

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



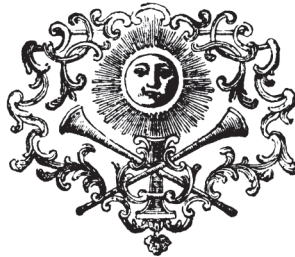
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THE FEDERALIST

a political review

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



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In the Wake of the European Elections, Now Begins the Battle to re-Establish the European Union on a Federal Basis

The new European Parliament and new European Commission face a great task and bear a huge responsibility. The new legislature has been handed a strong mandate by the citizens, who rose to the challenge represented by the various nationalist and populist parties by coming out in defence of the European project, while nevertheless demanding a clear change of pace from Europe. In short, this legislature cannot afford to proceed along the old “business as usual” lines, which is essentially what the previous one did, despite Juncker’s initial promise, on taking over the presidency of the European Commission, to promote a “constituent legislature”. Over the next five years, the European Union must exploit the opportunity it has to renew and re-establish itself, genuinely addressing the citizens’ concerns and acquiring a new global standing; otherwise, it faces inevitable decline and the loss of its guiding values and political compass. Europe, primarily because of the current global scenario, now has no time left to wait. Never has the warning “Europe must federate or perish” rung truer than it does today; never has it been more essential for Europe to federate in order to be able to defend its model and spread its influence in the world.

* * *

The latest European elections saw several important developments, three fundamental ones in particular.

The first is that Europe’s citizens proved ready to stand up to the forces that denigrate Europe and would like to see it destroyed. Irrespective of the final results of the elections, the increase in voter turnout — seen everywhere except Italy, significantly — is a clear indication that the citizens considered it important to make their voices heard, and regard the European elections as a true democratic opportunity.

The second is that, on this occasion at least, the “sovereignists” did not win. Their numbers were contained almost everywhere (again with

the exception of Italy, and in this case the UK, too); even in France, Marine Le Pen's *Rassemblement national*, despite managing (just about) to be the top party, ended up a couple of seats down on the total it recorded in 2014. Overall, the anti-European forces gained about twenty seats, but, weakened in part by their inevitable fragmentation, they do not have sufficient numbers to really influence the future balances within the Union.

The third element is that the crisis of the traditional parties, more or less marked in the different countries, has been accompanied by a rise of pro-European (even federalist) forces in the liberal and "environmentalist" mould. There can be no doubt that the moral victory in these elections was won not only by the Greens, but also by the various liberal forces, which saw a considerable increase in their political weight, especially where they were advocating a political relaunch of Europe. This is a positive sign for those who believe there is now an urgent need, in Europe, for deeper economic and political unity among those countries ready to embrace this. There can be no concealing the fact that the two traditional political alignments paid dearly for their failure to respond to this need.

The elections have therefore created a new situation and set the stage for a new political season that offers the European Parliament the possibility to act on the popular mandate and bring about profound changes in the structure of the European Union. In the new framework it has become possible to fuse, in a single front, the positions of the various pro-European forces, meaning the positions not only of those in government (particularly in France and Spain) who recognise the need for a stronger and more united political Europe, but also of the members of the pro-European parties present within the European Parliament. The Commission, too, must play its part, and the choice, albeit difficult, of Ursula von der Leyen as the new Commission president suggests that it will do so. Indeed, von der Leyen won her majority with plans for Europe and guidelines on EU governance that were developed on the basis of in-depth consultations with the pro-European political families, and she has made clear her own unequivocal support for a strengthening of EU policies, greater EU cohesion, and greater European democracy; all of this translates, first of all, into more strength for the institutions elected by the citizens of the EU, i.e. the Parliament and the Commission itself.

In this regard, one of the key elements in the European Commission president's agenda, supported by the pro-European parties but, strange-

ly enough, little remarked upon, is the proposed *Conference on the Future of Europe*, an idea that was first put forward by Macron and now looks certain to take place. The impact of this forum for public debate, meant to tackle the problems of the EU's current weaknesses, is bound to be explosive; after all, it can hardly lead to anything other than a reform of the Treaties, and as such it will open the way for a process of genuine revision of the existing European structures and mechanisms that currently suffocate the ambitions of the European Union and are the cause of its impotence.

However, it has yet to be decided how the Conference should be formulated, and there can be no doubt that the ambitions underlying it and the formula eventually adopted will decisively influence how it unfolds and the results it achieves. In the speech given at her investiture, the new Commission president mentioned the Conference in terms that seem to indicate a still minimalist vision. She spoke of a conference that would "run for two years" (too long a time frame if this is meant to be an operational Conference), in which there would be "a significant role for young people, civil society and European institutions as equal partners" (a formula that makes no provision for involvement of national and regional/local institutions, and is too vague to allow a real debate on the political and institutional foundations of the European Union); on the other hand, she went on to specify that the Conference should have "a clear scope and clear objectives, agreed between the Parliament, the Council and the Commission".

Therefore, the first crucial step in efforts to concretise the prospect of a European renaissance will be, precisely, the organisation of this Conference, which should be modelled, as closely as possible, on the Conventions envisaged in the Treaties — this was also specifically requested by Socialists & Democrats Group in the European Parliament in a letter sent to von der Leyen ahead of the vote —, and should aim to prepare, in substance, a true constituent assembly.

In parallel, an ambitious agenda needs to be built for the work of the Conference, and it should be the European Parliament that dictates this. After all, even though von der Leyen's speech in Strasbourg was certainly passionate and stirring, what it, like her comments in subsequent interviews, clearly shows is that the Commission remains the guardian of the Treaties, and thus the custodian of the current system. Accordingly, while it would certainly like to improve this system, it is not in a position to take a direct role in changing it. It therefore falls to the European Parliament, as the assembly directly elected by the citizens and

given a mandate to make Europe change pace, to highlight and exploit the irreconcilable contradiction that exists between the current European structure and the ambitions, in terms of real and effective action, that the newly elected Commission president harbours for Europe. One obscure point in her ambitious political agenda for Europe — it is obscure because it is impossible to clarify —, is precisely how, moreover in the absence of adequate resources, it will be possible to secure the necessary consensus between the divided governments that still control European politics.

The first debate that will need to be had within the Conference will thus be a primarily political-cultural one between the two different visions of the world and of politics, and therefore of Europe, that coexist in today's variegated pro-European camp. Some commentators have suggested that it comes down to a contest between 21st century versus 20th century Europeanism.

Twenty-first century Europeanism is, by far, the more political of the two, its aim being to go beyond the 20th century European vision that was constructed, in the wake of Maastricht and German reunification, during the first phase of globalisation; these were years in which we all wanted to believe that international stability had been rendered permanent by what was thought to be the definitive victory of the liberal-democratic model that guaranteed open markets and the new international division of labour. In this setting, the European Union, largely under the leadership of Germany, although a crucial role was also played the United Kingdom, was conceived as the ultimate model of market integration, to be presented as an example to the world; and the thinking was that politics (in the sense of the capacity to decide and act) should remain within the confines of the nation-state, so as to allow the forces of free economic and commercial competition to continue playing their part on the global markets, albeit within a framework of cooperation between European partners. The role of politics, on the other hand, was, primarily, to develop the competitiveness of the national system and ensure a solid national welfare state. This form of Europeanism completely eschewed (and still eschews) everything relating to politics understood as power, meaning the capacity of a player to enter the international scene in a bid to shape the framework according its own global geostrategic vision, as opposed to merely seeking some room for manoeuvre within a system governed by others. We now live in a world where it is universally acknowledged that Europe must seize control of its own destiny, where democracies are in decline and market openness is under

strain as a result of power politics, and where our societies are suffering the effects of a model that failed to make politics sufficiently responsible for guiding and controlling — and therefore also offsetting — the new processes that are now stripping the West of its hegemony and ushering in profound changes linked to the technological revolution. In this world, 21st century Europeanism is calling upon Europe to become a sovereign entity capable of doing politics, of deciding and of acting. The crux of this vision — which still tends to be expressed in forms that are confused, and which often struggles to identify the instruments necessary to achieve these European ambitions — is that Europe is the only level of government at which Europeans can now take back control of the ongoing historical, political and technological processes; Europe is the only level of government through which the role of politics, of the state, and of identity can be re-established in strong and positive terms. This last aspect (a sense of identity) is certainly crucial for recovering social cohesion, since this is a reference that democratic politics has abandoned, allowing the resulting void in our communities — already disoriented by the profound and sometimes penalising changes taking place — to be filled by nationalism, with all its negative connotations. Only at European level is it now possible to recover a profound sense of belonging to a community and of sharing a collective identity, and importantly we are talking about a sense of community and identity stemming not from fear and closure, but from the ability of democratic politics to govern the current processes and defend the citizens' universal values and interests by strengthening democracy and freedom for everyone, as opposed to sacrificing these values.

This 21st century Europeanism is built on the same foundations as the federalist idea, and it is only by fully grasping Europe's desperate need to assume a federal structure (and by fighting for this objective) that it can hope to achieve its ends. Therefore, the Conference, to be useful and successful, must be used as the setting for bringing to the fore the various proposals on how the European Union might assume a federal structure. This must be done with due respect for the various national sensitivities, but in the full knowledge that unless this issue is resolved, the Union is destined to remain stuck with a line of action far too weak for the current global framework.

The decisive issue, to be addressed as an absolute priority within the debate, is therefore the need to re-structure the European Union according to two different levels of integration, reflecting the will of the member states to participate (or not) in a supranational political union.

It is a question that must be addressed without delay, in order to be able to define adequately the institutional and political reforms necessary to strengthen Europe and equip it to act effectively and democratically. Unless this is fully appreciated, it will be impossible to dispel the fears and ambiguities that are currently making exchanges on this topic so complex and confusing. It is simply a matter of establishing that the process of reforming the Union will not be bound by the unanimity rule, and that as long as a country is unwilling to join EU 2.0, it will remain subject to the rules of EU 1.0. Under this formula, there is absolutely no risk of weakening the framework or cohesion of the European Union; all that is envisaged is the possibility of anchoring it, through the closer union between those states wanting deeper integration, to a federal centre of political gravity that will have the effect of strengthening and stabilising it — a federal core group that will remain open to all those countries that might wish to be part of it, now or in the future, while at the same time preserving the present *acquis* for those countries that choose not to go beyond the current EU framework.

Having established that reforms deemed to require the consensus of all the member states must be discussed separately from those designed to cater for the political ambitions of a sovereign Europe, it is easy to see what should be, in this latter context, the priorities to be addressed in order to strengthen European democracy and the capacity for action of the EU's most integrated core group of countries. The reforms that must be decided collectively are those concerning the market, the current EU budget, and also the creation of transnational lists and the parliamentaryisation of the procedure for appointing the European Commission, which will mean strengthening the *Spitzenkandidaten* system and giving more power to the Commission president in choosing its members. On the other hand, political powers will have to be transferred to the core group, and this development will need to be accompanied by the creation of new instruments: first and foremost, full codecision must be established between the European Parliament and the Council (acting in an appropriate composition that will need to be defined) on all matters within the jurisdiction of the supranational level, and the European Commission must be attributed full executive powers. In addition, the European Commission, to be able to implement its policies, will require the following: a federal budget (financed by genuine European fiscal resources), decided and controlled at European level by the Parliament and the Council (again in an *ad hoc* composition that will reflect the membership of the more integrated group); the creation of a

European Defence Union; and a clear time frame for the transformation of the EU High Representative for Foreign Affairs and Security Policy into a European foreign affairs minister, abolishing the national foreign ministers. The seemingly tricky question of how to regulate the relationship between the two different levels of the Union should not actually represent an obstacle, providing there is the political will to respect, fully, the prerogatives of each level, and also bearing in mind the wealth of creative experience acquired by the EU in the course of the development of its model and legal system.

* * *

In view of all this, it is clear that the launch of the Conference will see the Europeans presented with an extraordinary opportunity to make the political transition capable of transporting our Union towards a much more stable and promising future, and of playing a key role in shaping the future international order. In many ways, this can be seen as the last chance our continent will get in the present historical phase. Last May, the European citizens showed that they want Europe to make this transition. They therefore deserve parliamentarians, and a Europe, that can rise to their expectations.

30 July 2019

The Federalist

Europe's Disquiet

As 2019 came to an end, the European Union found itself looking back on a mixed and somewhat contradictory year that had seen some positive results (most crucially the outcome of the European elections in May), but also brought some negative developments, including the emergence of divisions within the ranks of the pro-European political forces. These forces have different ideas concerning the role that Europe should play in the 21st century, and are therefore at odds over the changes that need to be implemented in order to ensure that Europeans, with their wealth of values and their model of inclusive democracy, are guaranteed a leading role on the global stage in the future; they also disagree over specific policies. While still ready to close ranks in their opposition to the nationalist and illiberal forces that constitute their common enemy, the pro-European forces are more fragmented and quarrelsome than in the past. This was clearly demonstrated by the squabbling that led to the rejection of as many as three Commissioner candidates and prompted Margrethe Vestager (one of the Executive Vice-presidents of the new European Commission) to admit that on certain policies the new Commission will likely be forced to rely on variable majorities, which could even include nationalist parties.

The current European Parliament and European Commission thus appear to be weaker, in many respects, than previous ones. Furthermore, though global events are putting new pressure on Europe to respond as one, these events and this pressure seem to be depriving Europe and its political representatives of the capacity to keep calm and stifle their feelings of disquiet in the face of a future that looks increasingly complex and uncertain; this profound unease is a symptom of an existential crisis that can be viewed and interpreted from different perspectives, but certainly not denied or ignored.

It has to be said, though, that this general unease is having the effect of imparting momentum to the Conference on the Future of Europe. First mooted last March by Macron in his open letter to the Europeans, it is a proposal that grew in strength over the course of 2019: after being taken up and promoted by the newly appointed Commission president

Ursula von der Leyen in July, the Conference was formally launched at the European Council of December 12th, 2019 (albeit without, as yet, being given specific mandate, structure and time frame). Accordingly, it is looking set to be, for the next two years, the key factor in European political life. It will inevitably be central to the pursuit of all the political ambitions harboured by the new Commission and the new Parliament, which range from the European Green Deal to the carving out of a new geopolitical role for Europe, given that these objectives can only be pursued effectively if they are properly supported by a clear vision of the type of power that Europe wants to exercise internationally, and providing Europe proves able to stand on its own two feet (an ability it currently lacks or possesses only to an extent). Debate over what aspirations and objectives Europe must have in the new global setting, what European policies need to be put in place in the strategic sectors in which, individually, the European states no longer wield influence, and, consequently, what European instruments and powers, currently missing, need to be created to ensure that Europe can act effectively, will thus be unavoidable questions, and it will be up to the Conference to address and discuss them in complete transparency.

This is not to say, of course, that the Conference will necessarily manage to respond adequately to the problems that today's world is throwing up for the Europeans; on the contrary, the debate that has thus far developed around the start of this process certainly suggests that the voices of those proposing inadequate, pseudo-solutions (such as calling for merely cosmetic changes to the rules governing the current system, carefully designed to ensure that political control and the levers of power remain entirely in the hands of the member states) are initially going to drown out the message of those calling for the transfer of real powers to supranational institutions. But the fact is that the impotence of the current institutional framework can only be overcome through a radical change of direction, and those fighting for this — for a new Europe, capable of acting effectively and with democratic legitimacy —, will, as in the past, eventually find that the unfolding of events is the best ally of their cause.

Europeans today find themselves caught between, on the one hand, the reality of politics, whose iron laws are firmly anchored to the logic of power, and, on the other, the wishful thinking of those who believe that the current European model, in which the concept of power is entirely absent, can survive, in spite of everything. Within the dialectic created by these two perspectives, they need to decide

whether they want the future to see Europe playing a leading role on the world stage, or instead just a “bit part” as a satellite to the global powers. This dialectic defines the battlefield of the fight for a sovereign Europe, by which we mean a federal Europe operating as a state: the same European federation envisaged by the founding fathers, outlined in the Ventotene Manifesto, and indicated by Schuman in his speech of May 9th, 1950.

The European Parliament bears considerable responsibility for determining the outcome of this process. The fact that the Parliament is the citizens’ directly elected assembly and received a strong mandate in the last elections means that it has a duty to translate the fervour and enthusiasm surrounding the launch of the Conference into ambitious and concrete achievements. Its stances thus far have seen it assuming a guiding role, and it has raised the right issues; however, it has stopped short of expressing an intention to translate the requests and demands that will inevitably emerge from the Conference into reform proposals that, to lend real substance to the work of the latter, are conceived as constitutive elements of a coherent new Treaty — one that can be adopted using new rules with respect to the current ones (which require unanimity) and will thus set the stage for a core group of states to advance towards political unity within the current EU and single market framework.

This is the crucial challenge to be thrown down to the national governments, and around which it is necessary to engage with the citizens. Through a non-paper published on the eve of the 12th December European Council, it was taken up, in part, by the French and German governments. France’s response was also accompanied by a startling intervention by its president, Macron, who, in an interview with *The Economist*, spoke of Europe’s disappearance as an independent community as a concrete possibility. In their joint memorandum, the two governments supported the type of mandate for the Conference envisaged by the European Parliament, having accepted the guiding role of the latter; but their proposal, too, like the Parliament’s, postpones the true development and implementation of the necessary reforms until after the end of the work of the Conference, thereby dramatically weakening the whole process. However, should the European Parliament, in this setting, manage to find and display the courage and ambition necessary to be a true leader and groundbreaker, then it may well find common ground with France, and thus form an alliance that Germany will find it difficult not to join.

The challenge is on! And, as with any true political challenge in which the building of the future is at stake, we need to see reality (i.e. the objective conditions that constitute the framework of the challenge) putting pressure on the existing power structure and raising awareness of the change that is required; but we also need to see some real human courage. Europe's current ruling class, shunning cowardice and excuses, has to demonstrate concretely that it can rise to this historic moment in time.

30 December 2019

The Federalist

Competition Protection and European Industrial Policy

FABIO MASINI

Introduction.

Last February's refusal, by Danish European Competition Commissioner Margrethe Vestager, to give the go-ahead to the proposed merger between two high-speed rail sector giants, Alstom (French) and Siemens (German), provides some food for thought. Although an exemplary decision in terms of its adherence to EU law — designed to protect the citizens from abuses of monopoly positions, the regulation of competition in the European market is an exclusive competence of the EU —, it also seems to be a somewhat paradoxical one, if considered in the context of the much vaster global market.

Furthermore, it raises a question that, as is becoming increasingly clear, must inevitably be addressed when considering the long-term outlook for the European economy: Is it still realistic and acceptable, today, to continue reasoning solely in terms of the internal European market, and allowing this narrow vision to prevent the emergence of industrial and financial giants able to compete on the world market? There can be no arguing that the Commission's decision protected the right of European citizens to be defended against a potential monopoly; but the fact is, it also had the effect of damaging the prospects, in terms of global competitiveness, of a European industry. In short, it led to a conflict of objectives that would have been far better avoided, whereas what is needed is a solution capable of safeguarding both the European citizens *and* the global competitive capacity of European companies.

Basically, it has become crucial to work out how, without abandoning our defence (“constitutionally” enshrined in the Treaties) of competition as a means of guaranteeing free and fair trade, we can succeed in introducing and promoting a genuine European industrial policy. To examine this problem, I divide my reflections into three interconnected

parts. I begin by outlining the theoretical basis (section 1) and historical evolution (section 2) of Europe's pro-competition policy, before examining the prospects, at different levels, for a possible European industrial policy or, more simply, for European development (section 3). Finally, I look at the institutional difficulties, seeking to identify the institutional or leadership formula that might allow the implementation of a unitary strategic European development plan (section 4).

1. *The Theoretical Basis of Europe's Antitrust Policy.*

The policy of protecting market competition in Europe began with the 1957 Treaties of Rome. Subsequently, in 1990, ahead of the launch of the single European market, responsibility for implementing it was assigned to the European Commission; more recently, in 2003 and 2004, this competence was enhanced through the introduction of new regulations.

The economic rationale for the policy is obvious: defending market competition, and thus ensuring that the market is as far removed as possible from any kind of monopoly or collusive oligopoly, is clearly a way of protecting consumers, who would otherwise find themselves at a disadvantage, in terms of their bargaining power, when purchasing a good or service from a single seller (or small group of sellers). Accordingly, the further removed a market is from what microeconomics textbooks call *perfect competition*, the easier it is for sellers to fix their prices at levels higher than their average long-term costs, and thus make extra profits at the buyers' expense.

Actually, there is no such thing as *perfect competition*, given that it is an idealised model based on the assumption that all products are perfectly homogeneous, i.e. identical and equally appealing to all consumers, which, of course, is never the case. Take toothpaste: even though all toothpastes serve the same purpose, when we buy a tube, we likely display inertial behaviour (choosing one we previously purchased, if we were satisfied with it), or allow ourselves to be influenced by marketing (deciding that toothpaste containing micro-granules, for example, is more effective, or that one particular type will give us fresher breath, and so on), and therefore do not make our choice solely on the basis of price.

In this way, the (I would say, virtual) model of perfect competition leaves room for what is the truly dominant model of market competition, namely, *monopolistic competition*; in such a market, single producers can manage to act almost like *monopolists* in their own niche

of the broader market for a given product, yet without this resulting in barriers to the entry of new businesses. For example, if I have I invented and patented a particular toothpaste containing micro-granules, I will (as long as my patent applies) be the *monopolist* within that specific niche market, with the broader toothpaste market continuing to remain open: consumers can always decide to stop purchasing my toothpaste containing micro-granules and switch to another type.

The monopolistic competition model is the foundation of the modern capitalist economy, because it allows innovation to be exploited in order to generate, temporarily, extra profits sufficient to remunerate research and development efforts and cover the costs of product promotion. Extremely subtle and difficult for average consumers to spot, this is a form of competition that is impossible to eliminate and difficult to regulate. The situation is therefore different from that of a monopoly (which is fairly easily identified and sanctioned), where the seller, being the only one on the market, is free to fix the sale price and decide the supply (quantity produced), gauging these factors in order to generate maximum profit, to the detriment of collectivity.

This is the reason why an effective policy to combat the rise and abuse of dominant positions constitutes a strategic competence. And the European Commission, which (quite rightly) exercises it exclusively for the entire European single market, serves as a guarantee that consumers, who are the market's weakest players, will be protected.

This brief theoretical digression is useful for understanding both why efforts are made to protect *competition*, and why it is important to promote *competitiveness*, too, especially in sectors where fixed costs (plants, research) and economies of scale are key factors. Higher levels of competitiveness, which firms achieve by investing any extra profits in research, development and innovation activities, usually result in distortions of market competition; accordingly, a single firm's competitiveness is not necessarily compatible with the maintenance of competition within its particular field.

Consequently, if *competition*, which does not even exist in its textbook form, is a public good to be protected, the same should apply to *competitiveness*, meaning the ability of one or more companies to equip and organise themselves, perhaps even merging, in order to be able to withstand the competition from other market players; this idea is even supported by ideological currents that, in theory, are more inclined to leave it to the market alone to determine who should be its winners and losers, completely avoiding state interference. Even the

nineteenth-century liberal economists, for example, recognised the importance of providing nascent industries with public support, to enable them to equip themselves to compete on the market. Similarly, the prevailing neoliberalism of recent decades has systematically promoted market deregulation and the privatisation of public assets, both seen as weapons to be deployed in the struggle (Hobbesian, devoid of rules) on the market — a setting where the players that come out on top are those that are *better equipped* (i.e. stronger, able to benefit from a broader network of economic and political relations, and greater financial resources, allowing them to achieve their desired marketing mix, and so on).

The problem, and it is a tricky and delicate one, is that it is not easy to distinguish between a measure that *complies* with this need to equip one or more companies to compete, and one that, constituting a *violation* of competition law, should instead be sanctioned. In December 2018, for example, the European Commission judged that the French German, Italian and British project to support research and innovation in the microelectronics sector was *compliant* with the regulations against state aid as it concerned “key enabling technology”.¹

While it is hard to argue with the decision reached in the case of this seemingly objectively strategic sector, one cannot help but wonder why the high-speed rail sector (trains and infrastructure) should, in comparison, have been deemed less strategic, especially considering that the *high-speed rail market is now a global market*. All countries now want high-speed rail lines and naturally turn to the suppliers that can offer them the best guarantees, and these are often (although not always) the ones that have reached critical mass by optimising their resources available for research and development (crucial for survival in this sector), production and marketing.

One possible solution, in order to balance out these two important objectives (competition and competitiveness), might be to consider offering economic and tax incentives to companies able to demonstrate that they are investing in research and development of possible frontier technologies; this would be a way of ensuring that companies give something back — in the form of collectivity’s capacity for competition — in return for the extra profits that, perhaps as a result of operating on markets that do not guarantee perfect competition, they have made from consumers’ pockets. Viewed from this perspective, the Alstom-Siemens merger might have been deemed acceptable.

¹ European Commission, Press Release, December 18, 2018: http://europa.eu/rapid/press-release_IP-18-6862_en.htm.

2. *The European Antitrust Policy: Intellectual Influences.*

There is, as mentioned earlier, another factor that needs to be borne in mind when evaluating current EU policy on competition, and what the future might hold for it. I refer to the way in which the historical process of European integration has been influenced by the power relations (on a cultural, but also ideological and political level) between French interventionism and German ordoliberalism, the latter being aimed at laying the *constitutional foundations* of an economic order in which the state (or a public power at least) acts as the guarantor of competition, seen as central to justice in economic and social relations.

Ever since the years of the negotiations culminating in the formation of the Common Market, and indeed right up to the present day, Europe has continued to be pulled in two different directions by these distinct and in many ways opposite cultural models of the relationship between the markets and public powers. The French have always been committed to the idea that public powers should play a positive and prominent role on the markets, even going so far as to attempt to transfer to European level competences typically exercised by national governments (as Marjolin, European Commissioner for Economic and Financial Affairs, did in the late 1950s). This kind of close involvement of public powers in European policies was certainly seen in the 1960s, as shown by a European industrial policy geared at “promoting the creation of firms large enough to compete with the giants of the US;”² this policy, helped in part by the fact that antitrust legislation was still fragmented at national level, led to a real boom in mergers. Furthermore, “as a consequence of this fragmentation of the internal market, aggregate concentration developed without any similar increase in competition. The merger wave led to the creation of big national champions enjoying substantial market power.”³ At this point, there opened a second phase that was, instead, dominated by German thinking, namely the idea that there should be very little state intervention in the economy, the primary role of the state being to safeguard competition, seen as the crucial condition to ensure fair and legitimate exchange mechanisms. The single European Act was a first step in this direction.

Despite this new, ordoliberal-type approach, the idea that Europe should be allowed play a positive role in industrial policy was still alive

² Elizabeth De Gellinck, *European Industrial Policy against the background of the single European act*, in Peter Coffey (ed.) *Main Economic Policy Areas of the EEC. Toward 1992*, Dordrecht, Kluwer Academic Publishers, 1990, pp. 125-156. See p. 127.

³ *Ibid.*, p. 129.

in early 1990s. The 1993 Delors White Paper on “Growth, competitiveness, and employment” was indeed an attempt (probably already belated) to identify and promote strategic investment sectors at European level, in order to better withstand the global competition, which was becoming increasingly widespread and fierce. However, as we know, that document was shelved, and European industrial policy thus amounted to little more than a commitment to protecting competition on the single European market. And while it was a policy that bore excellent fruits, defending citizens, as consumers, against the formation and potential abuse of positions of oligopoly and monopoly, it cannot be considered to constitute a true industrial policy. A true industrial policy addresses the need, across all production sectors, to provide, at every level of the reference market, a strategic framework and regulatory tools to better equip the industry’s players to compete, remembering that the framework of the competition may not necessarily be continental, but global. And this brings us on to the crucial, but rather intricate, concept of the *reference market*.

3. *Multilevel Markets, Institutions and Policies.*

How big is the market? That might seem like a straightforward question, but it is actually rather complex. Let us look at some concrete examples, the apple market, say. Apples grown and harvested locally, on a small scale, will probably have a local outlet market, probably at district or municipal level. Instead, those grown, harvested and distributed by large consortia (such as Val di Non, in Trentino, Italy) have a national or even transnational reference market. Several years ago, a designer and producer of retractable stairs, who initially sold this innovative product in a remote part of Australia, went on to become a global monopolist thanks to the creativity of the design, the materials used and the decision to relocate new production facilities so as to be able to produce and distribute the product worldwide. Similarly, as a result of today’s digital platforms, a nougat producer in Gennargentu who usually traded at local fairs and markets was suddenly faced with orders from all over the world.

The market, therefore, is a constantly evolving concept that refers to specific products linked to specific spatiotemporal settings (which, too, are constantly evolving). It is determined by the relationship between fixed and variable costs (which change the minimum efficient scale of production, and thus influence the optimal market size), the type of producer and its type of organisation, the responses of purchasers, the enter-

prise's marketing capabilities, and many other factors besides. One thing is certain, however: although it is true that the markets continue to be segmented and structured in a concentric manner, starting with those at local level, it is also true that every product's *potential market* is global.

No market can function without some institution that gives it rules and enforces these. In every state, the market is regulated by national institutions, although the European states are an exception, given that, in Europe, this competence has been transferred exclusively to the EU. Instead, at international level there exist multilateral agreements that strive to replicate the regulatory and enforcement capacity of the national legal frameworks. Some of these have proved successful and others, inevitably, have not.

Therefore, a development strategy, to be effective, must necessarily take into account the multilevel scale (from local to global) of the markets, and thus of the need to embrace multilevel governance in Europe. In short, when it comes to industrial policy, it is no longer possible, today, to think solely in national terms. While a national industrial policy might be appropriate in some sectors, and in others the pursuit of local industrial policies (or development strategies) is appropriate or even preferable, on the global market, where it is necessary to compete with giants — this applies especially in the digital sector, where we find names like Amazon, Google, Alibaba, Apple and Microsoft, but also in other sectors (one need only think of Nestlé, Wal-mart, Coca-Cola, JP-Morgan, etc.) —, there absolutely has to be a *European industrial policy*.

The Galileo project, which was allowed to languish for decades, was supposed to address this need, as was the Airbus project, which was meant to counter the competition from Boeing. Last year, the European Commission fined Google for abusing its dominant market position, and this can be seen as a great outcome for Europe's citizens; but it would be an even greater achievement were it to prove the prelude to the creation of a research and development hub for digital platforms in Europe, capable of competing, on an equal footing, with the American tech giants and the emerging Chinese and Russian ones.

Basically, the strategic industries for development must be enabled to compete on the market, even if this leads to the creation of monopolies; it should then fall to the political bodies of the EU to regulate the latter on the internal market and also (perhaps, this is just one possible idea) find a way of compensating consumers for any losses incurred, so that they are in no way penalised by the absence of a competitive internal market.

In short, deploying all the legal instruments necessary in order to

protect European citizens from abuse of monopoly positions cannot and must not be allowed to interfere with the creation of production, financial and research groupings at any level at which the reference market demands this; naturally, this must be done adopting a synergistic and systemic approach. Rethinking and implementing precise industrial policy guidelines, at national level too, should not be incompatible with a European industrial policy. What this means, in practical terms, is that the whole approach to European development needs to be reviewed in order to try and enhance the competitive advantages of each country and each geographical area, aligning them with a coherent and comprehensive vision of the strategic positioning of European industry as a whole. As we have said, this means adopting a systemic and multilevel vision of development whose definition and implementation, however, to avoid generating conflicts of interest, would need to be decided by all the European countries together. And this leads us on to the institutional difficulties.

4. *The Institutional Difficulties.*

The French and German finance ministers responded to the European Commission's rejection of the Alstom-Siemens merger by highlighting the need to review the current EU policy on competition, pointing out the logic, illustrated herein, of seeing the global market as the reference market for some production sectors. To reinforce their view, they then jointly produced *A Franco-German Manifesto for a European industrial policy fit for the 21st Century*.⁴

This document, after acknowledging the revolutionary nature of the digital age, calls strongly for a European industrial policy “to enable Europe to compete on the global stage” and for “the development of long-term industrial strategies” on the basis of shared funding, skills, and expertise. It is certainly hard to deny the legitimacy of these demands, or the fact that they make sense; equally legitimate and sensible are the requests advanced in relation to the first of the proposal's three pillars. Instead, opinions will necessarily be divided on those of the other two.

The first point highlights the need for massive collective investment in innovation, especially artificial intelligence, without which Europe cannot place itself at the frontier of production possibilities. Such investment will require the creation of an *ad hoc* fund (the European Fund for Strategic Investments is probably not considered adequate) capable

⁴ Macron's letter *For European renewal* alludes to a similar need: <https://www.elysee.fr/emmanuel-macron/2019/03/04/for-european-renewal.en>.

of mobilising private and public resources, and it will also need financial markets able to cope with the needs of high-risk sectors, which operate in a medium-/long-term time frame.

The second point — and here the analysis fits in perfectly with what I have already said — concerns the need to reason in relation to the global competitive market. After all, “Despite our best efforts, which we must pursue, there is no regulatory global level playing field. And there won’t be one any time soon. This puts European companies at a massive disadvantage. When some countries heavily subsidise their own companies, how can companies operating mainly in Europe compete fairly? Of course, we must continue to argue for a fairer and more effective global level playing field, but in the meantime, we need to ensure our companies can actually grow and compete.”⁵

On the policy side (second pillar), on the other hand, I would say that greater caution is warranted; the French and Germans argue that for Europe to be able to act, the rules on state aid need to change, particularly with regard to the formation of European conglomerates; they also call for a review of the criteria used to evaluate mergers. Basically, they want to see changes that would, *de facto*, weaken the antitrust policy thus far pursued by the Commission, which I would consider extremely dangerous.

The third pillar, which calls for “measures to protect ourselves” seems even more questionable. Despite reiterating the need to defend multilateralism and open markets, it presents ideas that are clearly geared at protecting the formation and consolidation of European sectors and companies. And while it is certainly easy to be tempted to comply with the current climate of growing global protectionism, it is important to remember that Europe’s model of production and competition is very much tied up with processing, and is therefore, in itself, necessarily open (i.e., we need imports in order to create added value, which we do through processing and exports). I would therefore argue that over-explicitly stating this *de facto* protectionist commercial policy direction is not the wisest of moves.

However, single aspects of this document aside, it certainly has the merit of having highlighted, in public debate, Europe’s shared objectives, and of having re-launched the idea that a European industrial policy can exist alongside its competition one. The problem it poses, though, is who should take responsibility for this: should it be the Eu-

⁵ https://www.bmw.de/Redaktion/DE/Downloads/F/franco-german-manifesto-for-a-european-industrial-policy.pdf?__blob=publicationFile&v=2.

ropean Commission, adopting a collegial method involving all 28 (27) member states, or, instead a vanguard of countries with France and Germany at its heart. In more general terms, i.e. looking beyond the issue of industrial policy alone, the question that has to be asked is whether or not we can still have a Community-based Europe.

