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«Parecchi stati, di tempo in tempo, come vascelli che affondano, periscono, perirono e periranno, per colpa dei loro miserabili piloti e marinai, colpevoli della più grave ignoranza nelle materie più gravi: poiché senza nulla conoscere della politica, si immaginano di possedere questa scienza in tutti i suoi particolari, meglio di tutti gli altri».

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IL POLITICO

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THE EUROPEAN FEDERAL STATE: FROM UTOPIA TO SUPRANATIONAL DEMOCRACY

by Guido Montani

> *"Whenever an idea is labelled utopian it is usually by a representative of an epoch that has already passed. … It is always the dominant group which is in full accord with the existing order that determines what is to be regarded as utopian, while the ascendant group which is in conflict with things as they are is the one that determines what is regarded as ideological."*
> Karl Mannheim, *Ideology and Utopia*, 1929

1. *Supranational federalism in Europe*

During the storm of the financial crisis, which risked sinking the ship of the European Union, there were many voices calling for a European federation. But despite endless Councils, national governments only succeeded in partially mending Europe's institutions. After many years of awkward governance, the storm seems to have blown over, but many countries are experiencing the social disaster of a severe recession. Why, during recent years, has the federal solution never been seriously considered by national governments?

Here we will try to answer this question bearing in mind that there are two main hurdles: the first is the conservative power of the national ideology, based on the determination of national bureaucracies, political parties and governments not to hand a single iota of their sovereign power over to supranational institutions, while the second is the challenge of designing the architecture of a new supranational state, which cannot be a replica of some existing federal state. This second challenge gives rise to spectres such as the "European super-state," the "European Leviathan" and the "European empire." It goes without saying that these two hurdles have generated different problems in dif-

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ferent historical contexts, yet they nonetheless remain structural features of the process of European integration.

Nobody can deny that the federal model was in the minds of the founding fathers. It will suffice to recall the initiatives of Jean Monnet and Altiero Spinelli. As is well known, Monnet proposed the European Coal and Steel Community (ECSC) to the French foreign Minister Robert Schuman. The Schuman Declaration of 9 May 1950, the European Magna Charta, clearly states that the ECSC should be considered "les premières assises d'un fédération européenne" as Jean Monnet posited in his original draft[1]. In 1941 Altiero Spinelli wrote the *Ventotene Manifesto*, which states that, after the war, a "solid international state" in Europe should become the first goal of progressive forces[2]. As a federalist leader, Spinelli was able to act for the *Assemblée ad hoc*, a constitutional convention charged to draft the Statute of the European Political Community (1953) for the European Defence Community and many years later, in 1984, he gathered a wide majority in favour of the Treaty of the European Union in the European Parliament.

The historical background of European integration was the Cold War and Europe's division into two opposing camps. This explains why only six Western states signed the Paris Treaty in 1951, and Eastern enlargement only came about after the fall of the Berlin wall. If we exclude the ECSC, which established a kind of supranational government, the two federalist initiatives for the European Political Community and the Treaty of European Union failed. During that period, national governments were not obliged to face the challenges of European foreign policy and monetary stability: in the framework of the Atlantic alliance and the Bretton Woods system these two international public goods were provided by the United States, the superpower of the Western hemisphere. The federalist project was considered utopian, because during this phase of negative integration the abolition of the old autarkic economic system – custom duties, protection of national industries, impediments to the free movement of persons, services and capital – was considered a limited, but adequate step in bringing European peoples closer.

[1] J. Monnet, *Memoires*, Paris, Fayard, 1976, p. 353. It is interesting to note that Monnet originally proposed calling the *Haute Autorité* "Autorité internationale" before reluctantly accepting the "supranational" label (p. 352).

[2] A. Spinelli and E. Rossi, *The Ventotene Manifesto*, Ventotene, The Altiero Spinelli Institute for Federalist Studies, 1988, p. 33.

After the fall of the Berlin Wall and the break-up of the Soviet Union, the international world order entered a phase of change and uncertainty. The end of the Cold War was viewed as the Western hemisphere's victory over planned economies and authoritarian regimes. Opinion makers welcomed the new American century. But the beginning of the new century not only showed that the US government was unable to put an end to international terrorism and regional crises – as in the Middle East and Afghanistan – but also that new 'great powers' were entering the global stage. Even the very label of superpower fell into disuse: China, India, Brazil, Russia and South Africa are now considered great powers, though the USA maintains its military supremacy. The world is becoming increasingly multipolar, though its structural features and evolutionary path are difficult to define: international order could potentially be either more conflictual or more cooperative[3].

