so visible. But the capacity of the nation-state, as a collective, to take decisions on its own political and economic future tends to diminish.

When, for example, we study countries like Canada or Switzerland, we can see that the amount of dependence on these foreign economic agents is certainly variable and not at first sight comparable to less developed countries. But this does not remove the problem, which could be stated in the following terms. The evaluation of the role of national autonomy in seeking its own economic progress depends, here as well, on the value we give to the impact of foreign investments, for example in mining industries, in transformation industries or in any other part of the tertiary sector. If we maintain that these investments are beneficial for the country (and obviously this depends on the criteria we use), we will tend to consider every obstacle to the circulation of foreign capital irrational. The chauvinistic nationalists who want to erect barriers to foreign investment, and thus risk slowing down the economic development of the country, are thus condemned in the name of economic liberalism and free exchange. If, on the other hand, we maintain that the multinationals are mainly enterprises which only care about their own profit, we will adopt a different attitude, especially if we prove that this subordination has more or less long-term adverse effects.

At an international level the worsening of the disparity between countries must be stressed, as well as regional disparity within the countries. We will study both of these tendencies, and will refer to precise data, for example to find out to what extent foreign investment contributes to the technological development of a country. We will try to calculate this in terms of the number and quality of posts created, its effects on other sectors of production, etc.

To sum up, the nature and the level of dependence and effects may vary considerably from country to country, depending on the economic and political infrastructure of the latter. In short, there are a vast number of intermediate approaches between the two extreme ones, which makes things difficult for those who want to use the existing margins for

manoeuvre. But what are the tools which will allow the "national community" to exploit it? Here we must face a situation which seems paradoxical at first sight: in some countries in which there is a large amount of foreign capital, the weak class of local entrepreneurs, who are looking for more protection, pushes those in power to develop more socialist forms of economic organization, even if the latter would have preferred private enterprise. In poorer countries there does not seem to be any alternative to the state. The state is the only tool which the people should, in theory, be able to control and use to ensure their own development and their own protection, even though the state very often becomes controlled by an élite, which becomes increasingly more removed from the mass of the citizens. And more seriously, and particularly in less developed countries, this élite is too bound up by the economic interests which dominate its infrastructure.

To conclude, whatever new model is used to solve this crucial problem, the people who most care about safeguarding a minimum of autonomy in these countries are induced to think that a national, democratic state is the main, if not the only, ace they have. Not because the state is a direct producer of goods, but because it should permit a better use of material and human resources. In poor countries or ones in crisis (such as the industrialized states during the thirties), economic mobilization is even spoken of, and almost "full powers" are conferred on the central government.

This situation — some will argue — applies mostly to undeveloped countries or those in the throes of a great crisis. In reality, in industrialized countries (and in those which still claim to be inspired by classical liberalism) the needs are increasingly complex and the intervention of the state shows no signs of diminishing. On the contrary, the number of the state's tasks is growing, mostly because of the international division of labour. Even when it is considered desirable that the central government should intervene as little as possible, it is induced to do a lot of co-ordinating and arbitrating in cases of internal conflict, which are often caused by the intersecting of national and regional interests within the international economic system.

In the world of business, at least among people with democratic leanings, the argument is often used that the extension of international economic relations contributes, in time, to the democratization of the decision-making process within the countries involved in the exchanges. The force of progress in a world which is increasingly becoming more interdependent would contribute to a "multinationalization" of activities

which had been regional or national for a long time.⁸ We will limit ourselves to stating that this undeniable transformation, which in many countries has been both sudden and far-reaching, has radically changed the nature of their decision-making process. In fact, while in the last century, at least until the Second Industrial Revolution, most routine decisions were taken locally, today almost every aspect of the citizens' activity depends on decisions taken outside the state, over which it has little influence. Within this framework, it is not surprising that the central government, for example that of the federal state, seeks to guarantee at least some articulation between the external and the internal, regional or local forces. The former, if they are not controlled, may submerge the national community, and the latter are increasingly anaemic and internally divided.

In the US, readjustment of the focus of the main political activities and the consequent shift in power has all been in favour of the central government. Little more than a century ago the following functions were under the control of states and local governments: education, health, private ownership, production and distribution of goods, credit, transport, public services, civil rights, the administration of justice, etc. At the beginning of this century, the central government controlled only a third of general public spending, while the rest was controlled by other levels of government. Since then the pattern has reversed. This will be discussed in a later part of this study. We have mentioned these indicators here because they show at least how even one of the most liberal and most decentralized states did not escape the process of centralization and nationalization⁹ which is denounced today by those who support the "multinationalization of the economy." In fact no other country today has such a concentration of material and human resources within what is called the "executive," as in the times of Montesquieu and Jefferson.

