



The Federalist Debate

Papers on Federalism
in Europe and the World

- EDITORIAL
- COMMENTS
- BORDERLESS DEBATE
- FEDERALIST ACTION
- BOOK REVIEWS

EDITORIAL

Democracy in Danger *Lucio Levi*
4

COMMENTS

- Notes from an Illiberal Regime: the "Hungarian Patient" *Eszter Nagy*
7
- Rethinking the Role of the European Stability Mechanism for Local Communities
Alfonso Iozzo and Fabio Masini
11
- Videofederalism *Enrique Barón Crespo*
16
- Mali: More Instability in an Unstable Region *Rene Wadlow*
17
- The European Convention 2002/2003: Lights and Shadows *Paolo Ponzano*
18
- Carbon Pricing in Germany and the EU's New Own Resources *Alberto Majocchi*
22
- The EU's Court of Justice Judgement Relaunches the Debate on Taxation
Alain Réguillon and Alain Malégarie
24
- The Great Anticipator *Mario Calvo-Platero*
26
- Humanity Needs Democratic Representation: a Global Parliament *Andreas Bummel*
29
- Oil and Carbon Prices: the Emerging Role of the SDR *Elena Flor*
31
- "A Tragic Illusion". Did the Atom Bomb Make the United Nations Obsolete
Three Weeks After Its Birth? *Tad Daley*
32
- Europe Should Never Lose Sight of the Responsibility to Protect *Roger Casale*
35
- The United States Slams the International Criminal Court with Sanctions *Yasmina Gourchane*
37
- A Complete and Indissoluble Union *John Parry*
39
- In Memory of Robert Toulemon (1927 - 2020) *Jean-Francis Billion*
43

BORDERLESS DEBATE
TOWARDS ECONOMIC INTEGRATION OF AFRICA
A Safety Net for Africa: Towards an African Monetary Fund?
Dominique de Rambures, Alfonso Iozzo, Annamaria Viterbo
46
2020: A Turning Point for EU-Africa Relations *Andrea Cofelice*
49

FEDERALIST ACTION
More than 200 Civil Society Groups Want Citizens To Be Heard at the UN
51
Candidacy of the ICC to the 2021 Nobel Peace Prize
52

BOOK REVIEWS
Humanity beyond the United Nations *Joseph P. Baratta*
54
The Role of the EU in Shaping Global Supranational Governance *Pilar Llorente*
59
A Plan to Address the Debt Crisis *Adriana Castagnoli*
61

CONTRIBUTORS
64

Democracy in Danger

Lucio Levi

The future of humankind is facing several life-threatening challenges: pandemics, atomic weapons, climate change, the rise of nationalism and the return of war. Political institutions, whose task is governing the economic and social processes and making determinant decisions for the future generations of citizens, have lost the capacity to cope with these threats.

The main contradiction of our time is between the dynamics of market and civil society (that develop the tendency to become global) and the resistance opposed by the states (that remain national). We are living in a new era of scientific and technological revolution, which has triggered off the globalization process. It is a process that escapes states control, limits their ability to act and dents the essential character of their structure and functions. Globalization is unifying the world on the structural plane, while politics – still dominated by the idea of nation – keeps it divided on the superstructural plane, the framework where political decisions are made. While globalisation is drawing people in the same direction, national ideology divides them and maintains the unequal distribution of wealth and power between the peoples and prevents a rational government of the world.

The balance of power between states and markets has been reversed. Economics has gained the upper hand over politics and finance over real economy. The erosion of state sovereignty brings about the decline of democracy. According to the latest report of Freedom House, 2019 was the 14th consecutive year of decline in global freedom. The decisions on which the future of humankind depends shift beyond national borders. Citizens feel that

they have lost control of their destiny because the most important decisions are taken at the international level while democratic institutions stop at state borders. There ensues a crisis of consent towards political institutions, which has weakened the legitimacy of public powers. Consequently, owing to the decline of the state, private interests connected to the market prevail and bring about the decline of collective values on which political coexistence is founded. Where there are democratic institutions (at the national level), second rate decisions are taken. Where the most important decisions are taken (at the international level), there are no democratic institutions. Therefore, democracy risks to become an empty shell. If democracy does not want to resign itself to being subject to the power of global markets and non-state actors, it should globalize itself. Politics, faced with the test of regulating globalization, show a confrontation between two alternative projects. Federalism proposes to globalize power and democracy, nationalism pursues a return to nation-states. Therefore, the operational framework of the dividing line drawn at Ventotene between reactionary and progressive forces, i.e. between nationalism and federalism, has become the entire world. On the one hand, there are the old nation-states that are an obsolete form of political organisation. Especially in Europe, they have learnt that only regional unification can give the chance to reach goals that cannot be achieved by the individual states. At the same time, the national level of government can be used to embank ethnic nationalism and secessionist movements that are active in almost all the states. Moreover, local self-government is the third pillar – beside the national and the

macroregional ones – of the new features which political institutions have adopted in order to ensure community participation. On the other hand, there are the macroregional states that have become protagonists in world politics. They are the building blocks of the emerging new global order, i.e. the successors of the leaders of the Cold War – the US and Russia –, new protagonists in world politics and global economy, like China, India and Brazil, and regional organisations such as the EU, the most advanced unification experiment in the world, which is supposed to evolve towards a federal arrangement. All these new actors in international politics, except the EU, still belong to the Westphalian world and are opposed to the recognition of any supranational authority. They are proud of their own identity and independence. While eager to assert their influence in the world, they are nevertheless involved in regional integration processes – the US in NAFTA, Russia in the Eurasian Economic Community, Brazil in Mercosur, India in SAARC, China in the economic agreement with ASEAN, South Africa in the African Union.

* * *

The EU can pave the way to the assertion of democracy in the world. Being the largest global economy, larger than the US and China, and the first world's trade power, it has a vital interest in keeping the world market open and in strengthening the institutions that further this aim. This is the reason that has driven the EU, against the resistance of the United States, to promote the formation of the WTO, which springs from the need to apply new rules to global competition and to enforce them universally.

A full-fledged European federal union will be able to profoundly influence trends in world politics, in the first place by conditioning US foreign policy. More generally, it can eventually play a pivotal role between East

and West, and North and South, because it has a vital interest, unlike the United States, in developing cooperative relationships with the neighbouring areas of the ex-communist world, the Mediterranean and Africa. At the same time, it is necessary to strengthen the international institutions (OSCE, Cotonou Convention and the Euro-Mediterranean Partnership) binding Europe to its neighbouring continents.

The EU is the laboratory of a new form of statehood based on the extension of the principles of the rule of law and democracy at the international level, i.e. constitutionalizing and democratizing international relations. The EU is the world region whose institutional evolution is closest to a federal stage and the European Parliament is the first elected supranational Parliament in history. Therefore, it can play the role of model and motor of the democratization process of the UN. A step on the way of the UN democratization is a UN Parliamentary Assembly. At the same time, the transformation of the Security Council into the Council of the great regions of the world would enable all the UN member states to be represented in the Security Council through their respective regional organizations.

* * *

Trump's coming to power has inaugurated a new cycle in domestic and world politics inspired by nationalism, which has spread, like an infectious disease, worldwide. Liberal-democracies are under attack from populist parties mainly on the right, but also on the left. The authoritarian leaders, often elected democratically, profit from the pandemics to exacerbate liberticide measures. The undemocratic model, championed by Putin and Xi Jinping, who have moved to extend their hold on power beyond their term, is gaining ground. In Hungary, Orbán has assumed emergency powers to rule by decree for an indefinite time, Rwandan President Kagame is deploying security forces and soldiers across the country

to enforce nationwide lockdown, Bolivia has postponed elections, in Israel, Netanyahu used the pandemic to get his corruption trial postponed, Turkey, India, Thailand, Cambodia, Bangladesh and Venezuela have imprisoned opposition activists, journalists, magistrates and all those who dared to criticize the government, owing to his negationist attitude towards coronavirus, Brazilian President Bolsonaro has been denounced at the ICC for crimes against humanity and genocide.

After having given the decisive push to the formation of the League of Nations and the United Nations and played, during the postwar period, the role of backbone of the global order, the US, under Trump, has chosen "America first" as the formula that summarizes his political agenda. Domestically, Trump has rejected Islamic migrants, covered white supremacists and police brutality, resorted to racial appeals and made the border wall with

Mexico the symbol of a closed society. His primary commitment in foreign policy has been oriented toward the dismantlement of the international institutions and agreements that promote multilateralism and international cooperation. He announced that the US withdraws from the Intermediate-Range Nuclear Forces (INF) Treaty with Russia, the nuclear agreement with Iran, the Trans-Pacific Partnership, the Paris climate agreements, the World Health Organization and has blocked the WTO from appointing new members to a crucial panel that hears appeals in trade disputes. In conclusion, Trump's policy has dug a deep gap both in the world and in the US. With or without Trump, the US should rediscover that its future is inseparably bound to a global partnership for peace and international democracy. Democracy is in danger. Democratic forces must mobilize against nationalism.

¹<https://www.hrw.org/news/2020/04/24/rwanda-lockdown-arrests-abuses-surge>

Notes from an Illiberal Regime: the “Hungarian Patient”

Eszter Nagy

This May brought not only Mother’s Day in Hungary, but also the latest report of Freedom House, which downgraded even further the status of democracy in Hungary, from now on this former eminent democratic country has become a hybrid regime, a category shared with the Ukraine, Serbia, and Montenegro, among others.¹ How could we get to this point in the past 10 years? What makes this question even more puzzling is the fact that Hungary has gone through this process of democratic backsliding while being a full-fledged EU-member state all the way.

The Covid-19 pandemic is abused by the Orbán-government for further tightening the grip on the country. Instead of regarding the people’s interest, the main priority for Orbán is to win the political battle against the opposition mayor of Budapest. Health care workers do not get the necessary amount of protective equipment, severe patients are kicked out of hospitals from one day to another to free more than half of the existing hospital beds, soldiers are sent to hospitals and bigger companies to control stocks and management. People do not get accurate information; hospital directors are even forbidden to provide any data to journalists. And disobedience entails immediate layoff.

Going back to Mother’s day, as a special “gift” amidst the crisis-management, the Parliament has rejected the ratification of the Istanbul Convention on preventing and combating violence against women and domestic violence backing a government declaration that the measure promotes “destructive gender ideologies” and “illegal migration”.³

This latter has been the favourite propaganda topic of the Hungarian government since the 2015 migration crisis. Even today, whoever dares to criticize the moves of Orbán will be immediately accused of supporting migration. Hungary today is a peculiar place, an EU-member state, with an autocrat in power since 2010 currently under the – seemingly inefficient – article 7 procedure. In my paper I intend to provide an overview of the current situation aggravated by the Covid-19 crisis, and its ‘historical’ background. I would like to underline that in this article it is only possible to show the tip of the iceberg; its scope does not allow to enumerate all problematic fields. Thus, my goal is to provide you an insider perspective to increase transparency in the assessment of the situation.

I grew up in the last years of socialism, I still have personal memories of that system, of the restricted travelling opportunities, shortage economy, censorship, one-party state system, etc. Nowadays I have a déjà vu feeling. 30 years after the fall of communism. Only this time, we have no external power suppressing and imposing on us its weird political system. It is home-made illiberalism, a new Hungaricum. After the enthusiasm and optimism at the system change, the liberalization and democratization process of the 90s it has been a turn of 180 degrees and moving backwards. It is painful to see what is happening nowadays, after all what we had hoped for and have even achieved previously. Now, we belong to the EU, the most advanced integration based on the values of democracy and rule of law, while the Orbán-government is leading the country

away from these basic values, suppressing the media and cementing its position in power in every possible way.

I used to work for the Hungarian Ministry of Foreign Affairs, and I was lucky to be a diplomat in a period leading up to the EU-accession and during the first years of EU-membership, when there was still an internal political consensus about the main focus of Hungarian diplomacy. Then Hungary tried indeed to catch up to its European partners in every field and was considered a trustworthy partner, one of the most advanced from the former Eastern bloc. By now it has completely changed. I feel outraged and ashamed of what has happened in the past 10 years in my country. In September 2018, the European Parliament demanded that the Council act to prevent the Hungarian authorities from breaching the EU's founding values. MEPs were chiefly concerned about judicial independence, freedom of expression, corruption, rights of minorities, and the situation of migrants and refugees.⁴ Democratic backsliding has happened in Hungary to the extent to be rated as hybrid regime by Freedom House in its report released early May 2020. It is the first time ever that an EU-member state is becoming a hybrid regime.

The whole process started in 2010 with Orbán's party Fidesz winning a supermajority at the general elections providing him free way to change any legislation, an opportunity that he has been exploiting to the most ever since. The systematic construction of "Orbanistan" has immediately started with the introduction of a new Media law that was heavily criticized within Hungary and on the European level, as well. Nevertheless, it was not changed, and this biased legislation has been affecting the media landscape in Hungary ever since.

The second important step was introducing a new constitution, the Fundamental Law entering into force January 1, 2012, which was compiled by Fidesz without any consultation with other parties, civil organizations, or the

society in general. It has weakened the system of checks and balances, has radically reduced the number of deputies from 386 to 200, and it has widened the political community by extending the voting right to the Hungarians living outside Hungary. There were public demonstrations against it, international criticism, but all these were not taken into consideration by the ruling party.

The third important legislation introduced by Fidesz was the new Election law that has completed the basic framework for enduring illiberalism in Hungary. Interestingly it was voted on December 23, 2011, one day before Christmas eve. It contained reshaping of election districts that meant gerrymandering favouring the governing party. The previously two rounds of elections have been reduced to one single round that proved to be a huge hurdle impeding successful political competition for the fragmented opposition. Coalition talks that usually took place between the two rounds were not possible anymore. And to put the cherry on the cake, the winner of the elections became even more favoured by the new rule for allocation of fragment votes. As a result, Fidesz could win all general elections ever since, and what is even more severe each time reaching the 2/3 majority; in 2014 with 43,5% and in 2018 with 47,4% of the party list votes.

The constitutional majority makes it easy to change whatever legislation that the ruling party desires. Orbán – a lawyer by formation – has turned the Parliament into a "law-factory". In 2012, altogether 225 laws were voted by the Parliament that meant a new yearly record since the system change. This also means that there are no consultations with the concerned parties, representative groups, or experts in general. There is a central "will" that can implement and codify his ideas from one day to another. That is how 'rule OF law' is turned into 'rule BY law'.

The corona crisis has just opened another

opportunity for rule by law. The Authorization Act of April 3, 2020 related to the Covid-19 pandemic has even further tightened media freedom by creating a penal code category for distributing “fake news” with the possibility of up to 5 years imprisonment. “In light of the fact that the government side considers all actual news uncovered by independent media as fake news, there is a real danger here that the new regulation will not be used to sanction those who actually produce or disseminate fake news, but to effectively make independent journalism impossible.”⁵

This Act does not only concern the freedom of expression, but it is also a unique example allowing the Government to introduce significant restrictions, practically without any time limit, without any debate in the Parliament, and without any guarantee for the swift and effective constitutional review.

“The Authorization Act (Act XII of 2020 on the Containment of the Coronavirus) does not include adequate guarantees and allows the Government to make use of the state of danger and violate fundamental rights or further restrict the possibilities of the opposition in the Parliament. The open-ended mandate granted by it is a dangerous weapon in the hands of the Government that systematically dismantled the system of checks and balances in Hungary in the past decade, and it provides yet another opportunity for the Government to override the constitutional limitations on its powers.”⁶

The return of the political police in Hungary? Amidst the corona crisis, there is no possibility for crowded demonstration in the streets. So, an opposition member of parliament initiated weekly demonstrations in April against the government with honking cars at the roundabout just below the castle, where the new office of the prime minister is now located. The second time policemen were also gathering there asking for documents and fining those who sounded the horn. On April 24, a 64-year-old man was arrested by

the Hungarian police for a government critical Facebook post.⁷

We do not now at present how far this Act is going to be utilised by the government. What we know for sure based on our experiences so far that Orbán has no scruples when it comes to exploiting opportunities to his own benefit. We saw it happening with the issue of migration, the ousting of the Central European University from Budapest, or in general watching Orbán’s peacock dance in diplomacy.

There have been numerous warning signs on the European level, the Tavares report in 2013 followed by the Sargentini report in 2018 that was even approved by a supermajority of the European Parliament. It finally triggered the launching of the Article 7 procedure the so-called “nuclear option” by the increasingly obvious failure of which the EU is to become rather a toothless lion.

In the meantime, Hungary’s more and more authoritarian style leader has received and continues to receive enormous financial support in theory to ensure convergence, but in practice rather helping to further cement Orbán’s power position in Hungary.

In 2019 Hungary finished on the top of the list of OLAF (the EU’s anti-fraud agency) in the number of investigations, OLAF concluding four-fifths of the Hungarian cases with recommendations made to the national authorities.⁸ And that is where the circle closes. The Hungarian chief prosecutor, Péter Polt being an old-time Fidesz-member will not prosecute those cases. Even when he started a process, like in the ‘Elios’ case, related to Orbán’s son-in-law, it was closed after 3 weeks, as the Prosecutor’s Office did not find any problem with the case. What is also troubling concerning OLAF’s investigations is that if they are not turning into legal procedures, all this information cannot be made public. Even MEPs cannot access this data, so an important part of the work done by the EU’s anti-fraud institution will not have any real consequences, and the public will not

even get information about these cases.

The message should be clear also for the European People's Party. Orbán does not understand red lines. He will go until he hits the wall. He is not the kind of politician who will consolidate or with whom it would be possible to negotiate or make an agreement. One cannot negotiate with a virus, either. Unfortunately, the European Union was not prepared for this attitude. It has no walls or real red lines, only in wording. Looking at the success and the durability of Orbán without any real sanctions, we can also see that the EU is still puzzled about him.

The real danger for the EU is that Orbán reveals its fundamental weakness in tackling this problem that will be visible for the other member states, just like for its less benevolent outside partners. This inability of the EU will erode on one hand trust and cooperation inside, on the other hand credibility and its role as a global player outside.

We – Hungarian federalist-minded democrats – are very much aware of the fact that the European Union cannot solve our internal political problems from the outside, as it is not a suppressing empire like Orbán likes to depict the EU. Nevertheless, we would very much appreciate if the EU would at least not support

the maintenance and the further strengthening of the Orbán-regime. Currently the EU funds – due to their government-centred distribution – are mostly favouring the further enrichment of the Fidesz-close oligarchs and strengthening of Orbán's power. It would be the responsibility of EU institutions to provide transparency and accountability of the use of this financial support.

The idea of linking the entitlement rights for EU subvention to the rule of law conditionality is a positive development if feasible in the next EU-budget. Another solution could be a move into the direction of reducing the role of the governments in the distribution especially in case of serious recurring breaches of basic EU values that would imply a better application of the principle of subsidiarity, as well.

It is difficult enough to change the political situation in Hungary internally due to the biased circumstances described in broad lines in this article, thus we would very much appreciate if the EU would not make it even harder for us.

The "Hungarian patient" is on intensive care. But the ventilator of the EU-funds in our case is helping our special corona virus, the authoritarian regime of Viktor Orbán instead of the recovery and the convergence of the country.