France and Germany, as shown by their signing of the Aachen treaty, seem to be committed to taking European integration further; and they plan to do so via intergovernmental channels, rather than (or independently of) the Community method. This is an interesting paradox, given that, in theory, the Community method is more efficient than the intergovernmental one when it comes to making collective European choices, and also the one carrying greater democratic legitimacy. But it is also true that seeking to pursue greater integration among 28 (or 27, we shall soon find out!) member states is practically impossible in a decision-making framework in which collective decisions on the most important issues continue to be largely subject to the unanimity rule (even though there have been some exceptions to this, even quite significant ones, as shown by the successes of the EFSI). This, together with the prospect of a more aggressive European policy, would seem to legitimise the efforts of these two large countries to force Brussels' hand over the question of a shared European industrial positioning strategy on the global competitive market.

It could well turn out that the Community-based model of Europe has run its course; this is a scenario that has certainly looked plausible in recent times, especially a few months ago, when the latest European elections risked returning a majority that would be forced (to guarantee its own survival) to pander to the demands of the nationalist and sovereignist groups. However, since the governments have, to date, not really shown any real evidence of wanting to move towards greater sharing of sovereignty, the key question raised by this agreement between France and Germany is whether these two countries, whose involvement in any deepening of the process of European integration is fundamental, will prove able to draw a core group of countries into a sort of vanguard able to revive the *sovereignty sharing* spirit that led, in the 1950s, to the start of the European Communities, rather than pursue a simply intergovernmental strategy.

Historically, Italy has played a crucial role in helping to find the compromises necessary to allow France and Germany to launch feasible and workable solutions to advance European integration. Therefore, Italy's absence at this latest negotiating table and its failure, in recent

months, to take part in discussions between these two countries generally (also on other topics, such as the reform of European economic governance, even though Italy needs this more than France and Germany do) has created the risk not only of Italy being excluded from the dossiers that matter, but also that its absence will result in a highly dangerous *lack of mediation*, likely to contribute to a maintenance of the status quo (which penalises Italy) and impede the formation of a more cohesive and genuinely supranational strategic core in Europe. From this perspective, Italy's "Lega-Movimento 5 Stelle" coalition government (which trumpeted its rejection of the very idea of a greater sovereignty sharing as a fundamental element of European integration) had every reason to distance itself from these two historical allies; the problem is that this was a choice that went *against* the interests of the Italians. I therefore fervently hope that now, under the new government in Italy, the European project will once again be placed at the heart of Italian politics and Italian public choices. The early indications are that this is what can be expected.

Concluding Remarks.

Secured gradually and not without difficulty by the European Commission, Europe's competition protection policy, which aims to protect the single market and European citizens from abuses of dominant market positions, is a valuable competence that must be safeguarded.

Naturally, it cannot be expected to serve the broader purpose of promoting competitiveness (just as monetary policy alone is not enough to boost growth). Moreover, protecting competition is not the same as conducting an industrial policy, and in fact the restrictions associated with the defence of competition can even undermine efforts to do so; this applies particularly to the case of European enterprises attempting to compete, on the global market, with giants that are able to move in a far more unscrupulous manner, and where there is no authority to guarantee the implementation of competition law.

Essentially, industrial policy is a complex issue; a European industrial policy has to amount to more than just protection of market competition at continental level; it must serve to promote global market competitiveness. On this basis, it is possible to make two observations.

The first is that whoever tries to set these two objectives in opposition to each other is doing the European cause a great disservice. Because we are talking about two competences that are both strategic, but different in nature and, in some ways, complementary: essentially the role of one

is to referee, while the other serves to provide political and strategic guidance. It is therefore possible, indeed right, to implement them both.

The second observation, which follows on from the first, is that there is now a growing realisation that the time has come for the EU to flank the European Commission's sacrosanct exclusive responsibility for protecting competition, with competence for promoting an industrial strategy for some key sectors of the European economy.

However, this is a step that demands the presence of some form of statehood, or capacity to express a collectively shared and supported strategic direction, and this raises a serious institutional problem. How might such an objective conceivably be reached, and who could pursue it? From the federalist perspective, espoused by this review, any move that brings some countries of the European Union closer to the creation of a democratically legitimised subject capable of taking collective strategic decisions, with a view to sharing sovereignty, must be welcomed with enthusiasm.

In this sense, both of the avenues proposed (the Community one and the intergovernmental one) are promising but also insidious. The intergovernmental approach is flawed by the lack of democratic legitimacy that is threatening to increasingly alienate the citizens from choices made at European level; and this, at the present time, would translate into a serious risk of a further weakening of the credibility of Europe's institutions and policies. On the other hand, the greatest risk with the Community approach is a state of impasse.

In short, any move able to show the citizens that a policy is more effective when pursued at European than at national level will help to promote the cause of federalism; on this basis, we should certainly support efforts to advance a European industrial policy based on the two strategies herein examined, given that these are only seemingly (or artificially) set in opposition to and competition with each other. The important thing is not to allow the debate to culminate in yet another excuse for not changing anything.

Migration and Climate Change

PAOLO GIANNELLI

Introduction.

Migration is a complex and constantly growing global phenomenon. To understand it we need to analyse the many different reasons that lead individuals to leave their homelands. Despite often differing considerably in nature, the numerous factors underlying the mass movement of people from one country to another are grouped, sometimes incorrectly, into two major categories:

- 1) factors linked to conflicts or policies of oppression;
- 2) economic factors.

The first category refers to refugees: people forced to leave their homelands to escape war, persecution and/or political repression.

The second, instead, refers to so-called economic migrants: people who choose to leave their homelands in the hope of finding better economic living conditions in another country.

This essay sets out to analyse in depth, the latter category: economic factors. From this perspective, I will try to establish whether the events and processes linked to climate change can help to explain the phenomenon of inter-continental migration from Africa to Europe and, if so, whether they constitute independent or intervening variables.

The Factors Driving Economic Migration from Africa to Europe.

To truly understand the conditions from which economic migration arises, it is first necessary to identify the underlying drivers of the phenomenon, by which I mean the series of independent variables that can help us to understand why a person or a group of people might decide, or otherwise, to undertake an arduous journey from Africa to Europe. The factors identified in the literature are generally grouped into two broad categories, economic and socio-cultural.

Economic factors. This category essentially refers to the financial resources that prospective migrants, or their families, must have before

they can attempt to travel to Europe. These financial resources are the lifeblood of human trafficking across the Mediterranean Sea, which is a thriving and constantly growing market currently thought to be worth around six billion euros.¹ This figure alone shows that migrant trafficking is a highly profitable activity, or “industry”, second only to the illegal arms and drug trade.

Emigrating thus has a cost, which not all can afford. In short, only individuals and/or families with access to considerable amounts of money can even consider making, or having a family member make, the long journey from Africa to Europe.

Data published by the International Organisation for Migration² confirm that crossing the Sahara and the Central Mediterranean Sea is extremely expensive, and show that the precise cost varies according to the country from which the migrant sets out. The fastest and safest way for a migrant to travel is by air, and the Nigeria-Turkey-EU route is the most popular. In this case, it can cost upwards of 10,000 dollars to buy a forged visa and passport.³

The cost of travelling over land and sea from sub-Saharan Africa to Italy (around 4,000 dollars) is also largely prohibitive, whereas trips that begin in Somalia or Sudan generally cost less than 4,000 dollars. However, it must also be borne in mind that the cost of crossing the desert can change radically if the migrant encounters unexpected events along the way. When groups of migrants on the move are seized by militias, for example, the hostages’ families can be forced to pay huge amounts in ransom: sometimes more than 10,000 dollars per hostage.⁴ Those whose families cannot pay end up spending months, if not years, in labour or detention camps at the mercy of traffickers.

As these examples show, leaving Africa in pursuit of better living conditions in Europe is an undertaking that, in addition to being extremely dangerous, carries a significant financial cost. Clearly, then, economic migrants cannot be members of the poorest sections of society, for whom the high costs involved are an insurmountable obstacle.

¹ European Environment Agency, *Climate change and water — Warmer oceans, flooding and droughts* (2019), <https://www.eea.europa.eu/signals/signals-2018-content-list/articles/climate-change-and-water-2014>.

² International Organisation for Migration, *Migration and climate change*, IOM Migration Research Series No. 3 (2008), <https://www.iom.int/news/iom-migration-research-series-no-31-migration-and-climate-change>.

³ L. Bagnoli and L. Bordinero, *Le rotte e i costi delle migrazioni*, Corriere della Sera, 14 September 2017.

⁴ *Ibidem*.

In this regard, the World Bank⁵ has published exhaustive data confirming that economic migrants do not come from Africa's poorest countries. Similarly, an analysis of the nationalities of those who made it to Europe in the period 2010-2017 reveals that only very small numbers of migrants come from the Democratic Republic of Congo and from Liberia (two of the poorest states in the world).⁶ Conversely, significantly higher numbers came from middle-income sub-Saharan African countries such as Nigeria and the Ivory Coast.^{7,8}

Socio-cultural factors. As we have seen, economic-financial factors have a decisive influence on a person's decision, or otherwise, to migrate, but so, too, do socio-cultural factors.

The term socio-cultural factors can be understood to refer to all the structures and features that characterise a society and the cultural peculiarities they determine. Unlike economic factors, they are not based on quantitative data and are therefore difficult to measure. Nevertheless, they are just as important when it comes to explaining why a person decides (or not) to migrate.

What type of socio-cultural resources do individuals need to be able to make the trip? First of all, they need certain personal resources, or character traits, which is to say they have to be equipped with the courage and resourcefulness necessary to seek their fortune in a faraway country whose language, culture and customs will often be unfamiliar.

In addition to having courage, they need to be highly motivated and determined, as well as in robust health, in order to be able to cope with all the physical and psychological challenges that the journey will bring. They also need social resources, in other words, networks of relatives and/or acquaintances already resident in Europe who can help them settle and integrate.

To summarise, migration is a selective phenomenon that involves factors of various kinds: economic, social and cultural.

⁵ World Bank, *Assessing the impact of climate change on migration and conflicts* (2008), https://siteresources.worldbank.org/EXTSOCIALDEVELOPMENT/Resources/SDCCWorkingPaper_Migrat.pdf.

⁶ World Bank, *Poverty and shared prosperity 2018* (2018), <https://www.worldbank.org/en/publication/poverty-and-shared-prosperity>.

⁷ Italian Ministry of the Interior, *Sbarchi e accoglienza dei migranti: tutti i dati* (2019), <https://www.interno.gov.it/it/sala-stampa/dati-e-statistiche/sbarchi-e-accoglienza-dei-migranti-tutti-i-dati>.

⁸ UNHCR, Operational Portal. Refugee situations, *Most common nationalities of Mediterranean sea and land arrivals from January 2019* (2019), <https://data2.unhcr.org/en/situations/mediterranean>.

Migration and Climate Change.

Having examined the two categories of factors at the root of economic migratory flows towards Europe, I shall now try to establish whether, and how, climate change affects migration.

Does there really exist a clear correlation between environmental changes and migration?

Are the various climate change phenomena independent variables that can explain inter-state migration, or are they intervening variables?

As mentioned in the previous section, migration is caused by many factors, not all easily quantifiable. It must be appreciated that the data available for analysis are scarce and difficult to interpret; having said that, to understand whether or not there is a causal link between climate change and economic migration, we need to ask three questions:

- 1) What events and processes does global warming cause?
- 2) Do these events and processes directly influence migration?
- 3) If they do, what kind of migration do they generate: between states or within states?

First, though, what exactly are the effects of climate change on our planet?

1) *Rainfall changes (with both short- and long-term effects).* While, on the one hand, the rise in the earth's temperature is leading to greater amounts of rainfall in certain geographical areas, on the other, global warming of 2 °C over the next fifty years could have the opposite effect in parts of the world that have a desert or semi-desert climate. Since these are regions where water resources are already scarce, it can be expected that this reduced rainfall will result in increased soil salinity and thus have adverse effects on agriculture and, consequently, local economies. The states of northern and eastern Africa will probably be the ones most affected.⁹ But, as already indicated, the rise in the earth's temperature would not only affect the desertification process; higher levels of rainfall in certain areas of northern Europe, North America and Siberia are also envisaged, and could increase flooding in these areas.¹⁰

2) *Higher sea surface and air temperatures.* Rising sea surface and air temperatures are destined to have a direct impact on the earth's water cycle, meaning the recycling of our planet's water through the mech-

⁹ International Organisation for Migration, *Migration and climate change*, *op. cit.*.

¹⁰ D.R. Kniveton, C.D. Smith, R. Black, *Emerging migration flows in a changing climate in dryland Africa*, *Nature Climate Change*, 2 (2012), pp. 444–447, <https://www.nature.com/articles/nclimate1447>.

anisms of evaporation, condensation, precipitation and infiltration. Climatologists believe that global warming will be directly responsible for increasing the surface temperature of the seas, and therefore the amount of water vapour in the atmosphere. It has been noted that an increased amount of water vapour in the atmosphere favours the occurrence of more unpredictable and extreme weather phenomena.¹¹ For this reason, we should not find it surprising that geographical areas that once enjoyed a predictable and constant terrestrial water cycle are now tending to suffer more frequent extreme weather events, such as intense thunderstorms or extremely violent winds.

3) *Rising sea levels due to melting ice caps.* According to the studies of James Hansen, climatologist and director of NASA's Goddard Institute for Space Studies, a 2 °C increase in the earth's temperature over the next fifty years would cause sea levels to rise by 5 metres. This would have a direct impact on coastal towns and cities, on inhabited river delta regions, and, above all, on small island states.¹²

4) *Increasing sea water salinity and pH.* When the temperature of the sea rises, this has a direct effect on its salinity. Warmer sea has more surface evaporation, and this results in saltier, more acidic seawater with a lower oxygen content. Each of these changes influences the habitability of the oceans, increasing the so-called dead zones, i.e. areas where marine life is dying out.

All these processes and events have the capacity, in both the short and the long term, to produce effects at local level and thus to alter the socio-economic profile of populations residing in specific geographical areas.

Even though various expressions of climate change have been linked to a reduction in arable land in Sub-Saharan African states, with direct consequences on agriculture and food production, no direct correlation has been found between climate change and increases in either inter-state or inter-continental migratory flows. That said, there are still many knowledge gaps needing to be filled. As remarked in various FAO¹³ and IOM¹⁴ reports, we do not have sufficient data at our disposal.

¹¹ European Environment Agency, *Climate change and water ...*, op. cit..

¹² M.G. Midulla, A. Stocchiero, *Migrazioni e cambiamento climatico* (2015), Brief a cura di Cespi, Focsiv e WWF Italia, <http://www.focsiv.it/wp-content/uploads/2015/10/WWF-Report.pdf>.

¹³ FAO, *Migration agriculture and climate change* (2017), <http://www.fao.org/3/I8297EN/i8297en.pdf>.

¹⁴ International Organisation for Migration, *Climate change and migration in vulnerable countries* (2019), <https://publications.iom.int/books/climate-change-and-migration-vulnerable-countries>.

Furthermore, even though it is possible to interpret the various climate change phenomena as intervening variables aggravating the socio-economic factors that drive migration — factors such as poverty, food insecurity, unemployment, limited access to social protection mechanisms and the depletion of natural resources¹⁵ — the abandonment of rural areas has not been found to translate into an exodus to neighbouring African countries, or even towards the Global North, but rather into increased flows towards urban areas.

Similarly, it is clear from FAO data that increases in climate change-related migration occur within rather than between states. Emerging adverse climatic phenomena linked to rising temperatures, such as reduced rainfall, drought and soil degradation, have been shown to be factors behind the abandonment of rural territories in countries with high levels of poverty. Relevant statistical data show a considerable increase in the settled population in the large African metropolises, and a reduction in the population in rural areas subject to major climatic stresses.

Globally, it is estimated that in the period 2008–2015, around 24.8 million people per year were forced to abandon their homelands because of natural disasters and atmospheric phenomena related to climate change. According to FAO forecasts, in 2050 the number, out of the total world population, will be 400 million. These figures certainly sound alarming, but they need to be interpreted in the light of several distinctions.¹⁶

First of all, we need to distinguish between temporary and permanent migration. In most cases, internal migration prompted by sudden physical phenomena caused by climate change, such as tropical storms, heavy rains and flooding, is of a temporary nature, being an emergency response to the need to evacuate the affected area. In such cases, once order and minimum living conditions have been restored, the people that had abandoned these areas tend to return to them. As previously remarked, migration of this kind is usually confined within the state in question.¹⁷

Permanent migration, on the other hand, is an effect of processes that impact on ecosystems over longer periods of time, and it is, in all likelihood, linked to the irreversibility of the resulting ecosystem changes. These gradual changes, which include rising sea levels, gla-

¹⁵ C. Vatana, *Perché le persone emigrano?* (2019), Mondopoli, <http://www.mondopoli.it/2019/04/04/perche-le-persone-migrano-i-fenomeni-migratori-tra-mito-e-realta/>.

¹⁶ FAO, *Migration agriculture and climate change*, *op. cit.*.

¹⁷ International Organisation for Migration, *Climate change and migration in vulnerable countries*, *op. cit.*.

cial melting, ocean acidification, increasing soil salinity, deforestation, loss of biodiversity and desertification, interact with socio-economic variables, influencing people's decision to migrate, or not. Each of the above-mentioned processes should therefore be evaluated in the context of specific situations and geographical areas. Indeed, without taking into account other factors of analysis, such as the geographical area and the economic, social and cultural characteristics of the population in question, it would be wrong to say that rising sea levels and deforestation each have an equivalent impact on permanent migration.

Conclusions.

It is not easy to establish the effect of climate change on migration. As many studies have stated, there is no direct causal relationship between the events and processes associated with the rise in the earth's temperature and the increase in different forms of migration. What can be said, on the other hand, is that within certain geographical areas the effects of climate change undoubtedly interact with the various other factors that drive individuals' choices on migration. Therefore, to evaluate the effects of natural phenomena on migration, both within and between states, we need first to understand, in detail, the ways in which the many events and processes involved in climate change are linked to and influence the socio-economic fabric of these areas and, above all, how they interact with social and cultural factors.

Geopolitical, socio-economic and cultural factors are the true independent variables to be taken into consideration. In this sense, the natural phenomena linked to global warming can be interpreted as intervening variables that can play an important role that, however, remains difficult to define.

Finally, the literature agrees that climate change impacts most on the poorest populations, the very ones that lack the financial resources necessary to migrate.¹⁸

Albeit in the absence, for now, of a demonstrated causal relationship between migration and climate change, there can be no denying the impact that the latter is having on the environment and on the economies of the poorest states.

¹⁸ M. Borderon , P. Sakdapolrak, R. Muttarak, E. Kebede, R. Pagogna, E. Sporer, *Migration influenced by environmental change in Africa: A systematic review of empirical evidence*, Demographic Research, 41 (2019), pp. 491-544, <https://www.demographic-research.org/volumes/vol41/18/default.htm>.

With this in mind, the European Commission, EU member states and European Investment Bank (EIB) are spearheading efforts to provide developing countries, especially in Africa, with resources aimed at limiting the impact of processes and events linked to global warming.

In 2017 alone, investments in this area totalled 20.4 billion euros, a huge amount but necessary in order to ensure the launch of lasting projects with three specific aims:¹⁹

- 1) to make tackling climate change part of the national strategies of developing countries;
- 2) to make the populations of regions most exposed to climate stresses more resilient;
- 3) to support the development and implementation of adaptation and mitigation strategies.

If the European Union wants to continue being the global leader on climate and energy, it is important that it does not stop allocating financial resources, even in the long term, to support these environmental policies.

¹⁹ European Commission, *International climate finance* (2019), https://ec.europa.eu/clima/policies/international/finance_en.

Governing Globalisation: Are There Any Alternatives to the Liberal-Democratic Model?*

NUNZIANTE MASTROLIA

It is often said nowadays that the West is in crisis. Some people even believe that the whole Western model, which combines the rule of law with a market economy, is riddled with problems and therefore destined to collapse. In truth, however, there is little real evidence to support this view, regardless of whether we interpret “the West” as a broad or a narrow concept.

In fact, even when the term is applied in a merely geographical sense, “the West” includes the world’s richest, most prosperous and most dynamic countries, namely those of Europe and North America.

In these countries, revolutionary technological developments continue to produce marvels that until just a few years ago would have seemed futuristic. Here is where the welfare state (described by Ralph Dahrendorf as humankind’s greatest invention), along with advances in scientific research, has produced an unprecedented increase in the average life expectancy, surely one of its most amazing achievements. Here is where private enterprise seems to have defeated the concept of scarcity and created an economy of abundance that only the most pessimistic can mistake for consumerism. What is more, these countries are the focus of the dreams of many who, looking at them from the outside, imagine being able to live freer and more dignified lives there. After all, what are the great waves of migration from the southern hemisphere towards the US and Europe if not masses of people voting with their feet for the Western model, and declaring their long-term faith in that model?

Similar arguments hold true even if we apply a broader concept of

* This is the translation of a speech given at a meeting of the Debating Office of the Movimento federalista europeo (MFE), held in Naples in 6-7 April 2019, entitled *European federalism and the crisis of civilisation*.

the West that, essentially, coincides with Popper's ideal type of open society: a society characterised by a set of institutions that have the capacity to guarantee all citizens and social groups (parties, trade unions, associations, businesses) the broadest freedoms, which they can use in pursuit of their own interests. Every country that has embraced the Western institutional model has achieved extraordinary economic development and mass social progress. The same can also be said of countries that have adopted only some parts of the Western model, such as free enterprise and free trade in the case of China.

Conversely, countries that have completely rejected the Western model have found themselves trapped by illiberal regimes and situations of economic depression. Meanwhile, certain countries that have failed to complete the transition from a closed to an open society, after planting the seeds of the Western model internally and starting to move towards institutional reform, are now starting to show signs of struggling. I refer, for example, to Russia, which soon abandoned the path of political reform in order to pursue Putin's neo-tsarist dreams; China, which has forcefully blocked the demand for liberal political reforms, preferring to draw inspiration from the Asian despotism of the past; and Turkey under Erdogan, which, having turned its back on the country's Kemalist tradition, is now dusting off old neo-Ottoman ambitions. Even India, having taken a conservative turn under Modi, seems to have abandoned the path of reforms first embarked on in 1991 by the then finance minister Manmohan Singh. One point perhaps worth stressing is that, in all these cases, it can be seen that the more despotic the power becomes, the less the economy flourishes.

Compared with what is seen in countries that chose to be closed societies, the West's open society is therefore anything but a model in decline. And yet many of its citizens are under the impression that they are living in a waning civilisation. Without wanting to cite populism, which is all too readily used as an explanation for various phenomena, something is clearly wrong if the prevailing sentiment in Western public opinion is fear of the future. The open societies of the West are still active, creative, alive and free, so why are their citizens succumbing to this fear of the future, and allowing themselves to drawn to illiberal democracies and certain autocratic regimes? If we accept that these fears of decline are unfounded, then what, exactly, are people afraid of?

Let us consider a hypothesis. It can be argued that the fast advancing scientific research and technological innovation produced by Western open societies — these are the only places where social rights (school-

ing and public health) go hand in hand with liberal freedoms (the right to heresy and the right to err) — has impacted on the economic and social fabric of these parts of the world, to the point of producing a paradigm shift: from a Fordist to a post-Fordist era.

This affirmation demands a brief digression. The concept of the Fordist factory was born of the need to solve a problem: how to reduce transport and communication costs; and the solution that was found consisted of concentrating all production activities within a mega factory.

The same kind problem also existed at social level and was solved in a similar way. After all, what is a city (a concentration of people living in a specific place) if not a machine for reducing transport and communication costs? What is a hospital (a concentration of patients gathered in a single building) if not a Fordist “health factory”? Both have their departments and divisions. And finally, what are schools if not Fordist factories of education? In this latter case, the analogy is particularly clear: pupils progress through a course of studies that can be likened to a production line. Moving through the system, from class to class, they are filled with content until, at last, they are ready to undergo the final quality control stage (examinations), before being fed into the market.

It has to be appreciated that technological innovation, especially in the field of new technologies, has drastically reduced transport and communication costs. As a result, both Fordist-type production (the mega factory) and the Taylorist principle of breaking down production into steps (the assembly line) are theories that have lost much of their original significance. After all, a product’s parts can now be built in different parts of the world, and even when production takes place in a single factory, or at a single site, much of the work is done by robots, not people.

Yet, the impact of this technological innovation has been felt only in the world of production, which, as we have seen, has moved from a Fordist to a non-Fordist model. In other words, whereas production has ceased to be Fordist, all the other spheres of life (cities, schools, education, collective bargaining) have continued to operate according to the Fordist model. And the general inertia and failure to address this situation has only exacerbated the problems that are emerging.

Thus, in cities today, negative externalities, in terms of congestion and poorer quality of life, often outweigh positive ones, to the point that it has now become very difficult to think of large urban areas simply as machines serving to reduce transport and communication costs. Similarly, the health system continues to “produce health” in a Fordist

way, i.e. by treating the sick (not preventing the healthy from falling sick), yet without personalising treatments or health checks. And this situation, combined with the staggering increase in the average age of the population, is threatening to push costs up more and more. Similar criticisms can be leveled at schools, which continue to fill pupils' heads with content even though it would perhaps be more useful, given the speed at which knowledge is evolving, to provide them with the tools they need to navigate today's world. So, if we accept that state schools and the public health system represent the heart of the welfare state and that they continue to be run along Fordist lines in a world that is no longer Fordist, then we have to acknowledge the fact that there has been a failure to reform the welfare state and adapt it to the new times in which we live.

This failure to overhaul the welfare state and adapt it to the new post-Fordist logic has had dramatic social effects. First of all, it has deprived the citizens en masse of the tools necessary to live, work and thrive in a post-Fordist world. As long as state schools continue to prepare students according to the requirements of an era now superseded, they will continue to produce individuals who find the world incomprehensible and feel they have no voice and no instruments at their disposal. This explains their disorientation and fear of the future — a post-Fordist future in which most people feel they have no place.

Because it has been neglected, the welfare state has become not only inefficient but also entirely unable to fulfil what is, perhaps, its most important function: to prevent and assuage fear of the future, in other words, to make citizens feel that they are not alone in the face of major changes taking place.

Finally, it is worth highlighting a further consideration. In this scenario, there comes a point at which the welfare state is no longer capable of keeping the majority of people in step with the times, and no longer able to provide the citizens with the tools they need in order to live and thrive in the world (post-Fordist) in which they live; instead, these tools are available only to the wealthy minority. This, then, is the point at which the majority of people start to think that the liberal institutions must exist to serve only the few, and are actually an obstacle to their own well-being; it is therefore the point at which there emerges a mass consensus in favour of doing away with the liberal institutions.

This brings us to another question: why has the welfare state never been modernised? Quite simply, because for thirty years it was believed that the market could produce wealth and development (which

is true), while also ensuring social progress and guaranteeing social rights for all (which has proven to be false). In other words, the neoliberal theorists believed that better distribution of wealth (the opposite of today's inequalities) could be more effectively guaranteed by the market (through wealth trickling down and having the effect of raising all the boats, even the smallest) than by the state (through high taxes and public spending).

But that theory, as shown by the trends of recent years (growing inequality and increasing pressure on the middle classes) has failed the test of reality; in fact, it can be said to have been resoundingly refuted, in a Popperian sense, by the great recession. What this tells us is that a rich and prosperous middle class, crucial to the stability of liberal democracies, is not a natural product of market forces, but an artificial result of a series of political actions that amount to the guaranteeing of social rights through the setting up of an institutional system called the welfare state. In other words, the market alone is not enough to guarantee social progress; there has to be state intervention, too, or at least a series of collective rules that impose respect for social rights, remembering that a right is something that belongs to a person regardless of the will of others.

When that system (the welfare state or the logic that underpins it) ceases to work, societies become polarised and the people (here meaning the stable and prosperous middle class) turns into a crowd, that is to say, an irrational and reactionary actor that, gripped by a fear of the future, becomes ready to voluntarily relinquish all its liberal freedoms in exchange for the very minimum in terms of future security and social rights. This is the reason why liberal democracies turn into authoritarian regimes. It all comes down to failure to resolve a social issue: the presence of a fearful crowd.

In short, the Western model is not in crisis. That "something wrong", mentioned earlier, is the fact that technological and economic progress, which is but one aspect of the model, has forged ahead more rapidly than social progress. And the reason for this difference in pace lies in the failure to reform the welfare state (i.e. the institutional system that should have guaranteed respect for social rights) and adapt it to our fast-moving times. This failure can be attributed to the neoliberal model's defining belief that the market is able to guarantee social rights — advanced ones at that — more effectively than a public bureaucrat can. In other words, in accordance with neoliberal doctrine, it was believed that the market would guarantee not only economic development, but

also social development. However, only the first part of this belief turned out to be founded.

There is a further consideration worth dwelling upon, and it concerns the fact, already mentioned, that Western open societies are institutional settings where liberal freedoms (the rule of law) and social freedoms (the welfare state) coexist. The combination of these two elements triggered the greatest phase of economic development and social progress known to humankind. And this was made possible by creating systems wherein liberal rights and social rights coexist without either prevailing over the other. And yet it is often forgotten that this formula — liberal freedoms plus social rights, and rule of law plus the welfare state — was the basis for building not only the internal order in Western and other countries embracing this model, but also the post-WWII international order. Because the major international institutions, such as the International Monetary Fund, the World Bank, and the GATT-WTO, were designed to do more than just keep the global market open and guarantee economic freedom; they also served to prevent the formation of closed blocs like those seen in the 1930s, and, furthermore, had the task of fostering social process, intervening less in developed countries (where this function was performed by the nation state) and more prominently in developing ones.

At international level, therefore, the post-war order created by the USA, a hybrid between a Westphalian and post-Westphalian order, was assigned a dual task: to prevent clashes between the world's superpowers and the formation of the monetary and economic blocs that had driven the world into a second World War, and to regulate international competition with the aim of maintaining, within states, social peace and growing economic well-being. In fact, as pointed out by John Ikenberry, remarking on the USA's apparent bewilderment following the disappearance of the Soviet Union (and therefore of the objective — containment — that had been perceived as the guiding star of American foreign policy), the most important result achieved by Washington in the post-war period was the construction of a liberal-democratic order. This was born of the need to eliminate the logic that, generated in the wake of the collapse of the *Pax Britannica* by the subdivision of the world into closed regional commercial blocs, had triggered the Second World War.

From this perspective, it can be argued that the building of the post-war liberal-democratic order amounted to the exact opposite of what had been done in the 1930s. Whereas the states grappling with

the effects of the 1929 financial crisis had retreated behind huge tariff barriers, the activity in the wake of WWII consisted of breaking down barriers and opening up markets in a concerted manner, while at the same time keeping an eye on the internal stability of the single countries (hence the protection clauses written into the GATT). Whereas in the 1930s each country had acted unilaterally, seeking its own route to salvation, paying no heed to the consequences that such actions would have at international level, in the post-WWII period, the free nations of the world undertook, of common accord, to embark on a joint management approach designed to support the stability and prosperity of national economies and ensure social security. As explained by Ikenberry, instead of simple freedom of trade, the industrialised countries set out to create and manage an open order, nevertheless based on a set of multilateral institutions and a “social pact” aimed at balancing economic freedom with stability and well-being. He then further underlined this point, reiterating that the Bretton Woods agreements were important precisely because they served as the foundation for building broader coalitions around an order that was both open but also managed. In short, they represented a compromise solution that was supported both by conservative free traders and by the new economic planning enthusiasts. All recognised that the removal of barriers to the movement of goods and capital was not enough, and that the system needed to be monitored and governed by the leading industrial nations. There absolutely had to be institutions, rules and the active involvement of governments. All this because the experience of the 1930s had led to a fear of contagion, the idea that a single nation’s pursuit of bad economic policies could threaten the stability of all the others.

These new arrangements also allowed the governments to meet the new obligations of the welfare state, implementing expansive macro-economic policies and ensuring the well-being of the population. In more general terms, the emphasis placed on creating an order that would ensure social stability reflected a central objective of the American drafters, and it explains why a social democratic order in the Keynesian mould was created within the states, alongside a social-democratic order at international level, too; the latter was based on international economic institutions entrusted, among other things, with intervening should the single states prove unable to fulfil their functions intended to ensure social stability. I refer to the UN, the IMF, the World Bank, and the WTO (formerly GATT); all these organisations were expected to intervene in order to ensure that internal order and international order

coincided and advanced together. According to David Landes, one of the main objectives of the Bretton Woods agreements was indeed to ensure that employment levels remained high. In his view, the linking of international economic stability to employment levels in single countries in itself marked a political turning point and showed the extent of the influence wielded by the new economic doctrine. Landes here refers to Keynesian thought, which suggests that the international post-war order can also be considered a Keynesian order. One might think, for example, of Stiglitz's explanation of the role assigned to the IMF: essentially, the IMF was required to sustain global aggregate demand by putting pressure on countries to maintain full employment and by providing liquidity to those that, struggling with periods of economic slowdown, could not afford to support the necessary expansionary increase in public spending.

In short, the state had the task of supporting internal demand and preventing market failures, while the international organisations were required to stop any such failures from spreading internationally and, at the same time, to help countries in difficulty.

The advent of the Hayekian model produced, internally, a reduction in the effectiveness of the welfare state, while externally it changed the nature of international institutions and therefore their social functions. Essentially, this model, by forcing the state and international organisations to assume a role completely different from that envisaged by the Keynesian model, had the effect of changing the post-war order. The struggles of Western countries today are therefore due not only to internal problems (failure to adapt the welfare state to changing needs), but also to the difficulties faced by the international order on account of the modification of its cardinal institutions produced by the advent of the Hayekian model.

Thus, these institutions (the World Bank and the IMF), which were meant to help developing countries to ensure greater social progress, have become tools for implementing (necessary) liberal policies, but they lack the counterweight of institutions able to guarantee social rights. It is this that has produced inequalities, social imbalances and the perception that that the international order was created not to serve the well-being of all nations, but only the interests of certain hegemonic powers and of those enterprises better placed to exploit privatisations imposed in the name of the Washington Consensus.

This is the reason why some countries have abandoned the reformist policies they had undertaken (also in an instrumental sense) and back-

tracked. In short, they have abandoned the path that would have led them to an open society in order to return to their past. As mentioned, we have seen Russia moving back towards its tsarist past, Turkey harking back to the Ottoman Empire, and China reverting towards its imperial past. In other words, these countries, and those that have followed their example, have abandoned the path that would have led them to an open society in order to return to Asian despotism, that is, the old way of running the state.

It can therefore be concluded that the Western model is alive and kicking, but going through a growth crisis. This is due to the fact that while economic development and technological development have advanced to an incredible degree, the domestic and international institutions, which should have ensured that the majority kept pace, have failed to do the same. This situation has generated fear and frustration internally (especially in countries where there has been less reform of the welfare state) and it has triggered the birth of movements firmly opposed to the market. These movements accuse globalisation of being the root of all evil, and regard open borders and migration as a threat. They also oppose enterprise (demonising multinationals) and the institutions and political leaders that have defended the liberal order (such as the EU and Merkel, initially, but now Macron, too). At international level, on the other hand, this situation has produced the birth of illiberal democracies and authoritarian regimes that explicitly reject the liberal order and Western open societies. None of this has happened because the liberal-democratic model is spent, or because open societies have been defeated; it is simply the effect of the failure to overhaul the institutional system that, both at international level and internally, should have ensured respect for social rights together with liberal freedoms. The current ills are due not to the demise of open societies, but rather the extraordinary growth that they are now experiencing. The good news is that there exists a remedy; the bad news is that failure to apply it could be very dangerous, both for the internal stability of Western countries and for the liberal international order. The only alternatives to this order are regional blocs. And let us not forget that these, in the name of economic protectionism and political nationalism, twice in the space of three decades exposed the world to the horrors of global war.