Up to now we have considered the centralization of power within the states in a vertical perspective, which shows us how the government of a unitary state or a federal state has to come to grips with external forces. Now we must investigate at what point theories like those of the separation of the three powers (or horizontal dimension) are under pressure in all the states. Everywhere we can see that the two powers "legislative and judicial" have been weakened to the advantage of the executive or the government,¹⁰ in the restricted sense of the term. There is also a vast literature on this theme. In the United States it is being said that the power of the President is being extended, if not quite becoming imperialistic. In France the transformation of the political institutions of

1958 has only officially consanated a change¹¹ visible in all industrialized countries.

We must confirm that the evolution of the international system has contributed to reinforcing the powers of the executive to the loss of the two other "classic" powers, increasing the level of centralization, not only compared to other levels of government, but also compared to the judiciary and the legislature. Studies on the Presidency of the United States show us, in fact, how this institution has been able to increase its power, basing itself on its control of foreign policy and defence. The more the United States, despite a certain tendency to isolation, becomes involved in the international system, the more the Presidency reinforces its position of influence and prestige. It is thus not surprising that the Presidency, and above all the bureaucratic apparatus which surrounds it, are under the cross-fire of the "inferior" levels of government and the other two "branches of government" mostly when the system is badly abused.

Limiting their examination to specific aspects of the external factors mentioned above, such as that of growing interdependence, many authors foresee the end of the national state, the multiplication and the subdivision of responsibilities, fragmenting loyalties, etc. James Rosenau speaks of horizontal and vertical, internal and external communities overlapping each other so that the loyalty of the individuals increasingly transcends the limits of the states in which they live.¹²

4. *The closing of space, nationalism and political centralism.*

We may thus stress the phenomenon of interdependence and changes which the classic nation-state has undergone, because of two changes which we will deal with in a later study, the emergence of certain regions and the decline of the efficiency of central governments in the management of the powers they have been reserving for themselves. From this point of view the nation-state as an agent is subjected to pressure which comes from the intraterritorial basis, and becomes increasingly closely involved with other states.

However, it can never be stressed too much how varied different states' defences are. And if it is true that in the present international situation the decision-making power of many governments is becoming weaker when compared with external factors, this is certainly not happening in all countries. In precisely the case of those governments which feel most threatened (and feeling obviously involves a *prise de*

conscience) the most outspoken form of nationalism emerges, usually accompanied by a strong wish to consolidate their own powers, especially in its relationships with foreign political and economic agents. Gilpin says that economic nationalism is thus a response to the economic forces of the market, which create an international division of labour between the large industrial and technological centres and the periphery, made up of industries with a small technological content or which only produce raw materials.¹³

This type of economic nationalism is partly the consequence and reflection of a precise political will. Its origins lie in certain states in the "periphery" which want to benefit from industrial development as well, converting at least some of their raw materials on the spot. Their objective is to diminish the country's dependence on transnational forces, which can only be achieved by creating one or more autonomous industrial centres. Let us stress again that it is easy to classify this behaviour as backward in the name of the laws of the market and of internationalism, while in many cases it is a defence reaction on the part of a community which feels its existence as a distinct entity threatened.

To convince ourselves that this attitude has real foundations, it is worthwhile analysing the conditions in which the integration of large economic bodies happens. Who integrates? How are the fruits of integration divided up? The disparity between countries is diminishing, etc.? François Perroux, in a study which remains a classic on the subject, has shown how inharmonious growth can be when economic agents are too unequal, above all when no real mechanisms of correction or redistribution exist. These inharmonious effects become evident in the various regions (some may become emarginated, others become centres of development), at the level of activities (unused or overused industrial capacity), at the level of social groups (privileged or unprivileged labour depending on industry), etc. Neither price nor market control the best allocation of resources from a national point of view. And no nation accepts the *diktat* of the price and the market, not even the United States, if we consider, for example, its relationships with the EEC.

Hence, the modern nation-state has become a kind of compromise between market influence and internal political needs. Central governments thus try to facilitate the creation of economic structures and to pursue policies that will probably guarantee national production which is advantageous for the country, taking into account external bonds and the internal pressures exerted by social groups and, more and more frequently, by regions. The more economic integration is accepted because

its results are judged equitable by the parties concerned, the less it needs the intervention of a public power, whether in the international framework or within a state. All in all, however, the reply to the question "who will integrate?" is "the state" or a similar organization.

