



# The Federalist Debate

Papers on Federalism  
in Europe and the World

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# Europeanist Parties Prevail in European Elections

*Lucio Levi*

The clear message sent by voters in the elections for the European Parliament (EP), held on 23-26 May 2019, is that the Europeanist parties continue to have the trust of a large majority of citizens. The centre-right European People's Party (EPP) and the centre-left Socialists and Democrats (S&D) remain the two largest European parties, but register a considerable decline. For the first time since direct elections, begun in 1979, they have failed to achieve together the majority in the EP. Therefore, a coalition with Liberals (ALDE) and probably the Greens, whose popular support has grown, will be necessary to lead the European Union (EU).

On the other hand, despite the success of Marine Le Pen in France, Nigel Farage in the UK, Matteo Salvini in Italy, Jaroslaw Kaczynski in Poland, Viktor Orban in Hungary, who have obtained the highest number of votes in their respective countries, the sovereignist parties will represent a minority in the EP. Together, the three sovereignist groups (ECR, ENF, EFDD) have the same weight as the EPP. Moreover, while they have dropped their plan to leave the EU and the euro in favour of reforming the EU from inside, they are divided on several other issues like the relations with the US and Russia, the fiscal compact and the economic and monetary policies. The weak point of their plan is that, to unite Europe, they rely upon what divides it, i.e. nationalism.

50,97% of EU citizens took part in the elections, the highest turnout in 20 years and the first time since the first direct elections that turnout has increased. This is the first visible effect of

the start of a real political struggle between political parties at the European level. The European elections have been so far conceived as a test to check the strength relationships between political parties at national level. The inversion of tendency occurred this time is the consequence of the challenge of the sovereignist and populist parties to the EU, which has contributed to transform the electoral competition into a choice between Europeanism and nationalism.

Now it is up to the parliamentary groups to form a coalition representing a large majority of elected MEPs and to choose the name of the President of the European Commission and his programme for the next five years. The coalition will unite left-wing and right-wing parties in order to defend the "acquis communautaire" – i.e. European values, common institutions and economic and social integration – against the populist challenge. But the evolution towards the formation of a normal party system, based on the left-right dialectics, is underway. The next European elections will be the test bed of this innovation.

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The decline of traditional centre-left and centre-right parties and the rise of new political forces, like the greens and populist and nationalist parties highlight the existence of discontent and uneasiness in the public opinion towards the EU and its capacity to face the new demands emerging in European society. The fact is that the traditional parties have adopted ordinary provisions, while the scientific revolution of material production, the economic and the environmental crises

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and the increasing international tensions, due to the return of protectionism and the arms race, require extraordinary measures.

Blair's "third way", a political program embraced by most centre-left parties of the Western world, materialized in an alignment with the triumphant neo-liberalism of the first phase of globalization. The most significant social benefit of globalization has been poverty reduction, but ungoverned globalization has entailed heavy costs for ordinary people, like the increase of inequality worldwide and the disappearance of the middle class in western countries. The vision of the world which has prevailed was a world without vision.

The left, having proved unable to go beyond the neoliberal vision, ended with undergoing the reduction of state influence on the economy, the austerity policies, the erosion of the welfare state, the containment of migration flows. The lack of government of globalization has triggered a nationalist and authoritarian dynamic in political institutions, leading to fencing national borders, eroding the division of powers and limiting political freedoms.

The left has confined itself to defend the rights of the old workers (pensioners), but not those of the new ones (the young people), who have to fight against unemployment, precarious work, new forms of exploitation and poverty, growing inequality. The poor, the outcasts, the unemployed and more generally those who have experienced an income curtailment felt themselves abandoned and most of them have considered the nation-states as a protection from the insecurity generated by globalization and have adhered to the appeal of reactionary ideas, like protectionism and nationalism. For similar reasons the centre-right parties have yielded to the extreme right.