¹ https://freedomhouse.org/sites/default/files/2020-04/05062020_FH_NIT2020_vfinal.pdf

² <https://insighthungary.444.hu/2020/04/16/thousands-of-patients-relocated-or-sent-home-following-government-order-to-vacate-hospital-beds>

³ <https://www.theguardian.com/world/2020/may/05/hungarys-parliament-blocks-domestic-violence-treaty>

⁴ <https://www.europarl.europa.eu/news/en/press-room/20200109IPR69907/rule-of-law-in-poland-and-hungary-has-worsened>

⁵ <https://mertek.eu/en/2020/03/24/the-end-of-days-for-independent-media-in-hungary/>

⁶ <https://www.helsinki.hu/en/background-note-on-the-consequences-of-the-authorization-act/>

⁷ <https://insighthungary.444.hu/2020/05/12/he-criticized-the-government-on-facebook-and-was-taken-from-his-home-by-police-at-dawn>

⁸ https://index.hu/english/2019/09/03/hungary_at_the_top_of_olaf_fraud_statistics/

Rethinking the Role of the European Stability Mechanism for Local Communities

Alfonso Iozzo and Fabio Masini

1. Introduction

The Covid19-related emergency has changed our perspectives on individual and collective priorities. Two aspects in particular will probably stand out for their impact on the way societies will change and adapt to the transformation required (and induced) by this shock.

The first is the need to rethink social, economic, political, and territorial planning in a way that allows a prompt, more efficient, decentralized – but also coordinated – response to exogenous shocks, that transcends current (State-centered) administrative and policy boundaries. This raises two related issues: the need to pay greater attention to the concept of the smallest surviving unit, that might sit astride existing juridical administrations; and a reflection on what kind of infrastructure is required to make such units more resilient and reactive.

The second issue is how to finance crucial local infrastructure that allow such local areas to effectively react to exogenous shocks and challenges; this implies competing on financial markets against the destabilizing (but often high-yield) component of market-induced instability due to short-term vision (and the extremely variable demand for liquidity required to cover short-term obligations in times of crisis), redirecting resources towards long-term assets. As the public debate suggests both in the USA (Ref.7) and the EU (Ref.6), major cities are already pushing hard in this direction, calling for a reshaping of the role, functions and competences of local communities.

In this article, we suggest that an instrument that should be more widely explored for this purpose is the European Stability Mechanism (ESM). This proposal might be conceived as an upscaling of the Eurogroup decision to use the ESM as a tool to provide liquidity for immediate emergency-related costs, conditional on their use to this end only. In order to use it as an instrument for longer-term investment, its mission, nature and statute should be adapted, requiring some political and juridical steps. In the following sections we shall: outline the concept of smallest surviving unit as a basis for redesigning current (first immaterial, then also material) constitutions along a multilayered system of public choice (section one); briefly contextualize the birth and evolution of the ESM (section two); before turning to the way we suggest its re-design (section three).

2. Community design

The concept of smallest surviving unit as the minimum dimension of communities allowing for the survival of its members – once the tribe, later the polis, then the nation-State, and lately the whole planet – was profoundly shaken by the pandemic. In order to face a global problem, we re-discovered that the nation-State is the only juridical framework that can pass and enforce containment laws, and provide public goods that individuals require for their survival (*latu sensu*). At the same time, we discovered that all nation-States, whatever their dimension, face similar domestic, sub-national issues

concerning the optimum/most efficient degree of decentralization of some crucial activities, such as sanitary measures, social control, provision of assistance to those in need, etc. We also found that in the absence of a coordinated supra-national response to a supra-national issue, the most likely outcome is an increasing gap between individuals, regions, States, continents; a potentially disrupting perspective for the future.

The globalization and dematerialization of some economic activity in the last few decades has overshadowed the crucial role of communities: in bridging market dynamics, and the role of collective decision-making of public authorities (Ref.2); and in their key role of community control and absorption of the negative effects of globalization. This suggests that a truer – and constitutionally recognized – multi-layered system of (independent and coordinated) governments¹ might be able to more efficiently cope with the multilayered nature of the problems we face (Ref.3).

As a consequence of the current State-centered approach to public choice, two layers of government remain under-financed and under-provided for in terms of (collective) public goods: the community level, and the supranational level. For this reason, we suggest that an existing supra-national financial instrument like the ESM, suitably modified, might serve as a fund for supporting the lower, community-level, long-term public investments (as argued also in Ref.5), solving the twofold problem related to the under-provision of both supranational and sub-national public goods.

This would allow both a joint, strategic view of the required investment policies, accompanied by collective financing, monitoring and control; and a bottom-up design of community-specific infrastructure, that would ensure full democratic involvement (Ref.4).

In the first instance, this requires identifying the smallest surviving units, and the role of

community-based infrastructure. The smallest surviving units can be defined (in the 2020 world) as local systems large enough to allow for the smooth functioning of the underlying (internal) community (Ref.1) and small enough to be identifiable from the rest of the greater (external) community, proving an optimum balance between agglomeration economies and diseconomies. Each of them can be visualized as a spider's web system of public goods and services (utilities, transports, social and cultural centers, etc) needed for everyday life to be operational and resilient to shocks (Ref.7). In many cases, these are metropolitan areas, or major coordinated local systems of highly interconnected territories. Of course, surviving units do not imply self-sufficiency: we are living in a complex and intertwined world that cannot survive in the long term without major connecting infrastructure. But they are able, in cases of shorter-term perspectives driven by emergencies, to react efficiently to exogenous shocks, absorbing their negative impact.

When we speak of community-based infrastructure, we do not just mean traditional infrastructure such as roads, bridges, airports; but broadband, energy production and distribution, waste recycling, innovative and flexible hospitalization and health management systems, research laboratories and networks, interconnected logistics, social mobility, new ways to design the relationship between major cities and their territories, re-engineering the welfare state to cope with an aging population, etc. Most of this (material and immaterial) infrastructure requires enormous capital and a governing system involving the active participation of a number of private and public actors, on multiple levels.

This is where the financial support from a supranational institution like the ESM comes in.

3. Contextualizing the nature and scope of the ESM

The ESM was established in 2012 to tackle

potentially destabilizing financial imbalances in any of the euro-area members, more promptly and effectively than the European Financial Stability Facility (hence EFSF), by furnishing them credit when market conditions turn unfavorable. The fund has an authorized capital of 704.8 billion euros, of which only 80 billion are actually paid-up, and has a lending capacity capped at 500 billion euros.

As a joint enterprise of the euro-area member-States, loans from the ESM represent a joint obligation in case of sovereign default. They are, therefore, a collective liability. Being a permanent financial institution under public international law that (after the IMF) can claim a preferred creditor status, the ESM can also (and usually does) issue bonds on the market that, being backed collectively, have a 'triple A' rating (Fitch).

According to its extra-ordinary mission, to tackle cases of severe financial distress, the ESM provides liquidity, conditional on a wide-ranging program of debt restructuring and reduction. In fact, such strict conditionality proved socially and politically destabilizing only in the Greek case (out of five applying countries, the others – Ireland, Portugal, Cyprus and Spain – having used the ESM's resources successfully, the last one to strengthen its banking system). In the Greek case, more than three hundred billion euros were provided (in three rounds of negotiations, that started under the EFSF) to stabilize the macroeconomic figures of a country that had experienced deficits of up to 15% of GDP for some years. Greece ended its ESM program after eight years (EFSF plus ESM), in August 2018.

Acknowledging the imminent need for the ESM to go beyond its original mission, in December 2017 the European Commission published a roadmap, setting the target for the transformation of the ESM into a proper European Monetary Fund (EMF). This proposal had a threefold aim: (a) to increase the

accountability and legitimacy of its decision-making mechanism and procedures, bringing it within the scope of the EU legal system; (b) to facilitate the implementation of the Four/Five Presidents' Reports of 2012 and 2015 on the completion of the economic and monetary union and; (c) to anticipate the extension of the euro-area to the whole EU27. In the meantime, the European Council decided to use the ESM as a backstop for the Single Resolution Fund within the EU's banking union, a reform currently under scrutiny by the Member States. These changes were all made in the pre-Covid19 era, and still aimed at better safeguarding the financial stability of euro-area Member States. The current, generalized and symmetric shock delivered by the coronavirus pandemic offers an opportunity to accelerate and widen the nature of this transformation. The recent decision to allow access to the ESM to finance improvements to health systems is a step in this direction.

Three directions of change seem to be imperative for the EU: enhancing its fiscal capacity, in order to increase its ability to finance collective (European-wide) public goods; the need to design a viable compromise between the two-tiered federal model of the USA (and of most traditional federal States) and the decentralized model of the current EU, with the aim of establishing a three-tier multilayered democracy, where local, national and supranational governments are recognized; and a long-term perspective with financial engineering to support massive public (European-wide) investments.

Our proposal tries to address all three challenges, providing a scheme for financial intervention to finance the third, crucial but missing, layer of government in Europe: major local systems or smallest surviving units.

This should be understood as a further, synergic instrument in the comprehensive framework of extraordinary financial effort provided to tackle the emergency and restart the economy

in Europe: this will complement the ECB's monetary policy, the EIB's investment fund, the Commission's SURE instrument, and the forthcoming Recovery Plan to be established within the Multi-annual Financial Framework.

4. An instrument for multi-layered public investments

We have already stressed that most services/infrastructure can be best organized, managed and monitored at the level of major local areas: health-care systems and the welfare state, public transport, cultural socialization, innovative solutions for an aging population, energy production and distribution, etc. We suggest that such investments (by large municipalities or consortia of local authorities) should be implemented through the emission of Sustainable Bonds by the ESM. As we have seen, the ESM can be flexible and reactive; and it can be adjusted to serve the agenda set by the European Commission and its six priorities (in particular the Green Deal), therefore assuring strategic unity in providing funds for investments. The ESM might therefore be transformed into a lending facility for the support of long-term investments, following the model of national financial institutions like Deposit and Loans Funds (Cassa Depositi e Prestiti in Italy, Caisse des dépôts et consignations in France, Crédit Communale de Belgique, etc), and thus act as the EU's arm for executing public policy mandates. Sustainable Bonds should have a long maturity and might be purchased by the ECB (as is presently the case for most of the ESM's debt).

For this purpose, the ESM can (currently) count on a paid-up capital of 80 billion euros, with a lending capacity of 500 billion euros. This means that a leverage of six can be seen as a reasonable proxy for its enhanced lending capacity. We know that the total authorized capital of the ESM is 704.8 billion euros. Once all this capital is paid (let's imagine a schedule of ten years to reach the target), the credit

capacity of the ESM might hit 4.000 billion euros. This might be a sufficient amount, around 3% of the EU27 GDP (about 13.500 billion euros in 2018) for ten years.

The ESM should also operate as a re-insurer to the system of national public investment banks (the Cassa Depositi e Prestiti, etc.) to finance smaller local initiatives, such as the modernization of local transport or building schools, hospitals, waste recycling facilities and the like in small cities.

The only conditionality required in this initiative should concern the use of resources to finance investments that prove to be sustainable in terms of: financial soundness (ability to generate cash-flows that guarantee the payment of debt installments), social cohesion, intergenerational opportunities, environmental protection, and technological and energy innovation. The eligibility criteria, selection and monitoring of such initiatives should be set by the European Commission, acting according to the strategic plan for a Green Deal.

This specific role for the EMS, providing collective public goods at the subnational, community, level that is usually neglected, might also have a positive impact on European citizens' perception of the role of European institutions.

5. Concluding remarks

The pandemic-related emergency has highlighted the relevance of local authorities in responding to social challenges, and their role should be enhanced in shaping the future system for the provision of essential public goods. A new, bottom-up, process of local democracy should be built, constitutionally recognized/legitimized, and made enforceable; a process that allows for locally decentralized responses and strategic unity.

Such strategic unity, pending the implementation of a more democratic collective decision-making process in Europe, can be provided

by the six priorities set by the new European Commission for its mandate. In particular, the Green Deal: meant to remind us of the New Deal launched by Roosevelt in the Thirties to restart the economy after the Great Depression, the Green Deal aims to foster innovation, the transformation of production and building infrastructure that can cope with future sustainability challenges, and competition.

Hence the need for a Sustainable Fund, helping finance long-term local investments in infrastructure with Sustainable Bonds. For its supreme flexibility and adaptability, we suggest that an instrument that can be promptly and effectively made available for this purpose is the ESM, redesigned as a long-term investment bank for major (and, indirectly via national financial public institutions, minor) local communities.

References

1. Olivetti, A. (1945) *L'ordine politico delle comunità*, Ivrea : Nuove Edizioni. [in Google Scholar https://books.google.it/books?hl=en&lr=&id=yD7XBQAAQBAJ&oi=fnd&pg=PT3&ots=GAmCMN63xy&sig=509m7ru-muMgPBbe0RvwemXmrPk&redir_esc=y#v=onepage&q&f=false]
2. Rajan, R. (2019) *The Third Pillar. How Markets and the State Leave the Community Behind*, London: William Collins. [in Google Scholar https://books.google.it/books?hl=en&lr=&id=VpFgDwAAQBAJ&oi=fnd&pg=PR11&ots=3bvjhW8IV3&sig=9AG3VfnpBykObre9_RLZOaHoXhE&redir_esc=y#v=onepage&q&f=false]
3. Robbins, L. (1937) *Economic Planning and International Order*, London: Macmillan. [in Google Scholar https://scholar.google.com/scholar_lookup?hl=en&publication_year=1937&author=L.+Robbins&title=+Economic+Planning+and+International+Order+]
4. Rossolillo, F. (1983) *Città territorio istituzioni*, Napoli: Guida.
5. Sassoli, D. (2020) 'Aiuti da Bruxelles arriveranno, il punto è che l'Italia sappia spenderli', Interview by Paolo Valentino, *Corriere della Sera*, 23 April, https://www.corriere.it/esteri/20_aprile_22/coronavirus-sassoli-corriere-aiuti-bruxelles-arriveranno-punto-che-l-italia-sappia-spenderi-280088a2-84c8-11ea-8d8e-1dff96ef3536.shtml
6. Válo, M., et al. (2020) *Letter to the President of the European Commission*, 11 February, <https://budapest.hu/sites/english/Lapok/2020/eu-lobby.aspx>.
7. World Urban Forum (2020) *Making Cities Resilient 2030 (MCR 2030) – initial proposal*, UNDDR, <https://www.unisdr.org/campaign/resilientcities/home/article/making-cities-resilient-2030-mcr2030-initial-proposal>

¹ In the USA too, there is an increasing awareness on the need to return to a more decentralized, genuinely multilayered, federal structure of the State.

Videofederalism

Enrique Barón Crespo

Videofederalism is the word that best describes the process that we are going through in Spain and Europe to respond to the coronavirus pandemic. In Spain, the *conferencia de presidentes*¹, has turned from being absent from our constitutional life into an active co-governance, a Sunday ritual without exception. In the European Union, in whose Council there are usually no absentees, an almost fortnightly meeting of the so-called multilevel governance is taking place. In both cases, the Parliaments have also adapted to the new situation.

Indeed, institutions are becoming capable of making decisions that for decades were considered impossible or utopian. It is not exaggerated to affirm that the virus is acting in our societies as a catalyst, a chemical agent whose effect is to generate a solution: solutions can be now searched and developed thanks to the internet and plasma screens.

Jean Monnet drafted with his team the Schuman Declaration, which started by stating that peace had not been possible, and whose final objective was the European Federation. Monnet stated in his *memoirs* that “*men only accept change when confronted with necessity and they only see necessity during crises*”. Another contemporary European of his, Albert Einstein, who also lived through these dramatic world times, considered that it is “*during crisis where inventiveness, discoveries and great strategies are born.*”

Federalism is based on the will to share a destiny in a union, as the best system to guarantee peace, freedom and prosperity. It is born of a will for permanence rooted in the active and loyal cooperation between institutions and individuals who share

the same values, while preserving their respective integrity. It is not a theoretical debate or a method to negotiate based on differences, it is a flexible system that allows decisions to be made and applied together, and that makes it possible to maintain one's own preferences in a process of creative interdependence. Its essential features are subsidiarity, territoriality, non-centralization, constitutionalism, balance of powers and permanent negotiation. These are the terms that define the current political scene, in a situation of tension and challenge between freedom and economy. The mere command would not have been enough to implement the confinement; social self-discipline has been and is decisive. Policy makers at all levels must work to maintain and nurture it.

The question is whether this leap will be limited to the emergency situation, and we can resign ourselves to a generic appeal to the new normal. The failures at the beginning of the pandemic should not be underestimated; in Spain, after the period of political instability and crisis; in Europe, with initial reactions of withdrawal that called into question the internal market, Schengen and even the monetary union. Looking outward, the European Union has a global responsibility, as the multilateralism that the UN embodies is also enshrined in the EU Treaties.

The changes in attitude, after the initial reactions of retreating, are encouraging. In order for them to create a new normal, they need to become part of the institutional system as constitutional conventions. For the moment, the most positive sign

of this general change in attitude is the multiplication of videoconferences at all

levels, and the convenience of being on time to find a place.

Translated by Pilar Llorente

¹The “*conferencia de presidentes*”, which could be translated as “conference or council of regional presidents” is the body of highest level of cooperation between the central government of Spain and the presidents of the *Comunidades Autónomas*, the Spanish regional governments, whose competences can be compared to those of the German *Länder*. The attribution of competences to the *Comunidades Autónomas* follows a federal approach, making Spain a highly decentralized State.

Mali: More Instability in an Unstable Region

Rene Wadlow

The 18 August 2020 coup by Malian military leaders brought an end to the unstable government of Ibrahim Boubacar Keita, widely known by his initials IBK. He had come to power on 22 March 2012 in another military coup which had ended the administration of President Amadou Toure. This 2012 coup highlighted the weakness of the government structures and the narrow geographic base of the administration’s power. This realization led to a revolt in the north of the country led by two rival Tuareg groups, as well as Islamist militias of non-Tuareg fighters coming from other Sahel countries and northern Nigeria. Mali was effectively divided into two roughly equal half, each half about the size of France.

French troops from France were sent in January 2013 to prevent an expansion of the territory held by the Tuareg and the Islamists, but were not able to develop a stable administration.

Mali had been poorly administered since its independence in 1960. Economic development had been guided by political and ethnic considerations. During the French colonial period, from the 1890s to 1960, the French administration was based in Dakar, Senegal, a port on the Atlantic with secondary schools, a university, and an educated middle class. Mali was considered an “outpost” (called French Sudan at the time) and largely governed by the French military, more interested in keeping order than in development.

IBK’s administration was widely criticized by much of the population for its incompetence, favoritism, and corruption, especially by family members such as his son Karim Keita. Islamist groups remained powerful in parts of the North and Central Mali. The whole Sahel area, in particular the frontier area of Mali, Niger, and Burkina Faso still has powerful and violent Islamist militias. This instability is an increasing menace to the coastal countries of Togo, Benin and Cote d’Ivoire.

Over the past year, discontent with IBK has led to a loose coalition of opposition groups known by the title M5 - RFP, of which the conservative Islamic imam Mahmoudi Dicko is a leading figure. For the moment, the Mali military leaders have formed the *Comité national pour le salut du peuple* (The national committee for the salvation of the people). It is led by Col. Assimi Gaita, a special forces leader. The Committee has said that it is forming a military-civil transitional government that will lead to elections in nine months.