Using the concept of economic integration in Perroux's sense,¹⁴ in respect of the large economic bodies, we come to the conclusion that it is above all necessary to guarantee the integration and internal solidity of different countries, in conditions which are increasingly difficult, because of the imbalances which exist between them in the present system. National integration will then be "the result of contradictory actions: the disintegrating actions of sub-systems (industries, regions, social groups) implied in every growth, and the integrating actions decided by the public powers to maintain national cohesion. National integration comes from a collective project." The author adds later: "We must not forget that free exchange between countries with very different levels of industrial development favours the strongest, and, if it is not accompanied by compensatory policies, it discriminates against the weakest or disintegrates and weakens the most favoured among them."¹⁵

If the states that are thus threatened are grouped in a body like the Common Market, we can hope that "the community spirit" will one day be sufficiently developed to establish mechanisms which would permit the "compensatory" policies, of which Perroux speaks, to be drawn up, policies which require that we go at least partly against free exchange. Such measures are, however, not possible without strengthening central institutions. On the other hand, a state abandoned to itself, faced by the same threat tends to rely on the strengthening of the state apparatus. This translates into "nationalist" and nationalizing measures, and accentuates still more the centralizing of power vis-à-vis the regions which constitute the country.

5. Internal Reactions.

We have shown above how unequal relationships between states can be, given the huge differences that separate them in terms of political and economic power. If we look now at a lower level of power, inside the countries in question, we see that there are different amounts of unbalancing features which, every proportion guarded, produce the same effects. In several Western federal states (including Canada), which belong to the group of developed countries, economic disparities between the regions can be observed: we are speaking of relationships between the centre and

the periphery, of the central regions, of the moving of the axis of economic development in favour of one or two new centres. Some authors go as far as to talk of internal colonialism.¹⁶

It is, however, necessary to observe that internal reactions against the central government are not necessarily a characteristic of the poorer regions. The case of Biafra in the federal state of Nigeria, of the Ukraine in the USSR, of Slovenia and Croatia in Yugoslavia, seem to indicate the contrary. It is necessary to try to shed more light on the forces which sustain the movements which oppose the centralizing of power, whether in general or in particular in certain federal states. This movement can go as far as to demand the separation or at least the radical restructuring of the state in the framework of which they feel threatened.

It is certain that almost everywhere we can see reactions to political centralization. These reactions take on different aspects, like the regionalist movements in France, Belgium, Great Britain and Spain. In Africa they are often wrongly classified as tribal movements aiming to correct the arbitrary nature of colonial boundaries. Elsewhere it is the ethnic minorities that rebel. This opposition can fight against particular aspects of centralization, like, for example, growing bureaucracy, perhaps allying itself with a revolt of "citizens who pay taxes," as in the United States.

Everywhere we see reactions that, if they were synchronized and "orchestrated," could constitute a strong force against central governments. An International of this kind can obviously not be founded, given the variety of demands formulated, which certainly have as their common enemy a "central government" — but a central government which is not a world-wide one.

In this way the international system puts a considerable brake on these movements, as far as they contest it, by, for example, striving to create new states from states recognized for a long time. Except at the time of decolonization, the international system seems to be reluctant to go in this direction, even when certain large powers consider it in their interest to redraw the world map. Public international law consecrates this *status quo*, only recognizing one government as being legitimately capable of speaking in the name of every member state of the international community. Even in highly decentralized federal states the "intermediate governments" must take the "federal umbrella" into account in one way or another.

Returning to the international economic system, we have seen above how states make an effort to reinforce their apparatus and thus the powers of the central government, with the aim of protecting themselves better.

The same argument could be used by the intermediate governments facing a dual threat, the threat from outside and the threat incarnated in a central government which does not meet their needs, or does not answer them sufficiently. These governments, provincial or otherwise, could be induced to move towards a greater centralization, thus openly going against the national government. For as long as this duel does not affect the international order, as the great powers mentioned above understand it, it will be considered an internal question and, in the last instance, again within the powers of the national government. Following this reasoning to its logical conclusion, the latter is always the victor from the legal point of view.

In fact, things are much more complex, even if this interpretation has a certain validity. Law evolves, it leaves open loopholes, the states themselves change, there is no immutable international order. In the course of history, the map of the world has been continually changing on the basis of power relationships, but the need to maintain the present order comes above all from the need for the governments to protect themselves from the external and internal troubles that affect them more directly.

If we add these considerations which concern the international system to the other elements analysed above, we will see that the regions, the provinces and other political entities, find themselves in a difficult situation when they really try to struggle to defend their political autonomy. The latter can, however, be legitimate and possible, even if it would lead to the creation of a new sovereign state. This depends on certain variables of both internal and external order, which we cannot examine here. These variables depend on the power of the community in question, on its social and political cohesion, on the intensity of its motivation, on its capacity to find support in the other parts of the country and abroad, etc. What we must stress here is the essential importance of a peaceful arrangement which would not excessively affect the other regions of the country in transformation and, hence, the international system itself.

As far as the central government of the federal state goes, as long as there are no attempts on its powers, it can stress co-operation, administrative decentralization and other more or less effective solutions. If however it feels its essential powers are threatened, it will be forced to use coercion in a *crescendo* of preventive, repressive measures. And these, in their turn, may lead to a direct clash, or to the explosion of the country, and would involve the international system in a very different way and in conditions very often less favourable to all the parties, whether more or less interested.