The rejection and criminalization of migrants, represented as those who threaten our security, our welfare and our identity, is the ideology that ascribes to those who

experience conditions of life far inferior to ours all the ills of the world. Like once the Jews, they play the role of scapegoats. Those who get the most benefit from ungoverned globalization are the global finance, the giants of Web 2.0 and multinational corporations. Since the beginning of the globalization process, it was clear that, to govern the process, politics should regain the upper hand on the economy through the extension of government, political institutions and democracy at the international level. The starting point is the strengthening of the cohesion and democracy in the EU.

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European unification should restart from a challenge to the United States and China on the ground of innovation. A huge European investment plan (a "Green New Deal") leading to the clean energy transition is necessary. The current economic model, that fosters relentless consumption and upsets climate equilibria in a way that will soon be out of control, should be overcome in the direction of sustainable development, the improvement of the quality of life and the creation of new employment opportunities in vanguard sectors such as energy, ICT, artificial intelligence, the internet of things. The Climate Paris Agreement should become the driving force of a European environmental policy which reshapes the quality of development increasing the production of renewable energy. A carbon tax would create a powerful incentive to reduce carbon emissions and the money collected would be partially returned to the citizens in the form of a social dividend, providing a tax relief to low-income households or a reduction of social security contributions.

On the other hand, instability, conflicts and wars that trouble the Mediterranean area and the bordering regions of Europe demand that the EU endows itself with a single security and defense system and speaks with one

voice. First of all, the European Commission should be entrusted with the task to regulate migration flows and redistribute immigrants across member states according to equitable criteria. At the same time, the EU should promote a development plan with the African Union, aiming to manage migration in the long run through investments in infrastructure projects, first of all development of renewable energy, the most promising area of job creation.

Only if the EU becomes a global actor there is hope that it can have an impact on global affairs. The old world of the nation-states is disappearing and a new one made up of macro-regional states or unions of states is under construction. To survive in today's world, a union of states as large as the EU is the minimum indispensable. Moreover, the United States is not willing to protect Europe any longer and is planning its disengagement from the Mediterranean. This means that common defense – together with a Green New Deal –

represents for the EU the highest priority.

In order that the EU becomes capable of acting, two institutional changes are necessary. First, the unanimity vote in the fields of the increase of budget resources, foreign, security and defense policy and treaty revision should be replaced by the majority vote according to the democratic principle. Second, the EU should be endowed with substantial additional own resources, fostered by European taxes, such as a carbon tax or a web tax, to enable it to act independently of the member states.

If Europeanist parties, which have prevailed in the European elections, continue with a "business-as-usual" approach, they will pave the way to the victory of the sovereignist parties in the 2024 elections. I conclude with a sentence Greta Thunberg, the young leader of the campaign "Fridays for Future", pronounced before the European Parliament: "Our house is falling apart; politicians have to take action now, because there is not much time left."

# A Federalizing Union

Enrique Barón Crespo

The federal question accompanies the European construction since its inception. The intergovernmental-federal debate was very present in the pioneering Hague Congress of 1948 and was reflected in its timeless resolutions. The Schuman Declaration of May 9, 1950, defines as its final objective “the European Federation”. Cameron’s negotiating proposal to the EU to prepare his failed referendum was to suppress the phrase “an ever closer union between the peoples of Europe” of Article 1 of the TEU, present in the Treaties since the Treaty of Rome. This change would have meant that there was nothing left but a Free Trade Agreement. The phrase was and is key, because it sets a fundamental difference with the *European unions* of the past, defined by an Emperor, a Dictator or a tyrant.

The central thesis of this article is that the European Union is a federalizing Union, that is to say, that it is a building, persevering, thinking and coagulating process, without ignoring that there are de-structuring elements and, why not, threatening ones, too.