The Dilemma of European Identity

ANDREA APOLLONIO

“And this, I think, is the meaning of European identity:
the European in conflict with his social being to become,
with others, what he is, a man.”

(Mario Albertini, *L'Identità europea*, Il Federalista, 1977)

Introduction.

European integration is one of the most ambitious political projects of both this century and the last. Marking a crossroads, it presents human society with a paradigmatic choice that will shape its destiny. Completion of the project, through the founding of a European federal state, would introduce two absolute innovations: one of an institutional nature, that is to say, the first post-national model of statehood, and the other cultural, meaning a post-national culture of cosmopolitanism and human unity. The historical advance of this process, which fortunately the cowardice of some has not been sufficient to arrest, has raised a question that troubles the minds of those who are starting to perceive the dramatic nature of this turning point: what does it mean to be European? What is it that makes a person European and, as such, distinct from a non-European? What historical and cultural elements can legitimise a political project in favour of the European *demos*? We do not have to think too hard to come up with some rational answers to this question. Yet, in my view, among the various elements used to form a narrative on the issue of European identity, two stand out in particular.

The first is Hellenism. Surely no one would be “bold” enough to deny the profound influence that Greek culture has had on our civilisation. Leaving aside the debate over his authorship of the great epic poems, Homer must be acknowledged as the father of Western *mythos* and narrative. The *Iliad* and the *Odyssey* have marked the educational journeys of many generations of students, moulding their artistic sen-

sibilities. Plato and Aristotle are the founders of Western philosophical thought, and still today their reflections on *logos* and aesthetic concepts offer insights for academics, and stimulate scientific advances. Not without reason, Alfred North Whitehead remarked that “The safest general characterisation of the European philosophical tradition is that it consists of a series of footnotes to Plato.”¹

The second element that, combined with the first, has contributed to shaping the narrative on our unique identity is Christianity. Again, can anyone possibly deny that our morality is permeated by the dictates of Christian doctrine? Our ethical framework, the notions of good and bad that guide our choices, and the criteria by which we judge the actions of others all refer back (whether we realise it or not) to the events of the New Testament and the meanings they convey. The influence of Christianity reaches well beyond the religious and spiritual worlds: it has taken root and borne its fruits in popular culture, in the political imagination, and even in our public institutions.

However, while there can be no denying the decisive role played by these two cultural macrophenomena, Hellenism and Christianity, in defining what we today call “European civilisation”, it would be wrong to argue that these elements alone are responsible for our cultural identity, and thus define us as Europeans, and, as such, distinct from non-Europeans.

Historiography shows that such a generalisation would, in fact, be incorrect. First of all, the phenomenon of Hellenism, meaning the spread of Greek influence through non-Greek territories and its blending with elements of local culture, extended as far as the banks of the Indus River, and therefore involved a geographical area far greater than Europe and the Mediterranean. This influence, reflected in philosophy, architecture and art, managed to permeate the essence even of populations far removed, both geographically and culturally, from Greece, and in this way gave rise to a world of common thought.

Similarly, Christianity is not a phenomenon associated solely with the European area. Jeshua Ben Yosef, the individual better known to us as Jesus, was not European, but Palestinian. He was not Christian, but Jewish. Furthermore, from the very first centuries of its development, the religious doctrine based on the events of the New Testament spread through most of the Mediterranean area.

Therefore, if we were to take the aforementioned assumptions on the influence of Hellenism and Christianity to their logical extremes, ignoring the historiographic evidence, we would come to the conclu-

¹ Alfred North Whitehead, *Process and Reality*, New York, Free Press, 1979, p. 39.

sion — absurd, because based on substantially incorrect premises — that a German and an Egyptian, by virtue of the fact that they share a certain historical and cultural background, are similarly European. The fact is, though, as remarked by historian Alessandro Barbero, whereas “being imbued with Greek culture and embracing Christianity are phenomena that involved the inhabitants of Gaul, Egypt and Asia Minor (...), the birth of the Roman-barbarian kingdoms involved Europe alone.”² In fact, if we were to persist in our search for exclusive traits that characterise us as European, historiography would soon present us with another lesson in the form of a most unpalatable truth, namely that the history of Western Europe — that part of history concerning only our small corner of the world — actually began with the Barbarian Invasions and the consequent birth of the Roman-barbaric kingdoms. We would therefore have to admit that, paradoxically, it was the uncivilised barbarians who defined our civilisation and began writing the chapter of exclusively European history.

Of course, these provocative reflections should not be allowed to shake the foundations of our common sense, or make us think that we owe our existence, as Europeans, to Alaric and his warriors more than to Greek philosophers and Christian teachers. What they show us, however, is that there actually exist no exclusively European socio-cultural elements and traits. In the same way, there is no exclusively European history. Accordingly, the European as such, distinct from the non-European, simply does not exist. The basic issue at the heart of all this, which explains the absurdity of certain conclusions, is identity, an ambiguous and slippery concept much studied by philosophers and anthropologists.

For the purposes of our analysis it is useful to adopt the so-called contrastive approach developed by anthropologist Fredrik Barth.³ From his theoretical standpoint, identity cannot be considered an intrinsic quality, something to be found in nature. Rather, it is an artificial construct whose primary function is to signal a distinction between one’s own social group and others. In other words, identity is defined by boundaries, and therefore by alterity, or otherness, in relation to other groups. Therefore, if the Italian peninsula were the only habitable land,

² Quote from a lecture given by historian Alessandro Barbero entitled *Ai confini dell’Europa: da Adrianopoli a Poitiers* in Matera on 9 February 2019 as part of the *Future Digs* cycle entitled *Lezioni di storia. Oltre i confini*, <https://www.youtube.com/watch?v=DBwYnVJvSyE&t=75s>.

³ For more on this, see: Fredrik Barth, *Ethnic Groups and Boundaries*, Boston, Little, Brown, 1969.

it would make no sense to speak of Italianness. After all, there would be no borders and no “foreign” peoples in relation to whom we might define ourselves. Accordingly, the Italian, *per se*, does not exist, whereas we can talk of Padanians (people from the Po Valley) as opposed to people from Campania, for example. The Italian as such can exist only in relation and in contrast to the Frenchman or Frenchwoman, for example. These contrasting forms of identity are purely artificial: they are the historical products of narratives, i.e. systematic reworkings of facts, events, traditions and ideas. These reconstructions ignore the true complexity of the world, and mask the profound and inextricable historical, social and cultural ties that bind an Italian to a Frenchman, and an individual from one area to a person from another, such as a Padanian to someone from Campania, and so on.

Barth’s contrastive model fits the concept of national identities for several reasons. The first is that the nation, understood as a people whose members share the same ethnicity, language and culture, is an artificial construct, in other words the result of a mythopoeic reworking of the past that involves the selection of some traits, the rejection of others, and the formulation of a neat and persuasive narrative. The second is that national identity is, by nature, an oppositional concept. It aims to achieve almost complete cultural homogeneity internally, discouraging heterogeneous traits, underlining differences between one’s own nation and others, and fostering the idea that the existence of national borders is in the natural order of things. All this produces a national character and national behaviour. The citizen is shaped by the nation and directed towards national ends. From the identity perspective, the political phenomenon of nationalism champions the prevalence of difference (i.e. all that separates and distinguishes) over the universal (i.e. all that represents common ground and unites). According to Italian historian and philosopher, Federico Chabod, “a sense of nationality means a sense of historical individuality. The principle of nation is reached when it is possible to affirm the principle of individuality, that is to affirm, against the generalising tendencies, the principle of the specific, of the single individual.”⁴

Anthropologist Pietro Scarducci wrote a brilliant book on the topic of national identity, trying to explain its functioning through recourse to classic categories of the concept: “Neither national identities nor the new European identity are objective realities, but instead collective

⁴ Federico Chabod, *L’idea di Nazione*, Bari, Editori Laterza, 1999, p. 17.

representations, imagined communities, intangible cultural artefacts.”⁵ What Scarduelli seems to be saying is that the task of defining the political identity of a human group amounts to a collective and virtual constructive endeavour. “From this perspective, it matters little if the elements making up the narrative are inhomogeneous or even irreconcilable (such as Christianity and the Enlightenment, religious faith and scientific rationality, the Roman empire and representative democracy, for example). An ideological narrative does not necessarily have to be coherent: it just has to be convincing. (...) Every collective identity is, by its very nature, contrastive and relational, given that, to exist, it must differ from something else.”⁶ These reflections are enlightening: as well as bringing out the contradictions inherent in any attempt to build an identity, they also show the persuasive and representative function of the latter. At the same time, however, he makes a consideration that we will examine more closely in the following lines: “Even the construction of the image of Europe cannot avoid using this mechanism.”⁷ Scarduelli, in comparing the national identities with the emerging European identity, sees very similar poietic processes at work, and observes a substantial similarity in the creation of these narratives. This leads him to suggest that the building of a European identity must inevitably come about through mechanisms substantially similar to those used by the nation-states.

On this latter point, I beg to differ, and advance an alternative viewpoint based on the following two considerations.

1) European identity, unlike the national identities that underlie it, remains a debated concept. In fact, European integration is still a work in progress. None of the visions of European integration thus far presented is definitive; instead, they conflict with one another, offering different perspectives and interpretations, not of what the European Union is, but of what it needs to be.

2) From examination of political discourse and intellectual analysis relating to this topic, there emerge two “identity paradigms”, or archetypal models of political identity (one national and the other post-national). These models, if applied to the idea of Europe, produce, respectively, two ideas of identity, which seem distant from each other, but are actually constructed on the basis of same paradigmatic assumptions.

⁵ Pietro Scarduelli, *Antropologia del Nazionalismo. Stati Uniti, Unione europea, Russia*, Sesto San Giovanni (MI), Mimesis Edizioni/Antropologia Oggi, 2017, p. 36.

⁶ *Ibidem*, pp. 38-40.

⁷ *Ibidem*, p. 40.

The National Model of Identity.

Conceptually, the national model of identity coincides perfectly with the framing of the problem as thus far set out. Identity, as understood in the national sense, is a homogeneous entity. It is the expression of a human group that has been identified within established boundaries — a group that is, at once, substantially homogeneous from the historical and cultural point of view, and clearly distinct from others. On this basis, two ideas of the concept of Europe have evolved, seemingly antithetical but actually rooted in the same basic assumptions.

First, we have the internationalist idea, according to which Europe is a geographical and historical entity and, from a political perspective, merely part of the framework of international relations. The argument most commonly advanced by those who adopt this view is the *no demos thesis*. This is the idea that the political integration project is not so much undesirable as impossible, and that this objective impossibility stems from the lack of the necessary constituent subject, in other words, the lack of a European people, or nation. It is, they argue, impossible to plan a political project in the absence of a people that shares the same culture, language, traditions and interests. One of the most prominent supporters of this position was Charles De Gaulle, who, during a press conference on May 15, 1962, said: “There can be no Europe other than the Europe of the states, everything else is myth, talk, superstructures.”⁸ This idea contains a logical contradiction: while recognising, correctly, the non-existence of a European people and the artificiality of any attempt to build a European identity *ex post facto*, it suggests, incorrectly, that the European nations exist as natural entities. Logically, if all attempts to define European identity are artificial, so too are national identity narratives.

Second, we have the Europeanist idea, which offers a different perspective. Although apparently directly opposed to the internationalist one, it actually stems from the same basic assumptions: in this case too, planning a political project is legitimate only in the presence of an alleged natural nation. What differs, however, is the judgement on the existence of a European *demos*. According to those who support this idea, there do exist cultural ties that define Europe. They believe in the

⁸ This remark was made by Charles de Gaulle during a press conference at the Elysée Palace, Paris, on May 15, 1962. “Il ne peut pas y avoir d’autre Europe possible que celle des États, en dehors naturellement des mythes, des fictions, des parades.” <https://fresques.ina.fr/de-gaulle/fiche-media/Gaulle00078/conference-de-presse-du-15-mai-1962-questions-europeennes.html>.

existence of a pre-political Europe, and that the Europeans constitute a “community of destiny”. Alcide De Gasperi, to my mind one of the most authoritative supporters of this position, speaking during the 1954 European Parliamentary Conference in Paris, said: “If I affirm that at the origin of this European civilisation there is Christianity, I do not mean by this to introduce any confessional category, exclusive in the estimation of our history. I only want to talk about the common European heritage, of that unitary morality that underlines the dignity and responsibility of the human person, with his ferment of evangelic fraternity [...]”⁹ In short, he believed that the legitimacy of the integration project was based on this shared “unitary morality” and on the Christian origins of European civilisation. This consideration, which brings us back to the reflections proposed in the introduction to this essay, is the result of an artificial, mythopoeic selection of those arguments useful to the construction of a narrative able to legitimise the system of cultures and values associated with Europe.

The Post-National Model of Identity.

The post-national model of identity is underpinned by a series of assumptions that contrast completely with those underlying the national one. First of all, this model assumes that the new material structure of the world, globalisation, requires the overcoming of the national system, and the creative development of a new model. Essentially, whereas in the national model identity precedes, historically, the political project and legitimises it, in the case of the post-national paradigm, this sequence is reversed: politics and the institutions determine the process of identity formation. In this sense, identity is the result of human actions and political choices; it is not an essence that can be traced back to our historical and cultural past. Within the post-national model, it is possible to identify, in my view, two ideas. The post-national model is now widespread and much cited in the scientific field, and it is starting to influence political debate, producing new reflections as a basis for envisioning the future.

According to the first idea, which we might simply call the post-national idea, political identity emerges through the exercise of democracy. In other words, it is not a source of legitimacy for a political enter-

⁹ Words taken from Alcide De Gasperi’s speech at the European Parliamentary Conference of April 21, 1954. This quote can be found in the Parliamentary Assembly, Council of Europe, Official report of debates, 2003 Ordinary Session (Third Part), 23-27 June 2003, Volume III, Sitings 17 to 24, Pages 559 to 839, p. 776.

prise; rather, it is the negotiated product of the relationship between the new institutions and the citizens that those institutions represent. In this sense, the European Constitution and the institutional structure destined to derive from it can be seen to act as a self-fulfilling prophecy. The theory is that the creation of a broader political arena and the involvement of a greater number of citizens (N.B. citizens, not members of a natural people or nation), rendering the shift of power clearly visible, would have the effect of generating debate and triggering creative cultural processes. I would say that the main supporters of this idea are Jürgen Habermas and Zygmunt Bauman. Supporting the thesis that the people is born in conjunction with the state's founding act and grows with its institutions, Bauman, in a passage from his book *Oltre le nazioni* (Beyond Nations), remarks as follows:

“The strength of a democratic constitutional state is based precisely on the ability to create and recreate social integration through the political engagement of citizens. The national community does not precede the political community, but is its product. (...) Whatever its roots and wherever it derives its power, the stimulus for political integration, and the factor necessary for its growth, is the shared vision of a collective mission.”¹⁰

The second idea linked to post-national paradigmatic assumptions was developed mainly in the context of federalist analysis. Federalism, as a theory, maintains that identity, understood as the product of a process of mystification driven by nationalist culture, is a monolithic and uniform construct. Therefore, with the advent of federalism, political identity, because of the multilevel governmental structure that characterises the federal state, is destined to undergo a process of fragmentation and re-organisation. In this context, political loyalty is manifested at different levels, reflecting people's membership of progressively broader political communities. According to this view, someone born in Milan is, simultaneously, a citizen of Milan, Lombardy, Italy, Europe and the world. These levels of identity are not mutually exclusive, but complementary and coexistent.

Pavia born philosopher, Mario Albertini, the leading theoretician of federalism, further dissected the idea of identity, showing that it should ultimately be superseded. Addressing these questions with great rigour in an essay entitled *L'identità europea*, published in this journal in 1977, he remarked that the nation-state is “a state that would have its

¹⁰ Zygmunt Bauman, *Oltre le Nazioni. L'Europa tra sovranità e solidarietà*, Editori Laterza, Bari, 2019, p. 16.

members believe that they form a group who are naturally, or essentially, different from all other human beings”¹¹, and he defined its culture as “the culture of the division of humankind”. In this sense, the European Union is the first political project aimed at undermining the national system and promoting the unity of mankind.

In this project, however, Albertini identified a risk. The European federal revolution would objectively be a cultural phenomenon capable of offering the world new political values. However, as he realised, the revolution would be one thing, and the perpetuation of its effects at institutional level quite another. In other words, federalism, having introduced, for the first time in history, the post-national political culture of the unity of mankind, would run the risk of institutionalising, and wrongly identifying, federal culture as “European culture” — a misleading expression that seems to suggest the existence of a European “nation” and identity. As Albertini explained, “European culture exists as such precisely because, in the face of the political culture of the division of the human race, Europe represents universal culture, which has reached, within it, its first fulfilment, as a separate culture, as its culture (...). [In this scenario] there would no longer be any European culture — only universal culture presented as European —, but there would, of course, be the European state (...); and, with it, the European citizen, the European social identity (yet another case of affirmation of some and denial of others).

Bearing in mind that culture, for Albertini, means political culture, and thus refers to the “behavioural criteria that emerge with the great episodes of history”, the contradiction he highlights is illuminating. The European integration project embodies a new way of understanding culture and political identity. However, if its institutionalisation results in the new values it bears becoming crystallised in an exclusive entity, then it risks losing its revolutionary significance. “This is tantamount to saying that the contrast that always appears between a ‘cultural fact’ and the power that follows it (as seen with the French Revolution, the Soviet Revolution, etc.) seems to be active not only in the sphere of the pure ideal, but also in that of the political ideal, now aiming at the reunification of mankind, at the political recognition of all men.”¹² In this sense, if we accept that the integration project should mean more than just building a new superpower, i.e. if we see it as the revolution-

¹¹ Mario Albertini, *L'identità europea*, Il Federalista, 19 (1977), n. 2, pp. 75-83, http://www.thefederalist.eu/site/index.php/it/?option=com_content&view=article&id=827&catid=62&lang=it-IT.

¹² *Ibidem*.

ary event that will lead to the overcoming of the national system, then “European identity” must be understood as a transitory concept, part of a transformative process that will necessarily lead to its dissolution. “Thus, having overcome the political culture of the division of mankind, and thereby removed the grounds for presenting human culture in European terms (in other words, having eliminated the concept of European culture to allow the creation of universal culture), Europe would then need to eliminate itself in order to be recreated at global level. This, I think, is what is meant when it is said that the European federation will pave the way for the world federation. And this, I think, is the meaning of European identity: the European in conflict with his social being to become, with others, what he is, a man.”¹³

Conclusion.

Federalism is a revolutionary political perspective. Although it is commonly perceived merely as a source of administrative models and solutions, it is actually much more than this. When we speak of federalism, we are referring to something with a far greater critical mass. For some scholars, it is not just a theory, but rather an ideology, or a complex system of ideas on the basis of which to interpret the world and manage the course of history.

Federalism is revolutionary because it touches on sovereignty, and therefore gets right to the heart of the status quo, of nationalist ideology, and of the national system. From the nation-state perspective, sovereignty is seen as monolithic and indivisible, or at least divisible only in a functional sense, according to the classic division of powers (executive, legislative and judicial). Instead, federalism exposes the shortcomings — absurdity even — of the national model, given the objective reality of our globalised world where the complexity of interactions between states demands new forms of government, structured on a number of levels. Thus, federalism entirely dismantles sovereignty, the very heart of the nation-state, breaks it down into pieces, and re-organises it, dividing it between different levels. This is done not simply out of a natural aversion. Federalism is a critical theory, in the sense that it does not simply seek to engage in a battle of ideas and values. Instead, highlighting the fundamental contradictions and distortions of reality, it sets out the transformations that states will have to undergo in order to avoid being overwhelmed by events. For Marxism, the socialist revolution is not simply a political goal but a historical necessity; in the same

¹³ *Ibidem.*

way, for federalism, the federal revolution is a transformative transition demanded by the material structure of the world.

The monolithic and uniform identity typical of the nation-state is a direct corollary of the monolithic idea of sovereignty: the idea that sovereignty goes hand in hand with one state, one power, one nation, one people, one language, and so on. By debunking this misleading myth of monolithic sovereignty, federalism shatters the idea of national identity, another distortion of our times, dissolving the concept and restructuring it in post-national terms. Once again, this is not simply a question of fighting over values, but of solving “the fundamental contradiction of our times”, which “is no longer to be found in class or power conflicts within nations, but instead lies in the division of mankind, which perpetuates the unequal distribution of power and wealth among peoples (states) and precludes rational government of the world.”¹⁴

¹⁴ *Ibidem.*

European Sovereignty and the Fight Against Mafias and Organised Crime*

DAVIDE NEGRI

Mafias in Europe.

The growth of organised crime and mafias (the latter representing an interweaving of entrepreneurial, political and criminal interests designed to create a power system parallel to that of the state) can be counted among the most prominent “success stories” of the (almost complete) globalisation of the world economy; it is also an expression of the failure of states and of international cooperation to take adequate preventive and repressive action.

The opportunities opened up, in Europe, by the free movement of people, workers, capital and goods, and also, more broadly, by the digitalisation of the economy, have allowed countless new illegal and criminal activities to spring up. And these, recording huge profits, are undermining the legal economy and influencing political, social and economic life, especially in Italy.

The Europol 2017 report put the number of organised crime groups under investigation in the European Union at around five thousand. Few of these groups are as deep-rooted as the Italian mafias (under 145 investigations coordinated by Eurojust from 2012 to 2016). Seven out of ten of these organisations operate in more than one country. Engaging in activities such as drugs and counterfeiting, according to *Transcrime* they share an illegal market worth around 110 billion euros, or 1 per cent of the EU’s GDP. Russian-speaking and Turkish mafias have been found to be prominent. Various reports and investigations have also noted an increasing role of Albanian clans in marijuana trafficking and

*This article is an update of a piece published 10 years ago in *Il Federalista*, 52, no. 2 (2010), p. 128.

other areas, and also highlighted the growing danger of lesser-known groups such as motorcycle gangs in Northern Europe, and Vietnamese clans operating mainly in Eastern Europe. “No country can consider itself immune.”¹

Drug trafficking accounts for around a third of all organised criminal activity. Different types of fraud (boosted by the rise of the digital economy), trafficking and exploitation of human beings (for prostitution and modern slavery), and illegal arms trafficking are other main areas.

The huge profits made by criminal organisations allow them to pollute the legal economy, intervening both in the public sector, through the mechanism of corruption (in order to avoid official checks and manipulate public procurement processes), and in the private sector, through money laundering and reinvestment.

As pointed out in the *SOCTA 2017* report,² digital technology, offering “an unprecedented degree of flexibility”, has enabled practically all organised crime groups to raise their game; in particular, the new modes of communication and social networks have made it easy for them to adapt to changes in society. Furthermore, the world of organised crime is also exploiting “all kinds of technical innovation such as advances in drone technology, automated logistics, and advanced printing technologies.”

To better clarify the level of social penetration of organised crime, an overview of the main criminal organisations present in Europe is provided in the table.³

It shows that mafia-type criminal organisations are to be found in every single European member state, without exception. Their presence has prompted each country, through the work of courageous journalists and law enforcement agencies, to engage in more or less cognizant debates on the issue. This has had the effect opening a broader debate on the topic within the European Parliament.

For at least a decade, the European Parliament has been approving documents⁴ designed to make mafia association a specific offence

¹ Fatto Quotidiano, *United Mafias of Europe*, project coordinator Mario Portanova, funded by the European Parliament, <https://www.ilfattoquotidiano.it/longform/mafia-and-organized-crime-in-europe/map/>.

² Europol, *SOCTA 2017*, <https://www.europol.europa.eu/activities-services/main-reports/european-union-serious-and-organised-crime-threat-assessment-2017>.

³ Based on Fatto Quotidiano, *United Mafias of Europe*, *op. cit.*

⁴ An example is the European Parliament resolution of 25 October 2011 on organised crime in the European Union (rapporteur Sonia Alfano) which was approved by a large majority. For the complete text, see <https://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2011-0459+0+DOC+XML+V0//EN>.

| Country | Main groups and activities | Features and remarks country by country |
|-----------|--|--|
| Sweden | <ul style="list-style-type: none"> - Gangs of motorcyclists: extortion, drugs, firearms, infiltration of the legal economy - Vietnamese criminality: drug trafficking - Syrian OC: illegal gambling, extortion, welfare fraud | <p>Together with Denmark, Sweden does not class OC per se as a legal offence, meaning that only actual crimes committed by individual group members are punishable. (...) One of the main OC investigations in the country concerned the so-called "Syrian mafia" and it began after the killing of two Syrians in the gambling house Oasen at Södertälje, the night of July 1st, 2010. (...) The group's activities included fraudulent use of the many social benefits guaranteed in the country, including council houses and unemployment benefits, as well as illegal gambling, extortion and sale of illegal alcohol for which the heavy tax duties had been evaded.</p> |
| Finland | <ul style="list-style-type: none"> - Gangs of motorcyclists: drug trafficking, firearms, money laundering into the legal economy | <p>Gangs of motorcyclists make up the main known criminal organisations in Finland. These maintain a legal semblance with badges and tattoos, [they are] often connected via international networks and are also employed in legal economy activities. (...) The number of gangs has risen from eight counted in 2000 to 80 currently registered by the National Bureau of Investigation, totalling approximately 1000 members (...).</p> |
| Estonia | <ul style="list-style-type: none"> - Obshak ("common treasury"): drugs, prostitution | <p>The traditional OCG in Baltic states is the <i>Obtshack</i> ("common treasury"), an umbrella organisation with activities that range from drug trafficking to prostitution and traffic of stolen vehicles. (...) The recognised boss, Nikolai Tarankov, a former member of the Soviet KGB, was assassinated in 2016 at 63 years old (...).</p> |
| Latvia | <ul style="list-style-type: none"> - RSOCs: trafficking of migrants, illicit trade in tobacco products, drug trafficking, theft, money laundering | <p>A 2011 report by the Institute for Security and Development Policy of Stockholm included the following remark: "Money laundering, bribery and corruption especially destroy the country's economy (one of the poorest in the EU). According to the World Bank, illegal economy amounts to about 40% of the total."</p> |
| Lithuania | <ul style="list-style-type: none"> - Local groups and RSOCs: smuggling of cigarettes, alcohol, gas, oil | <p>Lithuanian criminal groups, specialising above all in property crime, are recorded in the registries of the German and British criminal police (BKA and NCA respectively). The cocaine market has expanded (...) This is substantiated by the boom in number of requisitions registered in 2010, especially coming in via sea, as recorded in the Italian National Anti-mafia and Counterterrorism Directorate 2015 report.</p> |

Abbreviations: OC, organised crime; OCG, organised crime group; RSOCs, Russian-speaking organised crime groups; BKA, Bundeskriminalamt (Federal Criminal Police Office); NCA, National Crime Agency.

Source: <https://www.elfattoquotidiano.it/longform/mafia-and-organized-crime-in-europe/map/>.

| Country | Main groups and activities | Features and remarks country by country |
|---------|--|---|
| Denmark | <ul style="list-style-type: none"> - 'Ndrangheta: infiltration into the legal economy | <p>Denmark is one of the two European Union countries, together with Sweden, that does not recognise the offence of criminal association. Together with the United Kingdom, it did not adhere to the EU 2014/42 directive concerning the freezing and confiscation of instrumentalities and proceeds of crime. The country is also a terminal for the trafficking of migrants and one of the main outlets for marijuana produced illegally in the Netherlands. In 2016 the trade union 3F reported for the first time the presence of companies "linked to the mafia" in construction sites of the new underground in Copenhagen and in Aarhus, the second largest city in Denmark, where work is being done on new railway tracks.</p> |
| Poland | <ul style="list-style-type: none"> - Camorra: laundering, cigarette smuggling - 'Ndrangheta: drug trafficking, in contact with Serb-Montenegrin groups; production of synthetic drugs | <p>Poland is one of the main producers of methamphetamine and amphetamine in Europe, declares the Europol 2017 report. (...) Nicola Gratteri and Antonio Nicaso in their book <i>Oro bianco</i>, cite investigators as reporting that Serb-Montenegrin organisations active in the country are in touch with the 'Ndrangheta for international cocaine trafficking.</p> |
| Germany | <ul style="list-style-type: none"> - 'Ndrangheta: drug trafficking, money laundering - Turkish mafia - RSOCs | <p>Apart from Italy, Germany is the only EU country where Italian mafias have shown themselves through a particularly bloody event — the Duisburg massacre on the evening of August 15 2007 —, even though Italian mafias have existed in Germany since the 1970s. As BKA investigators report, mafia activities in Germany extend far beyond illegal markets such as weapons, drugs, extortion and counterfeit banknotes. These mafias have now entered the legal economy, obtaining public contracts, infiltrating the food market, offering health services, engaging in waste management and also accessing public subsidies for these activities.</p> |
| UK | <ul style="list-style-type: none"> - Camorra: money laundering - Sacra corona unita: illegal gambling, money laundering - 'Ndrangheta: money laundering - Albanian criminality: drug trafficking | <p>Money laundering is the largest OC activity in the UK. (...) In general, the Transcrime report indicates that the camorra invests in the construction industry, in bars and restaurants. Sacra corona unita is also active, managing casinos and clandestine betting shops for sporting events. (...) The UK did not adhere to the EU directive 2014/42 on the freezing and confiscation of instrumentalities and proceeds of crime.</p> |
| Ireland | <ul style="list-style-type: none"> - Former terrorists converted to criminal gangs: trafficking of drugs and firearms - Chinese OCGs: manufacture of illegal cannabis, cigarette smuggling | <p>Most gangs are involved in drug trafficking destined for the United Kingdom and the rest of Europe. The Europol report of 2013 confirms the remote western coast as the gateway for cannabis arriving from Morocco. (...) Other activities handled by OCGs are the sexual exploitation of trade victims and firearms trafficking, the latter mostly controlled by paramilitary groups or their former members.</p> |

| Country | Main groups and activities | Features and remarks country by country |
|----------|---|---|
| Belgium | <ul style="list-style-type: none"> - 'Ndrangheta: drug trafficking, money laundering - Camorra: drug trafficking | <p>Belgium, with its port of Antwerp, represents one of the main gateways for cocaine traffic to enter Europe and, together with Poland and the Baltic States, holds the primacy in the production of ecstasy on the continent. But, according to the Italian Central Directorate for Antidrug Services, drug trafficking revenues are reinvested, especially in "real estate".</p> |
| France | <ul style="list-style-type: none"> - Grand banditry (Corsican-Marseillaise): drug trafficking, money laundering, slot machines - Drug-banditry: drug trafficking, money laundering - 'Ndrangheta: drug trafficking, money laundering - Camorra: drug trafficking, money laundering, luxury theft - RSOCs: firearm trafficking, theft, prostitution | <p>Mapping OC in France is a complex undertaking given the difficulties in accessing information in a country whose priority in recent years (since 2015) has been the fight against terrorism.</p> <p>Features include the presence of drug bandits in the northern districts of Marseille; the control of the cities by the Corsican-Marseillaise; the money laundering on the Côte-d'Azur, home to Camorra and 'Ndrangheta fugitives; the presence of Russian-controlled arms trafficking; and the existence of an underground video poker market. The areas with the highest crime rates are Ile-de-France, Provence-Alpes-Côte-d'Azur and Corsica. However, according to anti-mafia activists, there is little awareness in French civil society of the phenomenon of OC, with the result that there is little appetite for serious debate on making mafia-type association a crime.</p> |
| Spain | <ul style="list-style-type: none"> - Cosa nostra: drug trafficking, gambling, money laundering, especially in the tourism-hotel industry - Camorra: drug trafficking, cigarette smuggling, money laundering - 'Ndrangheta: drug trafficking, money laundering - Albanian criminality: drug trafficking - Russian mafia: drug trafficking, money laundering | <p>Spain has been described as a mafia-free country that provides a safe haven for mafias, as it has been confirmed that half of Europe's criminal and mafia organisations, including all the Italian ones, have turned the country into the European hub of cocaine trafficking, which remains the most lucrative form of illegal trafficking.</p> <p>Moreover, Spain continues to be a key country for the recycling and reinvestment of the huge profits of OC, in hotels, restaurants, construction and agricultural businesses.</p> <p>On the legislative front, some progress has been made regarding anti-money laundering rules and the confiscation of property.</p> |
| Portugal | <ul style="list-style-type: none"> - Camorra: commerce in fake designer labels - 'Ndrangheta: drug distribution, money laundering | <p>Ibiza to a lesser degree, Portugal, too, is a country infiltrated by Italian mafias, which use it as a logistics base for drug trafficking and reinvestment in tourism activities.</p> |

| Country | Main groups and activities | Features and remarks country by country |
|----------|--|--|
| Italy | <ul style="list-style-type: none"> - 'Ndrangheta, Cosa nostra, Camorra: drug trafficking, extortion, infiltration into the legal economy, money laundering - Nigerian criminality: drug trafficking, also in agreement with Cosa nostra - Chinese criminality - Albanian criminality: drug trafficking | <p>Italy is the cradle of at least three mafia groups spread throughout Europe: 'Ndrangheta (originating in centre-south Calabria), Cosa nostra (Sicily) and Camorra (mainly in the Neapolitan and Caserta provinces of Campania).</p> <p>And yet it is only over the last decade (...) that that public and political opinion has finally realised that mafia is a problem that has also taken root in the North of the country, especially in Lombardy.</p> <p>Following some successful judicial investigations and the introduction of harsher legislative measures, Italy's mafias, especially Cosa nostra and 'Ndrangheta, adopted the so-called <i>"inabissamento"</i> (sunk) strategy still in use today. This means less violence, especially towards external targets that could provoke government or public reaction; maximum infiltration into the legal economy, both through public tenders and private business (a typical case is the monopolisation of earthmoving in construction works throughout areas of northern Italy by firms with links to 'Ndrangheta). In view of its history, Italy is the only European country to have made specific mafia-type criminal association a specific crime, under article 416 bis, introduced in 1982.</p> |
| Greece | <ul style="list-style-type: none"> - Turkish OCGs: drug trafficking - Camorra: illicit cigarette trade, drug trafficking - Albanian OCGs: drug trafficking | <p>The Anti-Mafia Investigation Department shows the strategic role held by Greece in the routes taken by drug traffickers and smugglers to import heroin, hashish and cigarettes into central Europe.</p> <p>A leading role is played by Albanian OCGs.</p> |
| Cyprus | <ul style="list-style-type: none"> - Money laundering | <p>According to the Basel Aml Index 2016, Cyprus is today 5th in Europe for laundering risk, after Luxembourg, Greece, Italy and Germany.</p> |
| Bulgaria | <ul style="list-style-type: none"> - Local groups: car theft, fake fashion labels, serial burglaries over the entire European territory - Money laundering | <p>The <i>Organised crime portfolio</i> curated by Transcrime reports Bulgarian organisations as among the most violent in trafficking human beings across the Balkan states.</p> <p>Furthermore, Bulgarian groups have been linked to auto theft and burglaries throughout Europe.</p> |
| Romania | <ul style="list-style-type: none"> - Cosa nostra: money laundering, infiltration of the legal economy - Camorra: illegal cigarette trade, money laundering | <p>As for other countries in the Balkan area, the Anti-Mafia Investigation Department reports involvement of Camorra groups in the smuggling of tobacco products processed abroad, and in the laundering of illicit capital in the real estate sector and in commercial activities. Romania has a major corruption problem, which risks facilitating criminal trafficking in the country.</p> |

| country | Main groups and activities | Features and remarks country by country |
|----------------|---|---|
| Hungary | <ul style="list-style-type: none"> - Camorra: money laundering - Cosa nostra: money laundering - Albanian criminality: illegal cannabis trafficking - Georgian criminal groups: cannabis trafficking | <p>Being along the Balkan route puts the country under observation for cases of money laundering. (...) Other investigations have brought to light involvement of Hungarian OC in the international trafficking of cigarettes manufactured in countries of the former Soviet Union.</p> |
| Austria | <ul style="list-style-type: none"> - 'Ndrangheta: illegal gambling, economy crimes - Camorra: commerce of counterfeit goods - Chechen mafia: extortion, trafficking firearms and betting | <p>OC was first detected in the country in the '90s. In 1995, a report by Linz police, taken up by the press, warned of the dangers of Chinese OCGs and their dealings in extortion, money-laundering and trafficking in human beings. Other activities connected to the 'Ndrangheta and Camorra range from illegal gambling to the retail of counterfeit goods. Most recently, Chechen criminal organisations have been detected.</p> |
| Slovakia | <ul style="list-style-type: none"> - Cosa nostra: firearms trafficking, production of synthetic drugs | <p>The Europol 2017 report indicates Slovakia as one of the largest producers of methamphetamine in Europe.</p> |
| Czech Republic | <ul style="list-style-type: none"> - Vietnamese OCGs: production and distribution of synthetic drugs and illegal cannabis, trafficking of human beings - Chinese Triads: trafficking of drugs and human beings - Camorra: money laundering | <p>"The majority of methamphetamine appears to be produced in the Czech Republic" affirms the 2016 EU drug market report; this is confirmed by the Europol 2017 report. Between 2009 and 2013, 1,483 production laboratories were detected, compared, for example, with 61 in Germany in the same period. (...) "Vietnamese crime plays an important part in the production and distribution of methamphetamine in various member states", says the EU drug report, as it does "in a wide range of other criminal activities, including the production of cannabis, illegal immigration and trafficking of human beings".</p> |
| | | |

in all member states, as it already is under Italian criminal law,⁵ and “to allow unexplained assets to be confiscated, even without a criminal conviction, [...] another cutting-edge “invention” of Italian legislation. But these documents have all remained dead in the water due to the opposition of several member states [...].”⁶

The main reason for the strength of these organisations in Europe is that responsibility for preventing and punishing crime rests entirely with the single member states; therefore, in order to tackle transnational criminal organisations, the European countries have to coordinate their law enforcement agencies and judiciaries. The persistence of this division of competences is the most important advantage held by organised crime rings. Well aware of the large loopholes and discrepancies in the different countries’ criminal and procedural laws, and of the relative effectiveness of their law enforcement responses, they use this knowledge to limit their exposure to the risk of incrimination and protect their accumulated wealth.