The challenges facing Mali and the wider Sahel area are great, in large measure linked to the lack of socio-economic development, economic stagnation, and poor administration. The situation is made worse by the consequences of global warming and persistent drought. The military are not trained to be development workers. A broad cooperative effort of all sectors of the population is needed. Will the military be able to develop such a broadly-based cooperative effort? Mali and the Sahel merit close attention.

The European Convention 2002/2003: Lights and Shadows

Paolo Ponzano

Seventeen years after the holding of the European Convention chaired by Valéry Giscard d'Estaing and on the eve of the European Conference on the Future of Europe proposed by President Macron (which should begin its work in early 2021 under the Portuguese Presidency), it seems useful to reflect more objectively on the value of the method used and the overall outcome of its work. This reflection could be useful in order to give a positive orientation to the work of the future Conference and at the same time avoid repeating the procedural errors that influenced the results of the 2002/2003 Convention on the institutional structure of the European Union. First of all, it is necessary to avoid conditioning the judgement on the basis of an expectation that could not come true: that the European Convention could produce the miracle of the best known historical precedent, i.e. the Philadelphia Convention which gave rise to the Federal Constitution of the United States of America. The "miracle" of Philadelphia was not only to have produced an exemplary constitutional system that is still valid today, but also to have gone beyond its official mandate and to have given birth to a federal constitution that could have come into force - as it actually was - with the ratification of a majority of three quarters of the participating states (nine out of thirteen). Philadelphia thus achieved what could be called today the "constitutional rupture" between the mandate received - which required the unanimous agreement of all states - and the final result, which gave rise to a new autonomous political entity (the American federal state) whose

legitimacy would result from the majority accession of the confederate states.

The European Convention too went beyond the mandate it received, as it produced the complete text of the "Treaty establishing a European Constitution" and not just a report containing the responses to the mandate received from the Laeken European Council. However, the Convention did not - and could not - produce a constitutional text of a federal nature comparable to the American Constitution. This impossibility stems not only from a different historical situation (the former English colonies in America had common cultural and linguistic roots, which the European nation states do not have), but also from a very different composition of the two Conventions. In Philadelphia, the participants were divided between defenders of the sovereignty of the confederate states and supporters of a new - and strong - federal power. In Brussels, very few of the Convention participants could be considered as supporters of a federal state in Europe, just as few of them belonged to the category of "Eurosceptics", defenders of the restitution of the European Union's competences to the nation states (the minority declaration drawn up by the Danish parliamentarian Bonde - critical of the results of the Convention - has gathered only ten or so adherents from the Convention participants). Rather, the European Convention had to choose between two models of integration already present in fifty years of the European Communities' history: on the one hand, the Community model characterised by the joint exercise of state powers delegated to the

Community institutions and exercised by the latter on the basis of principles invented by Jean Monnet or progressively introduced into the Community Treaties (the European Commission's power of legislative initiative, majority voting in the Council and the European Parliament's power of co-decision). On the other hand, the intergovernmental model introduced by the Maastricht Treaty for the common foreign and security policy and, in part, for judicial affairs. In other words, the Convention had to choose between extending the Community method to the Union's other areas of activity (a position essentially defended by the European Commission, the European Parliament and the more "integrationist" States), and maintaining a dual institutional structure that limited the Community method to the Union's internal policies and enshrined the intergovernmental method for the more sensitive areas, such as foreign and security policy, defence and certain aspects of judicial cooperation. The prospect of creating a state or a federal union in Europe was therefore a priori excluded ("the United Kingdom will never be the Baden-Württemberg of Europe", according to a British representative).

However, many Convention participants had the ambition to "re-examine" the institutional functioning of the Union in order to introduce important improvements and simplifications to the current Community model. Vice-President Amato had indicated from his first speech the ambition to thoroughly review the Union's decision-making mechanisms inspired by the constitutional principles of the separation of powers ("Montesquieu has never visited Brussels").

The European Convention achieved its best results when it used the debates in six working groups, later eleven, on the main political issues addressed in its work. The method of the working groups allowed the Convention participants to propose new solutions and to reach broad agreement after examining the

experiences already made by the European Union, and verifying with experts from the various sectors the legal and political feasibility of the proposed solutions. The main successes of the Convention (the incorporation of the Charter of Fundamental Rights into the Treaties; the simplification of the instruments and decision-making procedures; the new institutional figure of the Minister for Foreign Affairs, with dual legitimacy vis-à-vis the Commission and the Council; the new mechanisms for cooperation in European defence matters; the new system for monitoring the application of the principle of subsidiarity; the extension of the Union's powers in the field of judicial cooperation; the Union's single legal personality, etc.) have all been achieved thanks to the proactive drive of the working groups and the wide-ranging debate between them, the Praesidium and the plenary session. The same cannot be said, however, of the solutions introduced by the Convention to the role of the EU institutions. For example, no working group has examined the practical functioning of the European Commission, or the problem of the six-monthly rotation of the Council. It is difficult to avoid the impression that President Giscard d'Estaing already had his own solutions to the main institutional problems in mind, or that he intended to discuss them with the Heads of Government (in particular of some Member States) rather than "take the temperature" of the Convention according to the method followed for the problems entrusted to the working groups. Confirmation of this orientation can be found in the numerous interviews and statements made by President Giscard d'Estaing on the creation of a "Congress" of European and national parliamentarians, the impossibility of maintaining the six-monthly rotation of the Council Presidency, or the broad composition of the European Commission. This attitude of President Giscard d'Estaing coincided with a negotiation phase of the work of the

Convention, much more similar to that of an Intergovernmental Conference than to the working method of a Convention (documents published by the various governments, participation in the works of the Foreign Ministers of the large countries). A confirmation of this development was the plenary debate on 20/21 January 2003. On this occasion, as a Dutch delegate (Mrs Majj-Weggen) pointed out in detail, three-quarters of the Convention participants were against the Franco-German proposal to create a more stable President of the European Council (appointed for two and a half years and with a renewable mandate of up to five years). This was not considered truly representative by the President of the Convention, on the basis of the principle that one could not arithmetically count the number of delegates for or against, but that their "weighted specific weight" had to be taken into account. This approach, although justified by the disparity in representation within the Convention (where Luxembourg had the same number of national representatives as Germany), nevertheless confirmed the intention of the President of the Convention to take greater account of some opinions than others, regardless of the outcome of the plenary debates. This preconceived orientation of Giscard d'Estaing in favour of the positions defended by some "big" member states on institutional problems led to the formation of a common front of "small" and "medium" member states ("the Smalls Revolt"), which resulted in the common position of the latter during the meeting of Heads of Government in Athens on 16 April 2003. The insistence of the "small" countries on the principle of the equality of States in the new institutional architecture (a principle which postulated the maintenance of one Commissioner per Member State, and/or the equal rotation of States in the Presidency of the Council) confirmed the President of the Convention in his conviction that the opposite principle of the equality of citizens within the

institutions of the Union should be introduced into the Constitution.

It should be remembered, however, that in federally structured states (e.g. the United States or Germany) the principle of equality of citizens cannot take precedence over that of equality of states. The fact is that after the meeting in Athens, the President of the Convention proposed a draft article on the role of the institutions which was essentially in line with the position of the "big" Member States (creation of a stable President of the European Council, abandonment of the six-monthly Presidency of the Council, reduction of the number of European Commissioners to 15). With this proposal, modified only in part by the Praesidium, the President of the Convention shifted the centre of gravity of the negotiations in favour of the Franco-German tandem, and consecrated the definitive shift from the convention method to the classic negotiating method of an Intergovernmental Conference. This explains why the compromise subsequently reached by the Convention on institutional problems was a classic Intergovernmental Conference compromise: the concession made by the "small" countries by accepting the stable President of the European Council was "compensated" by the proposal of a European Commission composed of 15 members with the right to vote, to which, however, all Member States would have equal access on equal terms (egalitarian rotation). It would be difficult to say that this "transactional" solution between small and large States was based on an objective examination of the functioning of the Commission (which shows, for example, that the Commission decides by majority voting only in very rare cases, estimated at between 1% and 2% of the decisions taken in the oral procedure). It is not for nothing that this solution has not been taken up in the Lisbon Treaty. An additional confirmation of the Convention's progressive shift into the negotiating methods of the Intergovernmental

Conferences is the Convention's final result on majority voting. At the last two plenary sessions in July 2003, a large majority of Convention participants had requested the extension of majority voting in the areas of taxation, foreign policy, anti-discrimination measures, social policy and also for the future revision of certain provisions of the Constitution. Despite the existence of such a majority, the only changes made by the Praesidium and endorsed by the plenary were the restoration of unanimity for the conclusion of trade agreements on cultural diversity and that of national competence to determine the quotas of immigrants that each Member State decides to admit to its territory. These two decisions – requested, for the most part, by France and Germany – were intended to “armor” the future decisions of the Intergovernmental Conference on majority voting, giving early satisfaction to the requests of the two “big” Member States. A similar reasoning applies to the failure to switch to the majority rule for taxation and foreign policy, which would have been opposed during the Intergovernmental Conference with the veto of the United Kingdom.

Another unsatisfactory result of the European Convention was the procedure followed for consulting civil society and its most representative organisations on EU policies. In fact, the Convention did not wish to discuss the substance of the policies enshrined in the Treaties, which is why the consultation of civil society organisations in this area made no sense. Furthermore, the representatives of the NGOs consulted by the Convention were in most cases ‘officials’ resident in Brussels and not the real representatives of

NGOs working on the ground in the different Member States. For this reason, the day of the consultation of civil society organisations, moderated by Vice-President Dehaene in Brussels, went down in history as “Brussels speaks to Brussels”. It is to be hoped that the forthcoming Conference on the future of Europe will substantially innovate the consultation of civil society organisations by involving them in the work of the Conference and encouraging the organisation of genuine “transnational” debates between NGOs that are truly representative of European citizens. Finally, national governments should not forget that the adoption of a strict Constitutional Treaty, in the absence of majority review mechanisms, will always make hover over future Treaty changes the “sword of Damocles” of the unanimous agreement of at least 27 member states (doubled by the need for constitutional referendums in some countries). The negative outcome of the popular referendums on the Constitutional Treaty in France and the Netherlands in 2005 should now require the adoption of new procedures for revising the Treaties, such as, for example, the adoption by the European Parliament – legitimised for this purpose by its role as the privileged representative of European citizens – of a draft European Constitution that would be submitted directly to the national parliaments for final ratification or to a pan-European referendum (with the clause that the Constitution would enter into force only in those countries that would receive the favourable vote of their national parliaments or of their citizens in the pan-European referendum).

Carbon Pricing in Germany and the EU's New Own Resources

Alberto Majocchi

On 29 November 2019, the two Houses of the German Parliament approved a decision to introduce a carbon price of €10 per tCO₂ for the transport and domestic heating sector, which together account for 32% of greenhouse gas emissions in Germany. However, under pressure from the Green Party during the negotiations between the *Bundestag* and the *Bundesrat*, this price was raised from €10 to €25 per tCO₂ as of 2021, which entails an increase in the final price of 7 cents per litre on petrol, 8 cents on diesel and fuel oil, and 0.5 cents per kWh of energy. Under this mechanism, companies selling fossil fuels will be required to purchase emission trading rights, the price of which will rise gradually from €25 per tCO₂ in 2021 to €55 by 2025. Subsequently, as of 2026, the price will be determined by the market, although it cannot deviate from a price corridor set between €55 and €65 per tCO₂. In any case, the government may introduce corrective measures to ensure companies remain competitive and avoid the risks of carbon leakage. This new revenue will be earmarked to decrease the surcharge imposed by the EEG (*Erneuerbare-Energien-Gesetz*) levied on electricity bills, and to finance the development of renewable energy.

The German emissions allowance system for transport and domestic heating (methane emissions in intensive livestock farming still remain excluded) will develop in parallel with the EU Emissions Trading System (ETS) and cover most non-ETS greenhouse gas emissions. The price will be imposed on the transport sector (excluding air transport) and domestic heating, and will be levied on fuels

such as petrol, diesel, natural gas and coal. It will not be paid directly by the carbon emitters, but rather by the companies that sell to end users, or by refiners (upstream approach).

The “Political Guidelines 2019-2024”, presented on 16 July 2019 to the European Parliament by the then EP Presidential candidate Ursula von der Leyen, already contained a proposal “to extend the Emissions Trading System to the maritime sector and reduce the free allowances allocated to airlines over time. I will also propose to extend further to cover traffic and construction.” Germany’s decision is a step in this direction, and enables the controversial choice to be avoided between adopting a system where emission levels are fixed ex ante, and the imposition of a carbon pricing system where emission levels depend on the elasticity in demand for fossil fuels. In fact, a mechanism similar to the EU ETS is being adopted in Germany: emission permits are distributed that will be auctioned as of 2026, setting a corridor within which the price may fluctuate.

These permits would have to be acquired by those who market fossil fuels, and their relative cost would then be passed on – if market conditions allow for forward shifting – to the sale price for end consumers. Ultimately, by adopting this upstream approach, the instrument chosen is similar to the introduction of an excise duty such as the carbon tax, but has the advantage of being part of an existing mechanism, such as the ETS. As such, Germany’s decision is a catalyst for the introduction of carbon pricing at the European level, which will also cover non-ETS sectors.

This has been done with a view to putting forward a proposal, which the Commission has undertaken to present by 2024, to have new own resources allocated to finance the European budget, thus ensuring not only the payment of interest on funds raised on the market, and intended to finance the Next Generation EU, but also the repayment of securities issued by the Commission as of 2028. As things stand, the introduction of new own resources – provided for in the 27 May Commission Communication presenting the Recovery Plan – and in particular both a corporation tax with a tax base determined according to common principles, and a web tax, must necessarily go through the procedure provided for in Article 311 TFEU, with the unanimous approval of the Council and ratification by the 27 member countries. Only the Border Carbon Adjustment (BCA) can be introduced under the ordinary legislative procedure; on the basis of Article 3(e) TFEU the Union has exclusive competence in the field of common commercial policy, and Article 207 (2) explicitly states that “the European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure, shall adopt the measures defining the framework for implementing the common commercial policy.” Moreover, because this is a customs law, the BCA is considered an own resource directly allocated to the Union budget. However, there is also some important news regarding the Commission’s proposed

introduction of new resources; as Commissioner Gentiloni has often said, the Commission would carefully examine the possibility of using Article 116 TFEU as a legal basis. According to this article: “Where the Commission finds that a difference between the provisions laid down by law, regulation or administrative action in Member States is distorting the conditions of competition in the internal market and that the resultant distortion needs to be eliminated, it shall consult the Member States concerned. If such consultation does not result in an agreement eliminating the distortion in question, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall issue the necessary directives. Any other appropriate measures provided for in the Treaties may be adopted.” If this hypothesis were to be shown to be viable, achieving the objective of introducing new own resources would become a more concrete possibility. This would enable the EU to begin to truly undertake its ecological transition, by introducing carbon pricing at the European level which does not distort competition due to the different treatment of carbon dioxide emissions in the member countries. It would also help the EU come up with the new own resources proposed by the Commission and earmarked to finance the European budget. This is a decisive step forward for the creation of a fiscal union, which is the second pillar – alongside the monetary union – of a federal Union.

The EU's Court of Justice Judgement Relaunches the Debate on Taxation

Alain Réguillon and Alain Malégarie

Why such a decision

It is not in its power to tell the European legislator what to do in European policy. However, with its judgment of July 15, the Court is relaunching the debate on European taxation.

This ruling overturns the decision of the European Commission to impose a tax reimbursement of 13 billion euros on the Apple company. In August 2016, the Commissioner in charge of competition, Margrethe Vestager, imposed a refund to Ireland on the grounds that the tax ruling obtained by Apple in that country was akin to state aid, which European legislation prohibits. This decision is contested by Ireland, which fears that such a measure could impair the settlement in the country of other companies, which benefit from a very low tax rate, 12.5%, in theory arrangements being always possible depending on the size of companies. In the case of Apple, only 50 million were charged as taxes in 2011, out of 16 billion euros in profits (a 0.3% tax rate!), which of course is not acceptable.

As Ms Vestager underlined in her press release of July 15: "If states grant certain multinational companies tax advantages that their competitors do not enjoy, it harms fair competition in the European Union. It also deprives public finances and citizens of funds needed for much-needed investments - even more so in times of crisis". This practice is not exclusive to Ireland. Other countries apply it, including France and Germany, although to a lesser extent considering their corporate tax rates. The countries which offer the most flexibility in this area are the Netherlands,

Luxembourg, Malta, Cyprus and Portugal.

In the dispute with Apple, the European Court ruled that the European Commission has not formally proven the nature of state aid which is the basis of this fine. Apple, who paid 14.3 billion euros in 2018 (13 for the fine, 1.3 for late payment interest), money then placed in escrow, could, therefore, recover this amount. However, the Commission still has the possibility of appealing to the Court of Justice, the Court being a jurisdiction of first resort. This is what Ms Vestager suggests: "We will carefully study this judgment and consider possible next steps."

The reason behind this situation

The problem of taxation in the various countries of the Union is not new. Several attempts at harmonisation took place. They have always encountered the veto of some states. There is a simple reason for this. Taxation is not a competence of the Union. It remains a prerogative of the member countries. It is only in the field of VAT that rate reconciliations have taken place, and yet, the harmonisation is not complete. This reconciliation of rates was imposed for competition reasons with the relaunch of the single market in 1986 and the advent of the internal market in 1992.

Moreover, since VAT is a source of revenue for the Union's budget, no state can lower its rates without the approval of its partners. The intergovernmental functioning of the Union does not favour the search for optimum clauses to harmonize tax rates, especially on companies. Differences in rates between states are a distortion of competition in an

open market. All the economic actors are saying it, and nothing is being done. There is one reason for this. To make a decision in the tax area, the vote needs to be unanimous. In other words, there will never be a solution as long as this practice of decision making is kept the same.

Even within the Union, there are tax havens, which is unacceptable. On July 15, Commissioner Gentiloni, responsible for the economy, made several proposals on behalf of the Commission to make taxes simpler and fairer in Europe, and to hunt down tax havens. It is worth noting that the European Parliament supports such an initiative. The objective of the proposed tax package is to fight against tax fraud and dumping. The Commission estimates the sum lost each year by member countries at 130 billion euros.

What is not normal in the case of Ireland, but it is also valid for other countries, is that everybody benefits from a single market whose basic doctrine is “free and undistorted competition”, earning substantial economic profits and not playing the game of European solidarity. It should also be noted that Ireland received massive support from its partners during the 2008 crisis. They then agreed that the Irish tax rate would only be increased by 2% to 12.5%, compared to the European average of 21%. This was a step forward, but gradually this rate had to be adjusted, which did not happen. It is also the responsibility of the states to enforce European rules, particularly tax rules, but none of them are really clear!

The solution is majority decisions

Nothing will be possible as long as the vote remains unanimous. We must, therefore, go beyond and adopt qualified majority voting.

But for that to happen, the Council must vote unanimously!!

A window does exist, however. It is that of the European recovery plan of 750 billion euros. By pooling debt and borrowing on behalf of the European Union, the rules change. It is not reasonable to put into debt the Union to help Member States without changing tax practices. Aid should, therefore, be linked to a radical change in tax practices, harmonisation and the adoption of qualified majority voting. But European decisions are not enough. We also need agreements within the OECD, because multinational companies will always go to the territories where they find their advantage.