This new international backdrop should be kept in mind in order to understand what happened in Europe after the onset of the financial crisis of 2008. The Economic and Monetary Union (EMU) was built just after the fall of the Berlin Wall. The issue of monetary union had been on the agenda of European governments since the collapse of the Bretton Woods system, but the final decision was taken after German unification: France and the other member countries viewed the euro as a pledge that Germany was not seeking hegemony in Europe. Nevertheless the Maastricht Treaty was built on the past assumption of negative integration: in spite of the inevitable enlargement, some limited transfers of national powers to EU institutions were agreed without a federal government being established. This assumption rapidly turned out to be inadequate: in the years that followed the EU was forced to face the horrific ethnic conflict in former Yugoslavia, the deterioration of the Israeli-Palestinian situation, genocides in Africa and the threat of international terrorism. The need for a European foreign policy and defence was manifest. At the same time it became clear that globalisation was not just an opportunity but also a challenge. The EU was not competitive enough to face cheap exports from emerging countries and was unable to enforce effective rules for international finance. The need for a European government became acute, but the series of constitutional reforms carried out by national governments, including the European

[3] On this topic see the interesting *Introduction* of D. Held and M. Koenig-Archibugi (eds.), *American Power in the Twenty-First Century*, Cambridge, Polity, 2004, pp. 1-20.

Constitution, did not solve the problem. Thus, when the financial crisis struck Europe, the European Commission did not have sufficient power to face the storm and guarantee the survival of the EMU. In its place an anomalous European government took on the task: the German government.

Here we will try to explain why this state of affairs can only be viewed as provisional and why, after the dissolution of the Soviet Union, the new positive phase of European integration requires the creation of a supranational federal state. This outcome is considered farfetched by many political opinion makers because European governments, especially those of France and Germany, prefer to talk in vague terms about the need for future political union. But the vision of a German Europe gave rise to protests and social turmoil in many countries. Democratic countries cannot agree on rules and policies decided by a power they do not control with their vote. The European Union can only survive if it becomes a federal democracy. One (or few) national government cannot decide the future of European citizens.

2. *The misgovernment of a crisis*

In 2008 the financial crisis hit Europe like a bolt from the blue. The ECB had just celebrated the first ten years of the euro as an era of monetary and financial stability for the European economy. After the Lehman Brothers default and the public bail-out of the EU banking system, the European Commission proposed "A European Economic Recovery Plan", the goal of which was "to inject purchasing power into the economy, support demand and stimulate confidence." But only Germany, France and UK contributed to the recovery programme, which in practice was insubstantial and provisional. This was the first evidence of European division and Europe's inability to face the storm.

The acute phase of the European crisis started at the end of 2009 and in spring 2010, when the Greek deception was discovered. The Commission was unable to solve the crisis and the German government refused to help Greece without imposing severe conditions; it even threatened to expel Greece from the EMU. At this point international finance investors understood that the EMU was a "currency without a government" and that, since every member state of the EU had devolved its monetary sovereignty to the ECB, the money invested in some national debts was at risk. Capital fled indebted states – Ireland,

Portugal, Spain and Italy (the PIGS) – and interest rates rose. Some EU countries faced considerable default risk. Differences of opinion among surplus and deficit countries within the EMU made it clear that the former refused to pay the debts of the latter: the EMU was on the brink of collapse.

The sovereign debt crisis was the occasion for a drastic change in the Franco-German relationship. Since the beginning of European integration the main institutional reforms were proposed and managed by the Franco-German "engine." During the first phase of European integration this arrangement worked smoothly, but after the Lisbon Treaty, and especially during the sovereign debt crisis, it was clear that Germany was taking the lead, when the economic architecture of the EU was at stake. The French government desperately tried to maintain a leading role in foreign policy (with regards to the Georgia-Russia crisis and military intervention in Libya and Mali), but it was clear to both European citizens and foreign investors that the real government of the European Union was Germany, with its ruthless rejection of any policy leading to a "transfer union."