The fight against organised crime and mafias demands a global response from the state and society. What is needed is not just a repressive apparatus, but also a series of interventions capable of encouraging the population to resist the “temptation” of mafia wealth, and also to break down the wall of silence and connivance that grows up around it.

To be truly effective, any effort to tackle organised crime must encompass a series of elements that can be grouped under the following headings:

— *Legal interventions and criminal proceedings*

- Associating with mafias or other criminal rings must be made a crime, so as to be able to target individuals even solely on the basis of presumed membership of such associations;
- Certain investigative practices necessary in order to combat organised crime must be authorised; these include, in particular, phone tapping, environmental tapping, search procedures, delayed arrests,⁷

⁵ European Parliament resolution of 25 October 2011 on organised crime, *op. cit.*: “14. The European Parliament (...) urges on the Commission to draw up a proposal for a directive to make associating with mafias or other criminal rings a punishable crime in all member states, in order to be able to punish criminal organisations which profit from their very existence, through their ability to intimidate – even without any specific acts of violence or threats – with the aim of committing crimes, influencing the running of the economy, general government, public services and the electoral system.”

⁶ Fatto Quotidiano, *United Mafias of Europe*, *op. cit.*.

⁷ Delayed arrest is an investigative tool used by police when, during stalking or wire-tapping, they become aware that a minor criminal offence is being committed, but consider it necessary to “let it go” in order to be able to collect further information that may bring

delayed seizures, undercover operations, and controlled and monitored deliveries;

- Measures such as seizure and confiscation of property (even without a definitive conviction) and of assets held by third parties must be adopted;
- Reverse onus provisions should be applied in the case of crimes relating to criminal organisations;
- Protection programmes for witnesses, victims of crime, collaborators of justice, informants and their families must be implemented;
- Aspects of the prison system must be rendered commensurate with the requirements of organised crime, i.e. recourse to the so-called hard prison regime should be envisaged, in order to prevent “bosses” from continuing to exert their influence even during their detention;
- *The role of the judiciary and law enforcement agencies*
- To avoid conditioning and corruption, the members of the judiciary (criminal prosecutors) must enjoy independence and autonomy of action with respect to political and government power;
- Judges must be given specialised training on matters relating to organised crime;
- *The culture of legality*
- Plans to raise public awareness should be implemented;
- Investigative journalists exploring links between politics and members of criminal organisations should be protected from all forms of conditioning;
- Confiscated proceeds should be used for social ends;
- *Measures to prevent criminal infiltration of the economy*
- Placement under judicial administration of goods and enterprises resulting from or used in organised crime.

to light more serious offences. In Italy, this practice is regulated by Article 98 of the *Testo Unico* (Consolidated Law) on narcotic substances. At international level, however, the real difficulty is that, in many countries, this is not permitted. Nicola Gratteri, Deputy Prosecutor of Reggio Calabria, illustrating this situation, remarked: “A year and a half ago, a load of a cocaine was about to arrive in Rotterdam, one of Europe’s largest ports. In situations like this, either you already know the number of the container in question or, as in this case, you follow the person you know will go and collect the drugs. The problem was that the investigation had revealed that this individual had two kilos of cocaine at his home. My colleague in Rotterdam said he had no choice but to arrest the person in question, even though this jeopardised the seizure of the container. In the Netherlands, no provision is made for delayed arrest or delayed seizure.” Nicola Gratteri, *Come migliorare il contrasto alla ‘Ndrangheta*, in Sonia Alfano and Adriano Varrica (editors), “*Per un contrasto europeo al crimine organizzato e alle mafie. La risoluzione del Parlamento Europeo e l’impegno dell’Unione Europea*”, Milan, Franco Angeli, 2012, p. 228, <https://www.giulioicavalli.net/wp-content/uploads/2014/01/Alfano-S.-Varrica-A.-Parlamento-Europeo-contro-le-mafie.pdf>.

Fighting Mafias Begins with the States.

As things currently stand, the European Union, as established by the Lisbon Treaty, has *indirect* jurisdiction over just one aspect of the field of criminal justice. It is responsible for defining the objectives of the *approximation* and *harmonisation* that each member state is required to pursue in this field, and for providing support in the form of data sharing and coordination of law enforcement agencies and judiciaries through Europol, Eurojust and the recently established European Public Prosecutor's Office (EPPO, for the moment, embraced by only a few member states).

Essentially, it is assumed that the member states, which have full sovereignty over criminal law, must make their systems converge: however, convergence, approximation and harmonisation all take time and can be impeded both by resistance stemming from national political debate, and by the strength of deep-rooted legal traditions that tend to reject externally imposed definitions of crimes.

All this results in a very "muddy" picture where small, sudden advances can be made only in response to emergency situations or to the pressure of public opinion. But since, in most countries, the proceeds of criminality of this kind are well disguised as "capital" and promptly reinvested, the level of alarm tends to be low. Consequently, the problem is underestimated or, worse still, not even acknowledged, since organised crime is widely assumed to be a problem that only affects other countries.

In order to appreciate the urgency of the need to overcome the problem of continued national sovereignty over criminal law, it is sufficient to examine just three aspects of it: (i) the definition of "criminal organisation", (ii) the difficulty of achieving cooperation in investigations, and (iii) the creation of a European Prosecutor.

(i) The need for common definition of the term "criminal organisation" must be addressed as the starting point for achieving effective collaboration between criminal prosecutors in different member states, as such collaboration would otherwise be very difficult to achieve. This is an issue that has been dragging on for at least 40 years, since the founding of the European legal framework, followed later by the introduction of the three-pillar structure of the European Union.

In 2011, a comparative study⁸ set out to establish, on the basis of an

⁸ Francesco Calderoni, *La decisione quadro dell'Unione Europea sul contrasto alla criminalità organizzata e il suo impatto sulla legislazione degli Stati membri*, in Sonia Alfano and Adriano Varrica (editors), *Per un contrasto europeo al crimine organizzato*

analysis of 16 elements, the degree of convergence that exists between the different definitions of “criminal organisation” used in the various criminal legal systems. Surprisingly, it emerged that no two countries applied exactly the same definition. “In general, there emerged three approaches to the criminalisation of organised crime, and these stemmed from the member states’ specific legal traditions: civil law, common law or Scandinavian. An analysis of the legal systems of the different the member states confirmed this distinction. The common law countries (Cyprus, Ireland, Malta and the UK) all showed a very similar approach [to organised crime], based on the crime of conspiracy. The Scandinavian countries (Denmark, Finland and Sweden) showed their usual reluctance to resort to the concept of criminal association as a means of tackling organised crime, and in fact Finland was found to be the only one of these countries to have introduced a law of this kind. Instead, in all the civil law countries, the problem is dealt with on the basis of the concept of criminal association.”

(ii) International police cooperation on matters of organised crime is often difficult to achieve. For example, in The Netherlands, Germany and Spain, the law on environmental interception “is based on a particularly strict interpretation of the concept of privacy protection; (...) the real difficulty is that an interception cannot be used, implemented or continued when the individuals conversing stop talking about matters relating to the crime or investigation, and move on to personal matters. (...) Other situations can arise that border on the ridiculous, such as when an authorised interception taking place in a car has to be interrupted simply because a further person gets in, who has not previously been identified (...), because the law in these countries requires that all interlocutors be identified in advance. Further problems arise when dealing with cunning individuals who repeatedly change a car’s licence plates; indeed, if an interception has been authorised for a car with a given licence plate and that is then changed — this happens in Germany

e alle mafie, op.cit., p. 28: “On the basis of existing literature and an analysis of national laws, the following set of 16 aspects was taken into account: 1) associative crimes; 2) aggravating circumstances; 3) criminal liability for mere agreement; 4) number of members of the criminal organisation; 5) group structure; 6) group continuity; 7) number of organised crimes committed; 8) type of organised crimes committed; 9) additional elements; 10) standard penalties for the offences; 11) diversification of penalties; 12) concession of benefits for collaborating with the judicial system; 13) eligibility for benefits; 14) criminal liability of legal entities; 15) penalties for legal entities; 16) rules relating to jurisdiction. The aim of the analysis is to assess current laws on criminal organisations and it therefore focuses on crime generally (rather than more specific laws, such as those concerning membership of drug trafficking rings).”

in particular — fresh authorisation will need to be sought and the previous interception has to be suspended and can no longer be used (...). And this is to say nothing of the problems presented by BlackBerry phones, whose particular software and hardware makes them particularly impenetrable. These devices are used by drug traffickers, and while they can be intercepted in countries such as Venezuela, Colombia, Peru, Argentina, Brazil and sometimes even Mexico, this is not possible in Europe, where even the police lack the professional-technical expertise necessary to intervene on devices of this kind (...). Furthermore, in many European countries (...) the judicial police have to respect strict working hours, with the result that agents in the midst of an investigation have been known to “knock off”, despite there being a clear need, at that particular point in time, for them to continue working.”⁹

(iii) The concept of establishing a European Public Prosecutor’s Office to protect EU finances dates back to the 1990s. The first study project, funded by the European Commission, was named *Corpus Juris*¹⁰ and it laid the foundations for a debate on the creation of a European criminal justice area. Following intense debate, the Commission finally launched a proposal in 2013. However, the Lisbon Treaty, in Art. 87, did not establish a Prosecutor’s Office; it only created the necessary legal basis. Essentially, it was established that the Council, acting unanimously and after consulting the European Parliament, might take steps in this direction, in accordance with a special legislative procedure. However, after more than three years of negotiations, the Council failed to reach a unanimous agreement on the proposal. At this point, the only option was to have recourse to the enhanced cooperation procedure, which nine member states initially opted to do. This led to the formal notification of the intention to launch an enhanced cooperation to establish a European public prosecutor’s office¹¹. However, the final agreement on the regulation actually had the effect of diluting and weakening the few truly innovative points that, introduced by the TFEU and, even before that,

⁹ Anna Maria Maugeri (editor), *Stati generali della lotta alle mafie Tavolo XV – “Mafie e Europa”*, Diritto penale contemporaneo (2018), pag. 16, <https://www.penalecontemporaneo.it/upload/8056-tavolo-xv-mafie-europa.pdf>.

¹⁰ M. Delmas-Marty and J.A.E. Vervaele (editors), *The Implementation of the Corpus Juris in the Member States: Penal Provisions for the Protection of European Finances*, Antwerp, Intersentia, 2000.

¹¹ See the EU website on the EPPO: <https://www.consilium.europa.eu/en/policies/eppo/>. Nine states that initially promoted the initiative were subsequently joined by others. The countries currently involved are: Austria, Belgium, Bulgaria, Cyprus, Croatia, Estonia, Finland, France, Germany, Greece, Italy, Latvia, Lithuania, Luxembourg, Malta,

envisaged by the *Corpus Juris*, might have made it truly effective.

The drafters had outlined, for the European Public Prosecutor's Office, a *modus operandi* compatible with the current institutional architecture of the EU. Part of the foreword to the *Corpus Juris* reads thus: "What the *Corpus Juris* proposes, in essence, is a mixed regime: national and Community elements are combined in such a way that the member states, and not the European Union, may apply the criminal law. In order to protect the financial interests of the European Union, eight offences are laid down in the *Corpus Juris*, with penalties. With regard to the conduct of investigations, a European Public Prosecutor (EPP) is proposed, this office comprising a Director of European Public Prosecutions (EDPP) and European Delegated Public Prosecutors (EDePPs) in the member states. The EPP may exercise its powers of investigation throughout the territory of the European Union. The powers of the EPP are therefore mostly devolved to the member states. These powers are identical in all 15 member states of the European Union. During the preparatory phase, judicial control is exercised by an independent and impartial judge, called a 'judge of freedoms', to be nominated by each member state. *Corpus Juris* offences are tried by the national courts."¹² In the drafters' view, the most innovative part was the creation and application of a common body of criminal laws relating to the safeguarding of European finances and the fight against organised crime, with the definition of common offences serving to overcome particularisms. On this basis, it was envisaged, the European Prosecutors (EDePPs) would all be able proceed in the same way and on an equal footing. In reality, however, given that it falls to each member state, through the transposition of Directive (EU) 2017/1371 (the so-called PIF Directive on the fight against fraud to the Union's financial interests by means of criminal law), to identify and define the crimes coming under the jurisdiction of the EPPO, the latter actually finds itself having to apply non-homogeneous criminal provisions, a situation that can only result in "miminal harmonisation that is undoubtedly detrimental to the EPPO and undermines the uniformity and functioning of the (whole) system."¹³

the Netherlands, Portugal, the Czech Republic, Romania, Slovakia, Slovenia, Spain.

¹² M. Delmas-Marty and J.A.E. Vervaele (editors), *The Implementation of the Corpus Juris in the Member States*, op. cit..

¹³ Angela Corraa, *Prime osservazioni sul regolamento che istituisce la procura europea*, EUROJUS.IT, 2017 <http://rivista.eurojus.it/prime-osservazioni-sul-regolamento-che-istituisce-la-procura-europea/>; on the Council Regulation (EU) 2017/1939 of 12

Criminal Law and National Sovereignty.

The main obstacle to the creation of a body of European criminal law is not, as clearly shown by the European Parliament's resolution of 25 October 2011 on organised crime in the European Union,¹⁴ the lack of a will to overcome the ineffectiveness of the nation states and tackle the problem of organised crime at European level; instead, it is an obstacle of a legal and institutional nature.

From the legal standpoint, the problem is that criminal law is strictly bound by the principle of the "reserve of law", which is the constitutional expression of the supremacy of popular sovereignty over authority.

In more detail, in all written constitutions, the exercise of criminal law is subject to the "legal reserve" or "reserve of law" rule, according to which a specific competence can be regulated only by the legislative body and never by an executive body.

This rule should be understood to serve "as a safeguard designed to protect the division of powers, the democratic principle and representation in political-criminal choices" which "presupposes the presence of a representative body that, following a dialectical process that meets certain essential procedural requirements, can legitimately impose restrictions on the primary good that is personal freedom"¹⁵.

"Moreover, it can be said that the reserve, at its most fundamental level, fulfils a key role as the element that enshrines national democratic identity and the entire edifice of the rule of law, and serves as the essential guarantee of the relationship between authority and freedom that, so intimately bound up with popular sovereignty and the democratic principle, can be considered one of the fundamental human rights."¹⁶

In more general, and more practical, terms "there is a pressing need to extend democratic procedures beyond state borders"; the aim of balancing the demands of criminal legal systems with the need for the participatory guarantees that underpin the legal reserve concept could be achieved by striving to implement, within the EU's institutional framework, the principle of the separation of powers, entrusting legislative

October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO'), <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32017R1939&from=EN>.

¹⁴ <https://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2011-0459+0+DOC+XML+V0//EN>.

¹⁵ Cristiano Cupelli, "Il parlamento europeo ed i limiti di una codecisione in materia penale. Tra modelli di democrazia e crisi della riserva di legge", *Criminalia*, 7 (2012), p. 535.

¹⁶ *Ibidem*.

power and political control of the executive solely to a democratically elected body. This would have the effect, finally, of ensuring that all decisions relating to criminal matters are taken within the context of a political dialogue; it would acknowledge, once and for all, that, as in the past and perhaps even more than in the past, the legitimacy of criminal decision-making power depends on the ability to have a majority, but also, and above all, an opposition with the capacity to speak out, monitor, denounce, propose, amend, and change minds: a force able to advance requests and proposals based on processes of dialectic and reasoning, crucial in the unfolding of the debate concerning political choices and, all the more so, criminal policy choices.”¹⁷

And this brings us to the institutional obstacle, namely that the current European Union does not have a genuinely democratic representative institution equipped with full legislative and executive powers.

In terms of legislative power, the European Parliament, despite the powers it has acquired over the decades, still does not provide a substantial democratic guarantee. This is because “it completely lacks the power of legislative initiative (the only power that truly expresses the capacity to weigh up the values and interests that deserve protection and regulation at primary level), which currently remains in the hands of the Commission.”¹⁸ Furthermore, many European legislative acts are subject to the so-called co-decision procedure, and “the concept of co-decision itself shows a glaring inconsistency.” After all, “in a democracy, it is only the representatives of the people that can legitimately decide — not “co-decide” — to curtail the fundamental rights of the individual (freedom, personality and dignity) that tend to be the focus of criminal law legislation.”¹⁹

At the level of the executive branch of power, the European Commission cannot impose its decisions on the citizens directly and autonomously. This is because the EU possesses no “monopoly of force”, or ultimate power of coercion and accordingly Commission decisions are always required, at least, to pass the scrutiny of the democratically elected legislative body.

Conclusions.

The European Union is an institution derived from and founded on international treaties, and as such it lacks the attributes of a state. Accordingly, despite wielding some powers, its strategies to combat or-

¹⁷ *Ibidem.*

¹⁸ *Ibidem.*

¹⁹ *Ibidem.*

ganised crime inevitably come up against the obstacle of national sovereignty in criminal matters. What is more, since the European Union has no fully democratic legislative power, able to provide the “legal reserve” guarantee enjoyed by each of the member states, such strategies cannot be “pooled at community level”.

All this leads to the conclusion that there is only one way of creating and implementing European-wide criminal legislation against organised crime: a system that overcomes all the present political and legal obstacles, and can be exercised democratically and legally. The solution is to complete the European integration process by making the “federal leap” towards a European federal state, meaning an institution endowed with coercive power of last resort and controlled by a truly democratic Parliament and by a government that is politically accountable to the same.

Notes

NEW TECHNOLOGIES, GLOBALISATION AND EUROPE'S POST-2020 FUTURE

The “Global Trends” report¹ presented before the European Parliament on April 8th 2019 highlights the main mega-trends that will need to be addressed when formulating the EU’s political-strategic objectives for the coming years. Alongside issues relating to climate change, demographics and urbanisation, a particular focus will be the impact of new technologies both on the globalised economy and on international relations within a rapidly changing geopolitical scenario.

The “fourth industrial revolution” is now under way: its unfolding is radically changing the world as we knew it in the last century, and its consequences are set to affect upcoming economic, social and political trends, as well as the evolution of international relations.

These opening remarks prompt a series of questions: What is happening? What are the new scenarios? Who are the main competitors in the era of globalisation? What is Europe’s role?

The Changing Face of Production, the Economy and the Working World.

All these developments stem from the rapid transformation of the world of production, which is being shaped by the need to acquire and exploit new technologies, digitalisation processes and robots, in order to boost competitiveness, churn out huge quantities of high-quality products in record time, and eradicate human error.

There is no competitive manufacturing industry on the international markets that has not innovated and that does not exploit, as strengths, “Industry 4.0” technologies (i.e. new production technologies used, in a

¹ European Strategy and Policy Analysis System (ESPAS), *Global trends 2030: Can the EU meet the challenges ahead?*, <https://ec.europa.eu/epsc/sites/epsc/files/espas-report-2015.pdf>.

context of industrial automation, to improve working conditions, create new business models and increase the productivity of plants as well as the quality of what they produce) and collaborative robots (“cobots”). We now talk of “smart factories” where every aspect and area is interconnected: the design department, warehouse and production line, testing, customer management, product shipment, safety and security — all this in order to boost efficacy, cut waste and material stocks to the bare minimum, and increase flexibility and product customisation.

As shown by data referring to the past couple of years, research and innovation companies operating within the field of IT and technological/digital engineering have started to dominate the classification of the world’s top 10 most highly capitalised companies on the international markets.

In 2017, the “top ten” companies were: 1) ExxonMobil (hydrocarbons); 2) General Electric (conglomerate activities); 3) Microsoft (information technology); 4) Fitigroup (financial services); 5) AT&T (telecommunications); 6) Bank of America (banking/financial services), all USA concerns; 7) Toyota Motor (automotive sector), Japan; 8) Gazprom (hydrocarbons), Russia; 9) PetroChina (hydrocarbons), China; 10) Shell (hydrocarbons), The Netherlands.

In 2018, however, the ranking looked very different: 1) Apple (information technology); 2) Amazon.com (information technology); 3) Alphabel (information technology); 4) Microsoft (information technology); 5) Facebook (information technology), all USA; 6) Alibaba (information technology), China; 7) Berkshire Hathaway (banking/financial services), USA; 8) Tencent (information technology), China; 9) JPMorgan Chase (banking/financial services) USA; 10) ExxonMobil (hydrocarbons), USA.²

The dawn of this fourth industrial revolution is bringing developments that are revolutionising society, the labour market and the working world, sometimes with traumatic effects.

Nowadays, it is difficult for young people to say what job they expect to be doing in 20 years’ time. Faced with this question, there are, however, three things they should certainly take into account: first, that they will cover at least two or three different roles in that space of time; second, that many of the jobs they might occupy in the future do not even exist yet, while some of today’s jobs and professions are destined to die out; and third, that adaptability will be the key, given that everything in the global market and the technology market is changing all the time.

² Mario Deaglio, *Il mondo cambia pelle?* Milan, Guerini e Associati, 2018.

The International Struggle for Technology Dominance.

Cyberspace, the virtual environment of interconnected communications and information systems, is a new man-made, “non-natural” domain that transcends natural boundaries.

Also known as the “cybernetic domain”, it has joined the traditional domains of Earth, Sea, Sky and Space as a new sphere of human action, and its importance is increasing exponentially.

Digital technologies, as a result of today’s increasingly widespread and pervasive digitalisation processes, are now ubiquitous. Accordingly, they are assuming considerable strategic importance within an international system that, in recent years, has completely altered the global scenario that became established in the wake of WWII — a scenario that was, for many years, characterised economically and militarily by a sort of balance between the victorious powers, and by a marginalisation of Asian and Third World countries.

The fact is that the phenomena now emerging and developing within the context of commercial competition can be seen as a new front within the “old” quest for global hegemony. The aim of those engaging in this competition for and pursuit of technological hegemony is to identify and manage, to their own advantage, the myriad digital opportunities/vulnerabilities that characterise both daily life and the most technologically advanced environments.

The 21st century struggle between the USA and China, in which Russia also insinuating itself (for now, through cyber meddling with the West), already concerns the domain of technologies based on artificial intelligence, and this will become its focus more and more in the future.

Over the past two/three years, Beijing, seeking to challenge America’s global dominance, has invested heavily in these sectors, which include 5G, big data and robotics. The “Huawei affair” (the arrest in Canada, on Washington’s orders, of the daughter of the Chinese tech giant’s founder) officially marked the start of the 21st century’s “technological Cold War” (dubbed Cold War 2.0).

On a more general level, this conflict between Beijing and Washington will affect the links between the economy and national security and, like the USA-Russia Cold War of the last century, it will end up fueling a competition between the two superpowers’ respective spheres of influence. It is no coincidence that the countries, after Canada, that are most closely linked to the USA through intelligence agreements have all excluded Huawei from their domestic markets in the sensitive industrial 5G sectors (I refer to the UK, Australia and

New Zealand, which, together with Canada and the USA, form the so-called Five Eyes alliance).

The issues at stake here are not only of a commercial nature, but also relate to “security” and future “geopolitical balances”.

This 21st century struggle will also affect political systems and the internal balances of contemporary societies: according to *Foreign Affairs*, just as the Cold War of the 20th century was based on the ideological differences between capitalism and communism, the Cold War 2.0 will be fought between liberal democracy (made more vulnerable by technological competition) and a new form of “digital authoritarianism”.

Technological Competition: the (Current) Protagonists.

The geo-economic and international political stage is currently dominated by two aggressive protagonists: the USA and China. Other players are Russia and the EU, the latter harbouring interesting but as yet untapped potential.

The USA, thanks to its high level of private investment and lively academic ecosystem, continues to maintain its clear leadership in the field of artificial intelligence.

China, currently engaged in a rapid and massive military modernisation effort, is aiming to catch up within the next decade or so, by making this area a new focus of public investment and research.

Russia, lacking the means of the other two powers and thus apparently sidelined, for the moment can only play its hand through cyber meddling with the West.

Europe, meanwhile, is lagging behind and struggling. In theory, the EU certainly has its own strengths to exploit, such its prominence in scientific research and vast digital market, but unless it invests significant resources in artificial intelligence technologies and creates a high-tech industrial capacity truly able to compete at global level, Europe is destined to remain crushed by the weight of the main competitors: the USA and China.

It is worth remembering that Europe is the most attractive market for tech products, be they produced in the USA or in China. Why? First, because Europe, with its 500 million plus “consumers” and over 23 million businesses, is the world’s largest economic area in which goods and people can move freely. Second, because it generates 35 per cent of total world exports of goods and services and 20 per cent of manufacturing added value, while accounting for 50 per cent of global welfare spending. Third, because 18 of the 20 countries

most deeply integrated into global markets are EU member states.³

Therefore, the EU, if it values its sovereignty, needs quickly to recover a role as co-protagonist and become capable of autonomously controlling the key technologies that affect growth in the most advanced sectors; “controlling” these technologies means possessing and developing them, and maintaining them over time, which is to say providing and preserving them.

Germany and France are both well aware of this need, as shown by their joint signing, on January 22nd 2019, of the “Aachen Treaty” in which they promised to “promote ethical guidelines for new technologies at the international level”.

Thanks in part to this Treaty, but also because of concerns over the escalating “competition” between the USA and China, as well as apprehension arising from China’s stepped up efforts (within its new “Silk Road” project) to enter into bilateral agreements with European countries, the European Commission, at the start of April, took the initiative of presenting, on the basis of the more than 500 contributions submitted to Brussels by the different sectors involved, a set of guidelines, or recommendations, on artificial intelligence.⁴

These list 7 key requirements of artificial intelligence, all of which revolve around humans (editor’s note: “humanism” is an intrinsic and specific value of European culture):

1. There must always be human supervision, given that the aim is to improve human action/intervention, not undermine human autonomy;

2. Algorithms must be secure, reliable and resistant to errors or inconsistencies in the various phases of artificial intelligence system life cycles;

3. Citizens must always be informed about the use of their personal data and given full control of the same so that they are not used against them, and this must be done in line with the EU data protection rules contained in the GDPR;

4. Transparency must be guaranteed, by ensuring the traceability of artificial intelligence systems;

5. Diversity and non-discrimination must be guaranteed, and human beings, taking into account all the necessary factors, must be enabled to modify the decisions of algorithms;

³ Konjunkturforschungsstelle (KOF), ETH Zürich, *Index of Globalization 2017*, <https://www.kof.ethz.ch/globalisation/>.

⁴ Independent High-Level Expert Group on Artificial Intelligence set up by the European Commission, *Ethics guidelines for trustworthy AI*, <https://ec.europa.eu/digital-single-market/en/news/ethics-guidelines-trustworthy-ai>.

6. Artificial intelligence must work to promote societal and environmental wellbeing, boosting environmental sustainability;

7. There must exist forms of redress for those with grievances over algorithmic decisions, so as to ensure the accountability, in the event of damage or accidents, of those who manage the computer systems.

On June 7th 2019, the European Council, with the aim of “boosting digital and economic competitiveness across the Union and digital cohesion” adopted its *Conclusions on the Future of a highly digitised Europe beyond 2020*.⁵

These “conclusions highlight the main priorities and challenges for a strong, competitive, innovative and highly digitised Europe. They refer to the importance of supporting innovation and encouraging European key digital technologies, respecting ethical principles and values in artificial intelligence, strengthening Europe’s cybersecurity capacity, improving e-skills, and developing the gigabit society, including 5G. They also underline the need to increase the number of women in the sector and to enable all vulnerable groups to reap the benefits of digitalisation so that no one is left behind.”

This Commission initiative, and the resulting intervention of the Council of the European Union, both much needed, risk being undermined by the undisciplined behaviour of Europe’s sovereign states, which attach more importance to their own grandstanding stances, even at the cost of possibly placing their own countries in a position of subjugation to China or the USA.

For this reason, the situation remains urgent: to be effective, the aforementioned guidelines on artificial intelligence demand broader and more unified political support among the European countries.

Crucially, therefore, there must emerge a convergence of political will to support a reform that will give the EU self-determination and powers to adequately address the challenges set out in the Global Trends report.

In more simple terms, this means drawing up, without delay, an “agenda” for the future of Europeans that is designed to allow a rapid transition towards a “Europe with federal institutions”. This must be a post-national and federal European-wide project that, combining a vision with a coherent and incisive approach to governance, is capable of creating a new Europe able to deal authoritatively with the countries that would have it subjected to their economic, political and military dominance.

⁵ European Council, *Boosting digital and economic competitiveness across the Union and digital cohesion*, <https://www.consilium.europa.eu/en/press/press-releases/2019/06/07/post-2020-digital-policy-council-adopts-conclusions/>.

Globalisation (be it technological, financial or economic) is irreversible and unstoppable. However, it is still possible to attempt to influence it, and that is something the eurozone countries can do: their role is to work together to launch a “different globalisation” that hinges on and rewards the social values associated with an inclusive economy and inclusive development, and that respects the dignity of the person, the dignity of human work and environmental sustainability.

This is certainly an ambitious objective, but it continues to be attainable, providing President Macron’s weighty and heartfelt warning is heeded: *“The only way to ensure our future, is the rebuilding of a sovereign, united and democratic Europe.”*

Piero Angelo Lazzari

THE AGREEMENT BETWEEN GREECE AND THE MACEDONIAN STATE

Any mention of Macedonia immediately prompts thoughts of the protracted dispute, recently resolved, between this country and Greece. Essentially, Macedonia, which claimed to be an ancient nation founded by Alexander the Great, was accused by Greece of appropriating Greek cultural heritage and harbouring territorial ambitions against it, given that a large region of northern Greece has the same name. The dispute, however, extended to other issues besides the name. Like other parts of the world, the tiny country of Macedonia has found itself caught up in the struggle between national and spontaneous identities. Added to this, it has been the focus of Russia’s attempts to preserve its historical influence over the Balkans (a gateway to the central Mediterranean) and thus keep possible enlargements of the EU and NATO at bay.

The aforementioned clash of identities was in evidence following the historic agreement recently reached between Greece and the Macedonian state on the official name of the latter. And yet, with the signing of this agreement, on June 17th 2018 near Lake Prespa, on the border between the two countries, one of the arrows in the quiver of nationalism, namely the extreme pursuit of a national identity, seems to have been blunted somewhat in exchange for greater openness towards the West.

This change of direction was spearheaded by social democrat Zaev, the country's current prime minister and leader of a centre-left coalition government, who succeeded in leveraging two sentiments prevalent within the country. The first of these was the huge unpopularity of "Skopje2014", the key economic development policy launched by the previous centre-right government. As a result of delays (it was due to be completed in 2014) and rising costs, this programme, which had envisaged redevelopment of the capital in a bid to boost the tourist industry, has proved to be a heavy burden on the economy and a cause of further friction with the Greek government. Athens had, in fact, immediately interpreted the construction of numerous buildings in neoclassical style and, above all, the erection of a statue to the "Macedonian warrior" as unacceptable forms of provocation. Second, Zaev was able to exploit the strongly evocative, almost mystical, power carried in his country by the mere word "Europe".

The Macedonian government thus proceeded to partially dismantle the Skopje2014 project, in particular the parts that most irritated Greece. Above all, it was decided that the imposing statue of Alexander the Great should be renamed in honour of the renewal of "Greek-Macedonian friendship". This was, in fact, one of the conditions for reaching the agreement. At the same time, as mentioned, the government tried to exploit the fascination exerted by Europe, carefully couching, in pro-European terms, the referendum question through which the people were called upon to approve the signing of the agreement: "Are you in favour of European Union and NATO membership by accepting the agreement between the Republic of Macedonia and the Republic of Greece?"