In fact, in Spanish as in other Latin languages the suffix *-nte*, ( and its variants *-ante*, *-ente*, *-iente*, *-yente*), is used to form adjectives from verbs, indicating what or who performs the action. The image of the cathedral as an emblematic European building is expressive: its construction lasted for centuries, different styles coexist with different architects and, nevertheless, the result is usually harmonious. In this case, to speak of a federalizing Union means that we refer to a process that has as its ultimate goal the Federation and that, unlike an alliance or pact, does so with a will of permanence and by applying majority rule. In Germany, where Federalism has a European

dimension and not only an internal one (as reflected in Article 23 (*Europa Artikel* of its Fundamental Law), the *Solange* jurisprudence of its Constitutional Court following the Maastricht Treaty created the neologism *Staatenverbund* as an intermediate step between a Confederation (*Staatenbund*) and a Federation (*Bundestaat*), which can be translated as a Federalizing Union of States.

Since this is not about creating a sect with revealed truth but a pragmatic and balanced construction, it is interesting to examine the current reality of the EU from this perspective. To do so, it is useful to discuss the main features of modern Federalism as described by Madison in the Federalist Papers Nos. 10 and especially 51<sup>1</sup>. Its essential characteristics are:

- The will to share a destiny in a Union as the best system to guarantee peace, freedom and prosperity. Federalism is established on this consensus with a will of permanence and with the active and loyal cooperation between institutions and individuals who have the pride of sharing the same values while preserving their respective integrity.

- The central power of the Federation has a defined core of competences: citizenship rights, internal and external trade, defence and foreign relations, treasury and currency.

- Subsidiarity is a fundamental component of the system, which revolves around the citizen. Its definition is clearer in the American Constitution (“The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people”; Amendment X) than in the Treaty of Lisbon (“The Union shall intervene only if, and to the extent that, the objectives of the intended

action cannot be sufficiently achieved by the Member States, either centrally or at regional and local level”, Article 5.3 of the Treaty of the European Union – TEU). Subsidiarity allows the citizen, the central subject who legitimizes the democratic system, to ascend or descend the ladder of federated powers, from municipal to federal. People do not live at the top of the system, but in their town or in a neighborhood of the big city. That is the meaning of the famous phrase of the Speaker of the House of Representatives, Tip O’Neill: “All politics is local”, which expresses the importance of maintaining the nexus between daily problems and aspirations and major decisions.

- Territoriality. There are precise borders between the constituent units and a “double citizenship” of the State and the Federation, which establishes a bicameral system, usually granting greater representation of the smaller units in relation to their population.

- The non-centralization. In the Federations the power resides in several centres and is deliberately distributed to safeguard their freedom and vitality. The system is contractual, and the central power cannot eliminate, unilaterally or arbitrarily, the federated powers. This principle cannot be mistaken with decentralization, where the central government delegates some specific and limited powers to subordinated units.

- Constitutionalism. The Constitution is the framework in which relations are developed through the application of the federal loyalty principle, according to which the parties commit themselves to the principles, objectives and joint mission. This framework also includes the competences, rights and responsibilities of the parties, which in turn have their own constitutions in accordance with the general principles of the Federation.

- Balance of powers, between both the central State and the federated powers, as well as among them, guaranteed by an independent Constitutional Court.

- Autonomy. The *Länder* are free to govern themselves insofar as they do not violate the principles necessary to maintain the Union.

- Permanent negotiation. Decisions are made in processes involving continuous negotiation between the federal power and the federal states, and often also among them. As Kalypto Nicolaïdis points out, “Federalism is such a universal and resilient principle precisely because it does not resolve the tensions which exist between the two poles, the One and the Many. In a federation, each part is itself a whole, not a part of a whole, and the whole itself is more than its parts”<sup>2</sup>. Economic, financial and administrative management is shared with the central power in a constitutional framework. The rule of the majority rules.

Madison considered that these features of Federalism became necessary when the dimension of the organization reached a certain limit<sup>3</sup>. He accepted that there were cases of successful unitary republics, such as the city-state of Athens or the *Serenissima Repubblica* of Venice, while he considered that the Thirteen Colonies were too large in territory and population to function as a unit.