The result of the German government's management of the crisis was the strengthening of the rules of the Growth and Stability Pact (GSP), thanks to the Fiscal Compact, the Six Pack and the Two Pack, which gave the European Commission more power to coordinate national budget policies. The creation of the European Stability Mechanism (ESM), an emergency fund to help member countries in financial distress, but with conditionalities attached, is the only measure which can be considered a limited transfer union. This was possible because the decision-making system of the ESM is strictly intergovernmental. This set of measures was decided on when international finance attacked the PIGS and the European Commission lent its support to austerity policies, as the only adequate remedy: cutting public spending and consumption, streamlining bureaucracy, reducing the cost of labour and increasing competition. The acute phase of the crisis only ended during the summer of 2012, when the ECB declared it would do whatever it took to save the euro. But the austerity drive did not save the EU budget: the Council of February 2013 cut it back to 1% of GDP for MFF 2014-20, 8% less than the EC proposal. This decision exacerbated the recession[4].

[4] For an analysis of the measures decided during the crisis see G. Montani, *The Cost of Fiscal Disunion in Europe and the New Model of Fiscal Federalism*, in "Bulletin of Political Economy", 7:1, 2013, pp. 39-68.

Criticism of austerity policies is justified, not because the objective of sound and sustainable public finances is wrong, but because these policies were enforced during a recession cycle, without considering that they are only one aspect of a more general framework: a policy for the sustainable development of the European economy in the global market and the creation of a multipolar international system, which the EU can take part in as an active political subject. During the crisis European citizens lost any confidence in the future. Many young people were obliged to leave their home countries or embark on a desperate search for a badly paid job. Moreover the misgovernment of the crisis led to an explicit rejection of the EU and generated – or reinforced – anti-European, nationalist and populist parties.

The narrow-minded outlook of national governments has structural roots. The international causes of a state's indebtedness cannot be ignored. If we consider the long term rise of public indebtedness in industrial countries, it is clear that the 1970s are a watershed. Since then not only European countries, but also the US and Japan have increased their debts: with the exception of some short periods, national spending has steadily exceeded public revenues. Naturally some EU states are more indebted than others. But the general trend cannot be disputed. The situation can be accounted for by considering the end of the Bretton Woods system of fixed exchange rates and the demise of the dollar standard. The system of floating exchange rates allowed national governments to increase their spending easily without levying more taxes. In the short term, especially in view of a general election, this policy paid dividends for the political classes, but in the long run it left a heavy burden on future generations. National budgets are overloaded with interest payments.

Let's consider the effect of excessive debt first on public spending and then on revenues. In terms of expenditure many studies have identified a long-term decrease in European public infrastructural investments. For example, in the 1970s they accounted for 5% of GDP, while at the turn of the century they represented less than 2.5%[5]. Investments decreased still further during the financial crisis. One study, which examined Germany and other countries such as the UK and Sweden, where expenditure is divided into mandatory and discretionary spending, shows that accumulating public debt forces national governments

[5] R. Wagenvoort, C. de Nicola, A. Kappeler, *Infrastructure Finance in Europe: Composition, Evolution and Crisis Impact*, in EIB Papers, Vol. 15, No 1, p. 27.

to pay increasing amounts of interest, with the consequence that over time mandatory spending crowds out discretionary spending, unless the government increases the tax burden. Indeed public spending on research and development, education, family policies and active labour market policies has been decreasing since the Seventies. Even Germany is "a country that, in the absence of major political change, will continue a descent towards the American level."[6] Now, if we consider the revenue side we can say that the taxing power of European states is steadily decreasing in the age of globalization. This trend is caused by tax competition among states. We can observe a decreasing trend in corporate tax rates and top income tax rates, while the VAT rate is increasing. Thus it is possible to say that "all competing countries – large and small – see their ability to tax mobile capital constrained" and that for EU countries "tax increases have been focused on excises, social security contributions and VAT. Even if governments manage to maintain total tax levels, their ability to make rich capital owners contribute erodes. Tax competition may thus contribute to increase income inequality between the very rich and the rest of society."[7]

To sum up, austerity policies have both European (internal) and external aspects. They cannot be purely comprised of rules and constraints on national budgets: an effective austerity policy is part of a sustainable European growth policy: a fiscal policy, an adequate EU budget and a foreign policy are needed to face the challenges of globalization and the new world order. The EU needs a democratic government.