These efforts, however, failed to produce the desired results, given that the consultative referendum did not reach the required quorum of half of the electorate plus one (even though it should be noted that almost 95 per cent of those who did participate voted "yes"). The first thing to say, at this point, is that the agreement, from the outset, appeared very fragile. The Macedonian state's main centre-right party, which has always sought to foment nationalist sentiment and a sense of national identity — we might even go so far as to say it created the latter —, was strongly opposed to it, as were, on the other side, the vast majority of Greek people and the conservative party (New Democracy) that has recently been returned to power in Greece. Amidst accusations of "treason" and of wanting to force Macedonians to accept a new identity decided at a negotiating table simply to please a foreign government — these accusations were voiced during a large opposition demonstration

against an executive deemed guilty of not respecting the will of the people —, the Macedonian government nevertheless managed to keep the agreement alive, and start its legislative approval process. Solid support for the agreement instead came from the Albanian minority, which felt that its situation might be improved if Macedonia's isolation could be brought to an end. It is worth pointing out that Albanians in the country still have vivid memories of an incident in 2017 when, following the election of an ethnic Albanian as speaker of the house, Macedonian nationalist protesters stormed the parliament, prompting a fierce brawl.

Macedonian nationalism is built on a very partial and somewhat artificial reading of history. Even if we acknowledge the existence of some form of common identity between the people who inhabited this area 2000 years ago and the people who live there today, it has to be recognised that, on account of the various Slavic migrations into the region, the population of the current Macedonian state, despite originating from the area that the Romans called Macedonia, is ethnically far removed from the ancient Macedonians. Moreover, over time, the Greeks have preserved their linguistic and other links with various “ancient Greek” bloodlines, including the Macedonians, and many of the ancient Macedonian cities, founded near the sea, are now located in Greek territory. Naturally, these few considerations only scratch the surface of the hugely complex dispute that has run ever since the Macedonian Republic was founded as a sovereign state in 1991. But it might be ventured that the real issue at the heart of this dispute is actually another one altogether. Thirty years ago, the “brand new” Macedonian Republic, lacking the “glue” previously provided by the country's membership of the Yugoslavian Federation, found itself urgently needing to create a common sense of belonging in order to unite the new country and hold it together. From this perspective, the creation of a national narrative based on the name Macedonia (which it had already had when it was part of the Yugoslavian Federation) served to shelter the country from the post-independence struggles in the area and allowed it to maintain (other than during the period of the war in Kosovo) reasonably easy relations with the Albanian Muslim minority.

Russia's interference in Macedonia, on the other hand, is linked to longstanding Russian policy in this region, which dates back to the end of the Yugoslavian Republic. Ever since the simultaneous collapse of the communist regimes in Russia, Yugoslavia and Albania in the 1990s, Russia has been seeking to establish pockets of influence in the Balkan region. Following the break-up of the former Yugoslavia,

Moscow, wanting to profit from the situation, attempted to draw the region's newly formed states into its sphere of influence; however the force of attraction exerted by the EU proved to be far stronger, with the result that almost all the Balkan states ended up signing association agreements with the EU and becoming members of NATO. Bulgaria, Romania, Slovenia and Croatia, all now EU member states, gradually managed to break free of Russia's influence. In this context, paradoxically, Macedonia has always been the Balkan country furthest removed from the Russian sphere of influence, always receiving far less Russian investment than its neighbours; today, however, it remains one of the few countries that can still be contested, and Moscow's strategy in this regard has been, above all, to try and muddy the waters, by prompting allegations of violations of the procedure for approving the agreement with Greece, and fuelling violent demonstrations against the same. The US intelligence service has identified Ivan Savvidis, a Russian oligarch of distant Greek descent, as the individual at the heart of efforts to scupper the agreement between Macedonia and Greece. He came to public attention after a photograph emerged that showed him, armed with a pistol, taking part in a pitch invasion during a football match being played by PAOK Thessaloniki, the team he owns. This episode prompted the Greek government to suspend the national soccer championship. Phone-tapping evidence has shown that Savvidis paid groups with a traditionally ultra-conservative and nationalist agenda, in particular organised groups of supporters linked to Macedonian football teams, to organise violent demonstrations against the agreement. Given that he is a hugely popular figure in Thessaloniki, it is possible that he was also behind the demonstration against the signing of the agreement held in that city, where many of the participants wore PAOK shirts. What is more, Savvidis is also a member of a consortium that purchased the city's port, which is Greece's second largest after the Port of Piraeus and one of the country's main strategic assets.

However, the leaders of Greece and Macedonia responded to all this with great determination: although Greece is usually closely aligned with Moscow, it expelled several Russian diplomats, having accused them of trying to corrupt Greek officials and stir up protests designed to undermine the agreement. And the Macedonian citizens responded even more emphatically, with almost 95 per cent of the voters in the referendum choosing to support the agreement. However, getting the deal through parliament proved to be very tricky. The Macedonian parliament was forced to approve the agreement twice on account of President Ivanov's

initial refusal to ratify it (Ivanov, a member of the opposition party, accused the majority of attacking Macedonia's national identity). Finally, however, parliamentary approval was granted (on July 5th, 2018) and the constitution was duly amended (on January 11th, 2019), changing the name of the state. In Greece, meanwhile, the parliament's ratification of the agreement threw the government into crisis: Independent Greeks (ANEL), a populist right-wing party close to SYRIZA, whose anti-austerity stance it shares, withdrew both its ministers and its support for the government. However, after rejecting a vote of no confidence, the Greek parliament, too, finally ratified the agreement (on January 25th, 2019).

In view of the ratification of the agreement by both sides, Greece lifted its veto on Macedonia's application to join the EU and NATO. Shortly afterwards, on February 6th, 2019, the member states' permanent representatives to NATO signed a protocol on the accession of North Macedonia. By contrast, Macedonia's road to EU membership still looks to be very much uphill, since the removal of the main political difficulty nevertheless left a number of technical aspects still needing to be addressed. Despite the European Commission recommending the unconditional start of North Macedonia accession negotiations, the European Council dragged its heels. Bowing to pressure from France and the Netherlands, just days before the signing of the agreement it issued a series of conditions (concerning the economy, the judicial system, and the fight against crime and corruption) that would have to be met in order to allow accession negotiations to get under way in June 2019. At the time of writing this article¹, these politically imposed conditions were still to be met in full and, on this basis, France and the Netherlands decided to postpone the debate until after the European elections.

In truth, however, in this scenario, it is possible to identify one particular factor that has carried more weight than all the others: nationalism, having returned to the fore some time ago, is now reaping its ripest fruits. Perhaps the clearest indication of its hefty and disturbing presence is the fact that, both in North Macedonia and in Greece, those opposed to the agreement between these countries based their opposition on the same argument: that it constituted an attack on national unity and security. Nationalism is an element that has been seen to strongly influence public opinion, not only during street demonstrations (as during the large-scale protest outside the Greek parliament, in which the most violent fringes clashed repeatedly with police), but also in public debate, encouraging violence and hypocrisy.

¹ This article was drafted on 10 July 2019.

We have already examined the birth of Macedonian nationalism whose vehemence is in no way tempered by its being a recent development. Greek nationalism, on the other hand, has a longer and more complex history. It first came into being at the start of the nineteenth century in conjunction with the struggle for independence against the Ottoman Empire. However, the element that most influenced its development in modern contemporary history was the Μεγάλη Ιδέα (Great Idea), a political doctrine advocated primarily by Eleutherios Venizelos. Based essentially on a rather simplistic idea of recreating a Greek world, it aimed to annex to the Greek state all territories inhabited by populations of “Greek ethnicity”. The vagueness of this term encouraged Greece to broaden its territorial ambitions, so that they even extended to the entire region of Macedonia, to Thrace, including Constantinople, and to West Anatolia. Greece came closest to achieving its objective in 1921-22 when, under the terms of the Treaty of Sèvres, it obtained part of Thrace and the region of Izmir. The subsequent collapse of the project on the battlefield with Turkey, after Greece’s Western allies had lost interest in it and ceased to support it, was a bitter disappointment which left scars that remain visible to this day. Greece’s poor relations with neighbouring states, which are coloured, on both sides, by the fear that any concession will lead to a relinquishing of territory, are a lasting effect, as is the widespread feeling in public opinion (especially after the sovereign debt crisis) that Greece’s interests are always considered secondary to those of other international players. Such attitudes have also encouraged the development of feelings of resentment that the name “Macedonia”, regarded as Greece’s property, had been “sold, without anything ever being given in return”. Finally, it should be considered that Greece’s rather dysfunctional school system and official history textbook (published by the Ministry of Education, this is the only one used throughout the country and it deals only scantily with the negative aspects of Greek history, such as the civil war and military dictatorship) deprive the citizens of opportunities to develop the critical and reflective abilities that are needed in order to counter the return of nationalism. And so, in what amounts to a vicious cycle, we see nationalism once again being used as a tool to gain consensus; it certainly played a key role in the recent Greek national elections. The country’s new prime minister, Mitsotakis, represents the centre-right New Democracy party that, often adopting ambiguous and extremely superficial stances, had no compunction in milking the strong popular opposition to the agreement with the Macedonian state — opinion polls put this at more than 60 per cent —, even managing to attract radically right-wing voters. However,

now that he finds himself at the helm of government, with a generally positive economic situation to defend, he will likely be forced to row back on his most radical positions. Since EU accession negotiations are generally very protracted, and it is not yet clear how public opinion will evolve in the future, Greece will probably adopt a wait-and-see policy with regard to the agreement with the Macedonian state, at least initially.

For its part, Macedonia has shown that it is seriously committed to respecting the terms of the agreement. It is therefore now in the interests of both Greece and the EU to persuade the other European partners (particularly France and the Netherlands) to overcome their reluctance to agree to the opening of membership talks with North Macedonia. If the present impasse is allowed to persist, it will simply give third parties that stand to benefit from instability in the Balkans the opportunity to fuel this by underlining the futility of Macedonia's efforts to join the EU. Macedonian citizens must not be left alone in their struggle against nationalism because it is a fight shared by all those who hold dear the values of peace, freedom and democracy. As European citizens, then, it is our absolute duty to support them.

Paolo Milanesi

DEMOCRACY AND POLITICS IN THE BIG-TECH AND CYBERWARFARE AGE. EUROPE UNDER ATTACK

Introduction.

A combination of many factors underlies the current political struggle that is leading the electorate in many countries to embrace forms of populism and nationalism, which offer emotive and seemingly easy answers to the complex problems of today's society. And this is happening in spite of the fact that nationalist remedies cannot offer genuine solutions, as the migratory crisis, a significant example, clearly shows.

One of the aspects now emerging is the extent to which information technology has determined the success of certain political campaigns, which have often been found to be orchestrated by external powers

through the use of voters' data and profiles, as well as the activity of trolls and bot twitters, in both cases with the aim of influencing culturally weaker and more socially-economically disadvantaged sections of the population. This is a form of interference that seriously jeopardises the exercise of democratic rights, to the point that some commentators are now engaged in a fierce debate, asking whether there now even exists a liberal democracy and whether its values are still fundamental in the life of the Western democratic world, or whether that world is actually on the brink of a rapid decline.

These questions apart, there can be no denying that, for some time now, we have been witnessing the effects of a veritable war, waged with the aim of politically destabilising a number of EU member states, given that the European Union is considered the adversary of the world's superpowers; and this war has been possible, in part, because of the political weakness of the European institutions and the room for manoeuvre that this has allowed.

Numerous authors have dealt with these issues. In this article, reference is made to several particularly significant texts and articles written by experts from a range of disciplines, specifically historian and sociologist Timothy Snyder (*The Road to Unfreedom*), university lecturer in information technology Giovanni Ziccardi (*Tecnologie per il potere*), economic sociologist William Davies (*Nervous States*), philosopher Remo Bodei (*Vivere on line*), and politician Carlo Calenda (*Orizzonti selvaggi*).

Technology and Power: the Influence of the Big Tech Companies.

The technological age in which we find ourselves immersed has benefited us in many ways and allowed mankind to make giant leaps forward in, for example, the industrial, commercial and medical-scientific fields, in transport, and in daily life. At the same time, however, within our increasingly complex world, it has become clear that the giants of technology known as "Big Tech" companies have become central players in:

- the conditioning of individuals,
- disintermediation,
- the destabilisation of society and institutions,
- collusion with politics.

The economic weight of the Big Tech companies is tremendous. "Amazon captures more than one-third of all US online retail spending. Google represents 88 per cent of the US search engine market, and

95 per cent of all mobile searches. Two-thirds of all Americans are on Facebook, which having bought Instagram and Whatsapp now owns four of the top eight social media apps” writes Rana Foroohar in the *Financial Times*.¹

According to William Davies, “In particular, Google, Apple, Facebook, Amazon (...) are acquiring unprecedented insights into our thoughts, feelings, movements, relationships, and tastes, of a sort that was never available to traditional social scientists, statisticians, or market researchers.”²

In June 2015, Mark Zuckerberg, the inventor and owner of Facebook, which now has over two billion users, unveiled bold new development programmes: “One day, I believe we’ll be able to send rich thoughts to each other directly using technology. You’ll just be able to think of something and your friends will be able to experience it too, if you’d like. This would be the ultimate communication technology.”³

Analysing and further exploring this perspective, Davies remarks that “the fantasy of brain-to-brain communication is becoming a reality, without requiring paranormal leaps” and that it “will depend on a form of language, just not one that most people are able to understand when they see it. The means of communication will have become privatised.”⁴ “Mental processes are tasks, which can be split into a series of separate chunks: this is what it means to process something *digitally*. These tasks can be pieced together in the form of code, which a machine can then execute one by one. Mark Zuckerberg’s belief in telepathy ultimately rests on the idea that ‘thoughts’ are nothing but a series of physical motions, whose patterns can potentially be read like the smile on a face or an encrypted message to be cracked.”⁵

“The broader philosophical fear is of a society in which people become readable pieces of data, without any recognised interiority.”⁶

A development that further underlines the influence of Facebook came on June 18th, 2019, when Mark Zuckerberg presented the company’s digital currency, the Libra, initially to be used between twenty or so very large commercial or financial enterprises, such as Uber, Spotify, Visa, Mastercard, Paypal and Free. This power to issue and control a

¹ Rana Foroohar, *Big Tech is America’s new railroad problem*, *Financial Times*, 16 June 2019, <https://www.ft.com/content/ec3cbe78-8dc7-11e9-a1c1-51bf8f989972>.

² William Davies, *Nervous States, How Feeling Took Over the World*, New York, Random House, 2018.

³ *Ibidem*.

⁴ *Ibidem*.

⁵ *Ibidem*.

⁶ *Ibidem*.

currency, hitherto a prerogative of states, can be expected to reduce the monetary sovereignty of central banks, and the power of state institutions, and it has the potential to undermine the functioning of democracy.

These profound technological changes, and particularly the speed at which they have occurred, have had an unsettling and bewildering effect especially among the older section of the population, many of whose members may be economically, socially and politically marginalised.

The End of the Bipolar Equilibrium and the Effects of Globalisation.

It would be wrong, however, to attribute people's fears solely to distorted use of technology. The end of the bipolar equilibrium and the strengthening of the process of globalisation, both producing various negative phenomena, have also played a part in stoking people's fears, and have thus contributed to the tendency of today's electorate to adopt irrational stances. By negative phenomena, we mean:

- the US-triggered economic and financial crisis that began in 2008,
- uncontrollable wars,
- the severe effects, in some parts of the world, of global heating,
- the migration phenomenon,
- the wealth imbalances that have become particularly marked, especially within countries.

One of the topics dealt with by Timothy Snyder in his book *The Road to Unfreedom*,⁷ which focuses mainly on the destabilising influence of Putin's Russia on the Western liberal democracies, is indeed the large disparity in socio-economic and political conditions present within different countries, and how this, among other factors, has left people feeling detached from traditional politics. Britain's situation is emblematic in this regard. As pointed out by William Davies "Britain has a similar story to tell with the most extreme polarisation of rich and poor regions of any nation in Western Europe contributing directly to the outcome of the Brexit referendum. Output per head in West London is *eight times* higher than it is in the Welsh Valleys, which was one of the most pro-Brexit regions." Similarly, "in 2010-15, median household wealth in London rose by 14 per cent, while it fell by 8 per cent in Yorkshire and on the Humber, areas that also featured strongly pro-Brexit votes. Britain's economy is the fifth largest in the world, and yet the majority of regions experience GDP per capita below the European

⁷ Timothy Snyder, *The Road to Unfreedom*, [http://cd.bos.rs/online-citanka-novi-lid-eri--nove-mogucnosti-10/uploaded/Timothy%20Snyder%20-%20The%20Road%20to%20Unfreedom\(2018\).pdf](http://cd.bos.rs/online-citanka-novi-lid-eri--nove-mogucnosti-10/uploaded/Timothy%20Snyder%20-%20The%20Road%20to%20Unfreedom(2018).pdf).

average, something that is concealed by the disproportionate wealth and productivity of London.”⁸

A New Way of Doing Politics.

All this has led to an increasingly confrontational world and the development of a tendency to react to events emotionally rather than rationally. Accordingly, hitherto indisputable truths have been called into question, such as the truth and reliability of statistics and official data, scientific methods, and expert opinion, the latter considered biased; in addition, for some time now there has been a growing mistrust of parties and ideologies.

For Bodei, “The most striking thing today is (...) the waste of intelligence, the contrast between, on the one hand, the possibilities offered by modern technology and by modern schooling and, on the other, the widespread decline in or blunting of common sense, which sometimes leads to incredible levels of credulity.”⁹

Most people react to the complexity of the situation by seeking simple solutions, or by losing interest in politics and ceasing to engage with it.

Some politicians have been quicker than others to intercept and play on people’s fears and feelings of disquiet. Leveraging the general discontent, they have implemented a new way of doing politics, based on the use of social media and the spreading of violent messages, and in so doing they have offered people a vent for their anger.

Exploiting new communication technologies, they have constructed political campaigns that target, and seek to harness the votes of, the fearful and dissatisfied sections of the population, giving them the chance to interface directly with the political decision-makers, encouraging them to demand ‘everything now’ and to play a key role in the fight against perceived elites and the complete rejection of mediation.

As Davies has pointed out, populists are terrible decision makers but they have excellent slogans, effective gatherings and few scruples about lying. The hidden promise of nationalism is that of giving meaning to ordinary people’s lives.¹⁰

Big-Tech Companies and Cyberwarfare.

In his book, *Tecnologia per il potere*, Giovanni Ziccardi reveals that “today, in almost all countries, most people spend up to eight hours a

⁸ William Davies, *op. cit.*.

⁹ Remo Bodei, *Vivere on line*, Il Mulino, 490 (2017), pp. 207-208.

¹⁰ William Davies, *op. cit.*.

day on social networks”¹¹ and that these have thus become instruments of a ferocious war waged not with weapons but with technology. We are facing a cyberwar in politics, in which, according to the philosopher Remo Bodei, “interactive media, especially the Internet and social networks, now represent the incubator, or new hothouse, of politics: ‘sites’ where consensus is not manifested and distributed through traditional means (government, parties, newspapers, street demonstrations), but is forced, drugged.”¹²

Part of this cyberwarfare is orchestrated by Russia. In fact, “Vladimir Putin has expressed the view (...) that the country that leads the world in artificial intelligence will dominate the twenty-first century.”¹³

According to Dmitry Kiselev, coordinator of Russia’s state international news agency, “information war is now the main type of war.”¹⁴

“The notion of ‘weaponising’ everyday tools has become a familiar part of the political lexicon. The Kremlin has been accused of seeking to *weaponise* social media so as to disrupt democratic elections and spread confusion in the media (...) Facebook and Twitter can be treated as tools of disruption or even violence, as they have the capacity to destabilise and spread fear.”¹⁵

This policy of disinformation, pursued principally by Russian agencies, dates back at least to the time of the 2014 war in Ukraine; to date, Brexit and the election of Trump are the most significant fruits it has borne, a fact also underlined in an interesting article by Scandinavian journalist Karin Pettersson, who wrote: “Since the 2016 ‘Brexit’ referendum and the election of Donald Trump as US president, the following year, discussion about the negative impact of social networks on democracy has intensified. ‘Fake news’, disinformation, Russian interference and propaganda have become the new normal. In a recent TED-talk, the *Guardian* journalist Carole Cadwalladr described how Facebook became a platform for lies and illegal behaviour in the Brexit campaign.”¹⁶ Pettersson, remarking on the content of Mark Zuckerberg’s address to the company’s annual developers’ conference held on May 1st in San José California, points out

¹¹ Giovanni Ziccardi, *Tecnologia per il potere*, Milan, Raffaello Cortina Editore, 2019, p. 116.

¹² Remo Bodei, *op. cit.*, p. 207.

¹³ William Davies, *op. cit.*

¹⁴ Timothy Snyder, *Russia is winning the information war*, Literary Hub, April 3, 2018, <https://lithub.com/russia-is-winning-the-information-war>.

¹⁵ William Davies, *op. cit.*

¹⁶ Karin Pettersson, *The trilemma of Big Tech*, <https://www.socialeurope.eu/the-trilemma-of-big-tech>.

that “Facebook is now more powerful than most nation states” and asks whether there exist democratic solutions that may be implemented to address this situation or whether, as argued by the economist Dani Rodrik, the real problem is the trilemma whereby “hyperglobalisation, democratic policies and national sovereignty are mutually incompatible” and can never all three exist “simultaneously and in full.”¹⁷

What underlies cyberwarfare? And how does it play out? Giovanni Ziccardi, in his book, explains it all very clearly, stating that: “the fact that misuse of technology has the capacity to upset electoral and democratic balances is well known and has long been under the lens of states, candidates and specialists in communications and politics,”¹⁸ and also that “the technique of data falsification and the use of violent language are typical of this strategy. A broad look at the current framework of online politics reveals a scenario that is far from reassuring. The era of falsification of information and online dissemination of mutual accusations seems to be in full swing, with the use of pre- and post-election messages amounting to the creation and spreading of false assumptions and personal attacks.”¹⁹

Ziccardi highlights, in particular, how control of user data is one of the ongoing battles, citing the data scandal that blew up around Cambridge Analytica, the political consulting firm that “after gaining access to Facebook profiles was able to harvest the data of 87 million users,”²⁰ data that were subsequently used to influence the choices of the electorate in the Brexit referendum and the 2016 US presidential elections. He also invites readers to “consider (...) the suspected Russian interference in the conducting of elections held in other countries (primarily in North America, the UK and France), the frequent allegations of deliberate and organised dissemination of false information or hatred via Facebook, Twitter and in WhatsApp groups — as in the recent election in Brazil won by Jair Bolsonaro —, as well as similar allegations concerning the activation, also in Italy, of veritable digital mud-slinging machines that, set up in a matter of seconds, serve to mercilessly attack and denigrate opponents or critics of a particular political force.”²¹

“For the first time in the history of politics, the entire world was shown how, through a team, a structure, a strategy and a huge database — all specifically created to manage technologies, profile potential voters and collect their contributions, and exploit big data and the creation

¹⁷ *Ibidem*.

¹⁸ Giovanni Ziccardi, *op. cit.*, p. 11.

¹⁹ *Ibidem*, p. 51.

²⁰ *Ibidem*, p. 111.

²¹ *Ibidem*, pp. 9-10.

of social media data archives and social networks —, information technology and technological platforms could be an essential and decisive factor behind unexpected electoral outcomes. In short, they showed that the world's most important elections could be won by placing technology, as the driving force, at the heart of the electoral strategy.”²²

Snyder, too, asserts that the “Russian campaign to fill the international public sphere with fiction began in Ukraine in 2014, and then spread to the United States in 2015, where it helped to elect a president in 2016.”²³ In a comment alluding to the fact that Russian money has previously saved Trump from bankruptcy, he adds that it is more than speculation that the US elections were piloted by Moscow: “Russians raised ‘a creature of their own’ to the presidency of the United States.”²⁴

In an interview given to Public Radio International, Lyudmila Savchuk, a journalist who worked under cover for two and a half months in a “troll factory”, explained how the Internet Research Agency works. Here, she found hundreds of mainly younger people working in rotating shifts around the clock. Some, known as “demotivators” were dedicated to producing visual memes. There was also the “news division,” and a department staffed by “social media seeders”. (...)

“Despite the division of labour, the content was remarkably uniform. The US, the EU, Ukraine’s pro-European government, and Russia’s opposition were regular targets for scorn. And then there was Russian President Vladimir Putin —seemingly no Russian triumph under his rule was too small to warrant a celebratory tweet, meme or post.”

The operation was run by Evgeny Prigozhin, a restaurateur from Saint Petersburg. “Often called ‘Putin’s Chef’ for his close ties to the Russian President, Prigozhin was placed under US sanctions in 2018 for what American officials say was a coordinated attempt to interfere with the US elections;” “he was indicted by Special Counsel Robert Mueller’s investigative team last year.”²⁵

Attacking the EU.

Carlo Calenda, too, highlights the existence of “a clear strategy of destabilisation of the West and liberal democracies pursued by Russia’s leaders.”

“Russia (...) has lost all its links with Europe and the West and has

²² *Ibidem*, p. 18.

²³ Timothy Snyder, *op. cit.*, p. 14.

²⁴ *Ibidem*, p. 177.

²⁵ Charles Maynes, PRI’s *The World, The trolls are winning says Russian troll hunter*, <https://www.pri.org/stories/2019-03-13/trolls-are-winning-says-russian-troll-hunter>.

gone back to conducting aggressive and ruthless power politics. (...) Orbàn, Salvini and Le Pen are all inspired by Putin, from whom they have obtained support that is probably not only ideological.”²⁶

According to Davies, “the anger, intimidation, and lies that have crept into the media and civil society, destabilising institutions without constructing alternatives, can generate a downward spiral of fear and mutual suspicion. Politicians of the far right, often loosely allied to online and offline crowds using intimidation, are successfully mobilising people who are and feel disempowered. Across Europe, the European Union provides a target for nationalists seeking to explain why their society isn’t safer and richer.”²⁷

Snyder, referring to the situation in the UK, writes: “All of the major Russian television channels, including RT, supported a vote to leave the EU in the weeks before the June 23, 2016, poll. (...) Russian internet trolls, live people who participated in exchanges with British voters, and Russian Twitter bots, computer programs that sent out millions of targeted messages, engaged massively on behalf of the Leave campaign. Four hundred and nineteen Twitter accounts that posted on Brexit were localised to Russia’s Internet Research Agency—later, every single one of them would also post on behalf of Donald Trump’s presidential campaign. About a third of the discussion of Brexit on Twitter was generated by bots—and more than 90 per cent of the bots tweeting political material were not located in the United Kingdom.”²⁸ “In the 2017 French presidential campaign, Marine Le Pen praised her patron Putin. She finished second in the first round of elections that April, defeating every candidate from France’s traditional parties. (...) In the second round, Le Pen received 34 per cent of the ballots. Though she lost to Macron, she did better than any other far Right candidate in the history of postwar France. To support the Front National was to attack the European Union.”²⁹

Disruptive interference has always been present in politics, but now, as a result of the use of new technologies and social platforms, its power is unprecedented and overwhelming.

Efforts to Stop the Interference.

Ziccardi points out that “with big data and the use of digital technology now at the centre of political activity, security has become the key

²⁶ Carlo Calenda, *Orizzonti selvaggi*, Milan, Feltrinelli, 2018, p. 153.

²⁷ William Davies, *op. cit.*.

²⁸ Timothy Snyder, *op. cit.*, p. 89.

²⁹ *Ibidem*, p. 87.

issue, given the increasingly widespread use of information technology in election campaigns.”³⁰

On June 14th, 2019, a European Commission progress report on the fight against disinformation referred to evidence of sustained disinformation activity carried out by unnamed Russian sources in the run-up to the European election, with the aim of reducing turnout and influencing voter preferences.

Macron, in his open letter to the citizens of Europe on March 4th, 2019,³¹ highlighted the EU’s need to create a European democratic protection agency: “Our first freedom is democratic freedom: the freedom to choose our leaders as foreign powers seek to influence our vote at each election. I propose creating a *European Agency for the Protection of Democracies*, which will provide each member state with European experts to protect their election process against cyberattacks and manipulation. In this same spirit of independence, we should also *ban the funding of European political parties by foreign powers*. We should have *European rules banish all incitements to hate and violence from the Internet*, since respect for the individual is the bedrock of our civilisation of dignity”.

On June 2nd, 2020, the French National Assembly began discussing how to stem the growing intrusiveness of Google, Facebook and Amazon in political debate, and how to tax these entities.

Democracy and the Political Crisis of the West.

This war of information is undermining the democratic rules of dialogue-based consensus building that, until now, have applied in the Western world. It is a global war, yet it is being fought in our very homes through social media (Facebook, Google, YouTube), which are greatly influencing the way people think, particularly those without the cultural tools necessary to defend themselves.

Bodei remarks that “many have the feeling that, within democracies, politics has been emptied, from within, both of its rational motivations and of its civil passions, leaving just a hollow shell of spectacle that has been filled with emotivity that offers little in the way of content”; and, further, that “nowadays, the truth is threatened by what those in Trump’s entourage call ‘alternative facts’, because we now live — this is an expression that is taking hold — in the post-truth era.”³² Bo-

³⁰ Giovanni Ziccardi, *op. cit.*, p. 224.

³¹ Emanuel Macron, *For European renewal*, <https://www.elysee.fr/emmanuel-macron/2019/03/04/for-european-renewal.en>.

³² Remo Bodei, *op. cit.*, p. 208.

dei even wonders “whether democracy still exists, or whether we have not, instead, already entered the post-democracy age, which is taking the form of populism, demobilisation and infantilisation of the masses, elective autocracy, conformism, relegation of truth to mere opinion, and loss of the ability to judge, an ability often paralysed by artfully spread fears. *All these factors are making individuals, given their levels of insecurity and complementary need for reassurance and protection, less rational, and generating a sense of alarm mixed with resignation.* In the mechanisms designed to ensure the citizens’ protections and guarantees, something has broken down: it is though a lowering of immune defences has given the powers of seduction more room for manoeuvre, and allowed analysis, reasoning and projects become to be turned into mere storytelling.”³³

As Nunziante Mastrolia explains, “democracy is at risk when it abandons ‘the people’ and panders to ‘the crowd’”, where crowd, a holacratic concept developed by Plato, refers to a lawless, degenerate entity. “The crowd is a mass that fears the future. A fear that can be accentuated by the lack of a livelihood (or by the perception of a relative impoverishment) or by the absence of the intellectual tools necessary to rationalise the problems that afflict it. (...) The mass that fears the future feels poor and sees itself as a victim of dark forces that are ruining its existence (any scapegoat will do); (...) letting the crowd enter the liberal citadel means opening the door to tyranny. It is no coincidence that the great despots of the twentieth century, from Mussolini to Hitler, did not seize power overnight with a coup. Instead, they did so to the applause of cheering crowds! The crowd is reactionary and irrational (; instead,) there has to be a people for there to be democracy.” The people is a political construct resulting from great achievements such as the welfare state and the constitutionalisation of institutions, which brought freedom from fear, poverty and ignorance: “the political crisis of the West derives from having produced such an extraordinary scientific, technological and economic change that the political and social structures, designed for the Fordist era, are unable to treat and prevent the harmful side effects that such progress has had on large swathes of citizens of Western open societies: citizens who are now afraid. The political crisis of the West comes down only to this! The fact of having allowed the people to become the crowd, without intervening to prevent this transformation. It was the crowd that voted for *Brexit*, the crowd

³³ *Ibidem*, p. 209.

that voted for Trump, and the crowd that voted in populists in Italy.”³⁴

Davies, too, remarks that a “sense that we have entered a new age of crowds is heightened by the growth and rising influence of social media” and he also points out that “crowds have been a feature of politics since ancient times, but they never possessed real-time coordination tools until the twenty-first century.”³⁵

Calenda, on the other hand, says that a main reason for the crisis of liberal politics and democracy in the West is “the separation of politics and power resulting from the weakening of the nation-state. As the international markets have come to prevail over the national markets, the state has gradually lost its powers. But this process has not been accompanied by the birth of an international democratic political power. The only experiment of this kind has been the European one, but (...) economic integration has advanced much further than political integration (...). The internationalisation of the economy has thus ended up weakening liberal democracy (...) when the pace of change impacting on society exceeds society’s capacity to adapt to it, the citizens, justifiably, continue to demand that the state provide them with protections and guarantees.”³⁶

Vladimir Putin, in a recent interview with the *Financial Times* said, among other things, that: “the liberal idea has become obsolete. It has come into conflict with the interests of the overwhelming majority of the population” and that “our Western partners have admitted that some elements of the liberal idea, such as multiculturalism, are no longer tenable.”³⁷

The most recent election results, which have seen many countries rejecting traditional liberal-democratic forces in favour of populists and nationalists, seem to support Putin’s view. In fact, it was excessive and unfettered liberalism that created the conditions for the financial crisis and the emergence of huge disparity in wealth, well highlighted in Thomas Piketty’s *Capital in the Twenty-First Century*,³⁸ that have resulted in today’s deeply fractured society.

³⁴ Nunziante Mastroia, *La democrazia è a rischio quando abbandona “il popolo” e coccola “la folla”*, <https://open.luiss.it/2018/04/20/la-democrazia-e-a-rischio-quando-abbandona-il-popolo-e-coccola-la-folla/>. Readers are also referred to the article by Mastroia published in this issue of the journal.

³⁵ William Davies, *op. cit.*

³⁶ Carlo Calenda, *op. cit.*, p. 143.

³⁷ Martin Wolf, *Liberalism will endure but must be renewed*, *Financial Times*, 2 July 2019. <https://www.ft.com/content/52dc93d2-9c1f-11e9-9c06-a4640c9feebb>.

³⁸ Thomas Piketty, *Capital in the Twenty-First Century*, Cambridge, Mass., Harvard University Press, 2014.

Liberal democracy must be combined with social justice and liberal excesses must be controlled. Furthermore, in the words of Martin Wolf, responding to Putin's claims, "Liberal societies do need shared values and identity. That is perfectly compatible with immigration and enduring cultural differences. But both need to be managed: otherwise, popular discontent will bring to power leaders who despise the norms of liberal democracy. The fragile balance might then collapse."³⁹

While the illiberal oligarchy present in Russia, a country where income gaps are among the highest in the world, is clearly not the answer, the fact remains that democracy in our countries finds itself plunged into a deep crisis. As Calenda remarks, "only 47 per cent of Europeans and 31 per cent of Americans consider it essential to live in a democracy"⁴⁰ and in Italy "over 73 per cent of under-20s are politically uninformed, and 30 per cent never talk about politics."⁴¹

Is our increasingly cybernetic society therefore destined to be a society without values and without respect for life and human dignity? A society that fails to grasp the consequences of what it does, and that, in the grip of negative and destructive emotions, loses individual references and becomes part of a mechanism or robot, a society that forgets history, or an indifferent society in Gramsci's sense of the term?

Is there still time to mount a European resistance on behalf of mankind?

What to Do and the Illusion of Continuity.

The globalised world really is a new world that, politically speaking, demands new attitudes from Europe, which must, in particular, avoid adopting a simple wait-and-see strategy.