Federalism is fundamentally based on an attitude, the federal loyalty, allowing for conflictive cooperation on the basis of a balanced distribution of powers with checks and balances.

It is not so much a method to solve problems of diversity as to positively channel forces that could become destructive if confronted. In fact, it allows and affirms diversity, because it is based on the implicit recognition that it generates force. Using an expression of Professor Elazar: “If a political system is established as a whole comprising two or more fora, plans, spheres, estates or levels of government, each of them endowed with legitimacy and a role set in the constitution of the general system, which has its own institutions, powers and responsibilities, this system is bound to be a federal system”<sup>4</sup>. It is significant that these federative principles are also those that inspire



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the form of modern productive organizations: the large multinational corporations. **The great guru of business management, the Austrian-American Peter F. Drucker, defended the principle of Federalism “as it involves centralized control in a decentralized structure”<sup>5</sup>.**

If these criteria are considered, the current EU fully or partially shows many of the federal characteristics in its Community dimension: the Commission has the legislative initiative; there is legislative co-decision and a competent Court of Justice. In the intergovernmental dimension, the principle of unanimity rules, there is no legislative co-decision and no competent Court. There is even one pillar, the monetary one, which has a pure federal structure with the ECB as the top of the central banking system.

The main challenges the EU faces require federative progress. Federative progress is needed in the Economic Union, in order to

move from the European Stability Mechanism to the European Monetary Fund, and from a Deposit Guarantee Fund to a Treasury. We need to reach an agreement as well in the next multi-annual financial framework, including the fiscal issue.

This federative progress is also needed in the fight against climate change, in immigration and asylum, and in a foreign, security and defence policy, so the EU can become one of the great protagonists in the world. There are instruments, such as strengthened cooperation and the *passerelle* clauses, that allow more progress or to move from unanimity to qualified majority voting. We are also called upon to integrate the *Treaty of Governance, Stability and Coordination* – the dreaded Fiscal Compact – into the Community framework. Consolidating Federalism out of necessity and obligation, not just out of passion, is an absolute priority in the next European legislature.

<sup>1</sup> Alexander Hamilton, James Madison y John Jay, *The Federalist Papers*, Bantam Classics

<sup>2</sup> Kalypso Nicolaidis, *Constitutionalizing the Federal Vision?*, Anand Menon and Martin Schain (eds.)

<sup>3</sup> James O'Toole and Warren Bennis, «Our Federalist Future: the Leadership Imperatives», *California Management Review*, vol. 34, n.º 4, 1992

<sup>4</sup> Daniel J. Elazar, *Exploración del federalismo*, Barcelona, Editorial Hacer/Fundació Rafael Campalans, 1990, pag. 43

<sup>5</sup> Peter F. Drucker, *The Practice of Management*, Harper Business, 1993.

# Fake Groups in the European Parliament.

## What Makes a Group a Group and Why Are Fake Groups a Problem?

Jo Leinen

During the 8<sup>th</sup> parliamentary term (2014-2019), the internal rules of the European Parliament (EP) on the creation of political groups have been exploited to an extent that could be considered fraudulent. When the responsible Committee on Constitutional Affairs (AFCO) took on the issue, the debate quickly became heated and overloaded with fiction and unfounded allegations. In this article, I will elaborate why Fake Groups in the European Parliament are a threat to European democracy.