3. *Peculiarities of the European constitutional process*

Considering the process of European integration since its outset, it can be said that two methods were used to build new European institutions: Monnet's method, based on gradualism, and Spinelli's method, based on constitutionalism. National governments have usually utilized Monnet's method, which does not directly involve citi-

[6] W. Streeck and D. Mertens, *Public Finance and the Decline of State Capacity in Democratic Capitalism*, in A. Schäfer and W. Streeck (eds.), *Politics in the Age of Austerity*, Cambridge, Polity, 2011, pp. 26-58, p. 55.

[7] P. Genschel and P. Schwarz, *Tax Competition and Fiscal Democracy*, in A: Schäfer and W. Streeck (eds.), *Politics in the Age of Austerity, op. cit.*, pp.59-83, p. 77-8.

zens. On the other hand, Spinelli aimed to involve citizens and their representatives in building European institutions. These two approaches should be considered as complementary: in some political circumstances one is more appropriate than the other.

In the new phase of positive integration, the European Union, equipped with a single currency, was viewed by the international community as a new power, albeit an anomalous one; yet at the same time European public opinion viewed it purely as a bureaucratic machine, given that almost all economic policies were decided by national governments and executed by the Commission. Against this new political backdrop, while creating an effective European government became a pressing task, the Franco-German engine only succeeded in convening intergovernmental conferences for minor changes to Treaties (Amsterdam, 1997; Nice, 2000). The European Convention, which approved a European Constitution (2003), was a missed opportunity, due to the determination of national governments to preserve the unanimity rule in several fields and for ratification. The Lisbon Treaty (2007) was seen as a final step in the process of European unity. Notably, the establishment of a permanent President of the European Council allowed it to act as the true government of the Union. Indeed several political scientists have theorized the need for an intergovernmental "government" of the EU[8]. Today Mannheim could say that intergovernmentalism is the new ideology[9] that supports the existing European order and the power of the national ruling classes. Intergovernmentalism is a conservative ideology (also shared by national left-wing parties) the aim of which is to bar the way to the utopian project of the federal state.

Compared to the challenges faced by the founding fathers of the USA, Europe's constitutional problems are more complex. The thirteen colonies were not ancient national states: the American colonies fought a common war against the mother country, shared a common language

[8] In G. Montani *L'economia politica dell'integrazione europea. Evoluzione di una democrazia sovranazionale*, Novara, UTET-De Agostini, 2008, pp. 218-26, I examine and critique this argument, supported by A. Milward, P. Magnette, A. Moravcsik and M. Telò. Now the same criticism can be levelled at L. van Middelaar, *The Passage to Europe: How a Continent became a Union*, New Haven, Yale University Press, 2013.

[9] By ideology we mean a system of ideas and values justifying the existence of a certain group, party, institution or organization. Political ideologies are a peculiar system of thought because political debate involves a struggle among different groups of people who are obliged to elaborate a *Weltanschauung*. The state is the main political organisation, because if it claims unlimited sovereignty it becomes a community of fate.

and also the will to become a nation, although the form of the future state was disputed. Europe's peoples face a more difficult task because of their strong national roots and because they need to reject the dogma of absolute sovereignty, which is also the ideological backbone of the present international system.

In order to understand the practical and theoretical challenges of this pathway, we can consider a debate which is only academic in appearance. In a very well argued article on Immanuel Kant's idea of world federation, Pauline Kleingeld rejects the standard view, also supported by John Rawls and Jürgen Habermas, according to which Kant's proposal is not a world government – a state of states with coercive powers – but a kind of League of Nations. Kleingeld's conclusion is that the core of Kant's argument "is that the full realization of perpetual peace does require a federal state of states backed up by the moral dispositions of the individuals within the member states, but that this goal should be pursued mediately, via the voluntary establishment of a league, and not via a premature attempt to institutionalize a state of states immediately."[10] Kleingeld explains the difficulties Kant had to face in formulating a coherent project for a world federation by the "disanalogy" between the state of nature and the state of international anarchy. Initially Kant defended "the analogy between the two states of nature," but later on he realized that individuals willing to leave a state of nature can accept a despotic state, while citizens of the republics (or democracies) of an international order cannot accept a despotic union. "Forcing existing states into a state of states with coercive powers", says Kleingeld, "violates their citizens' autonomy (and may also lead to violations of rights and freedoms they have secured within their state). Therefore, there is no right to coerce unwilling states into a state of states."[11]