The solution is also to reinvent the Union

The project is vast, sensitive and irritating. But we have to start it up and find the right solutions; the very existence of the Union and integration are at stake, as it can only evolve towards a federal organisation, respecting everyone, but imposing real solidarity between Europeans. The decision of the Court of the European Union has the merit of showing that interpretations of common rules are not enough to shift position lines. We have to get back on track and have the courage to say that the Union as it is is no longer viable.

It is essential to reconsider the organisation of the Union, taking into account the global context, increasingly competitive and sometimes aggressive, as well as the proximity of Africa with its migrants and the powder keg of the Near and Middle East.

Without a stronger, more united, more integrated Union, with a single diplomacy and a real common defence, the Europeans will no longer have any influence on the international scene, in the face of the giants of today and tomorrow.

The Great Anticipator

Mario Calvo-Platero

George Soros is one of the most iconic financiers of the century. He is the man who in 1992 “broke” the Bank of England, the philanthropist who has given away \$32 billion to promote open societies, the political pugilist who has sparred with Donald Trump and Viktor Orban. And yet, sitting in his private flower garden at his home in Long Island, and looking ahead to his imminent 90th birthday, Soros has one lingering uncertainty: “people do not know me”, he confides.

His doubt is understandable. Few people have been more subject to conspiracy theories, many of them absurd. Soros’s parents survived the Gestapo in his native Hungary and yet he has been called a Nazi; he has been falsely accused of being the architect of the 2007/9 financial crisis; of being a Jew of “flexible morals”, and even of being the Antichrist. He is claimed to be masterminding a project to wipe out Christianity in Europe by organizing the large-scale immigration of Muslims from Africa.

All fantasies, and the list could go on. Soros has mysteriously become a symbol of the utter confusion, ignorance, and fear that dominates the digital world today, with attacks coming both from the left and the right. Even the Five Star Movement in Italy, a grass roots leftist movement set up by a comedian, has identified him as an enemy.

None of this seems to worry Soros. We are sipping tea in a shady courtyard cooled by the breeze coming in from the Atlantic Ocean, with a plastic partition between us in observance of the COVID-19 distancing rules. He has a rational explanation for the unusual viciousness of some of the attacks on him. “There are several strands of these conspiracies”, he says quietly. “One is that I have built a foundation

that actually covers most of the globe. That fits the idea of what was at the time called a Judeo-Bolshevik global conspiracy. Now it’s just called a Jewish conspiracy”.

He wants to make clear that he is not a politician but a man of conviction engaging in many causes all over the world, and that proponents of those causes find it convenient to share the same enemy internationally. This explains one simple truth, he says “there is an actual, genuine international conspiracy against me. So, when I am challenging the same issues for an Open Society throughout the world, like discrimination, racial exclusion, totalitarian regimes, I am not conspiring, I am openly bringing forward the mission of my life. And my enemies learn from each other. And they attack together using similar techniques”. That is why, in the midst of so much fake news about him, Soros feels the urge to tell who he is. And so, his story begins: “I was born in 1930 into a middle-class Jewish family in Budapest. Like so many other Jews I could have perished in March 1944 when Nazi Germany occupied Hungary, if my father hadn’t understood better than most people what was going to happen”. His father Tivadar and mother Elizabeth had deep roots in Hungary, but in 1936, when antisemitism and nationalism were growing across the country, they decided to change the original German Jewish family name Schwarz to Soros, to become less visible as Jews. His father was managing buildings, and when the Nazis arrived he arranged false identity papers and hiding places, for his family and a fairly large number of others. Some would pay, if they could; those with fewer means would be helped for free.

“It was my father’s finest moment” says Soros

with a touch of emotion in his voice and eyes. For over an hour he goes back to the years of his childhood in Hungary. And goes further back in time: to his father Tivadar's adventures, running away from a prisoner's camp in Siberia, in 1918, in the midst of the Bolshevik Revolution.

During long afternoons at a public swimming pool in Budapest, he and his brother Paul would hear these stories. When he was in the concentration camp in Siberia, Tivadar learned Esperanto. Later Tivadar wrote a book, *Crusoes in Siberia*, about his Russian experiences and his timely and adventurous escape from the camp.

In another book, *Masquerade*, Tivadar writes how he and his community were dancing with death in Nazi-occupied Germany and how he managed again to escape, this time saving his family and his immediate circle. It is clear that those stories about the dangers of communism, totalitarianism and discrimination made an impression on young George, who learned a key lesson that would become a mantra throughout his life: to anticipate the course of events is a matter of survival. A lesson well learned.

In 1947 it was George's turn to bite the bullet and escape from USSR-occupied Hungary. He travelled first to an Esperanto conference in Switzerland. From there, at 17, he went to England where he attended the London School of Economics. It was at LSE that he met Professor Karl Popper, a Vienna-born philosopher, who wrote *The Open Society and Its Enemies*. "I chose him as my mentor, my tutor. I came under his influence, his thinking. I became a great believer in an open society. I developed a conceptual framework based on the twin pillars of fallibility and reflexivity which remains the guiding philosophy of my life. In fact, it is a tool to anticipate events and it also helped me with success in the financial markets. And I made a lot of money".

He did make a lot of money. After giving away

\$32B in philanthropy, Soros retains a personal fortune of about \$8B.

His financial career started in 1954 at the merchant bank Singer and Friedlander in London. In 1969, in New York, he set up a very small fund called Double Eagle with a \$4M investment – one of the first hedge funds. And the rest is history.

Double Eagle became the Soros Fund in 1973 and later the Quantum Fund. In 1992 came his biggest coup, a bet of \$10B shorting the British Pound. At the time Germany borrowed huge quantities in the market to finance reunification, creating enormous pressures on the then European Monetary System. Eventually, the Pound collapsed and Soros made \$1B.

The victory was bittersweet as in that deal there was an evident contradiction: the man who had already started a foundation to support Europe was also willing to deliver a blow to the Union he cherished for his own gain. This is a charge that he rejects completely. "In 1992" he says, "I saw an opportunity where the risk was limited, but the reward much bigger in case of success. It was an asymmetric bet in my favour. I was willing to risk my entire capital in betting on this. And I was not the only one doing it either. I was an important factor, but if the inefficiency was in the market then other people also speculated. Perhaps I did it on a larger scale than others did relative to my wealth".

To explain his point about taking a risk, Soros goes back to 1979, when he made another important bet. He was under a great deal of pressure. As he recalls it, he was walking down Leadenhall Street in the city of London looking for financing for the bet he had taken. "The strain was so big that I thought I was going to have a heart attack. It was a false alarm. But it made me think that if I had died, I would have been a loser because I would have lost my life trying to make money". Eventually his bet failed. It was around that time that Soros decided to start his foundation. Making money was not

enough; he understood the need for a mission of the common good. He focused on Europe, still at the forefront of his worries.

His mission was to further develop his old mentor's idea for an Open Society, strengthening the pillars of democracy, civil rights, education. That he was successful is clear from the attacks he receives online from

the forces of nationalism. As he turns ninety, it is sad to witness that, 76 years after he was escaping deportation in his native Budapest, those same forces of nationalism, prejudice and racism are back. That's why his mission is still alive and well: it is true that history repeats itself. It's also true that something can be done about it.

Humanity Needs Democratic Representation: a Global Parliament

Andreas Bummel

It is a paradox: the world and its people have never been so closely interwoven as today, yet there are more fences and walls separating them than ever before. Many governments seem to resist the inevitable. World unification is no longer a philosophical consideration. It is becoming a political possibility. And for a growing number of people – intellectuals, activists, politicians, academics and others – it is a necessity.

While it is true that important metrics such as global average life expectancy show impressive improvements over time, the current global situation is characterized by escalating crises and unsolved problems.

The danger of global warming was known for decades and yet, to this day, no effective action has been taken, as record levels of carbon emissions testify. Not much time is left, if any, to prevent a runaway climate crisis. It is already creating life-threatening conditions for millions.

For a long time, there have been warnings that new pathogens will evolve and trigger global pandemics. The World Health Organization (WHO) was instructed to launch an investigation into its handling of the COVID-19 pandemic, as many felt it was unprepared, incoherent and ineffective.

Inequality is also growing across the world. Addressing this issue in a recent speech, UN chief Antonio Guterres said, “While we are all floating on the same sea, it’s clear that some of us are in super-yachts while others are clinging to the floating debris.”

According to the World Food Programme, 135 million people are facing crisis levels of hunger.

There are currently close to 80 million displaced people who have fled war, persecution and instability. It is the worst humanitarian and refugee crisis in 70 years. The advantages of globalization and rising productivity disproportionately benefit the affluent. Corporate tax rates and corporate tax revenues continue to fall. Multinational corporations and the super-rich are able to avoid paying taxes using loopholes and weaknesses in the international taxation system. Trillions are hidden from tax authorities in offshore accounts. Intergovernmental efforts to stop illicit financial flows and abolish tax havens have achieved little in the past 25 years.

Despite an obligation in the Nuclear Non-Proliferation Treaty that the five official nuclear powers shall seek complete nuclear disarmament, there has been no real progress. Instead, modernization of nuclear arsenals is pursued. There is a race to build hypersonic missiles and major arms control treaties are crumbling. The destructive power of nuclear weapons continues to represent an existential threat to humanity.

The current political order is unable to deliver lasting solutions. It is suffering from a structural problem. With almost 200 states that insist on their national sovereignty, effective international action and regulation are hard, if not impossible, to achieve. Intergovernmental organizations such as the UN or the WHO are only as effective as their member states allow them to be. Otherwise, their hands are tied. In particular, they are dependent on those large contributors who pay the bills. The UN does not represent humanity. It is an exclusive

club of government executives whose job is to pursue national interests.

It is time that global institutions be equipped with the power they need to deal with global threats and manage global common goods such as the atmosphere. They need independent legitimacy, authority and funding. There are signs that a tipping point is being reached. Two years ago, in a survey of 10 countries in all world regions, 82 percent of respondents said that the UN needed to be reformed to better address current and future global challenges. Almost 70 percent agreed that a supranational organization should be able to make enforceable global decisions to manage global risks.

An indispensable element of an empowered UN would be a popularly elected global parliament, based on a global constitution, that represents all citizens of the world. Intergovernmental bodies, in which the representation of citizens is mediated by career diplomats appointed by governments, do not have the democratic legitimacy for binding decision-making powers, even if these are strictly limited to matters of global concern.

UN chief Guterres himself noted two months ago that “a new model for global governance must be based on full, inclusive and equal participation in global institutions”. Indeed,

as more and more issues transcend national boundaries, the people of the world need to insist on their right to democracy at a global scale. They are the sovereigns. According to the Universal Declaration of Human Rights, government authority needs to rest on the will of the people and this will shall be expressed in periodic and free elections. There is no reason why this should not apply globally as well. Some major countries do not provide for free and fair elections even at home. Efforts for national democracy and global democracy thus are interlinked and depend on each other.

In the meantime, the creation of a UN Parliamentary Assembly represents a practical and doable step on the path towards a world parliament. Members initially could be chosen by political groups in national parliaments, and pioneering countries could introduce direct elections if they wish to do so. The selection should reflect existing political views as best as possible and not only the government's. By contrast to the importance of geopolitical groups at the UN, the work of this complementary parliamentary body should be based on transnational political groups that are established by representatives according to common political views. These groups would have to include members of a minimum number of states from a minimum of world regions.

Oil and Carbon Prices: the Emerging Role of the SDR

Elena Flor

The price of oil is one of the most observed indicators – alongside trends in GDP, exchange rates, and stock exchange data – to determine trends in the economy. The oil market is, by its nature, global: while production is concentrated in some areas, consumption is widespread, all over the world.

The concentration of production in some countries determined the oligopolistic character of the market itself, and it was therefore not surprising that, from the '70s, a cartel was formed: OPEC. Despite this presence of a group of countries determined to stabilize production in line with trends in consumption, the price of oil has strongly fluctuated: from a few dollars a barrel, the price has seen peaks of over 150 dollars, only to collapse recently to 10 dollars.

The intended stabilizing action of OPEC, aimed to maintain rates of extraction compatible with trends in consumption has, however, become more complicated in recent years due to two variables that have weakened the cartel's ability to intervene. The change in international power balances following the fall of the Berlin wall profoundly changed relations between states destabilizing important oil countries such as Venezuela, Iran, Libya and Iraq. In addition, the instability of the monetary system following the collapse of the Bretton Woods system, with the detachment of the dollar from gold, led to strong fluctuations in the price of oil due to the performance of its reference currency: the dollar.

Robert Triffin International's report, *Analysing commodity prices: trend for crude oil and wheat in US dollar; Euro and SDR*, published in 2017, indicated that changes in oil prices were often due to the trend of the dollar, and therefore unrelated to trends of supply and demand.

The world economic system can no longer rely on the price of oil as a key indicator to guide economic operators, and the economic policies of states.

In the past, the reference prices were first wheat – with the creation of the commodity exchange in Chicago and the innovation of “futures” contracts – and subsequently, in the phase of widespread industrialization, of steel.

While the importance of the price of oil as a reference point for both public and private economic operators will diminish, energy will continue to be a key element of the economy.

The problems posed by the “sustainability” of the global economic system would indicate that the new reference price should be the “carbon price”. Europe – which has made its strategic commitment in the Green Deal, and which is about to introduce the border carbon price – has also already initiated an Emission Trading Scheme, which was the world's first major carbon market, and remains the largest, covering around 45% of the EU's greenhouse gas emissions. The price has fluctuated in the range of 20-30 euro per CO2 ton, and is currently 20 euro per CO2 ton. The number of emissions trading systems around the world is increasing: alongside the EU emissions trading system, national or sub-national systems already operate, or are under development, in Canada, China, Japan, New Zealand, South Korea, Switzerland and the United States.¹

Considering the effects of a single quotation currency, and given the international impact of the carbon price quotation, it would be appropriate to anchor the price to the SDR (the unit of account of the IMF) instead of using the currency of a single area.

¹ See also the Carbon Pricing Dashboard of the World Bank: carbonpricingdashboard.worldbank.org

“A Tragic Illusion” - Did the Atom Bomb Make the United Nations Obsolete Three Weeks After Its Birth?

Tad Daley

75 years ago, the atomic age was born, with the first nuclear detonation near Alamogordo, New Mexico, on July 16th, 1945. Only 20 days earlier, on June 26th, the United Nations had been established with the signing of the UN Charter in San Francisco. Did the bomb make the United Nations obsolete three weeks after its birth?

The single most important individual in these events, U.S. President Harry S. Truman, certainly seemed to think so. Consider the unique position of the man and the moment. Although Alamogordo was still three weeks away, Truman’s advisors had assured him by then that “success” was virtually certain. And he knew that he was the one human being on whom the yoke of decision would soon fall – regarding not only whether and how to use the ghastly new device against Imperial Japan, but what to do thereafter about the apocalyptic predicament about to descend upon all humanity.

So, what did he say at the signing of the document in San Francisco?

This is only a first step to a lasting peace ... With our eye always on the final objective let us march forward ... This Charter, like our own Constitution, will be expanded and improved as time goes on. No one claims that it is now a final or perfect instrument. Changing world conditions will require readjustments ... to find a way to end wars.

It was quite curious, to say the least, to emphasize so bluntly the shortcomings of a document less than one hour old.

Two days later, after traveling from San Francisco by train to receive an honorary degree from Kansas City University in his own hometown, President Truman’s thoughts turned to both his own burdens and that final objective. “*I have a tremendous task, one that I dare not look at too closely.*” Not a single person in that audience, almost certainly, knew what he was referencing. But we can make a pretty good guess that it had something to do with the “changing world conditions” he knew were soon to come:

We live, in this country at least, in an age of law. Now we must do that internationally. It will be just as easy for nations to get along in a republic of the world as it is for us to get along in the republic of the United States. Now, if Kansas and Colorado have a quarrel over a watershed, they don’t call out the National Guard in each state and go to war over it. They bring suit in the Supreme Court and abide by its decision. There isn’t a reason in the world why we can’t do that internationally.

This contrast – between the law that prevails within a society of citizens and its absence among the society of nations – was hardly original to Harry S. Truman. It had been expressed over the course of many centuries by Great Minds like Dante, Rousseau, Kant, Baha’u’llah, Charlotte Brontë, Victor Hugo, and H.G. Wells. Indeed, when Truman evoked our own Supreme Court as analogy, he echoed his own predecessor, President Ulysses S. Grant, who said in 1869: “*I believe that at some future day the nations of Earth will agree on some sort of congress ... whose decisions will be as binding*

as the decisions of the Supreme Court are on us.” Nor was it the first time it had ever occurred to Harry S. Truman. Former Brookings Institution president and U.S. Deputy Secretary of State Strobe Talbott, in his extraordinary 2008 book *The Great Experiment* (half memoir and half history of the world-republic idea), tells us that the 33rd American president carried in his wallet the verses of Alfred Lord Tennyson of 1835: “Till the war-drum throbb’d no longer, and the battle-flags were furl’d, In the Parliament of man, the Federation of the world.” Talbott says that as his wallet copy crumbled, Truman recopied these words over by hand perhaps 40 separate times throughout his adult life.

It is difficult not to conclude that at this excruciating moment of truth, unlike any before in human history, President Harry S. Truman feared the spectre of atomic war, concluded that the only solution was to abolish war, and understood that the new United Nations could not, as its Charter proclaimed, “save succeeding generations from the scourge of war.”

Flash forward a few months. Hiroshima and Nagasaki had come, a dreadful WWII had come to its end, but the ceaseless dread of an infinitely cataclysmic WWIII had only just begun. And exactly two weeks before the UN Charter came into force on October 24th, 1945, an extraordinary letter appeared in the New York Times. “*The San Francisco Charter is a tragic illusion*,” wrote U.S. Senator J. William Fulbright, U.S. Supreme Court Justice Owen J. Roberts, and Albert Einstein. “*By maintaining the absolute sovereignty of the rival nation states, (it prevents) the creation of superior law in world relations ... We must aim at a Federal Constitution of the World, a working worldwide legal order, if we hope to prevent an atomic war.*”

The authors later expanded this letter, added more than a dozen other prominent signatories, and attached it to the 1945 book jacket of *The Anatomy of Peace* by Emery Reves. This manifesto of the world republic idea was translated into 25 languages, and likely

sold more than a million copies. (Reves also served as Winston Churchill’s literary agent, and contributed to Churchill’s own advocacy for a “United States of Europe” and “a world organization of irresistible force and inviolable authority.”) Future U.S. Senator and JFK White House staffer Harris Wofford, who as an abundantly charismatic teenager founded the “Student Federalists” in 1942, told me that his cadre of young One World zealots considered Reves’s book the bible of their movement.

Flash forward once more to 1953, and the Honorable John Foster Dulles, President Eisenhower’s Secretary of State. One of the great hawks of the Cold War era. The very opposite of a utopian dreamer. He had been part of the American delegation at San Francisco as an advisor to Republican Senator Arthur Vandenberg, and had helped to craft the Charter’s stirring preamble. All of which made his verdict eight years on all the more surprising:

When we were in San Francisco in the spring of 1945, none of us knew of the atomic bomb which was to fall on Hiroshima on August 6th, 1945. The Charter is thus a pre-atomic-age charter. In this sense it was obsolete before it actually came into force. I can say with confidence that, if the delegates there had known that the mysterious and immeasurable power of the atom would be available as a means of mass destruction, the provisions of the charter dealing with disarmament and the regulation of armaments would have been far more emphatic and realistic.