It is obvious that modern federal states (the matter in question in this study) will try to avoid conflict which could degenerate in such a disastrous way. However, if the needs of a community are pressed to a marked degree, they would be forced, sooner or later, to make important changes in their structure. And, unless governments proceed as in the case of the Ukrainian and Biafran attempts, it is not possible to avoid discussing the problem of the division of powers. But how far can the federal state, as it has been conceived of up to now, go along this road?

Edmond Orban

NOTES

¹See Harold Laski in *New Republic*, May 1939.

²See in particular the New Democratic Party in Canada and the Social Democrats of the German Federal Republic.

³Harold Laski, *A Grammar of Politics*, London 1930. See also William Ebenstein, *Today's Isms, Communism, Fascism, Capitalism, Socialism*, New York, Prentice-Hall, 1973, chap. 3.

⁴See in particular, *The Foundation of Sovereignty and Other Essays*, New Haven, 1921, and Jacques Maritain, "The Concept of Sovereignty", in *American Political Science Review*, June 1950, pp. 343-357.

⁵There is a lot of literature on this subject in the US. See for example our *La Présidence moderne aux Etats-Unis, personnalité et institutionnalisation*, chap. 1, "Quelques variables et constantes dans le choix des conseillers présidentiels", Montréal, Presses de l'Université du Québec, 1974.

⁶Peter Evans, *National Autonomy and Economic Development. Critical Perspectives on Multinational Corporations in Poor Countries*.

⁷With regard to this, we could quote a huge literature devoted to neo-colonialism, to relationships between the centre and the periphery, imperialism, etc. (see in particular Harry Magdoff, Paul Baran, Gunder Frank, etc.) which also applies to relations with the Third World.

⁸H. Kaiser, "Transnational Relations and the Democratic Process", in *International Organization*, vol. XXV, no. 3, 1971, p. 370.

⁹By nationalization we do not mean collectivization of the means of production, a situation which in the US is just about non-existent.

¹⁰When we speak of the central government in the most general sense of the term, we include legislative, judicial and executive institutions.

¹¹The famous speech by Charles de Gaulle at Bayeux (1945) expresses in the most rigorous way the need to strengthen the executive. This preoccupation is reflected in the Constitution of the V Republic, 1958.

¹²James Rosenau, *The Scientific Study of Foreign Policy*, London, Frances Pinter, 1980.

¹³R. Gilpin, "Integration and Disintegration on the North American Continent", in

International Organization, vol. XXVIII, no. 4, 1974, p. 265.

¹⁴François Perroux, *L'Europe sans visages*, Paris, Presses Universitaires de France, 1958, in particular the VI chapter, "Intégration économique, qui intègre? Au bénéfice de qui s'opère l'intégration?"

¹⁵François Perroux, *op. cit.*, pp. 633 and 646.

¹⁶For a discussion of these theories and an empirical analysis see, above all, Michael Hechter, *International Colonialism*, Berkeley, University of California Press, 1977. One of the founders of RIN (Rassemblement pour l'indépendance nationale) described the Québec situation as a colony within Canada. See his work: André D'Allemagne, *Le colonialisme au Québec*, Montréal, Les Éditions RB, 1966. Pierre Vallières, speaking of the francophone citizens of Canada, in *Nègres blancs d'Amérique*, considers them from this point of view also, but his analytical framework is Marxist.

Federalism in the History of Thought

GIUSEPPE ANTONIO BORGESSE

Giuseppe Antonio Borgese (1882-1952) was an Italian-born professor of literature at the University of Chicago who became the leading theorist of maximal world government. In 1945, Borgese formed the Committee to Frame a World Constitution, which included Robert M. Hutchins, Mortimer Adler, Richard McKeon, Reinhold Niebuhr, Rexford Tugwell, and other distinguished American and emigré educators. He contributed the draft that was developed into the Chicago Committee's Preliminary Draft of a World Constitution (1948). He edited and directed the journal of the Committee, Common Cause (1947-1951)—in its time the most substantial scholarly journal of the world federalist movement. He became politically active in the World Movement for World Federal Government (predecessor of the World Association of World Federalists), supporting constitutional approaches particularly at the Stockholm congress of 1949, but he resisted the unofficial, more revolutionary approach of a people's convention, as led by British MP Henry Usborne. G. A. Borgese contributed the most sustained analysis and exposition of the modern idea of justice, to serve as the basis for a lawful world order acceptable to capitalist, communist, and colonial (now developing) blocs. "Peace and justice stand or fall together," was one of his great principles, which enshrined in the Preamble to the Preliminary Draft. Another, reflecting the Kantian imperative, was, "World government is necessary, therefore it is possible."