Kant's disanalogy explains why the process of European integration, with weak and undemocratic supranational institutions, was likely necessary in the first phase, but it also explains why a Union of democratic states cannot, in the long run, accept the hegemonic government[12] of

[10] P. Kleingeld, *Approaching Perpetual Peace: Kant's Defence of a League of States and his Ideal of a World Federation*, in "European Journal of Philosophy," 12:3, 2004, pp. 304-325; p. 318.

[11] P. Kleingeld, *Approaching Perpetual Peace, op. cit.*, p. 310.

[12] Some opinion makers suggest a German hegemonic government. See for instance A. Moravcsik, *Europe After the Crisis*, in "Foreign Affairs," vol. 91, No 3, 2012, pp. 54-

their more powerful members. The present state of the European Union is indeed transitory – the Union is not a federation and it is not a league of nations: it is a mixture of the two. The innate contradiction of intergovernmentalism is that if one important state, like Germany, became the real government of the Union, there would probably be an anti-German reaction, because the other peoples in the Union, having already experienced independence and democracy, would reject it. The alternative, if the federal solution is rejected, is to dismantle the Union and return to the sovereign nation states of the past.

Kleingeld's analysis also sheds light on the historical meaning of the process of European integration: European peoples are not only building supranational institutions but are also paving the way for a cosmopolitan federation, because the same path can be followed on other continents and on a global scale to overcome national divisions.

4. *The European demos and the legitimation of the European Union*

The German government of the Union is sometimes justified, sometimes criticized. Ulrich Beck, for example, highlights the undemocratic aspect of "Merkiavellism," which is "the combination of nation-state orthodoxy and Europe building, the art of hesitation as a means of coercion, the primacy of national electability and, lastly, the German culture of stability."[13] Beck should also note that Merkiavellism was possible because the other governments of the Union, the Commission and the parties in the European parliament took it up. The European Parliament and the Commission had the power to refuse a German Europe. They had the power to refuse a cut in the EU budget and avoid the harsher consequences of austerity policies by calling for more social and territorial cohesion funds; and if these funds were vetoed by national government they had the power to call for a new Convention. Why didn't they react to these erroneous policies? The answer is that intergovernmentalism is a comfortable conservative ideology for members of the European Parliament, for national governments, for national bureaucracies and for the European Commission. But what is the role of European citizens in this oppressive atmosphere?

68; and Z. Minton Beddoes, *Europe's Reluctant Hegemon. A Special Report on Germany*, in "The Economist," June 15th, 2013.

[13] U. Beck, *German Europe*, Cambridge, Polity, 2013, p. 52.

Eurosceptics believe that citizens cannot consider the EU a democracy because only national governments legitimately represent the people, and that there is no European demos. This was a popular refrain during the European constitution debate. And since the EU is only a dreary bureaucratic body at the service of national governments, people rightly address their discontent toward national governments. There is an element of truth in this statement, which is also shared by pro-Europeans. Beck, for instance, who is in favour of a social contract for Europe, is convinced that the elections for "the European Parliament do not really result in decisions about the destiny of Europe," and therefore the decision should be taken by "an alliance of cosmopolitan countries that are able and willing to assume a vanguard role."[14]

Of course, national governments must have a say in European constitutional reforms, because they have the power to decide what elements of (and how much) sovereignty should be entrusted to the EU. But if we wish to understand the real dynamics of the present constitutional process we must identify the emerging or revolutionary force capable of tearing down the ideological curtain, since the function of the intergovernmental ideology is to deceive the people, by presenting the project for a federal order as utopian. This revolutionary force is the European people, or more precisely a people of national peoples, because the crucial institutional reform regards building a supranational democratic government. In a political struggle, according to Paul Ricoeur, "the question is not only who has power but how a system of power is legitimized. Utopia also operates at the level of the legitimation process; it shatters a given order by offering alternative ways to deal with authority and power. Legitimacy is what is at stake in the conflict between ideology and utopia."[15] During the financial crisis citizens changed their minds about the EU, which was previously viewed as a neutral institutional framework in which national peoples cohabited. With the austerity drive, German Europe was seen as a straitjacket, the cause of unemployment and poverty. Many citizens started to

[14] U. Beck, *German Europe, op. cit.*, pp. 78-9. It is likely that Beck's stance is based on his scepticism regarding the federal project. In a previous book (U. Beck and E. Grande, *Das komospolitische Europa. Gesellschaft und Politik in der Zweiten Moderne*, Frankfurt am Main, Suhrkamp Verlag, 2004) the issue of a European federal state was regarded as a new kind of nationalism. Beck and Grande ignore the concept of supranational federalism.