Indeed, just days after the death of Franklin Delano Roosevelt on April 12th, 1945, Secretary of War Henry Stimson had advised the new president to postpone that San Francisco conference – until after the full consequences of the looming atom bomb could be contemplated and absorbed.

The United Nations has done a great deal of good in its 75 years. It’s provided food relief to 90 million people, distributed aid to more than 34 million refugees, carried out 71

peacekeeping missions, supervised hundreds of national elections, assisted hundreds of millions of women with maternal health, vaccinated 58% of the children in the world, and much else.

But – hot take here – it has not abolished war. Nor has it eliminated eternal arms races between major powers, the *bellum omnium contra omnes* described by Thomas Hobbes in his *Leviathan* of 1651. Laser weapons, space weapons, cyber weapons, nano weapons, drone weapons, germ weapons, artificially-intelligent robot weapons. Fast forward just to 2045, the UN at 100, and one cannot even envisage the new adjectives in front of the ancient noun. No one can doubt that humanity will continually be confronted with new

and ever more frightful scenarios of doom.

Sorry what's that? Yes, you there in the back row, speak up! For 75 years now we've had neither a "republic of the world" nor a nuclear war? So Truman must have been wrong? Humanity can safely dwell in a world of national rivals, you say, armed with nuclear weapons and God only knows what other weapons, and manage to dodge forever the coming of the apocalypse?

The only possible answer to that is the same one purportedly given by China's Premier Zhou Enlai in 1971, when asked by Henry Kissinger what he thought about the consequences of the French Revolution. Mr. Zhou, the story goes, considered the question for a moment, and then replied: "*I think it is too soon to tell.*"

* This piece was originally published in the *Global Policy Journal*

Europe Should Never Lose Sight of the Responsibility to Protect *

Roger Casale

On 11 July 1995, more than 8300 Bosniak men and boys from the small town of Srebrenica, in today's Republika Srpska, were slaughtered by the Bosnian Serb troops of Ratko Mladić, on the direction of Radovan Karadžić, in what was at that time a UN 'safe haven'. It was the first act of genocide on European soil since the Holocaust. A quarter century on, Europe must give life and effect to the responsibility to protect, a part of its mission in the world that must never be abandoned.

Mladić and Karadžić (who received part of his medical training as a psychiatrist at Columbia University in New York) are serving life sentences following their convictions by the International Criminal Tribunal for the Former Yugoslavia.

Today, as we mark the 25th anniversary of the Srebrenica genocide, what do we see? Serbia is applying to join the European Union. Bosnia-Herzegovina is an independent state, still under partial international oversight, composed of the Bosnian-Croat Federation and the Bosnian Serb Republic.

Despite the Dayton Peace Accords, the two entities have not grown closer together. Bosnian Serb leaders often refer to Bosnia-Herzegovina as a failed state and raise the possibility of secession. Srebrenica, according to Andreas Trenker, who visited the city in 2018, "looks and feels like a ghost town". A former spa town, the city's economy and tourism have never recovered. Only 5,000 of the former 36,000 inhabitants live in the city today.

For my generation, shaped by the sight of the fall of the Berlin Wall in 1989, the West's failure to act in Bosnia left a powerful legacy even

though we were powerless to do anything about it at the time. It drove some of us, including me, into the frontline of politics.

I was selected as a candidate in 1996 and entered the House of Commons as the Labour MP for Wimbledon in 1997. When I arrived, like many of my parliamentary colleagues elected at that time, I took a much more interventionist stance to world politics, starting with our support for the NATO air strikes in Kosovo. Three years after Srebrenica, Europe was at war in a conflict which pitted the Kosovo Liberation Army (KLA) against the Serbian regime of Slobodan Milošević (1945-2006). NATO intervened – without the backing of a UN Security Council Resolution – to protect the safety of the 1.8 million Kosovan Albanians, who Milošević had vowed to drive from their homes.

That was a defining moment in post war international relations. For the first time, NATO intervened not in response to a threat against a member state, but to avert a humanitarian emergency – out of a duty to protect. Subsequently, military interventions were sanctioned to protect the no fly zones in Northern Iraq and in Sierra Leone.

With the Iraq war, much of the moral authority of using force to protect human rights was dissipated. France and the UK intervened to prevent the annihilation of hundreds of thousands of civilians in Benghazi (Libya) in 2011. But as in Iraq, regime change followed with all the unintended consequences that have made western governments recoil from such interventions ever since. Even in the face of chemical weapons use by the Syrian

regime, or systematic human rights violations in Yemen, the West has failed to act. Where is now a Western Government which will rise to stay the hand of the executioner, or stem the slaughter of innocents? In Myanmar we witness the morbid paradox of a Nobel laureate accused of complicity in the alleged genocide of the Rohingya people.

Closer to home, just a few hundred kilometres from Srebrenica, Kosovo President Hashim Thaci and nine other former separatist fighters have just been indicted on a range of crimes against humanity during and after Kosovo's 1998-99 independence war with Serbia. Although President Thaci is no longer considered part of the talks on account of the charges, the EU-facilitated Kosovo-Serbia dialogue is about to restart. A virtual summit hosted by France and Germany and a meeting between Kosovo Prime Minister Avdullah Hoti and Serbian President Aleksandar Vucic in Brussels are scheduled for 10 July, the day before the Srebrenica anniversary.

Outside Europe, the big power brokers of world politics seem disinterested in the rule of

international law. The "responsibility to protect" was finally adopted by the UN in 2005 in the wake of the genocides in Bosnia and Rwanda. Will it be of any consequence to leaders such as Xi Jin Ping, Donald Trump or Vladimir Putin?

As Europeans, who value the respect for the rule of law and human rights, we should nevertheless take courage from the progress that has been made. Since the Srebrenica genocide, there has been a growth both in the range of international criminal courts and in the war crimes cases. Much of this has been driven by lawyers and institutions from the EU and EU member states. Twenty-five years on, the witness we bear today to the Srebrenica genocide must make us continue to fight for all who commit war crimes and crimes against humanity to be brought to justice – whoever and wherever they may be.

We must also work continuously to restore respect for international law and to give life and effect to the responsibility to protect. It is a part of Europe's mission in the world that must never be abandoned. If not us, then who? If not now, then when?

* This article was originally published by Voxeurope <https://voxeurope.eu/en/europe-should-never-lose-sight-of-the-responsibility-to-protect/>

The United States Slams the International Criminal Court with Sanctions

Yasmina Gourchane

Yet again, the International Criminal Court (ICC) has fallen victim to the whims of the Trump administration, this time in the form of sanctions against its high-ranking personnel. Despite the revolving door of top officials dealing with foreign policy and national security within the Trump administration, the past few years have seen a steady escalation of threats by the US against the Court, albeit some more concrete than others. Although they are not a state party to the Rome Statute, the Court's governing treaty, the US has a vested interest in impeding the work of the ICC, when an investigation of alleged crimes committed by US armed forces in the context of the conflict in Afghanistan is moving forward at the Court. American officials often tout a deep respect for human rights and the rule of law on the world stage, but in practice they continue to bully and coerce groups and individuals working to ensure equal access to justice for the most heinous crimes, this time through serious sanctions on ICC leadership.

On 11 June 2020, President Trump signed the Executive Order 13928, which authorizes the use of economic sanctions against ICC officials who are involved directly in the investigation of US military personnel. The issuance of this Executive Order alone was a signal that the US would stop at nothing to cease the investigation of its citizens and allies at the ICC. Soon after, in early September, US Secretary of State, Mike Pompeo used this authorization to formally announce sanctions against the Court's Prosecutor, Fatou Bensouda, and the ICC's Head of Jurisdiction, Complementary, and Cooperation Division, Phakiso Mochochoko.

He also announced the US would be restricting the issuance of visas for a number of unnamed ICC personnel.

These sanctions, which include the freezing of assets in the United States, the banning of financial transactions in US dollars, and the barring of entry of the sanctioned individuals and their family to the US, among other restrictions, are only the latest move by the Trump administration to target individual ICC staff members in an effort to intimidate the institution. Last March, Secretary Pompeo announced a policy of visa restrictions for individuals directly responsible for any ICC investigations of US or allied personnel, and just two weeks later, Prosecutor Bensouda's entry visa to the US was revoked. Earlier this year, Pompeo threatened two ICC staffers by name in a press conference, warning that they and their families may be subject to possible sanctions by the US.

The US has never been among the strong supporters of the ICC, but since the announcement of an investigation into alleged crimes committed by American citizens, its tone has changed from one of general but consistent disapproval, to the launching of a war path to halt the investigation. Following the reversal of an earlier rejection, this past March, an ICC Pre-Trial chamber authorized the Prosecutor to investigate alleged crimes committed in Afghanistan, which potentially include war crimes possibly committed by US armed forces and the Central Intelligence Agency (CIA), among other actors.

Many of the statements issued by US officials cite not only the role of American citizens in

Afghanistan, but also the investigation of its allies, namely Israel. Currently, an ICC Pre-Trial chamber is determining the scope of jurisdiction in the situation in the State of Israel, for alleged crimes committed in the occupied Palestinian territory, including East Jerusalem. Not only do these sanctions seek to intimidate Court officials with the aim of protecting American citizens, but to also shield key US allies such as Israel from investigation. The ICC is by no means a perfect institution, but it is one of the best options the international community has to hold individuals to account for grave violations of human rights when governments are unable or unwilling to do so themselves. This recent round of sanctions is only the latest of a series of attacks by the US, and indicative of a trend that will not be going away anytime soon. While the United States remains a very influential and powerful

nation on the world stage, the 123 member states of the ICC (comprising two-thirds of the UN membership) continue to uphold the independence and impartiality of the institution. The Court is currently undergoing an internal review process in an effort to strengthen the independence, impartiality and efficacy of the institution as a whole, which could also bolster in the face of existential threats coming from the US and other detractors. Despite the current challenges, namely open threats from the US government, it is essential that key stakeholders in the Rome Statute system, from States to NGOs, to the Court itself, work to ensure that the ICC remains able to function with the utmost independence and integrity in order to uphold the promise made with the signing of the Rome Statute more than 20 years ago: to deliver meaningful justice to victims on all sides of conflicts throughout the world.

A Complete and Indissoluble Union

John Parry

John Parry left us last year. He was a fundamental figure of European federalism and unforgettable animator of the Editorial Board of The Federalist Debate. To remember him to our readers, among the several contributions he wrote for this review we have chosen to reprint this article, published in 2010 on the occasion of the 70th anniversary of the plan drafted by the British government in 1940, offering a complete and indissoluble union with France. It is the fruit of a research conducted in the historical archives of Chatham House in London.

Seventy years ago, on June 16th, 1940, the British government under Winston Churchill took the remarkable step of offering complete and indissoluble political union with France. The proposal was one of the most innovative in the history of the two countries. It read as follows:

“DECLARATION OF UNION”¹

At this most fateful moment in the history of the modern world, The Governments of the United Kingdom and the French Republic make this declaration of indissoluble union and unyielding resolution in their common defence of justice and freedom against subjection to a system which reduces mankind to a life of robots and slaves.

The two governments declare that France and Great Britain shall no longer be two nations, but one Franco-British Union.

The constitution of the Union will provide for joint organs of defence, foreign, financial, and economic policies.

Every citizen of France will enjoy immediately citizenship of Great Britain; every British subject will become a citizen of France.

Both countries will share responsibility for the repair of the devastation of war, wherever it occurs

in their territories, and the resources of both shall be equally, and as one, applied to the purpose.

During the war there shall be a single War Cabinet, and all the forces of Britain and France, whether on land, sea, or in the air, will be placed under its direction. It will govern from wherever it best can. The two Parliaments will be formally associated. The nations of the British Empire are already forming new armies. France will keep her available forces in the field, on the sea, and in the air. The Union appeals to the United States to fortify the economic resources of the Allies, and to bring her powerful material aid to the common cause.

The Union will concentrate its whole energy against the power of the enemy, no matter where the battle may be.

And thus we shall conquer.”

It was an act of desperation. Europe was in crisis. During the seven years since Hitler took power he had incorporated first Austria and then the Sudetenland into the German Reich, occupied what remained of Czechoslovakia, and overrun Poland. To help Poland but also thwart any further expansion Britain and France had then declared war.

After some months of comparative calm – the period of the so-called “phoney war” – Hitler’s troops had launched their spring offensive through neutral Belgium and the Netherlands, thus by-passing France’s main line of defence (the Maginot line), hemming in the British at Dunkirk and pressing on towards Paris.

In the final days of May, the British in Dunkirk had succeeded under heavy fire in evacuating 338,226 men (including 139,097 French) by ship, but at the high cost of six Royal Navy destroyers sunk and nineteen others damaged. The RAF lost 474 planes, while all the army’s

heavy guns, tanks, and military transport had to be abandoned.

Meanwhile, the enemy had reached the heartland of France. To save Paris from destruction, the capital was declared an open city, while the French government withdrew first to Tours, then to Bordeaux. Fearing that Hitler and his fascist allies might become the unchallenged masters of continental Europe, Churchill – who had replaced Neville Chamberlain as prime minister – crossed the Channel several times for emergency meetings to encourage his French counterpart Paul Reynaud to continue the fight and in particular to ensure that the French fleet did not fall into German hands.

Already in March Britain and France had signed an agreement that neither country would make a separate peace with Hitler². It also contained a clause that in due course the agreement “might be expanded so as to give some contractual form to the continuance of Anglo-French economic and military collaboration after the end of the war.” Now, only two months later, the situation had changed radically.

Clearly something more was needed, some initiative which would raise the spirits of the defeated French – but what? The answer came not from the government but from the initiative of two civil servants, one British and one French, working in London as members of the Anglo-French Coordination Committee, concerned with military supplies and at that moment dealing with the urgent need for more fighter aircraft. Arthur Salter and Jean Monnet had known each other since the 1914-1918 war, when they had been engaged on a similar task. Conscious that only a grand gesture could keep the alliance intact, they set about drawing up a draft declaration proposing a way of binding France and Britain more closely together: namely, that the two countries should become a single, indissoluble political union. But how would such a political union function? Salter’s peacetime experience in the League

of Nations administration had taught him that the “intrinsic weakness” of an interstate institution, which leaves national sovereignty unimpaired, is that it can lead to “a deterioration in the relation between its principal members, (which) can quickly reduce it to impotence.” His conclusion therefore was that “a federation. . . is far preferable to an intergovernmental authority”.

Jean Monnet shared Salter’s views on the weakness of inter-governmental decision-making, though not his federalist aims. He deplored the allies’ current lack of a common command structure, which meant that until then – despite the existence of the Anglo-French Supreme War Council – Britain and France each seemed at times to be fighting its own war, rather than confronting the enemy as a united force. In the prevailing situation such weakness could no longer be afforded.

Despite their differences the two men succeeded in producing a five-page draft plan which they could both support. It proposed neither a federation nor simply a strengthening of the Anglo-French alliance, but something in between: namely, that “France and Great Britain shall no longer be two nations, but one Franco-British Union.” The two Parliaments would be united. There would be a single war cabinet and “all the forces of Britain and France whether on land, sea, or in the air, will be placed under its direction.” In other words, the two countries would become a single unified state.

Getting Churchill even to read this proposal proved to be impossible, essentially because – according to Churchill’s secretary Major Desmond Morton – Monnet lacked the necessary political standing to be able to speak for the French government. Persisting nevertheless, Monnet gathered together a small group to work on an improved draft. In addition to Salter and Major Morton it included the permanent secretary at the Foreign Office Sir Robert Vansittart and René Pleven of the French economic mission in London.

The deadlock was broken by the arrival in London of General Charles de Gaulle, newly appointed Secretary of State for War in the French Government. "I am here to save the honour of France!" he is reported to have told Monnet's wife Sylvia, and it was no boast. He read the draft text at a meeting with Monnet and the French ambassador Charles Corbin, and was impressed. This, he said, could give Prime Minister Reynaud the courage to continue the fight, if necessary from France's North African territories.

Winston Churchill states in his war memoirs that he was at a luncheon at the Carlton Club on the 15th of June, when he first heard of the plan for an indissoluble Anglo-French union "with the object of giving M. Reynaud some new fact of a vivid and stimulating nature with which to carry a majority of his cabinet into the move to Africa, and the continuance of the war." He does not mention that De Gaulle was also present and had handed him the draft text. His first reaction was "unfavourable". He was "by no means convinced", he wrote in his account of the meeting.

But Reynaud had already asked for France to be released from her obligations under the "no separate peace" agreement. It meant that Britain could be left isolated. At the June 16th cabinet meeting, Churchill reported on his conversation with De Gaulle, who had stressed that "some very dramatic move was essential... to keep M. Reynaud's Government in the war, and that a proclamation of the indissoluble union of the French and British peoples would serve the purpose."

Vansittart was instructed to draft "some dramatic announcement which might strengthen M. Reynaud's hand." The Foreign Secretary Lord Halifax called together a small group consisting of Vansittart, Jean Monnet, René Pleven, and Major Morton to begin work immediately on drafting a brief, final revision of the Declaration of Union. This was then discussed in Cabinet on the same day. Some minor changes were made

and some major points dropped. Those excised included references to the establishment of a common Anglo-French customs area and a single currency. The provision that the two parliaments should 'unite' was altered to 'be formally associated'. Its final two paragraphs emphasized the need for France to continue the fight. This, for Churchill, was the essential point.

Once the text was agreed, General de Gaulle dictated it by telephone to Paul Reynaud's office in France. He then made immediate arrangements to fly there in person, taking the written document with him. The following day, Churchill was on his way for a meeting with Reynaud on board a British cruiser off the coast of Brittany, when he received a telegram from the British ambassador in Bordeaux informing him that Marshal Philippe Pétain had replaced Reynaud as prime minister, and was opening negotiations for an armistice. The plan had failed.

Whether an Anglo-French Union could have worked effectively at that point in time with most of France under enemy occupation is doubtful. Nor would it necessarily have survived in peacetime. For some British government members, it was intended only to be a temporary expedient which would no longer be necessary once the war had been won.

On the other hand, in some circles the idea of a future Anglo-French political union had been unofficially discussed for some time. British Foreign Office files, for example, contain a report written by the historian Arnold Toynbee together with Professor Sir Albert Zimmern, describing their visit to Paris in March 1940, when they had been approached by France's previous Minister of Education, Senator André Honnorat, with a suggestion that "the French and British governments should, without delay, conclude a treaty of perpetual association between France and Great Britain, and should submit this treaty for

immediate adoption by the British and French parliaments.”

Honnorat envisaged this treaty as “a brief and simple document providing for the pooling of defence, of the conduct of foreign policy, of the economic resources of the metropolitan territories and the non self-governing dependencies of the two Powers. French citizens should have the passive rights of British subjects in the UK and the British Empire and British subjects should have the passive rights of French citizens in France, in the sense that neither French citizens on British soil nor British subjects on French soil should find themselves treated legally as aliens.”