G. A. Borgese had deep faith in democracy, as befits a man who struggled all his life against fascism, and, at the height of Allied victory over fascism, Nazism, and Japanese militarism, he could believe that humanity was ready for world democracy. His reading of world literature

and his experience in the World Wars and at the University of Chicago, where atomic energy was first developed, convinced him that war could and must be abolished, and that world government, democratically organized and vested with full, effective powers to achieve peace and justice, was historically overdue and politically attainable. The Preliminary Draft of a World Constitution he called a "proposal to history ... a myth, in the sense that a myth, incorporating the faith and hope of its age, mediates between the ideal and the real, and calls the mind to action."

All of his scholarship, poesy, and political activism toward the end of his life was designed to show that maximal world government, the only government in his judgment that could effectively abolish war, was a practical foreign policy for all nations in the mid-twentieth century. The Cold War he saw as a conflict about the fundamental nature of justice, on which the inevitable and necessary world government would be based. Borgese was a great antagonist of Grenville Clark, the leading exponent of limited or "minimal" world government (powers limited to maintaining international security) — an antagonist also of Reinhold Niebuhr, who broke early from the Committee and then became a major apologist for the US policy of containment of communism. Limited world government Borgese called a "world police state, as impossible to attain as it would be heinous if it were attainable." Niebuhr, who published righteous attacks against world government in such journals as *Foreign Affairs* on the grounds that it presumed the existence of world community and neglected original sin, Borgese counterattacked personally as a "dialectic sin-monger ... an abettor of war, though not quite a warmonger." These passages give a sense of the man — passionate, combative, logomachic, eristical, and right.

Borgese outraged, wearied, delighted, and taught his readers and students. It was said of him as a teacher at Chicago: "He appears to his American students a sort of benevolent condottiere who unintentionally scares them at first with his exotic manner and passionate rhetoric, but soon earns their deep affection and gratitude." He moved people. Of all the advocates of world government in his time, probably only Einstein, by meeker methods, had greater personal influence.

G.A. Borgese was born in Polizzi Generosa, a village in central Sicily, in 1882. His father, Antonio, a provincial lawyer and humanist, introduced the boy to Latin poetry and classical literature. Giuseppe went to school in Palermo and then to the University of Florence, where he received a degree in 1903. His thesis, *Storia della critica romantica in Italia*, was influenced by Benedetto Croce, who published it with ap-

proval in *La Critica* (1904). It immediately created a sensation. It was said to be a "masterpiece of research analysis and interpretative exposition," and has often been reprinted. In the next few years, Borgese served a varied apprenticeship as literary critic and writer in Naples, Berlin, and Turin. He threw off a brief adherence to Gabriele D'Annunzio's reactionary nationalism in favour of democratic liberalism in 1909, then taught German literature at the University of Rome (1910-1917) and the University of Milan (1917-1925), and continued to teach aesthetics and history of criticism in Milan (1926-1931). During these almost thirty years, Borgese developed an aesthetic theory differing radically from Croce's. A work of art, according to Borgese's *Poetica delle unità* (1934), is not a primitive or unconscious inspiration, but is part of an organic whole, shared by all artists, called the "Bible of Humanity."

During World War I, in 1917, Borgese headed the Press and Propaganda Bureau of Italy, and next year he led the Italian section of the Inter-Allied Delegation in London. "I developed whatever action I could," he wrote later, "in favour of a unified and democratic Europe in line with Wilsonian intentions." Throughout these years, Borgese produced a stream of articles and books, notably his well-received first novel *Rubè* (1921) and the collection of short stories *Pellegrino appassionato* (1933), which he called the "most cherished of my imaginative works."

In 1931, Borgese was a visiting professor at the University of California when Mussolini announced that an oath of allegiance to the Italian Fascist state would be required of all Italian professors. Borgese did not go back. "I went into exile when it became inevitable and necessary," he explained. "Fascism wanted to swallow everything ... I would not be swallowed, nor would I allow my conscience to be swallowed." Later he published an open letter to Mussolini: "My dwelling place can only be where it is permitted a writer to be truly a writer, ... where exists as much liberty as is necessary for intellect to live and for justice to take its course." After several years of scholarly peregrinations during the Great Depression, Borgese was invited to the University of Chicago in 1936. He became a US citizen in 1938, made over the English language to give it a Roman tone, as his colleague the anthropologist Robert Redfield said, and next year married Elizabeth Veronica Mann, youngest daughter of Thomas Mann. Elizabeth Mann Borgese became a world government activist in her own right, and in later years she made substantial contributions to the *Law of the Sea*.

G.A. Borgese's intellectual development toward his advocacy of

world government can be seen in this literary background. He published, in English, *Goliath: The March of Fascism* (1937), a critical history which is still cited for the era. After the Munich crisis, Morgese brought together Thomas Mann, Lewis Mumford, Herbert Agar, Reinhold Niebuhr, and others in what he called privately a "council of wisdom," to draft a political manifesto for world democracy as a war aim, *The City of Man* (1940). This council and its draft are in some ways a precursor to the later Committee to Frame a World Constitution. In 1943, Morgese extended the same theme in *Common Cause*, a title which was revived for the journal of the Committee. Two years later, after use of atomic bombs in war, he persuaded Chancellor Hutchins, who by then was convinced that there must never be another war, to support the Committee. "The intellectual courage that split the atom," wrote Morgese and McKeon, "should be called, on this very campus, to unite the world."