### The role of political groups in the European Parliament

Political groups exist in all parliamentary democracies and thus in all Member States of the European Union (EU). As opposed to political parties and elected representatives, political groups very rarely enjoy constitutional rights. Their main purpose is to provide a structure to organise the political work of elected members of a party or – in some cases – parties in the parliament. Therefore, they are governed by parliamentary rules of procedure, rather than laws or constitutions. These foresee privileges, as for example speaking rights in plenary, and financial and administrative support to conduct the day-to-day business. In the Member States, not much thought is given to the role of political groups, as usually the elected parliamentarians of each

party organise themselves in a corresponding group, whose creation is sometimes subject to a threshold. While some federally organised Member States also know political groups consisting of more than one party, these remain the exception. In Belgium, the Flemish and French speaking Green parties, ECOLO and Groen, form a joint political group. In Germany, the conservative CDU and its Bavarian sister party CSU work together in a group. On the national level, parties which form a political group usually do not compete with each other in elections, as they either run in different sub-national electoral areas (i.e. regions), or form joint party lists.

On the European level, the situation is more complicated. Unlike federal states as Germany or the USA, the EU lacks an integrated party system. In the European Parliament, according to Rule 32 of its rules of procedure, “*Members may form themselves into groups according to their political affinities*”, and must consist of at least 25 MEPs from at least one quarter of the Member States. Political groups have to aggregate the demands of sometimes dozens of different parties into common positions. With more than 140 different national parties, the European Parliament would be dysfunctional without a transnationally organised structure that groups the elected MEPs from all Member States according to their political affinity.

## National parties and political groups in the EP

	1979-1984	1984-1989	1989-1994	1994-1999	1999-2004	2004-2009	2009-2014	1.7.2014	29.3.2019
<b>Number of MEPs</b>	410	434	518	567	626	732	736	751	751
<b>Number of Member States</b>	9	10	12	12	15	25	27	28	28
<b>Number of political groups</b>	7	8	10	9	8	7	7	7	8
<b>Number of national political parties</b>	57	67	103	97	127	168	176	191	232
<b>Number of national delegations in political groups</b>	37	42	64	58	74	109	116	129	143

EPRS | European Parliamentary Research Service

Political parties and their corresponding political group in parliament are closely interlinked in the Member States. A MP who repeatedly votes against his political group's line risks not to be nominated again by his party. Some of the political groups in the EP, like the Socialists and Democrats (S&D) and the European People's Party (EPP), are as well closely linked with the corresponding European political party (EuPP). However, as European elections are conducted mainly under national rules with national parties and national electoral lists, and – due to the resistance of the EPP – without a second vote for transnational lists, EuPPs have no comparable sanctioning mechanism to punish rebel behaviour.

### What are Fake Groups?

Fake Groups are founded solely with the aim of maximizing privileges and resources, and not to pursue common political goals. Such Fake Groups have existed since the first direct elections to the European Parliament. In 1979, the "Groupe de coordination technique des groupes et des parlementaires indépendants" (CDI Group) was created, followed by the "Groupe arc-en-ciel" (Rainbow Group) in 1984, the "Groupe technique de défense des groupes et des députés indépendants" (CTDI Group) in 1987, and again "the Rainbow Group" in 1989.

Between 1999 and 2001 the "Technical Group of Independents" (TGI Group) existed, an alliance of such unlikely partners as the French *Front National* and the liberal Italian *Bonino List*. Its members openly neglected any common ground and even laid down in the constituent statement that "[t]he various signatory members assert that they are politically entirely independent of each other."<sup>1</sup> After the European Parliament blocked the creation of the group, five years of legal proceedings followed. Ultimately, the Court of Justice of the EU dismissed all appeals as last instance, but criticized the lack of clarity in the rules as well as a lack of right for independent MEPs. The rules of procedure were amended in 2003 to guarantee the so-called "Non-Inscrits" (NI) additional rights, but the requirement of "political affinity" remained undefined and uncontrolled. An interpretation of Rule 32 (19) RoP codified a "don't ask, don't tell" practice:

*"Parliament need not normally evaluate the political affinity of members of a group. In forming a group together under this Rule, the Members concerned accept by definition that they have political affinity. Only when this is denied by the Members concerned is it necessary for Parliament to evaluate whether the group has been constituted in accordance with the Rules."*

Since then, political groups were by virtue of their existence assumed to share a political affinity, provided they do not openly challenge this assumption.