Emphasizing the need for bilingual education in both countries, he added that “the proposed organs of government in certain spheres should be placed under some kind of joint parliamentary control.” And he concluded: “Even if Hitler’s Greater Germany were to survive intact, it would henceforth be confronted by another European power of still greater calibre and staying power.”

Attached to this report is a comment, possibly by Toynbee, stating that he was “struck by the fact that a number of Frenchmen, whose reaction to the idea of ‘federal union’ in the abstract was hostile, were prepared to think of

this with approval as a nucleus to which other European countries might attach themselves at a later stage.” And a further handwritten evaluation signed by J.G.Ward of the Foreign Office describes the plan as “an admirable first step towards an Anglo-French union or confederation”, which “would be partly met by the latest draft of the proposed ‘separate peace’ declaration.”

So the idea of independent nation states sharing some aspects of their sovereignty for their joint benefit was not unknown, even during the darkest days of the second world war, and although the proposed Anglo-French union was never realised, it did arouse interest and even enthusiasm when it was first announced in the British press.

It planted questions in the public mind about the relationship between states and, in doing so, it challenged nationalism. Perhaps, too, it influenced Winston Churchill’s thoughts on the future shape of Europe. Speaking on the twin subjects of political unity and economic collaboration at the first Congress of Europe in The Hague in 1948, he pointed out that “It is said with truth that this involves some sacrifice or merger of national sovereignty and characteristics, but it is also possible to regard it as the gradual assumption by all.

¹ Quoted in Winston Churchill: *Their Finest Hour*, p.183

² Foreign Office file FO371/242962, p.44

³ Jean Monnet, *Mémoires*, Chap.1

⁴ Lord Salter: *Memoirs of a Public Servant*, p.201

⁵ Charles de Gaulle: *Mémoires de Guerre, L’Appel*, p.62

⁶ Churchill, op.cit. Chap X

⁷ Cabinet minutes CAB65/7, pp.316-8

⁸ FO371/242962, p.87

⁹ Quoted in Hugo Young: *This Blessed Plot*, Chap.1

In Memory of Robert Toulemon (1927 - 2020)

Jean-Francis Billion

Robert Toulemon passed away in Paris on July 5 and was buried in his native village in Dordogne where he was born almost a century earlier, Montagnac la Crempse, a small community he considered his “little fatherland” in the well-known French region Périgord (administratively called Dordogne).

In the very first pages of his memoirs, *Souvenirs européens (1950-2005)*¹, he expressed the reasons of his lifelong commitment to Federalism.

“Educated in the horror of war [...], the book by the Hungarian-born American Emery Reves, The Anatomy of Peace² [...] was for me a revelation. [...] The States’ absolute sovereignty means war. The survival of Humanity requires the abdication of sovereignties in favor of a World Government. [...] I vibrated in the Palais de Chaillot, within a crowd of students, hearing the allocation of the young world-citizen Garry Davis [...] claiming the establishment of a World Government. I would rather quickly understand that such an objective would remain for long out of reach and that regional groupings should come first and prepare it. At the end of my life, my conviction remains very firm that the future of civilization and probably of the human race depend on Humanity’s capacity to form a supranational power”³.

Robert followed the school of the Jesuit priests in Sarlat (Périgord), like a few years before did our federalist colleague Bernard Lesfargues⁴, whom I met several times since the early 2000. Later on, Robert continued his studies at Toulouse University (1944), at the Paris Political Sciences Institute (1949) where he will also teach (1958-60, 1974-80), and finally at the famous *École Nationale d’Administration* (ENA,

1950-53) that forms senior civil servants. Robert’s first job was at the French Ministry of Finances and Economic Affairs (1956). This is when he joined as an active member the Jean Moulin Club, where he met some people and personalities close to the Federalist Movements such as Stéphane Hessel, Pierre Uri, Étienne Hirsch (future President of the Euratom and of the French MFE), Georges Vedel, André Jeanson (future General Secretary of the French Trade Union CFDT and one of the founders, after the events of May 1968, of the *Comité de liaison et d’action fédéraliste* [Liaison and Action Federalist Committee]), or future high-rank politicians such as Jacques Delors. There, he sometimes had to defend his strong pro-European feelings.

“Stéphane Hessel sometimes invited me at his home [...] to private meetings regarding Europe. It is on one of these occasions that I first met Altiero Spinelli, one of the men who marked my whole life. His fiery nature, his eloquence, the rigor of his arguments, his faith, his fierce willing to convince seduced me immediately. His federalist speeches revamped my intuitions. He swept aside the hesitations and cautions in regard of Europe expressed by my friends of the Club”⁵.

In early 1962, Jean Dromer, an adviser at the presidential Élysée Palace, proposed to Robert to move to Brussels in order to become Head of Cabinet of the French Vice-President of the European Commission, Robert Marjolin, an ex-Deputy of Jean Monnet in the French planning administration. *“This proposal delighted me: [...] it offered me the unexpected perspective to work on what appeared to me as the great masterwork, the great purpose of my generation”⁶.* Robert arrived

in Brussels in early June 1962, and he started to dedicate himself to the European Commission, firstly with Marjolin and then with Spinelli.

It is in 1970, on the occasion of the renewal of the Commission for a four years mandate, that Robert met Spinelli again and worked with him on Research and Environment problems.

*"I learned with bewilderment that the Italian Government was proposing to replace Prince Guido Colonna Paliano with the former communist become federalist Altiero Spinelli. [...] I had met him on various occasions in Brussels, in federalist meetings. I heard him, not without perplexity, stigmatizing Hallstein's caution. He would have liked the Commission to appeal to the public opinion against the Governments which, openly or hypocritically, were refusing to give Europe the means to exist and act. Then, the troublemaker was to enter the group of the Commissioners and was to confront himself with the necessities of reality. Taking Colonna's position, he would be my boss. [...] The perspective of working with Spinelli delighted me. I will not be disappointed. His strength of convincing was intact. He arrived in Brussels crowned in glory for having converted the Italian Left to European Federalism, and specifically Pietro Nenni, leader of the left-wing Socialists and close to the Communists, to whom his appointment was due"*⁷.

Back to France in 1973, Robert devoted himself to various positions for the French Government: Cabinet Director of Pierre Abelin, Cooperation Minister (1974-76); Chief Representative of André Fosset, Minister of Quality of life - 1976. In parallel, he founded the *Association d'études pour l'Union européenne* (AFEUR, 1974 – Association for European Union Studies) and, later on, the AFEUR-ARRI Club of which he was the President. He joined the French section of the International European Movement and MFE (before UEF) and represented the writer Joseph Rován in Prague in October 1990 on the occasion of the Conference of the Helsinki Citizen's Assembly, created by the Bertrand Russell Foundation for

Peace, which included Europeans from both the East and the West.

*"There I discovered a European Civil Society looking for Peace, Freedom, Democracy and conscious of the threats to the new Europe posed by the resurgence of ethno-nationalist confrontations. I note, on behalf of Rován, the words of Jorge Semprun calling the non-communist Left to self-criticism for its too long indulgence in regards of tyrants; of Edgar Morin, establishing a parallel between the sovereignty by divine right of Kings and that of Nation States; of the Czech Minister Sabata in favor of a better organized and united humanity, beyond ideological barriers. Rován will be surprised to learn about the participation of some fifty compatriots, among them seven Corsican autonomists belonging to an eco-pacifist grouping"*⁸.

This tribute to Robert would not be complete without mentioning his cordial and friendly relations with another famous French Federalist, Alexandre Marc, whom he met on several occasions, in Paris, Brussels and Nice especially, and with whom he collaborated at his *Centre international de formation européenne* (CIFE), participating in various Colloquiums in France, Belgium, Canada and various Eastern European Countries after the Fall of the Berlin Wall. He was also elected later President of the Federal Committee of CIFE in Sevilla (Spain, November 1997).

I met Robert initially in early 2000 in Paris, when our common friend Jean-Pierre Gouzy introduced us on the occasion of a pro-European meeting. But it seems we might in fact have met long before, in the mid 1970's, as the two of us were members, as well as Lesfargues, of MFE-France National Commission! But none of the three of us remembered when I (re)introduced Bernard to Robert later on, maybe because we had all missed a specific meeting in spring 1975 in Avignon...⁹ Robert and I knew anyway each other by name, and he already had allowed me to publish some of his articles in *Fédéchosés* earlier. What surprise

was for him to hear that Denise and I had just bought a summer house a few hundred yards from his native house!

I am convinced that this amazing circumstance played a role in our future friendship. This is how I suggested him to send his papers to the Historical Archives of the European Union in Florence, at the European University Institute, and also why we could get some financial support by the Archives for *Presse Fédéraliste* to publish Robert's Memoirs.

When Robert asked me in late 2017 to organize for him a meeting at Bernard home, three months only before his death, this long meeting was to be one of the most emotional moments

in my life. These two nonagenarian men have been lifelong federalists and cosmopolitans, but at the same time so viscerally attached to Périgord and his cultural heritage, as their common membership in some historical and cultural Societies bear witness.

Lastly, let me recall that Robert convinced a few years ago one of his closest friends, the well-known Economist Michel Albert, to accept the UEF-France Honorary Presidency and that both of them strongly supported some European or World Federalist initiatives in the most recent years, such as the "New Deal 4 Europe" or the "United Nations Parliamentary Assembly" campaigns.

¹ R. Toulemon, *Souvenirs européens, 1950-2005*, coll. «Carnet d'Europe», Presse fédéraliste, 2012

² Published 1945 in New York, later on in France.

³ R. Toulemon, *op. cit.*, p. 9.

⁴ Occitan and French Writer, Translator, Poet and Publisher, active in federalist movements since the mid 1940's, linked to UEF since its founding in 1946 and member of some Occitan autonomist and cultural circles. See my "Tribute to Bernard Abel Lesfargues" in *The Federalist Debate*, XXXI Year, n° 2, 2018.

⁵ R. Toulemon, *op. cit.*, pp. 29.30.

⁶ *Ibid.*, p. 33.

⁷ *Ibid.*, p. 94.

⁸ *Ibid.*, p. 238.

⁹ See "Commission Nationale – Avignon – 13/14 Septembre 1975". XXVI Year, n° 71, new Series n° 8, December 1975, recently found in Bernard's federalist Archives when working on an Essay for the cultural occitanist *Garona* review, linked to the University of Bordeaux.

A Safety Net for Africa: towards an African Monetary Fund

Dominique de Rambures, Alfonso Iozzo, Annamaria Viterbo

After the Second World War, the establishment of the United Nations was completed with the establishment, in the financial area, of the IMF for financing the balances of payments, and the World Bank for financing infrastructure and investment projects. The European Union has created the European Stability Mechanism (ESM) for financing the member States who are dealing with payment problems, which can be compared with the IMF, and the EIB for financing the investment projects which can be compared with the World Bank. China has numerous entities for financing investments, such as the China Development Bank, Export-Import Bank, and many funds and development banks dedicated to a specific purpose, such as the ABII (Asia Bank for Infrastructures and Investments) to support the OBOR policy (One Belt One Road, i.e. the New Silk Roads). Beyond their aim of financing investments, China uses these financial organizations and others, such as the sovereign fund China Investment Corp., and the state banks, for buying government bonds in countries such as Greece and Portugal during the 2008 crisis, that were dealing with payment problems. The African Development Bank grants loans to finance infrastructure and investment projects, but Africa has no financial institution such as the IMF or the ESM.

Why should Africa build up a financial institution of this kind, while the African countries have so far called upon the IMF for their financial needs? A few reasons are:

- the IMF does initiate a financial program but does not provide the whole amount of funds needed. IMF involvement is only a way to trigger the involvement of other sources of financing,
- even though the IMF involvement is based upon economic and financial grounds and the assessment of the borrower's repayment capacity, the final decision is basically political. Some IMF members may request that it is part of a broader agreement on its economic or financial sustainability.
- IMF loans are subject to economic and fiscal conditions that may be justified by purely financial reasons, but they should also be implemented in a politically and socially sustainable way, as part of a development strategy.
- the creation of an African Safety Net, meeting the emergency financial needs of the African countries, would be a critical step toward further economic and political integration of the continent.

According to its Statute (2002), the African Union's objectives are:

1. to achieve a greater unity and solidarity between the African states and peoples,
2. to defend the sovereignty, the territorial integrity and the independence of the member States,
3. to deepen the political and socio-economic integration of the continent.

The creation of an African Safety Net will be part of the ongoing negotiations of an African Free Trade Area (AfCFTA) and a common currency. In 2020 the creation of a common currency – eco – between 15 countries in West Africa (ECOWAS) should be a first step in this direction.

The world-wide recession, the fall of the commodity prices, the lack of diversification

among the African economies, the drop of the foreign direct investments and more generally the exodus of foreign investors, the fall of migrant remittances (from 80 to 90%) will critically affect the African economies, and raise unbearable political and social tensions that may further deepen the economic crisis.

Furthermore, the development policies of the 54 African countries continue to be adversely affected by a fragmented market, which makes the construction of a value-chain difficult: Africa is exporting crude oil and importing refined oil. Intra-African trade amounts to 17%, as opposed to 60 or 70% in Asia and Europe. A study by UNCTAD (United Nations Conference for Trade and Development) concluded that the cancellation of internal customs tariffs would increase the annual growth rate by 1%. The increased trade with neighboring countries would allow the African economies to become more specialised and more competitive. For far too long it was assumed that Africa could not emerge from under-development for as long as an industrial base producing export-related products will not be built up. However, the service sector has been growing threefold over the last 15 years to reach 16% of the workforce, leading to a more balanced development model. In 2019, venture capital companies have invested \$1.3bn in African start-ups (from \$200 million in 2015), i.e. a 600% growth rate in five years.

Over the last 10 years, the African continent has experienced a 5 to 6% growth rate, meaning that the African economies were about to be liberated from the vicious circle of development, characterized by an economic growth rate chronically lower than the demographic growth rate. The current crisis may push the African countries back below the take-off growth rate.

The creation of an African Safety Net

In the months and years to come, African countries will be facing severe payment problems, and some of them may default. Thus,

it is essential that the African countries build up a common financial institution to meet such a payment crisis. From \$16.3bn in the sixties, the overall debt of the African countries has reached \$365bn in 2019, of which a third is owned by China. Following the current crisis, this amount is expected to reach unsustainable levels. The G20 countries have decided to postpone the payment of interest charges for 6 months, but it applies only to the public debt. The situation requires a much more important package of measures to meet the oncoming crisis. In such a situation, the African countries must get together to strengthen their bargaining power, put together their resources, and take back control of their economic and monetary policies. With this aim, the African countries may create a Fund managed by the African central banks. The contribution of each member state could be made through transferring all or part of their SDR rights and maybe an agreed part of their foreign exchange reserves. Some foreign creditors may contribute as well, such as the European Union and China. In accordance with the IMF statutes regarding the transfer of SDR, this regional financial institution may be granted the status of « prescribed holder ». In a first stage, the African Fund may be formed by a limited number of the members of the AfCFTA trade agreement, while the others may join in a further step. Using the initial capital as a leverage, the new African fund may raise up to 5 to 10 times more from the markets.

In addition to its core function, the new Fund may operate a clearing system of the foreign currency payments between the member states, with the aim of lowering their needs in strong currencies. The proposed African Monetary Fund may also provide technical assistance to member States for the management of their foreign debt. The bargaining power of the African countries facing a debt renegotiation or restructuring process would be significantly strengthened.

The proposal to raise a new issue of SDRs, which

2020: A Turning Point for EU-Africa Relations

Andrea Cofelice

2020 can represent a decisive turning point for EU-Africa relations. The combination of three distinct processes, which are expected to see the light of day by the end of this year, can lead to a qualitative leap in political and economic relations between the two continents.

The first process, which is entirely Africa-led and Africa-owned, deals with the establishment of the African continental free trade area (AfCFTA). After adopting the legal framework in March 2018, negotiations on the operational clauses of the agreement are underway, although slowed down by the Covid-19 pandemic: free trade is expected to start in early 2021.

AfCFTA's objectives are ambitious and consist in promoting the development of intra-African trade, by removing tariff and non-tariff barriers on goods and services, in order to contribute to the economic and social progress of the continent. Despite the several hurdles that must be overcome for its realization, many observers tend to attribute a potential *game changer* role to AfCFTA: the expected benefits in terms of increased trade, industrialization and employment would be so relevant as to trigger a structural transformation of African countries, boosting their integration into global markets.

From Brussels' point of view, the realization of the AfCFTA would open up interesting opportunities to enhance trade and investments. EU-Africa trade already represents about a third of total African imports and exports: no other African trading partner can display similar levels (China stands at around 10%, the US at 6%). The EU is also the main investor

in Africa: the stock of European investments in 2017 (i.e. pre-Brexit era) amounted to about 260 billion euros, equal to 40% of total foreign direct investment in Africa.

Furthermore, the AfCFTA would give a decisive boost to the consolidation of African regionalism, strengthening the role of the African Union (AU) as well as of regional economic communities. Spreading regionalism is one of the most long-standing goals of EU foreign policy, which, in turn, is part of a broader strategy aimed at promoting a rule-based global governance system centred on multilateral institutions. To this end, the EU considers the AU as a "natural" partner and neighbour¹: President von der Leyen's choice to visit the AU headquarters in Addis Ababa just few days after her "Geopolitical Commission" formally took office in December 2019 exemplifies this vision.

From a European perspective, the AfCFTA may represent an intermediate step to establish, in the medium-long term, a joint EU-AU intercontinental free trade area. To this end, the EU is politically, technically and financially supporting its implementation, especially in terms of infrastructure investments and the promotion of its inclusive and sustainable character.

In spite of its relevance, the AfCFTA alone cannot offer an all-encompassing solution to the set of multifaceted challenges affecting both Africa and Europe. Thus, the European Commission proposed to the AU to develop a new comprehensive strategy² by the end of this year (which will replace the 2007 joint EU-AU strategy), to be built around

five priority areas: green transition; digital transformation; sustainable growth and jobs; peace and security; migration and mobility. The Commission intends to adopt a more equal approach in its relations with the AU, starting with the elaboration of the strategy which - unlike other recent plans - is being negotiated with the full participation of African partners. The comprehensive strategy with Africa may be significant, for its timing and content, at least in two additional respects. First of all, it could play a role as a policy hub for EU-AU relations, transforming the current fuzzy and dispersed framework (consisting of numerous sectoral plans and agreements in almost every political area: development, trade, migration, security, climate change, human rights etc.), into a coordinated series of “action plans”, equipped with adequate monitoring tools to ensure that the results are in line with the agreed objectives.

Secondly, the strategy can represent the blueprint to set up a common strategy for the post-Covid-19 phase. The pandemic reaffirmed the urgent need, already recognized in the United Nations Sustainable Development Goals, to promote huge investments in public services, to ensure universal health coverage, access to social protection and adequate standards of education and research. A strong and effective EU-AU partnership should build on the lessons learned from the management

of the coronavirus pandemic, giving priority to strengthening health, social and educational systems (to be financed also through the promotion of progressive tax systems, the reduction of remittance costs, the revision of fiscal treaties and the fight against illicit financial flows), in order to reduce inequalities and build resilient societies.

Finally, the EU is engaged in complex negotiations to set up the successor of the Cotonou Agreement, expiring in 2020, which will define the long-term political, commercial and development relations with African, Caribbean and Pacific (ACP) States. Within this framework, it has to be stressed that the talks on the development cooperation pillar are inherently linked to intra-European negotiations on the multi-annual financial framework 2021-2027 and the proposal to establish a single development-financing instrument (the so-called Neighbourhood, Development and International Cooperation Instrument).