The Chicago Committee, then, in self-appointed world constitutional convention, held thirteen meetings until mid-1947. They went through five drafts of a model world constitution, produced 4,500 pages of documents — the World Federalist Papers, a stunning collection (now available on microfilm from the Regenstein Library of the University of Chicago) of profound thought on the fundamental problem of the age — and started the journal *Common Cause*. The World Federalist Papers and *Common Cause* are surely the place for serious students of world government to begin. Morgese and others on the Committee were dismayed at the rapid breakup of the Russo-American wartime alliance and the announcement of the containment policy, split over the Henry Wallace challenge to Truman's new policy, tried to guide the small but vigorous world federalist movement of the time, and found themselves without support after the Korean War began. There came a dark moment in the penultimate issue of *Common Cause* (June 1951), when Morgese announced the demise of the journal: "The chief fact of life, in the overwhelming opinion, is that the worlds are two. They can fight it out or they can come to a compromise or truce. They cannot join in peace." That month, there was an annual meeting of the World Movement for World Federal Government in Rome, sponsored by the Italian Foreign Minister, Count Carlo Sforza, and addressed by Pope Pius XII. But the American mainstream organization, United World Federalists, refused to go if the Communist Partisans of Peace were admitted, even as observers, and the movement to unite the world split over the issue of Communism, just as the nations did. Morgese and his wife did not even bother to go. They returned to Milan, and next year in Florence, weary and disappointed,

the poet and prophet of the world republic breathed his last. His forty books remain a testament to humanity.

* * *

ONE WORLD AND SEVEN PROBLEMS *

The idea of a world state, a scheme of poets and prophets through the centuries, gained an unprecedented momentum in Western public opinion after August 6, 1945 and Hiroshima. The main impulsion came from atomic fear ... Hence, generally speaking, the movement for a world state has been prevalently a movement for the establishment of an international or supranational organization apt to guarantee our own security.

... If the idea of a world atomic authority hanging in suspense, with no world political authority whereon to rest, is chimeric, hardly less so is the notion of implementing the United Nations with a legislative assembly "popularly" elected, in which the Russian veto would be superseded by a gerrymandered majority firmly in our hands.

Against such delusions or palliatives we may well believe that a full-fledged world federal government is necessary, and therefore is possible. Yet the longer we are content with so abstract and generic a statement of belief, the more likely it is that world government propaganda *per se* will experience at increasing ratio the law of diminishing returns, with its final results conceivably amounting to a lure of false hopes among ourselves and a tangle of pugnacious suspicions among others.

Hence, if the idea of world government is not to be discredited for a generation [we have] the duty of "thinking until it hurts," namely, of facing squarely the idea and testing its validity in specific and organic terms. Should any attempt of this kind prove a failure, there would be profit in learning and confessing candidly that world government, under the present and predictable circumstances, is a pious wish, or "myth" — and taking the consequences.

The political intent of a World Constitution, to be submitted to world opinion, would not be to frighten or "encircle" anybody. Its purpose and effect should be to procure an alignment of the majority of mankind, so convinced and convincing as to bring home to everybody that peace

* From *Common Cause*, 1, July 1947.

through justice and world authority is an acceptable and desirable proposition for each and all.

But no sooner do we move from the comfortable area of generic propaganda to specific programs than we see how steep is the path. The problem confronting any drafters of a World Constitution is manifold. Its seven basic aspects, diverse though correlated, may be listed as follows.

Racial.

If the stocks of mankind were to be represented in the world government according to their numbers, a coalition of [the Far East] would wield absolute majority. In a set-up of this kind the world government would be at variance with present reality. Is a fair and acceptable system of weighted representation conceivable? On what lines? Can a middle way be designed along which the English-speaking peoples (approximately one-tenth of the population of the earth) would neither appropriate an artificial majority ... nor become subject to groups with less experience in representative government?

National.

If nationalism is, as it is, the main obstacle on the road to a world state, and if the extant national states are, as they are, the hotbeds of nationalistic passions, could the representatives to a supranational government be elected or appointed by the present national states and sit together in assemblies and councils of titans and midgets, of Russias and Nicaraguas? This would seem contradictory. Is it contradictory? The alternative is election of the representatives by newly-formed units (regions). This might seem utopian. Is it utopian? If the regional alternative were adopted, [how] would the map of the world be designed ...?

Economic.