It is important to recognise that there is nothing Europe's nation-states can do, singly, to address the huge power imbalances present in the world.

Even though, in this schizophrenic framework, Europe, should it choose to settle for the status quo, runs the risk of spiralling in on itself and collapsing, it nevertheless remains, for now, the world's only real bulwark of democracy and civilisation. But, we have to recognise that the Europe we have is one that has been self-referential for far too long, and whose supporters, even those hailing from parties that profess to be progressive, have always been too lukewarm in their support

³⁹ Martin Wolf, *op. cit.*.

⁴⁰ Carlo Calenda, *op. cit.*, p. 27.

⁴¹ *Ibidem*, p. 50.

of European unity, and not always thrown themselves wholeheartedly behind the cause.

The enemies of European unity, starting with Trump, Putin and, to an extent, China, are both numerous and strong, and they act by fomenting discontent, by financing anti-European parties, by managing cyberwarfare, and by implementing the divide and rule strategy; or, alternatively, they wait on the sidelines ready to grab the pieces of the crumbling Union.

The strength of these enemies is such that there can be no continuing with the policy of small steps, under the illusion that continuity will win out.

This is a misconception that Snyder explains very clearly: “Americans and Europeans were guided through the new century by a tale about “the end of history,” by what I will call the *politics of inevitability*, a sense that the future is just more of the present, that the laws of progress are known, that there are no alternatives, and therefore nothing really to be done. In the American capitalist version of this story, nature brought the market, which brought democracy, which brought happiness. In the European version, history brought the nation, which learned from war that peace was good, and hence chose integration and prosperity.”⁴²

The most important and urgent thing is to build a new European institutional framework that, within the Union, can implement a federation project involving the countries that are most in favour of this endeavour.

It has become necessary to work out a new model of social development based on reduction of economic imbalances, to make institutions influential and authoritative once again; and where these are inadequate, as in Europe, we need to find effective political responses to the serious global problems that today’s “new politics” is unable to address.

As reported across all the leading media channels, the Federal Trade Commission, the independent US consumer protection authority, recently fined Facebook 5 billion dollars for furnishing Cambridge Analytica with the data of around 87 million users for political purposes.

What is needed, in place of today’s nation-states that lack the necessary size and resources, is a European federation capable of controlling, with appropriate laws, the excessive power of the Big Tech companies.

The right wing and populist parties were quicker than the progressive ones to really appreciate the hardships faced by the sections of society most in difficulty, and exploited these as a means of manipulating them. The disorientation felt by much of the electorate is, indeed, the fabric

⁴² Timothy Snyder, *op. cit.*, pp. 10-11.

and basis of nationalist and populist action. If the nationalist agenda wins and, in the ensuing chaos, Europe falls, this will lead to the war the superpowers are perhaps hoping for.

But who should be doing what in a European Union in which 27 countries want the single market but are, in many cases, opposed to the ideas of deeper integration and a political Europe? What might be the starting point?

As Calenda has pointed out “the European integration process can be furthered only by (and among) a group of states that might be considered an enlarged founder members group (Germany, France, Italy and Spain). (...) The rift with the Visegrad countries is definitive (...) To counter the Visegrad group, it has become necessary to establish a ‘Rome Group’ (named in honour of Europe’s birthplace) that can constitute the hard core of the future federal Europe.”⁴³ “This may prove to be a difficult path to follow, or even impossible, but there are no alternatives. Unless the climate of mistrust can be eliminated, at least among a smaller and more homogeneous group of countries, then there will be little that the EU institutions can do to move Europe forward (...). And we have to act soon, because the next financial or geopolitical crisis (be it over migration or war) risks being Europe’s last.”⁴⁴

The federal structure characterised by autonomous power at different levels, ranging from neighborhood to European and, ultimately, global level, is the ideal structure for meeting the challenges of globalisation, combatting divisions and hatred, and restoring confidence in the future.

Let us “turn the crowd back into a people and look to the future with the confidence of an open society.”⁴⁵ Or, as Snyder urges, let us “halt our thoughtless journey from inevitability to eternity, and exit the road to unfreedom. [The time has come to] begin a politics of responsibility.”⁴⁶

This is, in fact, the crux of the matter, and it goes beyond the question of external interference (influential as this undoubtedly is): it is up to Europe to believe in itself and abandon the status quo. Through an initially small group of countries, it must start creating a genuine European political decision-making power, in the new ways that politics demands, and it is up to the progressive and liberal parties to quickly shoulder their responsibility for promoting this.

Anna Costa

⁴³ Carlo Calenda, *op. cit.*, p. 159.

⁴⁴ *Ibidem*, p. 160.

⁴⁵ Nunziante Mastrolia, *op. cit.*.

⁴⁶ Timothy Snyder, *op. cit.*, p. 225.

HOW SHOULD EUROPE AND THE WORLD BE GOVERNED IN THE ERA OF GLOBAL INTERDEPENDENCE?

By 2050, around 70 per cent of the world's population, almost 7 billion people, will be living in urban areas. This figure, unprecedented in the history of mankind, reflects a trend that is destined to impact increasingly on the dynamics of international relations and the development of entire countries and cities, especially those that have been drawn most deeply into the process of globalisation. In short, cities are becoming more and more interconnected and equipped to use technologies and infrastructures that, worldwide, are changing the way in which individuals consume space and time. However, at both continental and global level, the world still lacks institutions equipped to rise to the challenge of governing the phenomenon of growing global interdependence. Furthermore, those responsible for tackling the global challenges we face, while well aware of this phenomenon,¹ find themselves helpless in the face of it. For this reason, it has become crucial to understand how cities are changing, and also to identify and analyse the nature of the relations between them, the institutional frameworks within which they interact, and the power relations that govern their interactions. It has been estimated that by 2040, the world will be faced with the need to invest 15 trillion dollars in infrastructure in order to boost and manage trade flows and global connectivity between the world's major urban areas, between more and less developed countries, and between urban and rural areas.²

¹ In this regard, see Chancellor Merkel's intervention on February 16, 2019, at the Munich Security Conference, where she alluded to Humboldt's remark that everything is interdependent "Alles ist Wechselwirkung" <https://www.bundestkanzlerin.de/bkin-de/aktuelles/rede-von-bundestkanzlerin-merkel-zur-55-muenchner-sicherheitskonferenz-am-16-februar-2019-in-muenchen-1580936>. Similarly, former US president Obama recently pointed out that "the world is more interconnected than ever before, and it's becoming more connected every day. Building walls won't change that..." <https://time.com/4340310/barack-obama-commencement-address-transcript-rutgers/>.

A speech on given on 18 March 2019 by the current mayor of Milan, Giuseppe Sala, is also interesting in this regard: <https://www.ispionline.it/it/eventi/evento/dialoghi-sul-futuro-le-citta>.

² Stefano Riela and Alessandro Gili, *The Future of Infrastructure: Which Options for Public Private Cooperation?* ISPI Dossier, 17 June 2019, <https://www.ispionline.it/en/publicazione/future-infrastructure-which-options-public-private-cooperation-23309>.

For geographical, historical, political and economic reasons, Europe lies at the heart of these challenges.³ However, although continental Europe should, by now, have the experience necessary to affirm a new model of state — specifically, one in which coordination between different, independent levels of government can and must coexist with democratic control of, and participation of the citizens in, decision-making processes split among these levels —, this new institutional model is struggling to take shape and become established. Instead, we are witnessing resurgences of localism and a tendency to retreat into old ideological, national and/or micro-national positions that, in addition to being narrow and anachronistic, hinder any progress towards a more integrated, structured and coordinated institutional system on a supranational scale.

There is no shortage of analyses and studies on the high level of interdependence now reached in practically all sectors of development, or of evidence confirming the need to create institutions more appropriate to the level of scientific and technological growth achieved by humanity.

On the other hand, we still lack political-institutional reference models that can be used to govern the growing interdependence at both continental and global levels.

* * *

One study, among others, to have clearly highlighted and analysed the growth of global interdependence, is by Parag Khanna,⁴ who showed that “connectivity is the most revolutionary force of the twenty-first century.” In his analysis, Khanna illustrates, through data and examples, the reality faced by different political leaders during their time in government.⁵ In so doing, he provides evidence substantiating what the historic urban planner Lewis Mumford had already intuited decades ago in his studies on the city, namely, that whereas single cities

³ According to a Eurostat report, in 2012, around 40 per cent of the population of the 28 EU member states was already living in medium-sized or large cities. https://www.casaeclima.com/ar_9855__ITALIA-Ultime-notizie-eurostat--ue--popolazione-citt-II-40-degli-europei-vive-nelle-citt.html.

⁴ Parag Khanna, *Connectography, Mapping the Future of Global Civilization*, New York, Random House, 2016.

⁵ Former US president Barak Obama, for example, made the following observation: “Let me be as clear as I can be: In politics and in life, ignorance is not a virtue. It’s not cool to not know what you’re talking about. That’s not keeping it real or telling it like it is. It’s not challenging political correctness (...) that’s just not knowing what you’re talking about. (...) The world is more interconnected than ever before, and it’s becoming more connected every day. Building walls won’t change that.”, https://www.nj.com/news/2016/05/full_text_of_president_obamas_speech_at_rutgers_co.html.

were once worlds unto themselves, over time the world itself is destined to evolve into a single global city.⁶

However, as journalist Carlo Bastasin has explained, the challenge we face concerns, precisely, the difficulty institutions and individuals are having in adapting to the rapid transformation of economic structures and processes of interaction in the era of new technologies, global trade and the shift from industry to services. With respect to this transformation, societies are reacting in two different ways. In regions that, for geographical and historical reasons, are well integrated into global production chains (Catalonia, Veneto, Lombardy, Greater London, Holland, Bavaria and so on), it has resulted in greater mobility and growing autonomy, and this has made these regions impatient with the inertia and inadequacy of states and individuals that want to remain sheltered from the realities of competition, or wish to benefit from the status quo. On the other hand, on the edges of this global change (in the central states of the USA, large areas of Russia, the North of England, Greece, Southern Italy and Spain, Eastern Germany), there has emerged a fear of backwardness and, in some cases, a sense of impotence. In these regions, the industrial transformation has been exacerbated by a reduction in investment in, and support for, nationalised industries (compared with the levels recorded in the 1950s-1970s) and a decline of the basins of labour-intensive raw materials. At the same time, in almost all these regions, individual mobility, in both a cultural and a geographical sense, has become an increasingly pressing need. All this has had the effect of fostering feelings of rootlessness, victimisation and longing for a perceived bygone golden age.⁷

In this context there have emerged, worldwide, two conflicting phenomena at the various levels of government: fragmentation versus integration of commercial, economic and industrial policies. And the smaller European states are, at once, victims of and leading players in the tussle between them.⁸

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The growth of connectivity and of direct interaction between large cities has created the illusion that we can do without state institutions,

⁶ Lewis Mumford, *The City in History*, New York, Harcourt Brace and World, 1961.

⁷ Carlo Bastasin, *E' l'antagonismo centro periferia a nutrire i populismi*, Il Sole 24ore, 13 October 2017.

⁸ Milena Gabanelli and Fabio Savelli, *Le città connesse saranno sabotabili: chi non protegge i nostri dati e perché*, Corriere della sera, 16 June 2019, <https://www.corriere.it/dataroom-milena-gabanelli/smart-city-sicurezza-dati-5g-italia-rischi-furti-cyberattacchi/366c6500-8ec4-11e9-aefd-b9bfecbb01f9-va.shtml>.

which are deemed limited on account of their purely national dimensions and capacity for action, and also ill-prepared to promote and govern growth, development and progress at supranational level, given the still embryonic of forms of government existing at this level.

Nearly three decades ago, Jane Jacobs likened urban planning and development to a pseudoscience,⁹ saying that it still consisted of blood-letting rather than effective therapies. Now, as then, we have clear diagnoses, but as yet only rough prognoses, and still no effective method of treating the problem. This state of affairs plays into the hands of populist and demagogic forces, as it enables them to exploit popular discontent with the existing powers and institutions. By targeting and leveraging the malaise of specific sections of the population — those that consider themselves victims, not protagonists, of globalisation and the technological revolution, and fear that massive immigration will leave them economically and socially marginalised —, they are able to promote the rise of personalities and political formations that merely adopt an anti-system stance, but have no real capacity to tackle and solve the problems we face.

Thus, the phenomena of fragmentation and integration of political and economic policymaking have become increasingly intertwined. But none of the fiscal or monetary stimuli introduced over time by different governments can resolve the conflict between them, and this fact has resulted in the creation of a vicious cycle in which, at all levels, the disintegration of political cadres feeds social crises, and vice versa. Meanwhile, the era of global connectivity is advancing, to the point that more infrastructures are expected to be built worldwide in the next forty years than in the last four thousand, and people are moving into cities at a rate of around 150,000 per day.¹⁰ At the same time, the world order founded on relations of force and power between states is finding itself increasingly influenced and undermined by private actors seeking to act outside the framework of democratic institutions and rules.¹¹ Meanwhile, the new principles shaping the governance and evolution of the world order seem to be based, more and more, not on power relations between states, but on the direct connectivity that exists between urban centres, and on the new multinational giants' control of the supply chain of the raw materials needed to feed the new

⁹ Jane Jacobs, *The Death and Life of Great American Cities*, New York, Random House USA Inc., 1993.

¹⁰ Parag Khanna, *Connectography*, *op. cit.*.

¹¹ This is shown, for example, by the proposal to introduce a new virtual global currency, the Libra, controlled by Facebook.

mode of production. In this setting, the world region in which the conflict between fragmentation and integration processes is most clearly visible is Europe, i.e. the heart of global production and commercial processes, the focus of nationalist and sovereignist siren calls, and the site of the world's most advanced supranational power building process. China, on the other hand, is the continent in which other contradictions inherent in the new global mode of production are becoming increasingly acute, with the risk of generating new tensions and conflicts.¹²

* * *

Environmental issues, i.e. the impact of human activities on ecological balances and the livability of our environment, are now key considerations in all countries' economic policy management processes. Precisely because urbanisation is now a global phenomenon, any economic activity, meaning any production and consumption of goods, rapidly translates into a potential threat to the environment. We saw this with the CFC refrigerants used for preserving food. Initially considered harmless and indispensable resources, it was subsequently discovered that they posed a threat to the atmospheric balance and contributed to the deterioration of the ozone layer. Another example is the widespread use of plastic materials for packaging, marketing and preserving food and consumer goods, with the disposal of these materials now widely acknowledged to be a serious environmental problem. Evidently, the solution does not lie in regional and/or national level regulation of the production, marketing and use of these and other materials that have been and will be invented; rather, the management of these environmental emergencies depends on the promotion and application of binding, continent-wide and global agreements and rules on the consumption of products.¹³ As indicated above, in an increasingly interconnected, interdependent, densely populated and urbanised world, every good produced and consumed is bound to have, over time, a global environmental impact. Hence the crucial need to establish a new institutional order that connects and coordinates all levels of government.

¹² In 2015, China was already importing 34 per cent of all the electronic components produced in the world, and was the largest exporter of information technology, *Connectography*, *op. cit.*.

¹³ As explained by Lewis Mumford, at the dawn of the industrial era, wood, and not metal, was still the material most widely used to produce handicrafts and industrial goods, including boilers and dishes/plates, in which only the part exposed to the flame was coated and protected with metal. See Lewis Mumford, *Technics and Civilization*, New York, Harcourt Brace Company, 1934, p. 120.

Over time, Europe has seen the development and establishment of various models of urban and territorial planning, linked to ever more complex and structured institutions. As a result, the continent's institutional urban landscape now includes expressions of the centralised, exclusivist model (e.g. London, Paris, Vienna and Berlin), of the highly environmentally oriented polycentric model (found in the Netherlands and in the Rhine region of Germany for example), and of the market growth-oriented model, characterised by a number of hierarchical stratifications (as seen in Bavaria and Lombardy). The centralised model became established in the wake of historical and political situations that favoured the consolidation of national institutional systems. The polycentric model, typical of the Netherlands, is still based on a few large centres, such as Rotterdam, Amsterdam, Utrecht and The Hague, linked to each other by efficient transport networks; this model minimises labour mobility but allows great mobility of goods, and the maintenance of sizeable green areas between the different urban centres. Conversely, the market-oriented model favours the centralisation and concentration of economic and production activities in a small number of cities. It is exemplified by Northern Italy's industrial triangle of Turin, Milan and Genoa.¹⁴ Europe is the world region in which the questions of quality of life and how to govern the growing interdependence between large urban areas have assumed particular relevance, highlighting the need for detailed, democratic planning at supranational level. This planning clearly cannot be carried out within the framework of the existing nation-states, but requires a federal-type institutional structure consistent with the expression and exercise of the general will at multiple levels of government. Despite what some still seem to be suggesting, this structure cannot be one that replicates old models, such as those based on the coexistence of a multitude of nation states, or on interaction between cities or regions; the model to follow is that of a multilevel federal state created on a continental and, eventually, global scale.¹⁵ In fact, such a state envisages not just two levels of government, but multiple levels,

¹⁴ Gianfranco Testa, in a series of unpublished lectures given at the University of Pavia in the 1970s and 1980s, analysed these models and their development in some depth. The cartographic material, also unpublished, prepared by Testa for these lectures can be found in his essay *La difesa della natura a livello di problema urbano*, in *Convegno nazionale sulla difesa della natura. Aspetti economici, urbanistici, giuridici*, Pavia, 1970.

¹⁵ With his book *Technocracy in America: Rise of the Info-State*, 2017, Parag Khanna, who has also carried out an in-depth analysis of the growth of interdependence on a global scale, seems to indulge in the idea that city states might be restored in the modern era. In the preface to this book, he claims that "Direct technocracy is the superior model for 21st century governance. It combines Switzerland's collective presidency executive

whose territorial limits must coincide with the natural spheres of influence of central goods and services (of different orders of complexity and specialisation), and of the “institutions” that supply them.¹⁶

* * *

To understand more about the causes of territorial imbalances, it is useful to recall several elements of the theory published by Walter Christaller, and the method he used to shed light on the spatial arrangement of settlements. His starting point was the observation that every economic and production process has a spatial dimension that derives from the distribution of the centrality of the goods and services offered.¹⁷

After an initial study that focused on a region of Germany, Christaller attempted to apply his theory at European level, but the results of this research were poor due to the lack of data available. His aim, in conducting these studies, was to provide a practical demonstration that a city's main purpose, or even fundamental characteristic, is to be at the centre of a territory. Hence his use of the term central places (*Zentralen Orte*). However, in order to determine the importance of a place in terms of its centrality, we need a method able to translate this quality of centrality into quantitative data.¹⁸ This method, to be credible, and as objective as possible, must be based on the measurement of data and information flows between cities. Whereas the economic success of trade in central goods can be considered to be reflected in the income index of those who offer and use these goods, the success of entities providing services such as education and security cannot be evaluated in the same way. Christaller's solution, to get round this problem, was to use what has become known as his telephone index: this method entailed

and multi-party parliament with Singapore's data-driven and utilitarian-minded civil service...". In this way Khanna makes same mistake previously made by an illustrious scholar of urban phenomena, Jane Jacobs, who, after effectively highlighting the importance of the evolution of urban structures in promoting an effective and positive social life and economic and production development, in her book *Cities and the Wealth of Nations* (New York, Vintage, 1985), hypothesised the creation, based on a multiplication of currencies" of a system of sovereign cities that would compete freely with each other. In this regard, see my note *Jane Jacobs' Home Remedies*, *The Federalist*, 29 n. 1 (1987), <http://www.thefederalist.eu/site/index.php/en/notes/2129-jane-jacobs-home-remedies>.

¹⁶ This point is drawn from the analysis of the structure of territories conducted by Walter Christaller in *Central Places in Southern Germany* (translator: Carlisle W. Baskin), Englewood Cliffs, N.J., Prentice-Hall.

¹⁷ Walter Christaller, *op. cit.*: Christaller's study dates back to the early 1930s. It was not until the end of that decade that his work began to be appreciated in the USA, and much later in Europe too.

¹⁸ Walter Christaller, *op. cit.*

counting the number of telephone connections, which, he explained, coincided rather exactly with the importance of a place.¹⁹ In this way, Christaller, using rigorous formulas that analysed the number of inhabitants in relation to the number of telephones connected, obtained a map of southern Germany that differed considerably from that based simply on the number of inhabitants. Marked differences emerged in the places that, on the basis of their centrality, could be deemed important.²⁰ Christaller was well aware of the limits of his analysis, admitting that neither the use of telephones as a surrogate for importance, nor the calculation of centrality could be said to be precise methods in a mathematical sense; however, he argued, the values he obtained showed the central importance of a place far more accurately than the number of inhabitants, or of individuals working in trade, transport and key professions, can do.²¹ In any case, through this study, Christaller managed to show that the centrality of a place corresponds to its importance surplus, and also its importance relative to the surrounding area. The importance surplus of a central place in a given region counterbalances an equivalent importance deficit of the more peripheral places. According to Christaller, historically three principles have been used to correct this importance surplus: the marketing principle (*Marktprinzip*) or supply principle (*Versorgungsprinzip*); the transportation principle (*Verkehrsprinzip*); and the administrative principle (*Verwaltungsprinzip*) or separation principle (*Absonderungsprinzip*). With regard to this third principle, Christaller was acutely aware of the huge impact that administrative and political boundary changes can have on the fate of urban centres. He had lived through the upheaval triggered by the collapse of the Austro-Hungarian Empire in the aftermath of the First World War, particularly in the border areas of Germany and in Vienna, Budapest and Bratislava, three cities that, until 1918, had been well integrated, both administratively-economically and in transport terms.²² This topic

¹⁹ Walter Christaller, *op. cit.*

²⁰ Walter Christaller, *op. cit.*

²¹ Walter Christaller, *op. cit.*

²² An in-depth study on the influence of state borders on the distribution of central places was done in 1939 by another German geographer, August Lösch, in *The Economics of Location*, New Haven, Yale University Press, 1954 (translated by William H. Woglom). The following passage is particularly relevant: "Larger market areas are always transformed along political frontiers, and all areas are changed where the borders represent merely man-made obstacles to trade. We can classify these changes into: first, destruction of locations or their removal away from a boundary, which in the absence of disturbing influences together create the border wasteland; and second, removal of locations across the border".

was subsequently taken up and examined in depth from a federalist perspective by Francesco Rossolillo.²³

* * *

Increasingly, large cities are connected directly with each other economically, commercially and through flows of data, information and people, and this is a powerful driving force for the production and consumption of goods, services and energy on a global scale.²⁴ To consider only the economic aspect, in 2017 the world's ten largest cities together generated a "GDP higher than Japan's, as well as France, Germany and Italy combined",²⁵ and some studies suggest that within the next 20 years, cities will be producing 80 per cent of the world's wealth. Meanwhile, on the pollution control front, it is worth remembering that, by definition, substances that are harmless to the environment and humanity in small quantities can become harmful and dangerous when they spread on a global scale.²⁶ All this, in addition to generating a widespread awareness of the great benefits and advantages to be derived from good governance of the phenomenon of interdependence, is also fueling, at all levels, a widespread sense of disorientation in citizens, as

²³ "All this creates an opportunity to adapt the constitutional arrangement of the federation to the structure that the distribution of central places, and the relative territories, spontaneously tends to assume in the absence of disturbing factors. This means that the territories of those levels of self-government that are located on the edges of the territories of immediately higher levels must not be delimited in a way that leaves them entirely contained within one of these, but in such a way as to ensure that they intersect with two or more of them. In this way, these territories will cease to be *peripheral* and instead assume *hinge* status: in other words, they will assume an active and evolutionary role as junctions and exchange areas between two or more territorial areas of a higher order. Let us imagine the regions of Sicily and Calabria set in a European or world federal framework; in this context, the territories of Messina and Reggio should ideally constitute a single district, whose function is immediately obvious in view of the opportunity this would give them to manage in a coherent way the problems associated with the existence of the Strait of Messina. Similar reflections would apply to a hypothetical macro-region including all the coastal areas of the Rhine, and so on." Francesco Rossolillo, *Città, territorio e istituzioni*, Naples, Guida editori, 1983, http://www.fondazionealbertini.org/sito/rossolillo/vol_i/RI-5-5-II%20modello%20istituzionale.pdf.

²⁴ According to a study conducted by Cisco (Cisco Visual Networking Index: Forecast and Trends, 2017–2022 White Paper, <https://www.cisco.com/c/en/us/solutions/collateral/service-provider/visual-networking-index-vni/white-paper-c11-741490.html>), Internet data traffic between urban centres is expected to triple in the next three years.

²⁵ Tobia Zevi, *Global Cities as a Challenge for the 21st Century*, Milan, Istituto per gli Studi di Politica Internazionale (ISPI), 2018, <https://www.ispionline.it/it/publicazione/global-cities-challenge-21st-century-21551>.

²⁶ This is what we saw in the case of CFC refrigerants, which were considered harmless until it became clear that their large-scale release into the atmosphere was depleting the ozone layer.

well as a crisis of political representation. This is giving rise to the dangerous illusion, skillfully fed and exploited by some, that it has become possible to establish a sort of global direct democracy through the use of new social media channels.²⁷ For this reason, it has become crucial to show, starting with the political-institutional consolidation of an initial group of eurozone countries, which have already renounced monetary sovereignty, that it is possible to establish a new, supranational model of state — one based on multiple independent and coordinated levels of government within a federal framework.

Franco Spoltore

²⁷ This situation has also been explicitly denounced by, among others, Ulrich Beck in his book *Power in the Global Age: A New Global Political Economy*, Rome and Bari, Laterza, 2010. Beck points out that Europe in its current form is a hybrid between market and bureaucracy. It is not a political entity. Furthermore, it lacks visionary force, both as regards the form that the world of European states should take, and as regards Europe's position in relation to the other regions of the world.

Interventions

SANDRO GOZI'S* **ADDRESS TO THE FEDERAL COMMITTEE** **OF THE UEF**

(Rome, 23-24 November, 2019)

Sometimes the course of our lives depends on what we do or don't do in a few seconds, a heartbeat, when we either seize the opportunity or just miss it. Miss the moment and you never get a chance again.

(Aidan Chambers, *Dying to know you*)

In European discourse, we often talk of turning points. However, important as it is to talk about these, the fact is we are actually only able to identify them as such once they have gone. This explains why, in Europe, we have so often found ourselves talking about crucial and valuable opportunities that have been wasted: the European Defence Community, Spinelli's "United States of Europe" project, and the Treaty establishing a Constitution for Europe, to name just a few. There have indeed been many occasions when we have realised "that was a lost opportunity", or "we missed that boat...!"

Of course, we can't rewrite history, and less still, in my view, totally change Europe's reality today; but I think it is crucial to make sure we don't miss the next boat, or opportunity. To use a sailing analogy, "we can't change the direction of the wind, but we can control the sails in order to make sure we reach our destination".

It is therefore important that we recognise the next opportunities before us, namely, the new political cycle now getting under way and the European Conference on the future of Europe.

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As regards the new political cycle, the early signs, in July, were good: Ursula Von der Leyen's speech ahead of her appointment was, and remains, a good manifesto. But the next developments were less impressive, with strong institutional tensions already developing in the immediate wake of the European elections. Now, after this rather disappointing start, we must roll our sleeves up and start again, showing that we have the necessary strength and determination.

It seems to me that the priority areas are both clear and generally shared. A few of these are:

- Europe as a green power;
- euro area governance and a new round of investments;
- security and defence;
- the development of a European social union;
- new migration and asylum policies;
- the rule of law and equal opportunities;
- innovation and youth policies.

For the moment, though, this is still a rather hollow and meaningless list. To change this, we need to understand *when* to act, *how much*, and *with what aspiration*: all these are still open questions.

From our point of view, I am convinced that federalism has never been a more crucial or more adequate solution than it is today. It really is the answer to the problems of our times, because our times demand a sovereign, powerful and democratic Europe, which means:

- sovereign in order to be effective in tackling the crisis of national politics;
- powerful against unilateralism;
- democratic, so as to defeat neo-nationalisms.

1. Sovereignty is all about taking back control of our destiny. It lies at the heart of the commitment made, in words at least, by Ursula Von der Leyen in her speech. But the time has now come to turn words into deeds.

2. A powerful Europe is a Europe equipped with the instruments to oppose unilateralism and guarantee our security. But security also depends on a number of conditions.

- a. First of all, *integration*: we need to develop a global approach and learn to use, in a coordinated manner, all the political tools we have at our disposal. This means: foreign trade, development cooperation, humanitarian aid, international environmental policy, international policing, justice and intelligence cooperation, immigration, foreign policy and the promotion of EU values.

- b. Security must also be based on *prevention*. Prevention means having the tools necessary to deal with problems as soon as they arise and it demands consistent, long-term commitment and strategy. It means ensuring that commercial exchanges can be developed worldwide within a shared system, regulated by the same globally valid rules; and it also means creating the conditions for widespread stability and well-being.
- c. Moreover, the issue of security needs to be *addressed globally*. We Europeans have a duty to shoulder our share of responsibility for global security.
- d. Finally, security must be built on a *new multilateralism* based on dialogue and negotiating cooperation, but also taking into account the logic of power. Because there is no point being naïve: we know we have to act in the real world, where we encounter states and societies very far removed from the so-called postmodern approach.
- e. And so to the last, and perhaps most important, problem for Europe today and for the Europe of 2030: *the new definition of power*.

The EU was conceived as an antidote to the power politics that characterised the nation-states and imperial systems of the nineteenth and twentieth centuries. But today's EU must face up to the need to develop a new model of political power.

In 1958, a young journalist asked the British prime minister what was the most difficult problem he had faced during his first year in Downing Street. Harold Macmillan replied: "Events, dear boy, events!". Since 1989, and in particular since 2001, events have far exceeded the ability of even the best statesmen and politicians to determine their course. And this has been particularly true within the European Union.

I was in Berlin a few days after the fall of the Wall in November 1989. So much has already been written about this; I still find it impossible to find the right words to describe the euphoria, hope, and momentum that this event aroused among the young generation of Europeans to which I belonged. We were breathing history and experiencing an epochal change. And what a change it was! Ours was the first generation able to really call ourselves European and to actually live, and thus truly grasp, the meaning of European unification. But, sadly, not everything went as we expected.

For this reason, I feel that the most useful thing we can do today is focus on the things that failed to materialise and the decisions that were not taken, and ask ourselves some difficult but necessary questions. We have now been talking about Europe for over 65 years, and we are all

aware of the cost of the historical error made by the French Gaullists and Communists when they opposed the European Defence Community in 1954. Progress since then has been very slow, even though the past five years have brought some significant advances: joint defence projects, initiatives by groups of countries, and even the establishment of a European Defence Fund. All welcome, of course, in the current setting, but that is the real problem: the setting is the thing we need to rethink and change.

I accept that the words used by Emmanuel Macron when he spoke of the “brain death of NATO” were extremely blunt and not appreciated by some. But the reality is that any proposal for true reform of the EU currently meets with, to put it mildly, a grudging response. In the meantime, our so-called ally, Trump, has left us Europeans’ to conduct, alone, the work of identifying a new form of multilateralism and developing a new form of organised world society.

And so now, to mark a historic event as momentous as the collapse of the Berlin Wall, it is crucial that we strive to make sense of history. And what history is telling us is that, in today’s global world, we Europeans are at risk of extinction. We can put our heads in the sand and pretend this isn’t true. We can attempt to reassure ourselves with meaningless talk of national sovereignty. But the fact is that European civilisation *is* at risk of extinction in a world that is tending to reshape itself around Washington and Beijing; in this new world, only the creation of a European power will allow us to survive and lead. Let us be clear on one thing: this is not because the alliance with the USA is no longer the right course of action, but because this alliance is no longer enough.

This is why we must build a new European security architecture, capable of responding to Russian revisionism, Turkish neo-nationalism, and the challenges in Africa and the Middle East. Turkey, whether viewed from the NATO or the EU standpoint, is currently one of Europe’s biggest headaches, despite the fact that it is a NATO country (formally at least) and still a candidate to join the EU (even though no one now really believes this can happen).

So, let us abandon the false security of the status quo, and start debating and deciding how we need to change in order to enjoy true security and wield true influence in the coming 30 years.

3. To build a democratic Europe capable of opposing neo-nationalism, we must give the European Parliament greater powers; we must show our faith in transnational politics by introducing true transnational lists; and we must make the European Commission smaller, more

efficient and more effective. At the next Conference on the Future of Europe, we must work to ensure that the European Parliament is given greater — and true — centrality, to encourage and increase the citizens' direct participation in European decision-making processes, and to mobilise civil society in such a way that it exerts even greater pressure on MEPs. And we, of the Union of European Federalists, must show that we are both credible and determined.

Last year, in Vienna, I received my mandate from you. Over the past 12 months, I have visited many EU member states, made our voice heard in the media, and opened new national sections in Greece, North Macedonia and Malta. As an organisation, we campaigned actively during the run-up to the European elections, using the slogan "I Choose Europe". The UEF has also participated in various EU tenders and programmes. At the start of my tenure, our organisation was in considerable financial difficulty; I wish to leave appraisal of its current situation to you.

What I do have to say for my part is that I would like to see certain national sections playing a more active role, and others developing a greater sense of belonging. Above all, I would welcome your opinions on what the UEF should be; I would like to know what you think has worked and what has not. And why.

I wish to close in what is perhaps a rather unusual way. Although ending with a quotation is nothing out of the ordinary, for a federalist to choose a quote of Margaret Thatcher certainly is! I admit this may seem strange, but I wish to reassure you that this "precedent" certainly does not mean I will be turning to Boris Johnson for inspiration next year!

"You may have to fight a battle more than once to win it", Thatcher once said.

And so, friends, let us take up, once again, the battle for a federal Europe!

Documents

THE FRANCO-GERMAN BLUEPRINT FOR A EUROZONE BUDGET: CRITICAL ISSUES AND OUTLOOK*

1. Introduction

For a decade now, the eurozone has been experiencing a systemic crisis that, as well as throwing into question the profound reasons for the creation of the single currency, is also testing the European governments' ability to pursue the right balance between financial solidarity and fiscal responsibility, in other words, a balance capable of guaranteeing the stability of the monetary union. Even though the explosion of the sovereign debt crisis in 2009 was triggered by the chronic weakness of some of the member states, it must be acknowledged that the causes of this weakness lie in the structural deficits of euro area governance, in particular the lack of a democratically legitimate economic government capable of implementing stability and convergence policies. Against this background, there has been growing talk of creating an instrument designed to meet the specific needs of the eurozone, i.e. an ad hoc eurozone budget. In the wake of lengthy discussions of this topic in academic circles, and expressions of support from various European and national institutions, in 2018 the French and German governments unveiled a blueprint for such a budget. On the basis of this plan, the Euro Summit of 14 December 2018 “mandat[ed] the Eurogroup to work on the design, modalities of implementation and timing of a budgetary instrument for convergence and competitiveness for the euro area,”¹ spec-

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¹ <https://www.consilium.europa.eu/media/37563/20181214-euro-summit-statement.pdf>.

ifying that the features of this instrument would be agreed in June 2019.