In conclusion, if negotiations on AfCFTA, the new comprehensive strategy with Africa and the ACP-EU Partnership will be carried out according to a politically coherent and long-term vision, aimed at identifying shared solutions to common problems and enhancing the role of regional actors, then a window of opportunity will be opened for a new phase in EU-Africa relations.

¹ “ [...] this is one of the most important, maybe the most important international partnerships that we are going to work on”: remarks by HR/VP Josep Borrell at the press conference on the Joint Communication towards a Comprehensive Strategy with Africa, 9 March 2020, at ec.europa.eu/commission/presscorner/detail/en/STATEMENT_20_428.

² <https://ec.europa.eu/international-partnerships/priorities/africa-eu-partnership>.

More than 200 Civil Society Groups Want Citizens to Be Heard at the UN*

More than 200 civil society groups from over fifty countries, among them sixty that operate internationally, call on the United Nations and its member governments to establish a World Citizens' Initiative (WCI) that would allow citizens to put items on the UN's agenda. Support of this proposal has doubled in less than a year. The campaign going under the slogan of "We the Peoples" was jointly initiated by Democracy Without Borders, Democracy International and CIVICUS: World Alliance for Citizen Participation. *"The coronavirus pandemic, climate change and many other challenges underline the fact that all people on this planet are connected to each other but they have no say at the United Nations"*, said Caroline Vernaillen, Program Manager at Democracy International.

In the joint statement, the campaign's supporters underline that collective responses of the international community are needed. *"This year the UN celebrates its 75th anniversary. It's time to give people a direct voice in the UN's affairs"*, said Andreas Bummel, Executive Director of Democracy Without Borders.

"A global governance system that is directly accountable to the lived experiences of citizens and communities is an idea whose time has come. The UN WCI helps us connect and upscale the efforts we need to achieve this outcome," said Lysa John, Secretary-General of CIVICUS.

The list of supportive organizations includes Asia Democracy Network, Asia Development Alliance, Avaaz, Global Justice Now, Greenpeace, NGO Federation of Nepal, Nigerian Network of NGOs, Soroptimist International, Transnational Institute, Women Coalition for Agenda 2030, Women's March Global, World Academy of Art

and Science, and the World Roma Federation. The UN's Independent Expert on the Promotion of an Equitable and Democratic International Order, Livingstone Sewanyana, stated that a UN WCI represents *"an innovative mechanism for citizen involvement in global affairs"* which he *"proudly associates with."*

According to Edward Mortimer, former Director of Communications at the UN, *"the current pandemic cries out for a global response"* not only to address public health issues but also to tackle other threats that are interconnected, such as climate change, violent conflict and inequality. *"It is vital that ordinary people from all continents mobilise to insist on such a response; and the WCI seems the perfect way to do it,"* he said.

Patricia Lerner, a Senior Advisor at Greenpeace International, pointed out that *"Greenpeace believes the public interest must be ensured by making sure the people are heard, not special interests. A WCI is an important mechanism to make 'We the Peoples of the United Nations' possible."*

The proposal is highlighted in CIVICUS' new State of Civil Society Report 2020. According to the report, *"if implemented, the UN World Citizens' Initiative could provide a powerful focus for civil society engagement, enabling civil society organizations with strong country presences but limited international-level representation to become involved in international advocacy, by playing to their domestic strengths and mobilising their constituencies to demand global-level change."*

The idea of a UN WCI is that if a certain number of global citizens endorses a citizen-launched proposal, either the UN General Assembly or the UN Security Council have to put the item on their agenda and need to adopt resolutions as a response.

* This article was published online by the "Democracy Without Borders" organization in the website: <https://www.democracywithoutborders.org/13753/more-than-200-civil-society-groups-want-citizens-to-be-heard-at-the-un/>

Candidacy of the ICC to the 2021 Nobel Peace Prize

We publish the letter, sent by UEF-Spain to the Norwegian Nobel Committee, putting forward the candidacy of the ICC to the 2021 Nobel Peace Prize.

It is for us an honour to table the candidacy of the International Criminal Court (ICC) to the 2021 Nobel Peace Prize. The ICC constitutes a major improvement in the international justice system. The ICC is a permanent institution, beyond the creation of ad-hoc, though important, international courts, like the ones that tried the genocides in Rwanda and the former Yugoslavia.

An efficient and peaceful global governance system requires a network of representative and judicial institutions of a transnational nature, since the major challenges humankind is facing, such as climate change, refugee flows, or organised crime, among other are of cross-border nature. This includes genocide or war crimes, which even when limited to one country can often not be prosecuted by the local justice system. As a Court of last resort, the ICC seeks to complement, not replace, national Courts.

The creation of the Rome Statute in 1998, currently adopted by 123 nations, was in itself a historic event, marking a milestone in humankind's efforts towards international justice. The ICC was established thanks to the original efforts of a global coalition of NGOs led by the World Federalist Movement. Its reality is proof of what civil society is able to achieve also in the global scene. The Rome Statute then took effect in 2002, upon ratification by 60 States.

The ICC (and the Rome Statute system) is considered one of the most important Human

Rights advancements in the Twentieth century. The ICC is the cornerstone of a system that maintains that there can be no impunity for genocide, crimes against humanity, war crimes and aggression. The Court aims to hold those responsible accountable for their crimes and to help prevent these crimes from happening again.

By supporting the Court, the countries that have joined the Rome Statute system have taken a stand against those who, in the past, would have had no one to answer to after committing widespread, systematic international crimes. The ICC calls on all countries to join the fight against impunity, so that perpetrators of such crimes are punished, and to help prevent future occurrences of these crimes.

There have thus far been 28 cases before the Court, with some cases having more than one suspect. The ICC judges have issued 36 arrest warrants. Thanks to cooperation from States, 17 people have been detained in the ICC detention centres and have appeared before the Court. Another 15 people remain at large. Charges have been dropped against 4 people due to their deaths. The ICC judges have also issued 8 summonses to appear. The judges have convicted 9 people and acquitted 4.

We also would like to highlight some of the biggest achievements of the ICC, such as prosecuting the former dictator of Sudan, Omar al-Bashir, responsible of more than 300.000 deaths and about 2,7 million displaced people by his regime, as reported by The New York Times on 11 February 2020.

Unfortunately, some major countries have not yet ratified the Rome Statute, so the recognition that we are proposing will contribute to strengthen global public opinion

and awareness, thus putting pressure on those governments that have not yet joined the global community of countries committed to peace and justice.

In the current geopolitical climate, the rules-based order and the multilateral governance system are increasingly challenged. This award is necessary more than ever when the Trump Administration, as it is reported by the Financial Times on 3 September 2020, is attacking the Rome Statute system of criminal

justice by imposing sanctions to ICC officials for investigating possible responsibilities of the United States during the war of Afghanistan.

There cannot be peace without justice. International justice can contribute to long-term peace, stability and equitable development in post – conflict societies. These elements are the pillars of a future free of violence.

For the ICC's commitment global justice and a rule-based order, we recommend the award in its favour of the Nobel Peace Prize.

Humanity beyond the United Nations

Joseph Preston Baratta

Augusto Lopez-Claros, Arthur L. Dahl, and Maja Groff

Global Governance and the Emergence of Global Institutions for the 21st Century
Cambridge University Press, 2020 *

The coronavirus pandemic makes this a timely book. It is a splendid contribution to academic debate on the future of the United Nations Organization. It should come to the attention of national foreign policy elites as well as to internationalists and federalists everywhere. It joins three recent substantial works on UN reform in the age of globalization – Leinen and Bummel’s *A World Parliament*,¹ the Stimson Center and Hague Institute on Global Justice’s *Confronting the Crisis of Global Governance*,² and Joseph Schwartzberg’s *Transforming the United Nations System*.³

Lopez-Claros (Bolivian) is an economist with 30 years experience in international organizations, most recently the World Bank; Dahl (Swiss) is an ecologist with 50 years experience, particularly with the UN Environment Programme; and Groff (Canadian) is an international legal officer based in The Hague and an expert on multilateral treaties. They won a major prize of Sweden’s Global Challenges Foundation. The lead author expanded the work during a year as a visiting fellow at the Edmund Walsh School of Foreign Service at Georgetown University, where he had the benefit of Dean Joel Hellman and a wide range of American scholars and officials.

The authors’ aim is “to extend to the international level the same principles of sensible governance that exist in well-governed national systems: rule of law, legislation in the common interest, an executive branch to implement such legislation, and courts to enforce it.” They propose quite radical reforms, going back to the origins of the UN, and update the Clark-Sohn Plan⁴ for the systematic amendment of the Charter. Like Clark, they assume that availability of a specific plan of UN reform will inspire action to achieve it.

They propose to gradually transform the General Assembly into an assembly of state representatives, indirectly elected by national parliaments (not appointed nor instructed by national governments) and ultimately elected by popular national vote, with powers based on weighted voting. The weights would be determined as an average of world population and GDP shares plus a membership share equal for all 193 states members. Numbers of representatives would be proportional to each member’s voting share, updated from time to time by the GA. The authors take no view of an ideal size, but for a GA of 600, India would have 48 representatives, China 72, and U.S.A. 50.⁵ The one-nation, one-vote rule would be replaced by a system of “degressive proportionality” – the nearest conceivable principle of working democracy. That would transform the GA effectively into a world legislature acting by majority rule. They would then give the GA primary responsibility for the maintenance of international peace and security. The long postponed International Peace Force would by definite steps of disarmament replace national armed forces and be put under the control of the world legislature.

They propose to transform the Security Council into an Executive Council for the enforcement of the world laws to secure the peace and (new!) preserve the environment. The new EC would have 24 members, five initially guaranteed seats (U.S.A., E.U., China,

India, Russia) and 19 regional representatives. They would have voting power equal to their proportional weights, as in the GA. No state would have a veto.

The International Court of Justice (ICJ) would be upgraded as in well-organized democratic states. The distinction in international relations between legal and political disputes would be shifted very much toward the legal, whereas now almost any dispute other than the interpretation of a treaty is treated as political. Peaceful settlement would be made obligatory, in a much expanded rule of law. They mention a new global "Mediation and Conciliation Commission," following earlier proposals of Clark and Sohn for a world equity tribunal for the resolution of political disputes, prior to formal adjudication by the ICJ. They would create a Civil Society Chamber for the accommodation of the nongovernmental organizations. And, optionally in the transition, they would create a popularly elective World Parliamentary Assembly as a second chamber of the world legislature, more directly representative of peoples (size 567). In effect, the authors propose a significant strengthening of the UN system, giving it enhanced powers to more effectively address questions of peace and security, plus management of the global commons. They do not restrict the term "governance," as is usual, to degrees of voluntary international cooperation, adherence to new norms, functional growth to political union, and the like, but allow it to merge naturally, with the rule of law reaching to individuals, in a "government."

Dispute about the design of a new world order will not be the focus of this review. The authors basically propose a maximal world government in order to preserve the peace, save the environment, and promote justice. Other scholars, like Lucio Levi in *The Democratization of International Institutions*, would create in place of the General Assembly an elective Parliamentary Assembly, rather like

the European Parliament, and in place of the Security Council a second house representative of the regions.⁶ Jeffrey Sachs, in a new book also devoted to the global crisis, proposes nothing more radical than realistic next steps toward implementing the UN's sustainable development goals.⁷ Almost any aspiring founding father (or mother) has their own scheme. That is like the split in ideal designs of world federation in the 1940s: there were the Atlantic unionists vs. the universalists, the minimalists vs. the maximalists, and the gradualists vs. the revolutionaries. Their disputes provoked the quip: "The world federalists, who aim to unite the world, cannot even unite themselves!"⁸

One crucial issue is whether the world legislature should be unicameral or bicameral. Grenville Clark held that it should be unicameral, for democratic legislatures are prone to paralysis and inability to form a majority, which would be a dangerous situation for a representative institution responsible for international peace and security. Hence Lopez-Claros and coauthors focus on just the General Assembly. Most writers prefer a second house to check the first. No amount of argument could settle the question of design. We should expect the design to be settled by negotiations, and the result will probably look different from any historic form, for Humanity has never before been united politically.

The political transition to this comprehensive scheme of UN reform will be the focus of this brief review. The authors often discuss the transition – especially the necessity of reforms to meet global problems, the need for a crisis to motivate action, a call for new leadership, enhanced public opinion – but the politics of the transition is very rudimentary today. Why would Americans or any nation entrust their security to a legislative assembly largely composed of foreigners? How could the veto be so lightly abandoned by powerful states expected to supply the funds and the personnel

of an International Peace Force? If the reformed UN had the power to pursue justice and human rights, would it not have to be empowered to interfere in the domestic jurisdiction of states, now protected by Article 2(7) of the Charter? Will the World Court, even if granted powers comparable to the U.S. Supreme Court or the European Court of Justice, be obeyed for the peaceful settlement of international disputes? The authors regard non-interference into the domestic jurisdiction of states (Article 2(7)) as bereft in recent decades of meaningful "protections" of the people. It does not protect us from climate change, nor pandemics like COVID-19, nor breakdowns of the global financial system. Indeed, the main benefit of Article 2(7) has been to coddle tyrants and mass murderers and to hide human rights abuses. But I remind the authors that Article 2(7) was not put into the Charter to protect people, but rather to protect the sovereignty of states. It goes back to the treaty of Westphalia, and most recently it protected the United States from outside interference in its abolition of racial segregation, and the Soviet Union in its dismantling of the Gulag prison camps. Omission of Article 2(7) from a future amended UN Charter would mark the end of the absolute sovereignty of states. The authors intend that meaning.

The politics to make these reforms happen hardly exist today. The world leaders willing to introduce them have yet to appear. Which leaders are now going to tell their people that they must prepare to elect international legislators and accept economic changes to arrest climate change or pay even modest world taxes? The book is already very large, and the authors could hardly be faulted for only hinting in many places at the changes necessary in world politics. Their work might serve as a negotiating text in some future general conference (UN Agenda 2030?), if only the politics might be prepared.

Busy people might skip the detailed proposals

and start with Chapter 20 on the "values and principles" of "good governance" in order to start. There the authors reflect on enforcement of the laws after further world cultural integration:

The foundation of any system of justice is reward and punishment. Yet a legal system that relies primarily on police systems, courts, and prisons is inefficient, expensive and socially damaging, locking people away when they could be contributing to society. A citizenry motivated by high ideals, educated to good morals and with a conscience regarding right and wrong has little need for such machinery of justice: the same is true at the international level and with respect to the highest levels of political leadership.⁹

The necessity of a more perfect union of the globe can be inferred from a modern reading of Hamilton, Madison, and Jay's *The Federalist*: it would protect the states members from aggression, safeguard them from international anarchy and faction, preserve their freedoms in a secure system of rule of law, fairly regulate commerce, and maintain popular government.¹⁰ Lopez-Claros and others mention the revolutionary character of their proposals but assume that progress can be made by continuing current international practice. They argue that global problems, like climate change – or lately, global pandemics – beyond the capacity of sovereign states to solve alone, require UN reform. But the fate of the Paris Accords of 2015 do not augur well for that. New leaders are needed. The goal is a "slow process of integration," even a "fundamental transformation in society," a "paradigm shift." Who now appears to be such a leader? Not Madeleine Albright (84), judging by her silence. The authors imagine further integration (identity) will take an immense work of education in "values" by all humanity, which, by the pace of European integration, will take many decades if not a century.

The argument for the transition is most concentrated in the chapter on disarmament. Why should nations disarm? To save the money

wasted on arms and to make possible a more rational world politics. In case of violation of agreements by national leaders, the authors presume that UN marshals would arrest the individual violators, in proper exercise of the police power of higher authority. Who constitutes that authority? Humanity in the reformed General Assembly! Finally the authors are forced into the corner of what the International Peace Force would do in case of serious, armed resistance. They answer stoutly, "*In extreme cases, [it would] intervene if any country tries to destabilize the disarmament process to its own advantage.*"¹¹ Now, use of legitimate force (perhaps disguised as humanitarian intervention) will look like war, or more technically international civil war. Such a challenge to the reformed UN is predictable. This admission opens the whole question of violence in future world politics. By historical precedents, war, more than negotiations, will produce the new values of global governance. No state or federation has been created without the agency of war. College classes can help in education, but the hard lessons will be learned in the struggle for a new world order.

How do we find a way forward? That is the burden of this book. The authors assume that "principles of sensible governance", well established in the domestic order of national states, can still be applied to the international order. They assume that an amended Charter, like treaties, will be well observed, despite neglect of now over 100 human rights instruments and Articles 2(2), 2(4), 4, and 25, by the U.S.A. and NATO in wars in Kosovo and Iraq. "*Globalization is unfolding,*" they confidently affirm, "*in the absence of equivalent progress in the creation of an international institutional infrastructure that can support it and enhance its potential for good.*" The book is full of appeals for a good global governance system, one that will approach justice. They naturally were attracted by the Chicago Plan for a world system devoted to justice no less than peace

and security.¹² They were influenced by my own comment on the Chicago plan – "*a repository of clear world political analysis, of prescription adequate to the ends of international organization, indeed, of wisdom, which someday may provide an invaluable guide to world statecraft at a more auspicious hour of our global regeneration.*"¹³

What authority could produce the necessary UN reforms patiently outlined in this book? The Big Five, as in founding the UN in 1945, do not currently seem interested. The sole surviving superpower is still in the grip of exceptionalism, though leading historian of U.S. national security policy Andrew Bacevich finds the United States exhausted and disillusioned at the end of its late wars to spread "freedom" about the globe. Though he foresees a "*fresh understanding of the nation's purpose,*" he never imagines that it could be to return to the UN, or to guide those choosing the profession of arms to undertake service truly for freedom and justice in an International Peace Force.¹⁴ Other American scholars, like Ed Luck in *Mixed Messages*, trace the history of U.S. resistance to international organizations because of a claimed mission to expand the sphere of liberty.¹⁵ Many countries feel exceptional, and America is not the only one expected to "push back." America, however, should be a leader in the new cause, judging by her revolutionary origins, dynamic expansion, and progressive reforms. Nevertheless, Lopez-Claros expects an initiative from middle powers like Sweden and Canada, plus civil society.

If the reformed General Assembly is going to be respected and obeyed, its authority must be drawn from Humanity. What is proposed is a union of Humanity to undertake the democratic world statecraft of UN reform. The revolutionary implications of world democracy are not, in my view, sufficiently outlined in this book. *Vox dei, vox populi.* World community must form before world federation. A beginning is sufficient, for, as with Americans after the foundation of their federal Government, the

experience of national government – and meeting the inevitable tests of Union – will steadily teach them the value of the supreme law of the land. Today, nascent global citizens, currently being formed by economic and social globalization, must constitute the long promised body politic for the governance of the world. The equality of Man must truly be accepted to make safe and effective a General Assembly responsible for international peace and security. What Jean Monnet said of the European Community applies to a reformed UN, “*We are not forming coalitions of states, but union of peoples.*” That’s what Lopez-Claros and others mean by a new “social contract” for the planet, but they imagine the process will be more rational than any historical example of the formation of modern states or federations. My sense of things is that millions, if not billions, are now ready to perform their duties as well as to enjoy their rights as world citizens. They are the ones who already work in international businesses, who travel abroad eagerly, who serve in civil society organizations bringing aid to the poor and unfortunate, who are linked in the universal cause of science, who are engaged in scholarship and education that crosses borders, who care about the international news, who show extraordinary sympathy for the victims of continuing wars, who bring in refugees and the downtrodden, who as soldiers have been disillusioned with national use of force. The problem is to unite them in a global body politic. It must be as effective as present national identities.