Western capitalism has taken aboard a certain amount of socialism; Russian communism has incorporated a certain quantum of capitalism. Yet the chasm between the two systems is too wide for bridges. Can a world constitution be devised within whose laws the two contrasting systems could peacefully persist or evolve without either interfering aggressively with the other? If this possibility is extant, it should be explained in concrete detail.

Ideological.

The language of democracy is universal; but the practice of democracy — which we usually identify with the parliamentary system — is restricted to comparatively small areas. Can a World Constitution be devised wherein the universal language of democracy would not be meant as mere lip service while the world government would not be burdened with the impossible assignment of introducing our parliamentary practices into, say, Saudi Arabia or Haiti? If this possibility exists, it should be made unambiguously — and acceptably — manifest.

Institutional.

Should the legislative branch of the world government be as predominant as it is supposed to be in the Western democracies? In any case should the world legislature be unicameral or bicameral or pluricameral? Should it be based on uninominal or proportional elections? Should syndical and corporative representation be admitted? Or what other device could be worked out to prevent a world state from being ruled, behind the loud screen of Tennyson's "Parliament of Man," by world group pressures? How would federal taxes be distributed? How levied? Would there be a Planning Board, and with what powers? A Federal District, or Area? Where? A federal currency? A federal standard of weights and measures? A federal official language? Which? Should greater or lesser power be vested in the judiciary than is vested in the United States Supreme Court? Should the executive be stronger or weaker than it is in the United States? If the executive power is vested in a Committee, how can we anticipate that it will have unity and prestige? If it is vested in one person, how can we make approximately sure that the world President will be a leader, not a despot or a dummy? This is a cursory and incomplete exemplification of the institutional issues.

Ethico-Political.

Supposing that the world at large is not unqualifiedly interested in providing us with an insurance policy against atomic warfare without cashing adequate premiums, what premiums are demanded and what premiums are available? In other terms, what Bill of Human Rights

should be included in a World Constitution? And how would it be enforced? Should that Bill of Rights be conceived as an enlargement or a curtailment of the Atlantic Charter and the "Four Freedoms?" Of the four freedoms the most pressing for us is freedom from fear, with peace and security as our immediate objectives, while the most essential for the world outside is freedom from want, and next to it freedom from shame, i.e., from inferiority of race or caste. Without these two freedoms peace and security have but little meaning for the overwhelming majority of mankind.

Our founding fathers could leave in abeyance for three or more generations the issue of racial inferiority. They thought — correctly, in the small and expansive frame of their society — that the economic issue could be confronted adequately by the free interplay of competitive initiatives; hence, a Bill of Rights that is almost exclusively political.

The frame of a global society and of our age is enormously different. A World Bill of Rights would be of necessity to a large extent a bill of racial franchises and of economic rights, with their counterpart in the duty to abstain from war. Democracy, no longer a defensive mechanism protecting the individual from encroachments by the state, would be a tutor and provider, planning and affecting well-being through the active intervention of the world state.

Can such a World Bill of Rights be drafted? Can it be enacted without not only the trimming of national sovereignties but also a severe curtailment of individual and national liberties? Would it not impair self-determination in matters, e.g., of immigration and tariffs?

This is the crucial dissent between "maximalists," aiming at a world state of justice as the foundation of world peace, and the "minimalists," aiming at a world of security open in due course to progressive justice.

Military.

Supposing a level can be reached at which our need for security and the others' demand for improvement (otherwise called "justice") can meet, what technical and legal means should and can be devised insuring monopoly and control of destructive weapons by the world state? This is the main distinctive feature between atomic scientists and world constitutionalists. The atomic scientists — and those statesmen ... who have become their exponents — urge international atomic control as the first preliminary step from the present anarchy of nations toward a suprana-

tional world state. World constitutionalists hold that atomic (as well as subatomic and superatomic) control is the fulfilment of the world state, and its crowning manifestation in power, not its preface and entering wedge.

Should a plausible blueprint of a world state become available, it bids fair to anticipate that all "neutrals" would favor its adoption. They ... are unarmed and nearly all destitute. They make up, nonetheless, the four-fifths of mankind. The main difficulties lie with the other fifth: more exactly, with Russia and America, the two sovereign giants ... A meager — and soon abjured — promise, like the Atlantic Charter, did not remain without effect on the course of events. It bids fair to suppose that a better promise — not to be abjured — would be a powerful instrument for the preservation and improvement of peace or anyhow for the establishment of a livable House of Man when the era of ruin is over.

STRUCTURE OF A CONSTITUTION *

A constitution, any constitution, is three things in one. It is a manifesto or a proclamation of principles. It is a political organism. It is a judicial mechanism.

Insofar as it is a manifesto or proclamation of principles — a spirit that builds to itself the body — the Preliminary Draft we are submitting today to public appraisal and co-operation is grounded in a basic belief whose fourfold assumption is: a) that war must and can be outlawed and peace can and must be universally enacted and enforced; b) that World Government is the only alternative to world destruction; c) that "World Government is necessary, therefore it is possible"; d) that the price of World Government and peace is justice.