This article sets out to analyse the Franco-German proposal in light of the debate from which it sprang, and also to identify the critical issues it raises and its prospects for development.

2. The Deficiencies of the Economic and Monetary Union

To understand the deep-seated reasons behind the development of the eurozone budget proposal, it is necessary to appreciate the absolute uniqueness of the single currency. It is, after all, the only currency in the world that belongs not to a sovereign state, but to an association of states equipped to exercise certain specific powers conferred on them by international treaties.² However, these powers do not extend to the sphere of fiscal policy making; in other words, they do not include the power to set levels of taxation and public expenditure. This latter power, given its importance in financing national policies and in building electoral consensus, is one that the member states still guard jealously as an exclusive competence.³ Ever since its conception in Maastricht, the Economic and Monetary Union (EMU) has therefore been characterised by an asymmetry: the member states transferred monetary sovereignty to the ECB-led European system of central banks, while continuing to manage fiscal policy at national level. The European Union has a budget, but this amounts to just 1 per cent of the GDP generated by its member states. Essentially, the EU budget is used to finance policies related to the functioning of the internal market; the main items of expenditure are, in fact, the Common Agricultural Policy and the Cohesion Policy.⁴ To prevent conflicts between Europe's single monetary policy and numerous discretionary national fiscal policies from generating imbalances capable of destabilising the euro area, the Maastricht Treaty introduced a "surveillance model" according to which the EU institutions undertook to ensure that national budgets were coordinated and monitored on the basis of common rules.⁵

² In its judgement of 12 October 1993 ratifying the Maastricht Treaty, the German Constitutional Court defined the European Union an "association of states" (*Staatenverbund*), BVerfGE 89/155, par. 112, 135.

³ See K. Tuori and K. Tuori, *The Eurozone Crisis. A Constitutional Analysis*, Cambridge, Cambridge University Press, 2014, p. 31.

⁴ On the EU budget in general, see A. Santini, *Unione europea (bilancio della)*, in Enc. dir., Annali, VIII, Milan, Giuffrè, 2015, pp. 821 onwards.

⁵ See A. Hinarejos, *The Euro Area Crisis in Constitutional Perspectives*, Oxford, Oxford University Press, 2015, p. 1621.

According to the rules set out in the Maastricht Treaty, the market was meant to guarantee initial monitoring of the management of national public finances. Indeed, the ban on bail-outs between member states and the prohibition of monetary financing by the ECB were both measures intended to ensure that the financial markets would act as regulators of fiscal policies, i.e. by “punishing” less virtuous countries with the application of higher interest rates. At the same time, preventive and corrective coordination of these policies by the Commission and the Council, combined with the risk of sanctions, would, it was thought, ensure sound management of national public finances. However, the explosion of the sovereign debt crisis has shown, beyond doubt, that the “surveillance model” introduced in Maastricht is incapable of preventing the development of macroeconomic imbalances and, consequently, possible asymmetric shocks. First of all, the financial markets, acting in a regulatory capacity, proved to be wholly inefficient, for two reasons: because they failed to apply interest rates properly adjusted to the fiscal solidity of the member states, and because the explosion of the crisis was followed by speculative attacks against the eurozone’s weaker states. In the meantime, the European institutions’ surveillance of national budgets was not sufficient to avoid the accumulation of excessive deficits in many countries, largely due to the reluctance of the Council to actually sanction breaches of fiscal discipline.⁶ The above-described failure of the market and of the economic coordination strategy were then compounded, in the eurozone, by a lack of common crisis management mechanisms and by the serious difficulties encountered by the European banking system following its investment of large sums of money in member states’ debt.

Faced with the risk of the monetary union imploding as a result of multiple defaults among the member states and the eurozone’s leading credit institutions, the EU governments and institutions found themselves forced to adopt various reforms, three in particular, in order to deal with the emergency. First, the European Stability Mechanism (ESM) was created on the basis of an intergovernmental agreement be-

⁶ The Council’s refusal to sanction the excessive deficits of France and Germany in 2003 is the most striking example of this reluctance. Although the Commission appealed to the Court of Justice, the latter nevertheless judged the Council’s decision legitimate, recognising its full discretion in the application of the economic coordination procedures. See the judgement of the European Court of Justice of 13 July 2004, Case C-27/04, *Commission of the European Communities v Council of the European Union*, EU:C:2004:436, especially point 80.

tween the euro area countries.⁷ The ESM is an international agency set up with the purpose of providing loans to countries (eurozone member states) on the brink of default, or affected by a severe banking crisis, where this situation threatens the stability of the eurozone as a whole. These loans are conditional upon the implementation of a programme of consolidation of national public finances and structural reforms, set out in a Memorandum of Understanding.⁸ Second, fiscal policy coordination was made more extensive and more rigid, with euro area member countries required, every year, to undergo an assisted procedure (involving the Commission, the Council and the Eurogroup) for the adoption of their national budgets. In addition, 25 EU member states signed an intergovernmental agreement, informally known as the “fiscal compact”,⁹ under which constitutional caps on public indebtedness were incorporated into the various national legislations. Third, to break the vicious circle between the sovereign debt crisis and the banking system crisis, an ECB-led single supervisory mechanism was created to oversee the most important credit institutions in the euro area,¹⁰ together with a single resolution mechanism supported by a single resolution fund, to minimise the impact of bank crises.¹¹ These represent the first pillars of a future banking union, which must eventually also include a single deposit guarantee scheme and a common backstop for use in systemic crises.

⁷ The total subscribed capital of the ESM is EUR 700 billion, which is guaranteed by the member states’ budgets. It was preceded by two temporary funds: the European Financial Stability Fund, a Luxembourg-based limited company established, following a Eurogroup decision, on 7 June 2010 between the eurozone countries, and financed by eurozone member states to the value of EUR 440 bn; and the European Financial Stabilisation Mechanism, a funding programme created under Council Regulation (EU) No 407/2010 on the basis of Art. 122(2) TFEU. Backed by the EU budget, it has the authority to raise up to EUR 60 bn.

⁸ The country applying for assistance from the ESM must negotiate the agreement with the European Commission in close cooperation with the ECB and IMF. The creditor countries are then required to approve it at a meeting of the ESM Board of Governors.

⁹ The *Treaty on Stability, Coordination and Governance in the Economic and Monetary Union* was signed on 2 March 2012 by all the countries then belonging to the EU, with the exception of the UK and the Czech Republic.

¹⁰ Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions, in OJ, L 287, 29 October 2013, pp. 63 onwards.

¹¹ Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010, in OJ, L 225, 30 July 2014, pp. 1 onwards. The Single Resolution Fund is used to bail out failing banks when all the other restructuring options have been exhausted. It is financed to the value of EUR 55 billion by contributions from the banking sector.

3. Why Does the Eurozone Need a Budget?

Thus far, the measures introduced have made it possible to manage the sovereign debt emergency and save the monetary union from collapse. That said, the long-term stability of the euro area is still not guaranteed due to the structural weaknesses of a system of governance based on decentralised management of fiscal policies. Since the aforementioned reforms sought only to make economic union surveillance more efficient, they have essentially left the existing model intact. In particular, the EMU still suffers from three main flaws.

First of all, the euro area is not equipped to effectively manage the asymmetric shocks that can rock its economy. The ESM acts solely as a mechanism of last resort, meaning that it can support countries in financial distress only when the survival of the monetary union is at stake. In addition, it is a difficult tool to implement, as it requires broad political consensus among the governments of the euro area and the acceptance of harsh conditions by the country in need of financial assistance. On the other hand, to tackle the periodic crises that can affect their economies, the states must rely on the fiscal resources available in their national budgets. Consequently, each government has different crisis management capabilities, with the result that the weakest are bound to struggle more with the effects of an economic recession, and for longer, sometimes even finding themselves tipping into emergency situations that ultimately can be resolved only through recourse to the ESM.

The second flaw concerns the question of respect for fiscal discipline. Despite the tightening of European control over national macro-economic policies and the imposition of internal constraints designed to limit excessive indebtedness, many member states still struggle to implement sustainable consolidation of national public finances and structural reforms. The new surveillance model, which envisages, among other things, the adoption of semi-automatic sanctions in the event of transgressions, does not seem to have led to more effective governance. The EU institutions remain reluctant to sanction countries that are striving to achieve a difficult balance between compliance with the European rules and their own economic growth needs. The only truly effective form of fiscal discipline is that seen in the setting of the conditional financial assistance granted by the ESM, where beneficiary countries know that they have to comply with the terms of the Memorandum of Understanding if they want to avoid default.

The third problem pertains to the question of the democratic legiti-

macy of eurozone economic governance. One effect of the strengthening of the supervisory mechanism is that the national parliaments are now effectively by-passed when it comes to making economic policy choices; indeed, these are now made by the governments in the setting of the Ecofin Council or the Eurogroup, without the involvement of the European Parliament. At the same time, the European rules seem to be applied mainly with the aim of preventing crisis situations, through the containment of public spending, rather than that of implementing a serious process of convergence and growth, designed to promote high levels of well-being and employment in all the member states.

The consequences of these structural deficits of governance are extremely serious. The eurozone continues to be exposed to asymmetric shocks and systemic crises. More dangerous still is the rise of anti-European movements in a growing number of countries. Such movements, leveraging the general social discontent and the EMU's chronic weaknesses, paint the single currency as the root of all ills, and once in power would lose no time implementing policies incompatible with the stability of the euro area as a whole.

This difficult situation is the setting that gave rise to the idea of giving the eurozone a budget of its own, to be used to pursue common growth and development policies.

4. The Lengthy Gestation of the Eurozone Budget Proposal

In 1977, long before the birth of the single currency, it was suggested, in the MacDougall report,¹² that the creation of a monetary union in Europe would require public expenditure amounting to 2-2.5 per cent of GDP in the preliminary pre-federal phase, rising to 5-7 per cent in the intermediate phase, and 20-25 per cent were the monetary union to become a true federation. Although the position subsequently adopted in Maastricht was the complete opposite of this — the Treaty left fiscal sovereignty at national level and introduced a surveillance model —, the explosion of the sovereign debt crisis and the difficulty guaranteeing the stability of the euro area inevitably brought this idea back to the fore, clearly showing the opportuneness of creating an ad hoc budget for the euro area in order to overcome the asymmetry between the economic union and the monetary union.

¹² Commission of the European Communities, *Report of the Study Group on the Role of Public Finance in European Integration*, April 1977, <http://aei.piitt.edu/36433/1/Report.study.group.A13.pdf>.

Back at the peak of the sovereign debt crisis, the then President of the European Council, Herman Van Rompuy, proposed the establishment of an integrated budgetary framework with a view to moving towards a fiscal union.¹³ This idea was subsequently taken up by the European Commission, both under Barroso¹⁴ and under Juncker.¹⁵ More recently, the European Parliament, for its part, approved a resolution supporting the creation of a budgetary capacity for the euro area.¹⁶ In addition to the various proposals from the European institutions, it is also worth remembering the various contributions to the debate made by national authorities (governments and central banks), which, through joint reports or individual declarations by their leaders, have advanced various suggestions supporting a process of fiscal policy centralisation in Europe.¹⁷ Finally, the academic world, too, has voiced its support for the idea of a eurozone budget, to be accompanied by stronger economic coordination, completion of the banking union, and the creation of more efficient debt restructuring mechanisms.¹⁸

Two other key events have contributed to recent developments on this front: the Brexit referendum, which has shown that European integration

¹³ Herman Van Rompuy (in close cooperation with José Manuel Barroso, Jean-Claude Juncker e Mario Draghi), *Towards a Genuine Economic and Monetary Union*, 5 December 2012.

¹⁴ Communication from the Commission, *A blueprint for a deep and genuine economic and monetary union. Launching a European Debate*, Com(2012)777 final, dated 28 November 2012, <https://ec.europa.eu/transparency/regdoc/rep/1/2012/EN/1-2012-777-EN-F1-1.Pdf>.

¹⁵ Jean-Claude Juncker (in close cooperation with Donald Tusk, Jeroen Dijsselbloem, Mario Draghi and Martin Schulz), *Completing Europe's Economic and Monetary Union*, 22 June 2015, https://ec.europa.eu/commission/sites/beta-political/files/5-presidents-report_en.pdf.

¹⁶ *European Parliament resolution of 16 February 2017 on budgetary capacity for the euro area*, P8_TA(2017)0050, www.europarl.europa.eu/doceo/document/TA-8-2017-0050_EN.html.

¹⁷ See, for example, the joint declaration made by Bundesbank president, Jens Weidmann, and the Governor of the Banque de France, François Villeroy de Galhau, *Renforcer l'intégration européenne pour restaurer la confiance*, published on 5 February 2016 in *Le Monde* and *Süddeutsche Zeitung*; the document entitled *Una strategia europea condivisa per crescita, lavoro e stabilità*, published by the Italian government on 22 February 2016, available at: https://www.esteri.it/mae/resource/doc/2018/06/una_strategia_europea_condivisa.pdf; and the *Spanish contribution to discussion about Governance of the European Monetary Union*, dated 27 May 2015, available at: www.lamoncloa.gob.es/lang/en/gobierno/news/Paginas/2015/20150527-eu-governance.aspx.

¹⁸ See, among many, C. Cottarelli, *A European fiscal union: the case for a larger central budget*, *Economia Politica*, 33, n. 1 (2016), pp. 1-8. <https://link.springer.com/article/10.1007/s40888-016-0026-2>; N. Arnold, B. Barkbu, E. Ture, H. Wang, J. Yao, *A Central Fiscal Stabilization Capacity for the Euro Area*, IMF Staff Discussion Note, March 2018, SDN/18/03, <https://www.imf.org/~media/Files/Publications/SDN/2018/SDN1803.ashx>; A. Bénassy-Quéré et al., *Reconciling risk sharing with market disci-*

is by no means an irreversible process, and Emmanuel Macron's election as French president. In his State of the Union address in September 2017, the then President of the European Commission, Jean-Claude Juncker, spoke of the need for a "euro area budget line within the EU budget"¹⁹ (a proposal subsequently illustrated in more detail in a communication of December 2017). A few days later, in a speech given at the Sorbonne,²⁰ President Macron presented his vision for a new "European Renaissance". Among key tools necessary for creating true European sovereignty, he underlined the need to create a budget for the euro area. The French president's ambitious proposal — he envisaged a budget amounting to several percentage points of the euro area GDP and the development of a European economic policy —,²¹ proved sufficient to jolt Germany, which until then had always resisted the idea of a common budgetary instrument. However, because of the well-known difficulties prior to the formation of the fourth Merkel government, and the lengthy negotiation necessary to arrive at a common position, the Franco-German proposal for a euro area budget was not formalised until June 2018, when the two countries issued their joint declaration in Meseberg.²²

5. From the Commission's Proposal to the Franco-German One

As we have just mentioned, in December 2017 the European Commission, in a special communication, set out its proposal to equip the eurozone with new budgetary instruments to be created within the EU

pline: A constructive approach to euro area reform, CEPR Policy Insight No. 91, January 2018, https://cepr.org/active/publications/policy_insights/viewpi.php?pino=91. Among the contributions offering a legal perspective, see G. Rossolillo, *Autonomia finanziaria e integrazione differenziata*, *Il Diritto dell'Unione Europea*, (2013), pp. 793 onwards, especially pp. 809 onwards; F. Croci, *Un bilancio "aggiuntivo" per l'eurozona? Proposte, problemi e prospettive*, *Federalismi.it*, 12, n. 21 (2014); S. Cafaro, *L'Unione Economica e Monetaria dopo la crisi. Cosa abbiamo imparato?*, Naples, Edizioni Scientifiche Italiane, 2017, especially pp. 77 onwards.

¹⁹ *President Jean-Claude Juncker's State of the Union Address 2017*, Brussels, 13 September 2017. https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_17_3165.

²⁰ *New initiative for Europe* – President Macron's speech calling for a sovereign, united and democratic Europe, Sorbonne University, Paris, 26 September 2017, <https://www.elysee.fr/emmanuel-macron/2017/09/26/president-macron-gives-speech-on-new-initiative-for-europe.en>.

²¹ See the interview with Emmanuel Macron published in *Le Point*, 30 August 2017, available at: https://www.lepoint.fr/politique/exclusif-emmanuel-macron-le-grand-entretien-30-08-2017-2153393_20.php.

²² *Meseberg Declaration. Renewing Europe's promises of security and prosperity*, adopted during the Franco-German Council of Ministers on 19 June 2018. <https://www.diplomatie.gouv.fr/en/country-files/germany/events/article/europe-franco-german-declaration-19-06-18>.

budget.²³ As conceived by the Commission, the eurozone budget line should have different functions. For example, it should provide structural reform assistance to member states requesting it, act as a “a convergence instrument to give pre-accession assistance to Member States on their way to joining the euro”, and above all fulfil a stabilisation function, “as a way of preserving investment levels in the event of large asymmetric shocks.”²⁴

The idea was subsequently developed within the planned 2021-2027 Multiannual Financial Framework (MFF), for which proposals were presented in May 2018.²⁵ These included, in particular, the creation of two tools for strengthening the EMU. In each of these cases, the Commission quickly followed up with a specific proposal for a regulation. First of all, the Commission proposed a “Reform Support Programme” designed to “offer technical and financial support for reforms at national level with an overall budget of EUR 25 billion”. It was envisaged that this programme would need to include “a Reform Delivery Tool providing financial incentives across all Member States for key reforms identified as part of the European Semester” and a “dedicated convergence facility to support non-euro area Member States seeking to adopt the single currency” in the short term. As specified in the proposal, its legal basis was Art. 175 (third paragraph) of the Treaty on the Functioning of the European Union (TFEU), which regulates specific actions in the field of economic, social and territorial cohesion that might prove necessary outside the Structural Funds, and Art. 197, par. 2, TFEU concerning how “the Union may support the efforts of Member States to improve their administrative capacity to implement Union law.”²⁶ The second tool was a “European Investment Stabilisation Function”, also created on the ba-

²³ Communication from the Commission to the European Parliament, the European Council, the Council and the European Central Bank, *New Budgetary Instruments for a Stable Euro Area within the Union Framework*, Com(2017)822 final, dated 6 December 2017, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52017DC0822&from=EN>.

²⁴ A further function, relating to the “common backstop” for the banking union, was subsequently assigned to the EMS in the draft reforms presented by both the Commission and the Euro Summit.

²⁵ Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, *A Modern Budget for a Union that Protects, Empowers and Defends The Multiannual Financial Framework for 2021-2027*, Com(2018)321 final, dated 2 May 2018, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2018%3A321%3AFIN>.

²⁶ *Proposal for a Regulation of the European Parliament and of the Council on the establishment of the Reform Support Programme*, Com(2018) 391 final, dated 31 May 2018, <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52018P-C0391&from=EN>.

sis of Art. 175, par. 3, TFEU,²⁷ with the purpose of providing loans with a fixed ceiling of EUR 30bn (called “back-to-back” loans) guaranteed by the EU budget, as well as financial assistance in the form of interest rate subsidies.²⁸ During times of increased pressure on public finances, the European Investment Stabilisation Function should support member states whose currency is the euro and other member states that participate in the ERM II exchange rate mechanism (currently only Denmark), helping them to sustain public investments in priority sectors. Minor crises, on the other hand, should continue to be managed through the national budgets. It was specified that activation of this function would be conditional upon compliance with the public finance rules laid down by Union law, and should therefore encourage the implementation of these rules. In general, the new budgetary instruments should help the existing funds, in particular the European Structural and Investment Funds, to support economic convergence and financial stability, specifically within the euro area.

This plan, put forward by the Commission, was very quickly followed (and indeed surpassed) by a proposal from France and Germany. On 16 November 2018, the governments of these two countries, having already reached the agreement in principle set out in the aforementioned Meseberg Declaration, illustrated in a joint document, the main elements of their blueprint for a eurozone budget.²⁹ This document was then analysed by the Eurogroup, followed by the Euro Summit. The Franco-German proposal, although not explicitly referred to, was essentially the basis on which the Euro Summit, in its declaration of 14 December 2018, authorised the Eurogroup to develop a “budgetary instrument for convergence and competitiveness for the euro area.”³⁰

²⁷ *Proposal for a Regulation of the European Parliament and of the Council on the establishment of a European Investment Stabilisation Function*, Com(2018) 387 final, dated 31 May 2018, <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52018PC0387&from=EN>.

²⁸ The euro area member states should finance these subsidies with contributions representing a percentage of their monetary income (seigniorage).

²⁹ *Proposal on the architecture of a Eurozone Budget within the framework of the European Union*, 16 November 2018. <https://www.consilium.europa.eu/media/37011/proposal-on-the-architecture-of-a-eurozone-budget.pdf>.

³⁰ See *Euro Summit meeting (14 December 2018) – Statement*, EURO 503/18, especially point 4, which reads as follows: “In the context of the Multiannual Financial Framework (MFF), we mandate the Eurogroup to work on the design, modalities of implementation and timing of a budgetary instrument for convergence and competitiveness for the euro area, and ERM II Member States on a voluntary basis. It will be part of the EU budget, coherent with other EU policies, and subject to criteria and strategic guidance from the euro area Member States. We will determine its size in the context of the MFF. The features of the budgetary instrument will be agreed in June 2019. The instrument

The Franco-German proposal differs in several respects from that of the Commission. To begin with, it appears to focus more specifically on the euro area. Whereas the Commission suggested that access to the Reform Support Programme should also be made available to non-euro countries, with the intention of supporting their process of joining the euro, the Franco-German proposal envisages an instrument aimed specifically at ensuring higher convergence between and competitiveness of the countries that already use the single currency. This clear focus on the euro area also explains the partially different legal basis identified. In addition to Art. 175, par. 3, TFEU, already mentioned in the Commission's proposal, the Franco-German drafters also cited Art. 173 TFEU on the competitiveness of EU industry, Art. 182 TFEU on research and technological development, and, above all, Art. 136 TFEU on the adoption of provisions specific to member states whose currency is the euro. At the same time, it was specified that "regardless of the restricted scope of application of the instrument, all 27 MS would be entitled to vote in the Council on the legislative proposal establishing the eurozone budget."³¹

Another key difference concerns the sphere of *governance*. Although it is specified that the eurozone budget, as part of the EU budget, would be subject to the Union's general democratic rules and controls, it actually appears to be a predominantly intergovernmental mechanism. In fact, the instrument "would operate with the strategic guidance of the Euro Summit, which would be operationalised by the Eurogroup on a yearly basis." On the basis of funding priorities identified by these two bodies, the eurozone member states would be required to prepare programmes for the use of resources in their territories. These programmes should have a limited time frame and, if requested by the governments, should be amendable in order to reflect new investment and reform priorities. Furthermore, the Franco-German proposal also states clearly that the member states would be eligible to receive support only if they pursued "policies that are in accordance with their obligations under the European economic policy coordination framework, including fiscal rules."³²

As regards the resources financing the new budget, the proposal envisages the use of "external assigned revenues" that might derive from a financial transaction tax or from European resources, for example.

will be adopted in accordance with the legislative procedure, as foreseen by the Treaties, on the basis of the relevant Commission proposal to be amended if necessary." See note 1 above.

³¹ *Proposal on the architecture of a Eurozone Budget within the framework of the European Union*, 16 November 2018, *op. cit.*

³² *Ibidem*.

Ultimately, though, the “assigned revenues would consist of regular contributions by eurozone member states, collected and transferred to the EU budget on the basis of an intergovernmental agreement (IGA)” whose contracting parties would be the eurozone member states. This IGA “would provide for a methodology to determine the contributions by each eurozone member state and a binding maximum amount [as well as for] a decision procedure on the funding priorities” of the budget (a procedure that, as shown above, would in any case be controlled by the Euro Summit and the Eurogroup).³³

A key objective of the EU budget outlined in the Franco-German proposal is to pursue “a higher level of convergence and competitiveness within the eurozone” through the support of strategic investments and the implementation of structural reforms by the member states. More specifically, the proposed budget is designed to co-finance “growth-enhancing public expenditures such as investments, research and development, innovation and human capital.” Moreover, the joint proposal, like the one advanced by the Commission, offers the prospect of the budget possibly also playing a stabilising function in the eurozone, even though the Euro Summit’s declaration on 14 December 2018 made no reference to such a function. Significantly, the Franco-German drafters underline that the purpose of pursuing “a higher level of convergence and competitiveness within the eurozone” is to “ensure stability of the euro area as a whole”, which is the primary objective of economic policy in the European Union.³⁴

In conclusion, although the eurozone budget as envisaged by the French and German governments would be part of the EU budget, and negotiated within the MFF negotiations, in actual fact it emerges as a hybrid mechanism that does not fully comply with the general EU budget rules. Although the proposed instrument contains certain common procedural elements, it is easy to imagine that it would, in reality, assume a degree of autonomy. However, before drawing any definitive conclusions it will be necessary to examine the document produced by the Eurogroup following the mandate received at the 14 December Euro Summit.

6. Critical Issues

The Franco-German blueprint is an important step towards overcoming the imbalance between the economic and the monetary union that still threatens the survival of the single currency project. Indeed,

³³ *Ibidem*.

³⁴ See ECJ Judgment of 27 November 2012, Case C-370/12, *Pringle*, EU:C:2012:756, particularly point 56.

this plan seems to have finally established the idea that the euro area can develop a budget policy of its own, albeit within the context of a still strongly intergovernmental governance framework. At the same time, the plan is not without its problems, and these will have to be addressed during its implementation.

6.1. *The Problem of its Legal Basis.*

As already mentioned, the Franco-German plan cites, among its different legal bases, Art. 136 TFEU. In particular, the first paragraph of this article states that “to ensure the proper functioning of economic and monetary union, and in accordance with the relevant provisions of the Treaties, the Council shall (...) adopt measures specific to those Member States whose currency is the euro: (a) to strengthen the coordination and surveillance of their budgetary discipline; (b) to set out economic policy guidelines for them, while ensuring that they are compatible with those adopted for the whole of the Union and are kept under surveillance.”

In the Franco-German document the reference to Art. 136 TFEU seems to be dictated by the need to find a legal basis allowing the application of the new instrument only to eurozone member states. In this regard, it should be remembered that the fact of sharing a single currency has deprived these states of some of the most important tools through which they might otherwise seek to achieve convergence and competitiveness of their economies, in particular an autonomous exchange rate adjustment mechanism, and that because of their strong interdependence, these countries are also subject to stricter budgetary and coordination rules. For these reasons, there is a need to create new tools able to strengthen convergence and competitiveness within the euro area, and since Art. 136 TFEU is the only provision that envisages the creation of specific mechanisms for the countries that share the single currency, its use as the legal basis of the project was inevitable.

However, while this reasoning cannot be faulted, it seems insufficient. The use of Art. 136 TFEU might, in fact, be better justified by another consideration, namely that the creation of an ad hoc financial instrument might actually *improve* economic coordination between countries sharing the single currency, by encouraging compliance with budgetary rules. However, the drafters of the plan, in the passages where reference is made to other legal bases and to the fact that all 27 member states would be entitled to vote in the Council on the legislative proposal establishing the eurozone budget (rather than solely the Council representing member states whose currency is the euro, as envisaged

under paragraph 2 of the same article), seem to be admitting that the proposed budget's true purpose goes beyond the confines of the eurozone. At the same time, it is also worth recalling that, in the context of several previous reforms legitimised on the same legal basis,³⁵ it has already been clarified that Art. 136 TFEU does not allow the nature of economic governance to be changed, only improved and strengthened. It should indeed be noted that Art. 136 TFEU includes a clause on the requirement of conformity with the Treaty provisions that regulate the process of economic coordination, which can be made more efficient and effective but may not be superseded by positive integration tools other than those that are already available. The question that therefore arises is whether the transition from a model based on surveillance of national budgets to a preliminary (indeed, embryonic) form of fiscal union is possible without modifying the Treaties. Because in this latter scenario it would no longer be a matter of giving governments recommendations on how best to develop their internal budgetary policies, but rather of giving the eurozone a budgetary policy of its own, shaped by its own strategic priorities and designed to promote the economic growth of its member states.

6.2. *Doubts Over the Effectiveness of the Instrument.*

The second question mark over the proposed eurozone budget is whether it would actually be able to deliver greater convergence and competitiveness of the bloc's economy and, with that, greater stability of the entire monetary union. Of course, the main factor to consider in this regard is the overall size of the budget, which the Franco-German proposal is careful not to define, merely stating that this aspect would be negotiated in the context of the MFF.³⁶

An idea of the sums that might plausibly be available to finance the new instrument can be gained from the earlier proposal advanced by the Commission; after all, the governments are unlikely to countenance any

³⁵ Art. 136 TFEU has already served as the legal basis for reforming eurozone governance, specifically in the years immediately after the explosion of the sovereign debt crisis. One of the most controversial measures approved on this legal basis was the introduction of semi-automatic sanctions for euro area countries not complying with European recommendations in the framework of economic policy coordination. This innovation attracted several criticisms, which are worth recalling here in relation to the hypothesis of establishing an ad hoc budget for the euro area on the same legal basis. See among others: R. Palmstorfer, *The Reverse Majority Voting under the "Six Pack": A Bad Turn for the Union?*, *European Law Journal*, 20, n 2 (2014), pp. 186-203; K. Tuori and K. Tuori, *The Eurozone Crisis. A Constitutional Analysis*, *op. cit.*, note 2, pp. 170-171.

³⁶ The Franco-German proposal's failure to specify size of the budget is due mainly by the two countries' different positions on this aspect. Whereas the French government wanted a budget worth several percentage points of the euro area GDP, the German gov-

amounts substantially greater than those the Commission suggested, given the hostility of some of them to the whole project.³⁷ And yet, as we have already said, the Commission envisaged allocating only limited resources to the euro area budget line within the planned 2021–2027 MFF, specifically EUR 25 billion for the Reform Support Programme and 30 billion for the European Investment Stabilisation Function.

Assuming that the governments accept such figures, would these resources be sufficient to effectively pursue the objectives of stability and convergence of the euro area? This is a perfectly legitimate question. In this regard, we can consider, for the sake of comparison, the impact that the European Fund for Strategic Investments (EFSI), introduced by the so-called Juncker Plan, had on the European economy.³⁸ Under this plan, a total of EUR 21 billion was made available at EU level (through the EU budget and the EIB) with the aim of mobilising “at least EUR 315 billion in additional public and private investment into the real economy”, thanks to “an overall multiplier effect of 1:15”. The programme has been active since 2015³⁹ and the Council recently decided to extend it (as the so-called EFSI 2.0).⁴⁰ Nevertheless, most commentators agree that the EFSI played an only limited part in Europe’s economic recovery.⁴¹

ernment felt that the total should be “at the lower end of the double-digit billions of euros range”. See Angela Merkel’s interview with *Frankfurter Allgemeine Zeitung*, *Europa muss handlungsfähig sein – nach außen und innen*, 3 June 2018.

³⁷ A group of countries led by the Netherlands initially tried to boycott the plan for a common eurozone budget. On 23 June 2018, the Dutch finance minister Wopke Hoekstra sent the president of the Eurogroup Mario Centeno a letter co-signed by ministers from other countries (Austria, Finland, Sweden, Denmark, Lithuania, Latvia, Estonia, Ireland, Belgium, Luxembourg) in which they expressed their strong opposition to the planned eurozone budget.

³⁸ Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank, *An Investment Plan for Europe*, Com(2014) 903 final, dated 26 November 2014, <http://ec.europa.eu/transparency/regdoc/rep/1/2014/EN/1-2014-903-EN-F1-1.Pdf>.

³⁹ Regulation (EU) 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 — the European Fund for Strategic Investments, OJ L 169, 1.7.2015, pp. 1–38.

⁴⁰ Regulation (EU) 2017/2396 of the European Parliament and of the Council of 13 December 2017 amending Regulations (EU) No 1316/2013 and (EU) 2015/1017 as regards the extension of the duration of the European Fund for Strategic Investments as well as the introduction of technical enhancements for that Fund and the European Investment Advisory Hub, OJ L 345, 27.12.2017, pp. 34–52.

⁴¹ See C. Tovo, *Il Fondo europeo per gli investimenti strategici: statuto giuridico, profili istituzionali e funzionamento*, *Il Diritto dell’Unione Europea*, 2016, pp. 357 onwards, especially p. 399; D. Rinaldi and J. Núñez Ferrer, *The European Fund for Stra-*

The proposed eurozone budget is obviously a useful tool for supporting growth and encouraging budgetary policy coordination, but it clearly lacks the resources necessary to impact meaningfully on the states' economic cycles; this applies both in ordinary times, and even more so during times of crisis. It is therefore unlikely that such a limited budget could ensure effective convergence of euro area countries, or be used as an anti-cyclical tool to ensure the stability of the euro area as a whole. The most up-to-date economic analyses suggest that, depending on the functions of the budget, at least a few hundred billion euros (between 1 and 3 per cent of the GDP of the euro area) would be needed to achieve the objectives set out in the Franco-German proposal.⁴²

But in addition to its size, the effectiveness of the eurozone budget would also depend on other factors. An important one, for example, is the type of support it would be required to provide, in other words, whether it would be used to grant loans or non-repayable funding.⁴³ It goes without saying that only the latter would contribute significantly to convergence between states, especially those already burdened by a high level of public debt. Another factor likely to influence the effectiveness of the budget is its governance. In this regard, we have already specified that, under the Franco-German proposal, management of the mechanism is entrusted to the Euro Summit and the Eurogroup, which operate internally on the basis of the rule of consent. Furthermore, the fact that the eurozone budget would be negotiated within the MFF, which is adopted subject to the agreement of all the EU member states,

tegic Investments as a New Type of Budgetary Instrument, CEPS Research Report, No 2017/07, April 2017, p. 21, <https://www.ceps.eu/wp-content/uploads/2017/04/RRpt%20No%202017-07%20EFSI.pdf>.

⁴² See A. Marzinotto, A. Sapir, G.B. Wolff, *What kind of Fiscal Union?*, Bruegel Policy Brief 2011/06, November 2011, p. 7; C. Allard *et al.*, *Toward a Fiscal Union for the Euro Area*, IMF Staff Discussion Note, September 2013 SDN/13/09, p. 19, <https://www.imf.org/external/pubs/ft/sdn/2013/sdn1309.pdf>; P. De Grauwe, *Economics of Monetary Union*, Oxford, Oxford University Press, 2016, pp. 217-218. The Commission envisages that expenditure amounting to at least 2 per cent of euro area GDP would be needed to ensure an efficient stabilisation function: see Commission Staff Working Document *Impact Assessment Accompanying the document Proposal for a Regulation of the European Parliament and of the Council on the establishment of a European Investment Stabilisation Function*, SWD(2018) 297 final, dated 31 May 2018, p. 52, <https://ec.europa.eu/transparency/regdoc/rep/10102/2018/EN/SWD-2018-297-F1-EN-MAIN-PART-1.PDF>.