### The "Europe of Freedom and Direct Democracy" Group (EFDD)

In October 2014, the Italian 5-star movement (M5S) and the UK independence party (Ukip) formed a political group called "European of Freedom and Direct Democracy" (EFDD). Other groups refused to welcome the then relatively new party of comedian Beppe Grillo and Farage's Brexit-extremists in their ranks. The members of the EFDD were smart enough not to lay down in their constituent statement that the group's purpose is purely technical. With the aim of fostering "direct democracy", they also found one (albeit the only one) common aim, even though campaigning for an in/out-referendum on British EU-membership (Ukip) is hardly the same as asking for the possibility for citizens to block local and regional infrastructure projects (M5S).

There is substantial evidence that political cooperation has never been the EFDD's purpose. Firstly, in light of the outcome of the Brexit-referendum in 2016, which Ukip had influenced decisively, Beppe Grillo himself urged M5S-MEPs to leave the alliance with Ukip and join another group, or "*to face the next two-and-a-half years without a common political objective.*"<sup>2</sup> What followed was a bizarre episode driven by power politics.

With the prospect of increasing the influence of his "Alliance of European Liberals and Democrats" (ALDE-Group), Guy Verhofstadt was quick to announce M5S would be welcome in ALDE. As a result, M5S quit the EFDD. Verhofstadt, however, was not able to convince his current 69 members that ALDE – which considers itself a strongly pro-European group – shares enough common ground with M5S. Hence, the ALDE-leader was forced to make a U-turn and reject M5S as a partner, stating

fundamental differences on key European issues as a reason. Left without a group, M5S continued its technical cooperation with Ukip and the EFDD lived on.

Secondly, VoteWatch conducted an analysis of the voting behaviour of the EP's eight political groups during the 8<sup>th</sup> legislature, which was published in January 2019, and according to which "*the EFDD group has the lowest score by far (only 48%), as its members vote against each other most of the time. The right-wing nationalist ENF scores also low (69%). Conversely, the Greens/EFA group has consistently been the most cohesive group across the parliamentary term (95%). EPP and S&D also score high.*"<sup>3</sup>

When created in 2014, the EFDD consisted of 48 MEPs of which 24 (50%) were Ukip members and 17 (35%) were elected on a M5S ticket. The other MEPs were elected in France (1), Poland (1), Czech Republic (1), Sweden (2) and Lithuania (2). Thus, 85 per cent of EFDD-members came from two parties who voted against each other in the majority of all cases. Evidently, the EFDD does not fulfill any of the functions of a parliamentary group. Being dominated by heterogeneous MEPs from two Member States, it does neither form common positions, nor provide a form of transnational representation. The requirement of having members from one quarter of Member States to form a group is without effect, if it is enough for one or two parties to win support of a handful of fringe MEPs from other Member States, which are often lured by the promise of positions and resources.

### Fake Groups are threatening the functioning of the European Parliament

The EFDD has received millions in taxpayer's money. In 2016 alone, the group was awarded roughly 3 million Euros, a number that increased even further with the years, as the total budget for the support of political parties rose from 55 million Euros in 2016 to 64 million Euros in 2019. The money is intended to finance staff, meetings, conferences and events by

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the group. In the EFDD, however, each of the two big member parties had control over their “share” of the staff. They held group meetings only to agree on technicalities and keep the group going, and not to find common positions and act together politically. Ukip and 5-star movement have always acted only on their own behalf. The main purpose of the group, as it seems, was to channel resources to its members. It is thus safe to assume that the campaign for a Brexit-referendum in the UK in 2016 and the 5-star’s rise to power on the national level in Italy, were at least partially and indirectly supported and financed by the EU-budget. Ukip have never taken part in serious parliamentary work, but rather used the EP’s plenary sessions to address their national audience. Furthermore, as of May 2019 the European Parliament has recovered more than 200.000 Euro from several current and former Ukip-members – including Nigel Farage himself and Ukip’s former leader Paul Nuttall – for misusing public funds through payments to party workers.<sup>4</sup>