Justice in turn is a timeless and universal idea whose historical appearances and demands are variously and progressively determined by the various configurations of the ages.

* From *Common Cause*, 1, March 1948.

In our own age and circumstances, the appearance and demands of justice have two commanding aspects. One is the social and economic: to the effect that any bill of civil and political rights (and duties) of the individual must be supplemented and made operative with an adequate bill of economic rights (and duties). The other aspect, equally imperative, is the racial: to the effect that all color bars must be removed and that the civilized human race, one race, must rise with one act of the will above and beyond any tribal discrimination between chosen peoples and helots, higher breeds and underdogs ...

Insofar as the Draft is an organism, a system of constitutional law, its organs and functions have been dictated by a set of convictions on the trends and necessities of historical evolution at the phase we are witnessing and experiencing ...

One, endorsed at practically all levels of political thinking and planning today, contends that the so-called nation-state is by definition and nature the enemy and antagonist of the World State ...

If, therefore, a world constitution is intended to be desirable and feasible alike, it must try a middle road pointing to a survival of the extant states, in a framework of local initiatives and authority, while depriving them of functions and powers which are basic to the World Government and which cannot be entrusted to entities driven by nature and tradition to wreck, if they have the opportunity, and world union, as they did wreck the League and have all but wrecked the UN. The authors of the Preliminary Draft thought that a middle road could be proposed in the electoral set-up of nine regional colleges ...

The second postulate which seems to be paramount in regard to a world constitution as an organism refers to democracy, the representative system, and the position of the executive within them ...

To stall such perils [as parliamentary deadlock and usurpation of power by "leaders"], the executive should be responsible but strong; or, better stated, it should be strong but responsible, and subject, in the exercise of a legitimately enlarged power, to checks and brakes whose violation should be made forbiddingly difficult by a steady equilibrium in the structure — electoral, legislative, judicial, military — of the World State ...

Obviously, the provisions related to juridical and procedural machinery [representative quotas, sizes of majorities, number and tenure of officials, vetoes, amendments, etc.] are, in a world constitution, in any constitution, the most open to argument and debate, the most receptive to alternatives and change.

From *FOUNDATIONS OF THE WORLD REPUBLIC* *

We do not have a world community, hence we cannot have a World Government.

If that were true, the problem of World Government would be settled now and forever. At the present time World Government is impossible because there is no world community; but, were ever a world community to rise full-fledged, a finished product, government in the ordinary sense would be supererogatory. The brotherhood of men, a brotherhood of the just and free, would need no judge or sheriff.

History, correctly questioned, does not answer that a government, a state, arises when the respective community is full-fledged. It answers that a government, a state, meets halfway the needs of a fledgling community, arises at the critical stage when a community in the making demands a pattern, a mould of law, for its further maturation to take shape (p. 25).

* * *

Indeed, the Age of Nations is over, but the nations live: a verbal contradiction which is resolved as soon as we recall analogous processes of evolution of other social organisms such as the family or the city. The Age of Matriarchs and Patriarchs perished, but the family persisted. The tumefaction of the city-state, that of power in the cramped space which the sovereign citizens encompassed in his sight and hearing, gave way; but that withering did not entail the extinction of the city in its reduced function of municipality (p. 71).

* * *

"The maximalists," wrote a critic, "are, I think, on wholly solid ground when they argue that most of the people of the world will not accept any world government unless they think it advances their ideas of justice; this is as true for Indians and Chinese as it is for Russians and Americans. Each group would like to prevent a certain brand of injustice — the Americans, war and totalitarianism; the Russians, anti-social

* Chicago, University of Chicago Press, 1953.

liberty; the Indians and the Chinese, race prejudice and inequalities of wealth. Everyone, even the Russians, is in favour of a single world, on his own terms, and everyone considers his own terms just."

But do the Americans think and say that antisocial liberty and race prejudice are just? Do the Russians teach inequality of wealth and war? Are the Indians in favour of totalitarianism, the Chinese of anti-social liberty? The self-evident truth is that each of these allegedly separate justices is overlapping with and integrated in the others, as no radical clash of doctrines has survived at governmental levels the Nazi-Fascist catastrophe of 1945 ...

The perturbation arising from the introduction of sentiment into the previously clearcut concept of justice as adjustment cannot be rationalized except through faith that mankind is engaged in a cosmic enterprise which makes every single person infinitely precious and demands the integration of each individual in the all-society, and the transubstantiation of the all-society, the world congregation, in each individual. Thus the destination which is in us, as it is inside the flock of migratory birds, summons us to close the ranks and to spare one another; more than that, as was said, to "love one another" (pp. 250, 252).

(Prefaced and edited by Joseph Preston Baratta)

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