⁴³ The proposed budget could plausibly be used to provide non-repayable funding, like that provided in the framework of the European cohesion policy. However, the Commission indicated that some budgetary instruments for the euro area (in particular the stabilisation function) should mostly take the form of loans, "to be supplemented with a limited grant support." <https://ec.europa.eu/transparency/regdoc/rep/10102/2018/EN/SWD-2018-297-F1-EN-MAIN-PART-1.PDF>.

could also undermine its effectiveness. Generally speaking, in what continues to be a mainly intergovernmental governance framework, the effective functioning of the instrument would depend on the reaching of difficult political agreements and compromises between the states.

6.3. Democratic Legitimacy Issues.

The predominantly intergovernmental nature of the proposed euro area budget, in addition to jeopardising the effectiveness of the tool, also risks undermining its democratic legitimacy. As shown several times in the present analysis of the Franco-German proposal, the fundamental decisions would be taken by the Euro Summit and the Eurogroup, without substantial involvement of the only institution that represents the citizens of the Union as a whole, namely the European Parliament. However, the latter would still be called upon to approve the MFF. Furthermore, the fact that the eurozone budget is envisaged as an integral part of the EU budget implies that the European Parliament would also be able to exercise its powers of control over the implementation of the budget, before making its so-called discharge decision. Finally, indirect control may be exercised by the national parliaments, which, however, have been severely weakened in recent years due to the strengthening of the surveillance model, and in any case tend to act in the interests of their own citizens rather than in the general interests of the citizens of the EU.

7. Development Prospects

As we have said, despite the various issues discussed, the Franco-German eurozone budget proposal seems to herald a gradual paradigm shift, because under this proposal the stability of the euro area would not be safeguarded solely through the member states' compliance with budgetary rules, but also through a euro area fiscal policy implemented alongside its monetary policy. This evolution is based on the realisation that economic policy within the monetary union cannot be an exclusively individual responsibility, but must be shared in some way. After all, the closeness of the interdependence between the member states of the monetary union is such that each of them, when acting for themselves, are actually taking decisions that also affect the others. To guarantee or at least foster the necessary sense of collective responsibility, it has become essential to create a common budgetary instrument focusing on the euro area.

Today, the single currency continues to be an only partial achievement. The key thing to understand is whether the eurozone budget project can evolve in a way that resolves the problems we have described — the asymmetry characterising the EMU and the gaps in economic governance —, thus allowing it to come to complete fruition. In other words, it needs to be understood whether the eurozone budget can be turned into a true European fiscal capacity, an outcome favoured by much of the legal doctrine and by numerous institutional players, or whether it will remain something purely symbolic. This is a question that can only be answered by considering the evolution of certain key aspects in the project's implementation phase.

The first of these is the relationship between the eurozone and non-eurozone countries. As we have said, the Franco-German drafters expressly subject the new budget to the rules of the MFF, within which it would be negotiated. This mechanism could hand non-euro countries a veto, or in any case give them the possibility to influence decisions relating to euro area budgetary policy. On this basis, the eurozone budget would be unlikely to evolve into a true European budgetary capacity. In fact, the difficult decision to share the fiscal sovereignty in Europe can only be made, if ever, between countries that have joint monetary sovereignty and therefore share responsibility for their common stability. Involving countries from outside the eurozone will only strengthen the minimalist and wait-and-see positions held by those who, claiming to want to preserve the unity of the 27-member framework, are hostile to any deepening of European integration that entails transfers of sovereignty to European level. It remains to be seen how much autonomy the eurozone manages to carve out for itself, in other words the extent to which, in its efforts to manage and develop the new budget, it can avoid the need for unanimous decisions by all the EU member states.

The second aspect to consider is what mandate the instrument will actually be able to fulfil. Even though, for the moment, it seems to be designed to encourage only convergence, not stabilisation, it remains to be seen how it would be implemented in practice. Rules imposed as a condition for receiving funding could, for example, be loosened should countries face objective difficulties in times of crisis; states affected by economic shocks could be allowed to enjoy more significant investment support than those going through an expansionary economic phase. In this way, the eurozone budget would be closer to an investment stabilisation function. In this regard, the actual size of the budget would be a decisive factor. As already remarked, a budget amounting

to several tens of billions would make no difference in terms of either convergence or stabilisation of the euro area.

The third aspect to consider is the type of resources used to feed the budget. At present the idea seems to be that the instrument should be financed through national contributions rather than true own resources. Obviously, the chances of developing the budget will also depend on the nature of the resources used. If autonomous and specific resources were used, the budget would naturally be freer to evolve in the direction of a true budgetary capacity. Conversely, should the project envisage only transfers from national budgets, those governments able to count on greater fiscal solidity would inevitably be driven by the logic of self-interest to resist any future development of the instrument.

*Andrea Santini and Luca Lionello**

CREATING A EUROPEAN FISCAL CAPACITY: WHAT IT MEANS AND WHY IT IS SO IMPORTANT TO THE INTEGRATION PROCESS**

1. Introduction

The nascent debate on the future of Europe that started with French president Macron's proposal for a Conference for Europe, a proposal since taken up by the pro-European parties in the European Parliament and by the President of the European Commission in her Political Guidelines, will necessarily have to address the issue of European governance and how to make it effective in implementing internal and external policies designed to protect the values and interests of Europeans in the world.

This effectiveness is conditional upon the creation of new European instruments designed to overcome the preponderance of the intergovernmental method within the Community framework, and the consequent

* Although the present essay is the result of joint reflection by the two authors, paragraphs 1-5 are to be attributed to *Luca Lionello* and paragraphs 6 and 7 to *Andrea Santini*.

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subordination of the functioning of the EU to the political will of the member states. This preponderance of the intergovernmental method can be attributed, essentially, to the lack of a fiscal capacity at European level.

Albeit subject to checks and balances put in place for the protection of all the member states, a European fiscal capacity, created as the expression of a new European sovereignty that can co-exist with the sovereignty of the national states, has now become unavoidable.

As we here seek to explain, creating this new capacity is a complex undertaking in today's European framework, but it is certainly possible. It demands a true appreciation of the nature of the new tasks facing the European Union in the current international system, and achieving it will take a political act faithful to the original aims of the European unification process and the ideas of the founding fathers — in short, an act able to give the EU a different legal framework while continuing to respect the positions of all the member states.

2. What Does this Contribution Examine?

The systemic crisis experienced by the European Union in recent years has prompted citizens, academics, and national and European politicians to start a wide-ranging and ongoing debate on the future of the integration process. Those who still believe in the project of a united Europe have reiterated the need to rebuild the Union through a series of institutional reforms and new common policies, in order to meet the expectations and aspirations of European citizens.

Prominent among the reform proposals put forward so far is the fiscal capacity project, given its undoubted strategic importance in relaunching the integration process.

The purpose of this contribution is to explain:

- what is meant by fiscal capacity;
- why it is so important;
- the difference between the fiscal capacity project and other projects with which fiscal capacity tends to be confused;
- how the creation of a fiscal capacity would fit into a comprehensive reform of the Union.

3. What Does it Mean to Create a European Fiscal Capacity?

Economic and legal science normally understands *fiscal capacity* as the power to raise resources and spend them in the general interest. This power is therefore exercised on two fronts: that of *revenue* (which may

consist of taxes or debts) and that of *public expenditure* (necessary to perform certain functions, such as financing public goods, redistributing wealth, and stabilising the economy in the event of economic shocks).

It is well known that under the current distribution of competences between the European Union and the member states, fiscal capacity remains a purely national competence. This puts the countries belonging to the eurozone in the very peculiar situation of having agreed to relinquish their monetary sovereignty, while at the same retaining their exclusive prerogatives in the field of fiscal policy. This explains why the Economic and Monetary Union is referred to as asymmetrical: while the monetary union part is based on a transfer of sovereignty, the economic union is essentially a coordination of independent national policies.¹

The creation of a European fiscal capacity is therefore necessary first and foremost in order to resolve this contradiction and balance this asymmetry, endowing Europe with fiscal sovereignty to accompany its monetary sovereignty.

It is also important to appreciate that the creation of a fiscal capacity is usually linked to the founding act of a political community, and strong democratic control is required over those responsible for implementing it; accordingly, democratic societies have always demanded

¹ The contradiction between, on the one hand, the de facto interdependence between the euro area member states (stemming from their sharing of the single currency and the very strong links between the national economies) and, on the other, the lack of a single economic and fiscal policy emerged clearly during the economic and financial crisis. At the outbreak of the crisis, there were no European instruments available either for dealing with the risk of default to which the markets immediately exposed those countries that — for various reasons — were hardest hit by crisis, or instruments for attempting to tackle the imbalances between the member states and intervene with European own resources to heal these imbalances and encourage growth and investment. In that emergency, recourse was had to intergovernmental instruments that led to the creation of solidarity funds and increased the mechanisms of control over the budgetary policies of the eurozone member states, which previously had (in fact) only been subject to market discipline, which had proved to be totally inadequate. These new instruments allowed the ECB to introduce its expansive monetary policy, which saved the euro. The overall result, however, was a system in which, in order to preserve their fiscal sovereignty, the member states, despite recognising the need (due not only to their membership of the euro, but even more so to the unsustainability of excessively high levels of debt) to limit their autonomy in terms of budgetary policy, chose not to accompany this limitation with economic and political balances deriving from the creation of a true supranational government capable of taking the economic and fiscal policy decisions necessary for the harmonious development of a single monetary area. The new system also includes conditionality mechanisms to guide national economic policy — which remains the absolute prerogative of the member states —, but completely ignores the need to implement, at supranational level, the public policies for development, stabilisation and solidarity, that the individual member states cannot implement themselves due to a lack of resources and political vision at national level.

that fiscal power be exercised by parliament. Clearly then, creating a European fiscal capacity is a crucial element in the battle to build a federal European political union.

A European fiscal capacity, in order to be truly such, must be:

- *independent* of the will of the individual states, i.e. it must be self-determining, with regard to both the revenue and the expenditure fronts;
- capable of generating *significant resources*. Depending on the tasks it is called upon to perform, the budget (when fully operational) must generate between 5 and 10 per cent of the EU's GDP.

4. Why is it so Necessary to Create a European Fiscal Capacity?

The attribution of fiscal power is the turning point in the battle for a federal political union in Europe. The EU's transition from a confederal to a federal entity depends on the development of the capacity for self-determination; after all, of all the competences, fiscal capacity is the one closest to *Kompetenz-Kompetenz*, i.e. the capacity for self-determination of sovereign states.

It should be noted that historically the revolutions of the modern age have stemmed from the question of who should exercise fiscal power (the sovereign or parliament, the motherland or the settlers, the *ancien régime* or the bourgeoisie). Emblematic in this regard is the story of United States' transformation from a confederation into a federation. The Articles of Confederation did not attribute fiscal capacity to the Confederation; instead they stated that it should be financed by contributions from the member states. The impossibility of forcing recalcitrant states to pay such contributions, and therefore to pay the debts resulting from the War of Independence, subsequently led to an unsustainable crisis situation. This was resolved only when, with the approval of the Federal Constitution of 1789, Congress was attributed the power to impose taxes, which meant that the Federation no longer depended on the states for its financing.

Today's European Union is, of course, based on the principle of allocation: it can only do what the member states (unanimously) tell it to do; this is largely due to the fact that those who decide on the resources also decide, indirectly, the policies that can be financed with those resources. It is therefore no coincidence that the national constitutional courts have always considered that fiscal competence should be exclusively the states' domain; after all, what is at stake is the member states' sovereignty in the last instance.

5. European Fiscal Capacity: the Wrong Routes to Follow

In the ongoing debate on the future of the European Union, the concept of reforming the EU budget, creating new European own resources, and harmonising taxation within the framework of the single market rules is often confused with that of creating a European fiscal capacity. In reality, these are two completely different plans. This is a point that has to be appreciated in order to be able to address, with the necessary clarity of understanding, the problem of creating a fiscal capacity at European level.

The Problem of Reforming the EU Budget.

The EU budget is not an expression of European fiscal capacity. It is financed for the most part (more than 70 per cent) by direct transfers from national budgets and, to a much smaller extent, by so-called own resources, i.e. resources collected by member states in areas governed by EU law (e.g. agriculture, tariffs) and subsequently transferred to the EU budget. Therefore, the EU budget, thus constituted, lacks two fundamental attributes of a fiscal capacity:

— first of all, it is *not independent* of the will of the single member states. Although it is true that the individual annual budgets of the EU are decided by the European Parliament and the Council on an equal footing, this mechanism only concerns expenditure, which, moreover, must remain within the limits set every 7 years in the Multiannual Financial Framework, which has to be approved unanimously by the national governments within the Council after first being approved by the European Parliament (Article 312 TFEU). On the revenue side, Article 311 TFEU states that the own resources system must be decided unanimously by the Council, after consulting the European Parliament, and that this decision must subsequently be approved by the individual member states in accordance with their respective constitutional requirements. Consequently, in addition to the fact that, under this procedure, the representative body of the European citizens – the European Parliament – is only consulted, each government retains the right of veto on the question of the resources transferred to, and then used as part of, the EU budget.

— second, the budget, in this framework, is *structurally inadequate*; in short, it is too small. Today, it amounts to only 1 per cent of the GDP produced by the whole of the European Union, because it is designed only to finance policies linked to the development of the internal market; unlike the budgets of federal states, it is not designed to be used for financing public goods or to fulfil any redistributive function. Realis-

tically, the size of the budget cannot be increased significantly until it becomes an instrument of European supranational governance.

Naturally, none of this should stop us from seeking to improve the current EU budget, but it has to be recognised that any such reform could not change the ultimately intergovernmental nature of the present European budget mechanism.

Development of the Own Resources System.

Some believe that an initial European fiscal capacity could be created simply by developing the current system of own resources (Article 311 TFEU). However, this does not seem possible at the present time, because *own resources are not an embryonic form of European taxes, but rather national taxes linked to sectors of the economy governed by EU law*, which the national authorities decide to assign to the European Union on a permanent basis. These European resources are collected by national authorities and are, in most cases, recorded in national budgets. The European Union therefore has no power to create new resources, nor to decide on their amount and use, without the agreement of all the member states.

That said, the need for unanimous agreement by the member states is not the cause of the problem, but rather an effect of the current system. This is why recent proposals — coming even from the European Commission, among others — to introduce majority voting in tax matters remain profoundly contradictory. These proposals are probably motivated by the current stalemate in the Council caused by internal divisions between governments, and also by the fact that the attempt to circumvent the principle of unanimity through the system of enhanced cooperation in tax matters has run aground as the clauses governing these cooperations make them unsuitable for this purpose.

Moreover, leaving aside the fact that unanimity is still required in order to approve a reform of this kind, even if it were established that the Council could decide on new own resources through qualified majority voting, it is inconceivable that those states unwilling to limit their sovereignty in this area would apply taxes that they had opposed. Furthermore, even in the event of a switch to qualified majority voting, the own resources system would continue to be based on decisions taken by the member states, whose will would therefore still determine the collection of these taxes and their payment into the EU budget. And this is precisely why the outcome could only be an impasse (as the current issue of migrant quotas surely shows), or maintenance of the existing method of Council operation based on the reaching of (unanimous) consensus on fiscal matters.

Moreover, as is also stated in the Monti Report on own resources, to create true European taxes (and therefore to give life to an EU fiscal capacity), these taxes need: i) to be decided by the Union on the basis of its own economic policy choices; and ii) to flow directly into the EU budget (whose size would no longer be decided unanimously by the member states); furthermore, iii) the supranational level would have to be endowed with an administration capable of collecting taxes from private individuals.

The reality, therefore, is that in order to become European taxes, “own resources” must become the expression of a European fiscal capacity, acquiring the two key attributes mentioned earlier: they must be independent and structurally adequate; and this can only be achieved through a new legal framework establishing new rules on fiscal sovereignty.

Harmonisation of National Tax Policies.

Tax harmonisation, which is expressly provided for in Article 113 TFEU for indirect taxation and requires a unanimous decision by the Council (and thus the agreement of all the member states), is a very different matter from the creation of a European fiscal capacity. Tax harmonisation is the elimination of major disparities between the member states’ tax systems through the imposition of measures designed to render the tax base, and the rates applied to the same taxes, uniform across the different systems.

Tax harmonisation is currently a focus of debate, particularly in relation to corporate tax, because of the particularly low rates applied by some member states in order to attract investment; these low rates have the effect of distorting competition within the single market and lend themselves to abuse by multinationals.

The classic example of tax harmonisation is value added tax; in this case, provision has now been made for a uniform tax base and an approximation of the rates applied in the various member states. However, even when, as in the case of VAT, member states pay a proportion of a harmonised tax into the EU budget, this does not make it an EU fiscal capacity. Harmonised taxes continue to be national taxes that are collected by the national authorities that then use them, allocating a proportion to the EU budget.

6. How Can a European Fiscal Capacity Be Created?

Before creating a European fiscal capacity, it is necessary to overcome not only a series of chronic problems relating to the transfer of

new competences to European level, but also certain specific contingencies of the current phase of the European integration process.

The European governments have different visions of the future of European integration. In contrast to some countries in favour of greater integration (such as France, Spain, Portugal, Slovenia, Slovakia, Malta, and now Italy once again), there are others that would prefer to maintain the status quo, albeit with some adjustments (such as Germany, Finland, the Netherlands); and then there is the bloc of countries characterised by a more sovereignist outlook (in particular Poland, Hungary and the Czech Republic).

Moreover, the various governments, endeavouring to preserve the well-being and stability of their economies, face different situations and have different priorities: the euro countries, not having the instruments of autonomous monetary sovereignty as a means of stabilising their economies, need common mechanisms in order to absorb economic shocks and implement structural reforms of their economic systems; moreover, their economies are more interdependent. The countries outside the euro-zone, on the other hand, are more independent of their EU partners, even though some of them receive significant transfers from the EU budget. However, for the non-euro countries, too, stability of the euro area is necessary in order to guarantee proper functioning of the internal market.

Finally, while the existing Treaties allow a measure of harmonisation of national tax systems, and possibly the creation of new own resources to feed the EU budget or a budget line for the euro area, they make no provision for the creation of a European fiscal capacity with the key attributes mentioned above. Moreover, all decisions in this area must be taken unanimously (Articles 311, 312, 113 and 352 TFEU).

It should also be added that, for the reasons already mentioned, the constitutional courts remain hostile to the creation of a European fiscal capacity and could be tempted to activate “counterlimits”, or block European acts that they consider to be *ultra vires* or in conflict with a member state’s constitutional identity.

The creation of a European fiscal capacity will therefore require a political act that breaks with the existing European legal framework (essentially, a revolutionary act). In order to steer the process of European integration up to this point, certain requirements and circumstances must be taken into account.

— The legal act creating a European fiscal capacity can only be *a new Treaty reforming the EU, adopted by a majority*, for the reasons set out below:

1) given that the objective is to amend the EU legal framework and create a new competence, the new Treaty would be different from the so-called fiscal compact or the ESM Treaty, which established intergovernmental instruments for use by groups of member states. The amending treaty must, as its name indicates, amend the EU legal framework;

2) given that adoption by majority vote is envisaged, the obstacle of unanimity (Article 48 TEU) would be overcome. Obviously, this would lead to the creation of at least two groups of states: those adopting the new European Union 2.0 Treaty and those remaining bound only by the current European Union 1.0 Treaties.

3) The next issue is that of the ability of Union 1.0 to coexist with Union 2.0, possibly for a long period of time. Several steps can be taken to ensure that this is possible:

a. the rules of public international law will need to be applied, in particular the principles of the *succession of Treaties over time*, according to which the later treaty abrogates the earlier one(s), and the *ineffectiveness of the treaties vis-à-vis third parties*. In this way, the two unions (structured as two circles) could coexist, largely without friction;

b. the EU institutional framework will need to be reformed (in part) so that it can work simultaneously for the two unions. While the Council can easily function in variable compositions, the Commission would need to be streamlined in order to overcome the one state, one representative idea. The structure of the Parliament and the Court of Justice, on the other hand, need not change: after all, individual MEPs, like the members of the Court of Justice, are representatives of the entire EU. A committee of eurozone MEPs could possibly be set up within the European Parliament (along the lines of the West Lothian question in the British Parliament).

— For the reasons set out above, the adoption of an amending Treaty to be adopted by a majority would not follow the procedure laid down in the existing Treaties (Article 48 TEU); instead, it would have to be the fruit of a Convention involving national and European institutions and representatives of the citizens.

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* Although the present essay is the result of joint reflection by the two authors, paragraphs 1-4 are to be attributed to Giulia Rossolillo and paragraphs 5 and 6 to Luca Lionello.

TOWARDS THE CONFERENCE ON THE FUTURE OF EUROPE*

The European Union is faced with multiple external challenges and many internal tensions, but European elections have shown that there is a clear pro-European majority and that citizens are in favour of strengthening the European Union. During the European Citizens' consultations, as well as the Citizens Dialogues and the Eurobarometer survey, most people showed that they believe that Europeans ought to regain control of political processes and play a strong autonomous role in the world through a stronger Union. Citizens mainly ask the EU:

- To guarantee security in all its dimensions;
- To respond to the challenge of people mobility in a global context;
- To make Europe a model of sustainable development, addressing the challenge of climate change and the protection of the environment and biodiversity;
- To strengthen respect of human rights, tolerance, equality, the rule of law and democracy;
- To equip the single currency with the means to ensure growth and stability;
- To promote effective social justice and solidarity;
- To define the foundations of a genuine European democracy;

The proposal for a “European Conference on the Future of Europe” initially put forward by the French President Emmanuel Macron in his “Letter to European Citizens” of 4th March 2019 and then taken up by the President of the European Commission Ursula von der Leyen in her investiture speech and in her guidelines, represents a great opportunity in this respect, since it places the question of a re-foundation of the European Union at the heart of the new European term.

As European federalists, we think that the Conference will be an opportunity to address as outlined by the AFCE reports during the last term (Bresso-Brok 2016; Verhofstadt 2016; Boge-Beres 2017; and Jaurégui 2018) the key issues of:

* Resolution unanimously adopted by the Federal Committee of the Union of European Federalists meeting in Rome on the 23rd-24th November 2019.

- The system of government of the Union, and the strengthening of the European Parliament;
- The division of competences between the national and European levels;
- The creation of an autonomous fiscal capacity for the EMU along with the other elements necessary for its completion;
- The strengthening of the European political and electoral process as a means to reinforce European democracy, including the strengthening of European political parties, the *Spitzenkandidaten* process and the establishment of transnational lists;
- The achievement of sustainable development objectives, making the EU the global leader on climate change;
- Combating inequalities and creating a European labour market ready for the digital society;
- The creation of an effective system for the defence of human rights and rule of law;
- The role of the European Union in the globalised world, including foreign, security and defence policies;
- The relationship between federal citizenship and national identities;
- The method and agenda for reforming the Union, including the transition to a sovereign Europe in the event that some Member States are not ready to accept it.

The role of the European Parliament will be decisive in ensuring that the Conference can carry out its task effectively. While it must be able to bring together the demands of citizens and local and regional bodies, the Conference must at the same time be able to translate them into a comprehensive proposal for a new Treaty that will overcome the impasses that are still weakening the European Union. The difficult historical and political moment and the support of the majority of citizens must be a stimulus for courageous and forward-looking action.

With this in mind, UEF addresses, first and foremost, the European Parliament – as the primary institution which, being composed of representatives directly elected by the citizens, has the legitimacy and responsibility to promote a political and institutional reform, including of constitutional nature, of the European Union – with the following proposals on the method and the agenda of the Conference:

- The Conference should be convened on the basis of an interinstitutional declaration, signed by the Commission, the Parliament and the Council (acting by majority) after consulting the European Central Bank, the European Economic and Social Committee and the Com-

- mittee of the Regions – or, at least, by a joint declaration of the Commission and the European Parliament. It should be assisted by a secretariat provided by the Commission and the European Parliament;
- The Conference should draw input, in the initial phase of its work, from the demands for a more effective and democratic European Union raised by European citizens in the Eurobarometer surveys, the Citizens' Dialogues and the Citizens' Consultations;
 - It is clear that the current institutional setup renders the EU unfit for purpose. The concerns of citizens can only be effectively addressed through a genuine European capacity to act: a sovereign Europe, underpinned by democratic accountability. To the extent that the Conference will need to chart the way forward for Europe, its discussions and deliberations could be organised in thematic policy discussions, leading to operational conclusions. This would show concretely the need for the EU to be able to finance itself autonomously and to have effective means of government, which will likely require adjustments to the EU's legal framework, or a new framework altogether. This must constitute part of the mandate of the Conference;
 - In order to play a leading role, the European Parliament should also request to be represented in the Conference, ideally by a large delegation of members of the Committee on Constitutional Affairs (AFCO). In parallel, when applicable, the European Parliament could support the Conference in drafting the proposals for a Constitutional Treaty which would comprehensively include all the reforms which emerge as necessary in the course of the work of the Conference. This new Treaty would amend the legal framework of the EU, including self-determining the arrangements for its ratification and entry into force so as to overcome the obstacle of unanimity; in any case, these arrangements have to be fully compatible with the goal of ensuring the unity, effectiveness and democratic legitimacy of the European Union;
 - One of the conditions that would enable the Conference to engage in a much broader and representative dialogue with the citizens of the European Union, thereby increasing the citizens-oriented dynamic in its discussions and deliberations, would be that of including a stable presence of components of citizens and of organised civil society from across the European Union (thus reflecting innovative forms of citizens participation successfully experienced in some European countries for constitutional changes). In addition to that, the Conference should hold some of its meetings in the various Member

States, involving the representatives of citizens, society and sub-national bodies closest to the territory of the State in which they meet. In addition, the Conference should recognise the expertise of civil society organisations and their role in facilitating a dialogue between institutions and citizens, while abiding by the principle of representative democracy;

- In order to achieve cooperation with the national parliaments and ensure the maximum possible consensus on the reforms that Europe needs, it is essential to provide for the convening of an “Interparliamentary Assembly on the Future of Europe” (following the example of the “Assizes” organized in Rome before the Maastricht Treaty). This would enable the Conference to bring the results achieved to the attention of the delegations of the national parliaments, gathering their comments and criticisms, and including them early on in the discussions and deliberations on the Future of Europe;
- The 70th anniversary of the Schuman Declaration should be exploited as appropriate within the process of the Conference on the Future of Europe.

Thirty Years Ago

EUROPE AND THE WORLD AFTER 1989*

The profound changes which have upset the political and constitutional scenery of Eastern Europe during 1989 must be placed on the same level as the great revolutions of the past, from the French Revolution to those of 1848 and 1917-18. They have two characteristics in common with them.

The first is represented by the fact that the forces of renewal have so far destroyed more than constructed, which is inevitable in the explosive phase of every revolution. The historical course of Communism has come to an end. Autocratic regimes, whose identification with the ideology they were based on was becoming more and more problematic, have fallen. In their place there are now great expectations, but very few certainties. It is not yet clear what political and social order will rise from the ashes of what has been destroyed. The future still has to be thought of and organized, and everywhere it looms menacingly.

The second is represented by the fact that, as in all past revolutions, the institutional transformations in Eastern Europe have reflected a deep transformation of the international setting within the individual countries. The decline of Russian-American bipolarism had been in progress for some time, and it had been strongly accelerated by the increasingly evident absurdity of the logic of deterrence based on the suicidal rush for nuclear armaments. Not by chance the impulse to the process — thanks to the happy occurrence of the appearance of a historical man — has been given by the Soviet Union, i.e. by the country that

* This editorial was published in *The Federalist*, 31 (1989), p. 195.

was most heavily oppressed by the unbearable weight of a setting long made obsolete by the real power relationships.

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The internal and international factors cannot be separated in the attempt to understand what possible directions will be taken over the next few years by the history of Europe and consequently, in a context of strict interdependence, by that of the world.

It seems possible to claim with some degree of certainty that, if a sufficiently stable and evolutionary new order does not take shape within a short time, the road followed by Central and Eastern Europe will be that of nationalism and international anarchy. This will be inevitable because, in the absence of new forms of organization of civil life and relations between states, the end of the bipolar equilibrium and the concurrent fall of the ideological shield represented by the confrontation between Democracy and Communism will leave the national principle as the only commonly accepted principle of legitimacy. Moreover, the alarm signals which give an idea of the reality and importance of this risk are multiplying. They manifest themselves in three distinct areas: Germany, with the re-opening of the reunification problem; the ex-satellite countries of the Soviet Union, with the border problems tied to the inextricable ethnic tangle which had already made these regions ungovernable in the period between the two wars; and the Soviet Union itself, which the numerous autonomist and secessionist impulses having ethnic and/or religious origins place before the very real danger of a disintegration process.

It would be irresponsible to deny the seriousness of the consequences in Europe and the world if events should follow the path of nationalism. The Eastern European states do not have a territory vast enough to guarantee — in the absence of a strong degree of integration in a continental framework — an economic development compatible with the preservation of their newly acquired democracy. Nor does the latter have a basis solid enough to withstand the trials it would be subjected to by strong national tensions. It is therefore predictable that their regimes would rapidly degenerate into authoritarian forms of national-populism.

On the other hand, if the two Germanies should take up the road to reunification in an exclusively national perspective — which would be inevitable in the absence of credible alternatives — the whole European equilibrium would be upset. The rise, or the mere expectancy of the rise, within the heart of Europe, of a national state with eighty million

inhabitants and endowed with a formidable economic potential would encourage the design of creating a German zone of influence and a hegemonic area of the D-Mark extended to a few countries of the East; a design that would certainly be weak and unstable in the long run, but in the immediate future would be strong enough to place the very existence of the Community in question.

Finally, the centrifugal forces within the Soviet Union could only be controlled by acting upon Great-Russian nationalism. It would represent the defeat of Gorbachev's policy — maybe through Gorbachev himself. The Soviet Union would find its unity again no longer under the sign of Communism, but under that of nationalism through the domination of the strongest national group.

Certainly, history does not repeat itself, and even if all these hypotheses were to materialize, nothing would go back to what it was before. The way would probably be prepared for a new beginning, within a wider framework, of the European integration process. But the time required would become indefinitely longer and within the short-medium run political tensions and economic disorder would arise again. The hopes roused by Gorbachev would fade and world equilibrium would once again take up the traditional path of relations of power, even though its physiognomy would change and its centre of gravity would tend to move again towards the Pacific area.

* * *

It is a fact that the road to nationalism of Central and Eastern Europe is considered in many political circles in all European countries — to begin with in the two Germanies — with lucid apprehension. And everywhere the need is felt to find forms of unity and collaboration between nations thanks to which nationalist tendencies can be contained and a stable and peaceful setting can be created in Europe. The widest framework which is taking shape within this perspective is that of the countries taking part in the Helsinki Conference, therefore including both the Soviet Union and the United States. It is the framework into which Gorbachev's proposal of a "Common European House" fits. And undoubtedly this is the dimension in which the problem of security in Europe is posed. Many, too many, forget that what has happened and is happening in Eastern Europe has been, and is, a consequence of the policy wanted and launched by Gorbachev, and that the democratization process in the states of this region can continue only because Gorbachev holds the reins of power in his country in a

situation of international *détente*. To try and exploit Eastern European events in an anti-Soviet intention today would therefore be foolish and irresponsible. The process must be conducted with and not against the Soviet Union, just as it must be conducted with and not against the United States, which remains a decisive pole in the new setting. That of the Helsinki Conference must thus become the framework wherein *détente* is institutionalized and the necessary resources are released not only to begin great projects of economic co-operation between East and West, but also to organize on a new basis the relations between the North and South of the planet, thus creating the premises for setting up what Einstein called a partial world government. In this way it would be possible to achieve a decisive reinforcement of the UN, which can function effectively — until the world remains divided into a multitude of sovereign states — only on the basis of a stable collaboration between those states with the highest worldwide responsibilities.

* * *

The Helsinki framework is essential to prevent the revival of nationalism, to guarantee security in Europe and the world and to create the first embryo of a partial world government. But today the project of a "Common House" is still little more than a slogan, expressing a need rather than proposing a solution. Even if it were propped up by some kind of institutional structure, it would still remain, to the extent that it were based exclusively on the existing national states, an unstable framework, uncertain in its physiognomy and unable to contain the impulses towards disintegration that the process has released up to now.

For it to be consolidated and prevail on the alternative course of the revival of nationalism, many difficult problems of the internal organization of Europe will have to be solved by defining the structure of the various existing state groupings, the possible creation of new groupings and the organization of their mutual relations. It would be useless at this point to make any predictions concerning the future structure of the military alliances and their mutual relations, the final outcome of the COMECON reform process, the birth of some new form of institutionalized collaboration among Eastern European countries, the evolution of their relations with EFTA and the EEC and between the latter and the whole of the COMECON.

One thing is certain, however. For the project of the "Common House" to acquire the ability to stabilize *détente* in Europe and the world, it has to point out prospects that give a clear and comprehensible answer

for everybody to the hopes roused by Gorbachev's new course. It must present itself as a structure able to evolve towards irreversible forms of ever closer integration and progressive consolidation of democracy.

This will be achieved only if a process of federal construction starts off within it. With the evidence of facts, it would make everybody aware of the truth that today the only historical alternative to nationalism is federalism, as it is the only formula which allows the affirmation of democracy on an international scale. Any confederal solution, as in the most favourable hypothesis can only be that of the "Common House" in its initial phase, can therefore be accepted and promoted solely as a transit station along the road to a federal outcome.

The only ambit in which this great historical experiment can be started is that of the European Community, or the more limited framework of those among its member-states that are willing to set the pace, in the awareness that the others will follow. In any case, only by giving a decisive impulse to the federal unification process within this framework will it be possible to pose the problem of the unification of the two Germanies in non-destabilizing terms. The decisive political knot to be undone today is thus that of European monetary Union and the structure of Community institutions. The course that world political events will follow in the near future no longer depends on Gorbachev — who started off the process — nor on Bush, but on the decisions the Heads of Government of the Twelve will or will not make. And not by chance the Community recently assumed a central position in the political vision both of the Soviet and the American leader.

The results of the European Council of Strasbourg lead one to think that the Heads of Government of the countries of the Community — with the usual exception of Mrs. Thatcher — are aware of their historical responsibilities. In particular the government of the Federal Republic, although in an emotional atmosphere made difficult by the opening of the Berlin wall, faced with the choice between continuing along the path of monetary Union or giving in to the temptation — probably more productive in electoral terms — of sacrificing it on the altar of German unity and of a reinforced and extended area of hegemony of the D-Mark, has chosen the first alternative. Monetary Union, and therefore the prospect of political Union, have made an important step forward in Strasbourg. The very entry of Italy into the narrow band of the EMS is a sign of the fact that the expectations both of the public and the operators

are oriented towards the irreversibility of the process.

Of course, there is still a lot to be done. The monetary unification process has not even entered its first phase, by far the least demanding of the three foreseen by the Delors Plan. Political Union, unceasingly evoked and hoped for by many, and which was solemnly approved by the Italian people with the referendum of last June, is still at the starting point. But now all the alibis have disappeared and the Eastern European events, with their dizzy speed, force to keep silent — at least temporarily — all those who have so far slowed down Europe's course in the name of "realism". The objectives, the procedures and the instruments, after years of proposals and debates, stand out clearly before everybody. All that has to be done is act, and act quickly.

The Federalist

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