[15] P. Ricoeur, *Lectures on Ideology and Utopia*, New York, Columbia University Press, 1986, p. 179.

trust politicians who promised to free them from European fetters by recovering lost national sovereignty. Public opinion is divided. Part of the European demos rejects the EU as it is, but is uncertain about Europe's future; while others wish to return to national divisions. There is a struggle and the outcome cannot be decided because the constitutional architecture of a democratic Europe is not yet clear.

Now let's consider three institutional developments that have the potential to change the political balance of power between conservative (intergovernmental) and progressive (European demos) forces in the EU. The first is the decision taken by the main political parties in the European Parliament – EPP, Socialists and Democrats, ALDE, Greens – to put forward one of their leaders as a candidate for the Presidency of the European Commission in the European election in May 2014. This means that for the first time since the 1979 elections, European voters will have the opportunity to choose not only their party but also the President of the Commission. This opportunity will change the nature of the European elections, which in the past were a simple repetition of national debates, with few references to European issues. Choosing the President of the European Commission is not the same as choosing a European government, because the power of the Commission does not change before the next election. But it is certainly a democratic legitimation of the head of the executive of the EU, which can base its action and policies on the will of the people, exactly as national governments claim to do. In this new political framework, while a national government represents the will of a national people, the President of the Commission can claim to represent the will of the European people.

The second development is the launch of the European Citizens' Initiative (ECI), implementing the Lisbon Treaty, which enables one million citizens to participate directly in the development of EU policies by calling on the European Commission to examine a proposal. A year after it was launched, there are already 16 groups actively collecting signatures online and on paper. These include the initiatives "Water is a human right," "Fraternité 2020. Mobility, Progress, Europe," "Let me vote," "My voice against nuclear power," "High quality European education for all," "Unconditional basic income," "End ecocide in Europe," and so on. This short survey of the ECI shows that people are actively involved in improving EU institutions and building a more democratic Europe. Though it is too early to see the real impact of this experiment of direct democracy within supranational in-

stitutions, the launch of the ECI is a signal that more democracy in Europe is possible when the link between institutions and citizens is activated.

The third development is the Spinelli Group's initiative within the European Parliament for a new "Fundamental Law" (FL) of the European Union. The Spinelli Group was founded in 2010 by members of the European Parliament (it now numbers almost 200 MEPs) with the aim of supporting a federalist reform of the EU. Its *Manifesto* states that while the challenges of the crisis demand a European response, "too many politicians are tempted to believe in national salvation only. In a time of interdependence and a globalised world, clinging to national sovereignties and intergovernmentalism not only goes against the European spirit; it is an addiction to political impotence." Due to the difficulty of gathering a majority in the European Parliament for a radical reform of the EU before the European Election of 2014, the Spinelli Group decided to approve a Fundamental Law in order to launch a debate among European parties, national parliaments and citizens with the aim of passing a solid political platform for constitutional reforms onto the next Parliament. The FL simplifies and rationalises the Treaty of Lisbon, incorporating all the main parts of the partial reforms made by the governments during the crisis. The FL turns the Commission into a recognisable democratic government of the Union, with a Treasury Minister. Executive powers are transferred from the Council to the Commission and the Parliament gains the power of revocation. The Commission can dispose of an EU budget financed by its own resources and can issue federal bonds. The FL can be reviewed by a majority of states and eventually by a pan-EU referendum.

It is impossible to evaluate the real impact of these initiatives beforehand. But it is possible to say that a new constitutional phase of EU reform is getting under way and that, this time, the citizens, the European demos, are becoming an active political subject. Citizens can only exercise their will by means of democratic institutions. A simple institutional reform is not enough to legitimate the European Union, if the reform is not the outcome of a genuine political struggle.