The reason why nations should entrust their security to a legislative assembly largely composed of foreigners is that, during the revolutionary transition, they come to feel there are no foreigners. There are only people like us. Humanity is one, like the appearance of the Earth from space. Foreign relations are becoming indistinct from domestic ones. UN reform will produce good governance, belonging to us. The age of nations is past.

We are one people. World democracy is really possible. Our country is the world, and our religion is to do good. To prevent abuse of power, checks and balances and eternal vigilance can be employed. (It would also be wise to aim at world federation, too, as an additional check.) The rule of law, as Kant said, is the ground of our freedoms. The powers of the reformed UN are legitimate, that is, acceptable, drawn from our consent. Obedience to commonly enacted law is easy, for it will be perceived as just. State “interests” (advantages, as chosen by national governments) will be set aside for policies directed at the common good. We will accept the limits to growth and aim at economic reforms for the long term. We are humble, as befits mature men and women. We are embarked on Humanity’s greatest adventure. These changes are so profound that the proper word for them is theology. In writing my history of the world federalist movement after atomic bombs were first used in anger, I was slowed down for years by reconsiderations. While ideally we believe in the equality of human beings, is it really wise to vest the maintenance of peace and security in governing institutions conducted by the kind of citizens we meet everyday in the daily news? Considering the delays and gridlock of many national legislatures, is it realistic to expect less party spirit and more disinterested civil responsibility from supranational politicians? Justice once was promised by God, but can human courts and assemblies ever approach the divine standard for the redress of wrongs and the guarantee of rights? Are human rights not merely Western standards, and is democracy really fated for all Humanity? For a world union, will we not need a flag, like the E.U.’s twelve stars on a field of blue, and an anthem, like the theme from Beethoven’s Ninth? Perhaps the Apollo photo of the full Earth from space, and John Lennon’s “Imagine”! These are theological questions. Theology is the word used by General Douglas MacArthur on receiving the

Japanese surrender on the USS Missouri on 2 September 1945. *"If we do not devise some greater and more equitable system, Armageddon will be at our door. The problem basically is theological and involves a spiritual recrudescence and improvement of human character that will synchronize with our almost matchless advance in science, art, literature, and all material and cultural developments of the past 2,000 years."*¹⁶

Lopez-Claros et al. conclude with what they call a United World Organization. (Because that organization would be based on the people, I prefer the term Humanity.) Their transition steps are similar to others': a series of world conferences similar to the Bretton Woods conference of 1944, when there was public and official will to reform the international economic order. They imagine that public sentiment will be enlightened by these conferences, led by middle powers, civil society, and the business community. A world parliamentary assembly established as a second chamber of the General Assembly of the existing UN could be a catalytic step.

Lopez-Claros et al. conclude:

This book represents our reasonable efforts to shine some light on the possible ways ahead, to provide a vision of where we might need to go and to suggest workable mechanisms for the next steps in our evolving system of governance. It tries to strike a balance between what idealism says would be desirable, what the reality of our present situation says is necessary and what might seem feasible to a political realist.

What is now needed at this stage of UN reform is a reply by politicians, policy makers, and civil servants with comparable experience in national governments, who recognize the necessity of such UN reforms for a more lawful world order.

* Free under Open Access at: <https://www.cambridge.org/core/books/global-governance-and-the-emergence-of-global-institutions-for-the-21st-century/AF7D40B152C4CBEDB310EC5F40866A59>

¹ Jo Leinen and Andreas Bummel, trans. Ray Cunningham, *A World Parliament: Governance and Democracy in the 21st Century* (Berlin: Democracy without Borders, 2018).

² Madeleine K. Albright and Ibrahim A. Gambari, co-chairs, Commission on Global Security, Justice and Governance, Report, *Confronting the Crisis of Global Governance*, June 2015. www.globalsecurityjusticegovernance.org

³ Joseph E. Schwartzberg, *Transforming the United Nations System: Designs for a Workable World* (Tokyo: United Nations University Press, 2013).

⁴ Grenville Clark and Louis B. Sohn, *World Peace through World Law* (Cambridge, MA: Harvard University Press, 1958; 2nd ed., 1960; 3rd, 1966).

⁵ Amended Charter Art. 9. Augusto Lopez-Carlos et al., *Global Governance*, 99, 102.

⁶ Lucio Levi, "Introduction," in Lucio Levi, Giovanni Finizio, and Nicola Vallinoto, eds., *The Democratization of International Institutions: First International Democracy Report* (London: Routledge, 2014), 7-24.

⁷ Jeffrey D. Sachs, *A New Foreign Policy: Beyond American Exceptionalism* (New York: Columbia University Press, 2018), 207-14.

⁸ Joseph Preston Baratta, *The Politics of World Federation* (Westport, CT: Praeger, 2004), 12-17.

⁹ *Global Governance*, 439.

¹⁰ *The Federalist*, Nos. 1, 9, 10, 15, 21, 22, 23, 37, 46, 51.

¹¹ *Global Governance*, 200, 202.

¹² *Global Governance*, 60-64. Committee to Frame a World Constitution, Robert M. Hutchins, president; G.A. Borgese, secretary. "Preliminary Draft of a World Constitution." *Common Cause*, 1 (March 1948): 1-40. Reprinted in Richard A. Falk and Saul Mendlovitz, eds, *Regional Politics and World Order* (San Francisco: W.H. Freeman, 1973).

¹³ Baratta, *Politics*, 316.

¹⁴ Andrew J. Bacevich, *The Age of Illusions: How America Squandered Its Cold War Victory* (New York: Henry Holt, 2020), 185-85, 198.

¹⁵ Edward C. Luck, *Mixed Messages: American Politics and International Organization, 1919-1999* (Washington, DC: Brookings, 1999). Cf. Gary B. Ostrower, *The United Nations and the United States, 1945-1995* (New York: Twayne, 1998).

¹⁶ Speech displayed in MacArthur Hall, the Pentagon.

The Role of the EU in Shaping Global Supranational Governance

Pilar Llorente

Mario Telò and Anne Weyemberg (eds.)
Supranational Governance at Stake
Routledge, London, 2020

The fact that the most pressing challenges of our times are of a global nature is nowadays undisputed: the effects of climate change, loss of

ecosystems and biodiversity, inequality, depletion of natural resources, among others, have a global reach and have triggered the successive economic, environmental, social and health crises that characterize our present. However, there is no effective and democratic global architecture to govern this globalized world. The global “order” of the post-WWII paradigm has evolved into an international regime of high complexity and legal and policy fragmentation, where the forces of neoliberal deregulation, national sovereignty, multilateral cooperation and regional political integration interplay without any common global framework of rules. If we consider the most advanced experiment of supranational integration, the EU, we see that the tension between supranational governance and national sovereignty is inherent to the political integration process. However, now this tension, within and beyond Europe, is exacerbated with the surge of nationalism and Euro-scepticism, along with international leaders that question and boycott multilateralism.

In this context, are supranational institutions at global level the best answer to this complexity and fragmentation? What are the potential and limitations of supranational governance? How can the EU contribute to build an effective and democratic global governance? These are some of the questions that drive the EU research project GEM STONES, whose outcomes are presented in the book *Supranational Governance at Stake*. This publication brings together a detailed analysis of several scholars on how the external dimension of the EU integration process and policies impact globalization in five main areas: competences and legitimacy in supranational institutions; the external dimension of the area of freedom, security and justice in the EU; EU initiatives towards a sustainable development; EU contribution towards global economic and monetary governance; and the influence of trade policy in transnational regulatory cooperation.

The study covers a wide range of law,

institutional and policy aspects that reveal the intricacies of the internal functioning of supranational bodies, such as the attribution of different level of competences, issues about legitimacy and accountability, the redefinition of institutional balances and division of powers, the capacity of interacting with other international actors or of producing global legislation in different areas, among others. Several specific case studies are presented to illustrate the complexity of the matter: EU external dimension of rural development, comparative analysis of ASEAN and the EU, the global impact of the functioning of the Economic and Monetary Union in the creation of imbalances, or the efforts to externalize the policy against trafficking of human beings, among others.

Climate change and sustainable society is the case of a multifaceted and clearly global policy area where we can observe the complexity in the interaction of national, supranational and international governance. While the EU has greatly promoted domestic transition to an economy with low greenhouse gas emissions, through the setting of binding targets for its Member States and several dedicated programmes and policies, and it also leads the global cause for climate change mitigations, at the same the EU faces important limitations in negotiating international agreements in a policy of shared competency. However, the EU may include environmental issues as part of its trade agreements, where the EU has exclusive competences, using trade policy as a vehicle to pursue the environmental targets and promoting regulatory cooperation at a transnational level. All of this evidences the positive impact of a supranational body by triggering its own internal transformation and setting the global agenda, as well as how the level of competences in different policy fields may facilitate or inhibit the influence of the EU on transnational legislation. Furthermore, the increasing involvement of citizens and

civil society organizations in the fight against climate change, forming movements that transcend national borders and become truly global, brings another key element into the discussion on global governance: the importance of enabling the direct participation of citizens in the decision making on global matters.

Today's reality changes so rapidly that it is difficult for any scientific publication to keep up with its pace. Unfortunately, this book was completed at the beginning of 2020 and does not include any reference to the initiatives introduced by the new European Commission led by Von der Leyen, such as the EU Green Deal, which showcases the EU commitment to work for a sustainable and inclusive society, placing the fight against climate change and the transition to renewable energies and a circular economy at the centre of the European and global agenda. In the same way, the crucial developments following the current health crisis, such as the dramatic increase of the EU budget and the creation of the Next Generation EU package show the capacity of response of a supranational organization to mobilize resources and advance towards further integration in a moment of crisis, though it also evidences the difficulties to provide a fully coordinated response.

Nevertheless, this compilation of essays on the external dimension of different EU policies contributes to build a bridge between the EU and global studies, and provides an outstanding and robust analysis of legal, institutional and policy aspects of the supranational institutions, based on the EU experience. The multiple angles and nuanced analyses of this study gives us a much better understanding of all the hurdles and difficulties to overcome, but also the transformative power of supranational institutions, their resilience and their potential to introduce elements of effectiveness, inclusion, democracy and accountability in a global "order" where they are currently missing.

¹ GEM-STONES project (acronym for Globalization, Europe and Multilateralism - Sophistication of the transnational order) has been funded under the Marie Skłodowska Curie programme.

² Association of Southeast Asian Nations

³ The 2020 package introduced binding targets to achieve: 20% cut in greenhouse gas emissions (from 1990 levels); 20% of EU energy from renewables and 20% improvement in energy efficiency https://ec.europa.eu/clima/policies/strategies/2020_en

A Plan to Address the Debt Crisis

Adriana Castagnoli

Mohamed Rabie

The Global Crisis and Its Socioeconomic Implications. Creating Conditions for Sustainable, Peaceful, and Just World
Routledge, London, 2020

During the financial crisis of 2007-2009, the level of public debt of advanced countries increased by a third. Now, with the Covid-19 crisis, the International Monetary Fund predicts that, in 2020 alone, sovereign debt can jump from 105% to 122% of GDP in the most developed countries. In the United States, Oxford Economics recorded a deficit of \$ 2.8 trillion in July, set to increase to \$ 3.5 trillion by year-end in the absence of any Congressional stimulus. America can field strong defenses against a debt crisis because the dollar is the world's reserve currency, foreign investors buy its bonds and the Fed's interest rates are very low. Other states, although advanced, do not enjoy the same privileges. And the emerging nations risk paying the heavier consequences for having their debt in hard currency.

This essay is a call to governments and rulers to change course before it is too late. Through an extensive analysis of the factors that hinder

economic growth in the world, Rabie explains the relationship between the global debt crisis and socio-economic inequalities, with their consequences of alienation, radicalism, terrorism. The weight of the public debt in the majority of nations is now such that it risks becoming unsustainable. Therefore, Rabie proposes a new strategy (the "Ramo Plan") to free countries, rich and poor, from their debt burden, thus creating the conditions for them to face their citizens' pressing economic, social and security problems.

Globalization and the Information Technology revolution have brought about enormous changes both in economic structures and in production relations. So that now the nation-state has lost much of its power of control over the economy which has become a global, complex and integrated system, no longer functioning with the parameters of the past. The transition from the age of industry to that of knowledge, which began in the mid-90s, destroyed the world we knew by spreading a lack of trust among the people. Ordinary people are disoriented and live one crisis after another without much hope of regaining normality in the near future.

The triumph of economics over politics, which took place during the 1980s, was a setback for democracy and its principles of freedom and equality, as well as for capitalism, which lost its social function of promoting the national economy and the middle class connected to it. The historical evolution of capitalism has led wealth to become power, tout court.

In this context, the political process has gradually become a mere tool at the service of the elites, less independent and free, allowing money to determine what is right and what is not, what is in the national interest and what is not. Democracy has consequently lost its ability to do the things it should have to do in favor of the people, it has lost both its vision and its mission.

Yet, with the end of the Cold War, democracy and

capitalism had emerged as the most promising, if not the only acceptable, economic-political system. It was expected that within the first years of the 21st century every state in the world would become a democracy in some way. But the past two decades have seen a reversal of that trend.

Some countries, like the United States, resorted to expansionary policies to reinvigorate their economic system, others chose austerity policies with spending cuts and deficit reduction. However, according to the author, both of these choices turned out to be disastrous: because they did not fully achieve their goals and in any case caused an increase in the debts of individual nations (actually, the IMF predicts that in 2023 the US debt will be at 116.9% of GDP). The public debt of the OECD member states has now exceeded 100 percent of their GDP and continues to grow inexorably. Furthermore, all of this happened at the expense of the middle class. One effect of quantitative-easing policies, for example, has been to lower interest rates for savers. And this, according to the author, is all the more immoral because it denies the right return to those who save for the future, allows governments to run more and more into debt, and forces future generations to pay the bill for the blunders of those who preceded them and should have protected them instead. The 2008 crisis dramatically aggravated this already negative picture.

It is hard to imagine how capitalism and democracy can be saved as debt continues to grow rapidly, unemployment remains high, the income and wealth gap between rich and poor widens, the middle class continues to shrink, poverty to spread, educational standards to decline and the fear of a decline in social expectations persists. No nation - Rabie warns - can live on borrowed money forever. Eventually each nation will have to make its economy grow and increase exports to generate enough revenues to rebalance its budget and pay off its debt.

Since the debt problem is not limited to the Eurozone and the US, but involves other states, the solution can only be sought in a global context. With the changes introduced into our lives by new technologies, the way in which business has been done and people have lived up to now is disintegrating. Therefore, the assumptions on which traditional economic and financial theories were based, according to the author, are now ineffective and obsolete. The horizon looks really bleak. If the entire public debt is not repaid now - Rabie warns -, it will never be, because the size of the debt and its interests have greatly reduced the ability of all indebted countries to repay it. The economy's slowdown, stagnation and contraction threaten indebted countries. Even the IMF has recently warned against the protracted, stubborn growth of public debt around the world, and since 2011 it has admitted that it will not be in a position to predict or manage the next financial crisis. Now the overwhelming majority of nations find themselves grappling with huge deficits and mountains of debt that inhibit their ability and initiative to steadily grow the economy in

order to create jobs and help the poor. Rabie proposes a new strategy, the "Ramo Plan", to get out of the debt trap, to manage the current global socio-economic crisis and the challenges and fears of change, as well as to seize the opportunities that change itself creates. The pivotal idea of the Ramo Plan is the transformation of the IMF into a sort of global central bank, with the power to issue a new international currency, which should be called "Ramo", and bonds denominated in "Ramo", in order to finance itself and make loans directly to States in difficulties. Freeing rich and poor nations from the burden of debt means addressing the public debt crisis in the short term and making it possible for States to gradually resolve their pressing economic, social and security problems. It remains to be seen, however, whether governments and rulers really want to free themselves from the burden of national deficits, or they rather intend to continue to use them for short-term consensus purposes.

Translated by Lionello Casalegno

Contributors

JOSEPH PRESTON BARATTA

Professor of World History and International Relations at the Worcester State College, MA, USA

ANDREAS BUMMEL

Co-founder and Director of the Committee for a Democratic United Nations (KDUN) in Berlin and coordinator of the Campaign for a UN Parliamentary Assembly (CUNPA)

ENRIQUE BARÓN CRESPO

Member of the Spanish Congreso de los Diputados (1977-87), Constitutional Father, Former President of the European Parliament (1989-1992) and member of it (1986-2008), President of UEF-Spain

JEAN-FRANCIS BILLION

UEF-France Vice-President, ex WFM Council member and President of *Presse fédéraliste*

MARIO CALVO-PLATERO

Columnist for *la Repubblica*, Guarantor for the Italian edition of the New York Times, President Gruppo Esponenti Italiani New York, Chairman Palazzo Strozzi Foundation USA

ROGER CASALE

Founder and Secretary General of New Europeans

ADRIANA CASTAGNOLI

Historian of Economy, editorialist of the daily *Il Sole-24 Ore*, former teacher in Contemporary and Economic History at the University of Torino, member of the European Business History Association and Business History Conference (USA)

ANDREA COFELICE

Research Fellow at the Centre for Studies on Federalism, Torino, Italy

TAD DALEY

Director of Policy Analysis at Citizens for Global Solutions. Speechwriter, policy advisor, or coauthor for two Democratic members of the U.S. House and two more Democratic U.S. senators

DOMINIQUE DE RAMBURES

Honorary Chairman of the Euro Banking Association and former Chairman of the ECU Banking Association

ELENA FLOR

Managing Director, Robert Triffin International

YASMINA GOURCHANE

NGO Consultant on International Justice

ALFONSO IOZZO

President of the Centre for Studies on Federalism and Vice President of Robert Triffin International, former Chairman of Cassa Depositi e Prestiti

LUCIO LEVI

Member of UEF Federal Committee, former President of UEF Italy

PILAR LLORENTE

Member of the Federal Committee of UEF

ALBERTO MAJOCCHI

Emeritus Professor of Finance at the University of Pavia and Vice President of the Centre for Studies on Federalism

ALAIN MALÉGARIE

Former Director General of the Euro Institute in Lyon, member of a group of experts entitled "GroupEuro" at the European Commission

FABIO MASINI

Jean Monnet Chair on European Economic Governance at Roma Tre University

ESZTER NAGY

Secretary General of UEF-Hungary, Member of the UEF Federal Committee

PAOLO PONZANO

Professor of European Governance at the European College of Parma; Secretary General of the European Movement Italy; Deputy Representative of the European Commission in the 2002/2003 Convention

ALAIN RÉGUILLON

President of the Maison de l'Europe et des Européens, Lyon, former President of UEF France

ANNAMARIA VITERBO

Associate Professor of International Law at the University of Torino and Affiliate of Collegio Carlo Alberto, Torino

RENE WADLOW

President and Representative to the UN-Geneva, Association of World Citizens