The sovereign power at stake in this new phase of constitutional reform of the EU is fiscal power, which the Lisbon Treaty entrusts almost totally to national governments. The devolution of this power to the EU is more complex than the devolution of monetary power. For currency there was a clear-cut solution: the creation of an independent ECB. Fiscal power can only be assigned in part to the EU; national governments will

retain most of the power. It is therefore difficult to solve this constitutional problem once and for all. The new constitutional rules are only a starting point for a long term struggle between European power and national powers to create a suitable system of fiscal federalism for the EU.

5. *European federalism and cosmopolitan federalism*

Events constantly disavow end-of-ideology theorists. Indeed while it is true that some totalitarian ideologies such as Fascism, Nazism and Soviet Communism have disappeared from the world political scenario, other old ideologies, such as liberalism, socialism, democracy and nationalism, live on. What's more, various new ideologies such as feminism, environmentalism, Islamic fundamentalism, neoliberalism and globalism are coming to the fore. Ideological renewal is unavoidable because the workings of human society, as cultural anthropologists have explained well, are based on myths, customs, systems of ideas and institutions. The evolution of homo sapiens from tribalism to the modern state was mainly the result of cultural progress rather than a biological process.

A process of cultural evolution, the form of which is difficult to envisage *a priori*, must take place in the European Union in order that the political leaders supporting the project of a Federal Union engage in a struggle with the advocates of intergovernmentalism, the dominant ideology. The EU must become a democratic, legitimated institution and federalism is the political thought that justifies creating a European government, accountable before a bicameral parliament. This means that during the struggle between federalists and anti-federalists, federalism will be increasingly understood as a system of thought[16] legitimizing a new political order, as happened with the emergence of the great ideologies of the past. Nevertheless a significant difference should be pointed out.

[16] R. Castaldi, in his study on *Federalism and Material Interdependence*, (Milan, Giuffré, 2008), which considers the debate among federalists, rightly upholds that federalism, like other political theories, starts life as a utopia before turning into an ideology. Indeed within the federalist movement a clear-cut stance on this issue was never adopted. Contrary to M. Albertini, A. Spinelli reckoned that federalism was not an ideology. Nevertheless, federalism is certainly the ideology that holds the federalists together during their long and unfinished struggle for a federal Europe.

European federalism will become popular if its supporters are able to show the limits of intergovernmentalism, the need to overcome national divisions and base the relationships among national peoples and citizens on cultural pluralism, democracy, the rule of law and fundamental rights. When it comes to international relations, with other world powers, the European federal government must defend European interests and values but, when the policies of the EU have to be decided, European rulers cannot evade the cosmopolitan significance of federalism[17]. In the *Ventotene Manifesto* the European federation was conceived as the first step towards a world federation, and up to now the two goals have not been at odds. Yet with globalization and the emerging new multipolar scenario, this two-step strategy cannot be preserved. The very existence of a European federal order is a silent critique to other nation states, which still defend the principles of unlimited national sovereignty and an international order based on the rule of force (power politics) rather than the rule of law. European foreign policy cannot therefore avoid a structural dualism caused by the overlap between defending European interests and defending the common good of humankind: these two goals are not necessarily in competition.

The dualism of EU foreign policy can be seen in many instances: the EU is in favour of the Kyoto protocol, but this policy has failed because the US, China, India and other powers do not support it; the EU is in favour of a tax on financial transactions, but mobile capital can only be taxed on a global scale; the EU is reluctant to build an expensive European military power, but until the UN is able to guarantee international peace with its own military force, the EU is obliged to use its own financial and military means to ensure its security.

To conclude, Europe will undoubtedly have its own *raison d'état,* but not in the traditional sense, where different national interests clash. The European government can act to reconcile regional and cosmopolitan goals. A far-sighted EU federal government should actively promote a foreign policy for a democratic reform of the United Nations. A more peaceful world, characterised by greater cooperation, is the core of Europe's *raison d'état*. If European rulers are aware of their historic undertaking, a federal Europe could become the driving force for a cosmopolitan political order.

[17] On this topic see the special issue (ed. G. Montani) *The European Union, Nationalism and Cosmopolitanism*, of *Il Politico*, n. 3, 2012.