In summary, there are two main reasons, why Fake Groups in the EP are likely to become an increasingly serious challenge for the functioning of European democracy. Firstly, the inability to stop such an obvious scam to exploit the European taxpayer – nothing else is the EFDD – lets the EU’s democratic institutions appear weak and could thus undermine trust in the European Union. After all, it is one of the highest duties of elected representatives to manage taxpayers’ money responsibly. Secondly, in light of the transformation of the party systems in the Member States – which is characterised by increasing fragmentation and voters’ volatility – well-functioning political groups with the ability to bundle demands into common positions become even more important.

As the European Parliament’s rules of procedure were inadequate and not sufficiently concrete to prohibit the creation of Fake Groups, it was the responsibility of AFCO to discuss possibilities to remedy the shortcomings.

### Reforming the rules: Unfinished business

In December 2019, the AFCO-Committee had its last opportunity to reform its rules and prohibit EFDD-style Fake Groups after the European elections in May 2019. Following consultations between the groups that were willing to take actively part in the debate in a constructive way, two amendments were tabled and consequently voted in plenary on 30 January 2019. The amendments would have guaranteed impartiality towards all political forces and set high thresholds to dissolve a group, while providing a clearer procedure and enabling the European Parliament to protect the money of the European taxpayer:

1. Change Rule 32 (1) in order to allow parliament to evaluate the political affinity of a group in case there is *manifest evidence* that this may not be the case. In that case, *Parliament*, by a *majority of its component members*, on a *recommendation of the Conference of Presidents*, would have determined whether the group has been constituted according to political affinity, without prejudice to the right of all political groups to challenge the decision in the EU’s courts.
2. Oblige political groups to include *their purpose* in the constituent declaration under Rule 32 (5); oblige all members of the group *to declare in writing in an annex to the statement that they share the same political affinity*.

While both amendments received a majority of votes, only the second of them was adopted, as for changes to the rules of procedure an absolute majority of MEPs is necessary. It is a tangible improvement that members of the same group have to sign a declaration of affinity (imagine M5S-members undersigning their affinity with Nigel Farage) and the groups’ constituent declaration have to contain a description of their purpose. Furthermore, on

15 April 2019 plenary adopted an additional interpretation, which defines that “[t]he political declaration of a group shall set out the values that the group stands for and the main political objectives which its members intend to pursue together in the framework of the exercise of their mandate. The declaration shall describe the common political orientation of the group in a substantial, distinctive and genuine way.”

The formal hurdles to create a new group are now higher and, in the future, the EP’s services might be able to block the creation of groups that are obviously fraudulent. However, the procedures remain opaque and the “don’t ask, don’t tell” interpretation in Rule 32 is unchanged. Noteworthy, the first amendment was not adopted primarily due to the absolute resistance of the Green/EFA-group to engage in any constructive dialogue.

With the European elections approaching, the focus of the Greens was to accuse the ones working on the issue of being non-democratic and trying to prevent pluralism. Nothing could be more far-fetched. A democracy must be able to stop the blunt misuse of funds, especially if the money is used to attack that very institution.

After the European elections in May 2019, more national parties than ever will enter the European Parliament. The members of the next AFCO-Committee should thus closely follow the (re-)creation of political groups after the elections and in due time analyze if further changes are necessary. Political groups in the European Parliament are not a technicality; they are a fundamental element for the functioning of the EU’s only directly elected institution.

<sup>1</sup> Corbett, Richard: “Working Document on the proposed amendments, tabled pursuant to Rule 181 of the Rules of Procedure, to Rule 30 and on a horizontal amendment to the Rules of Procedure (B5-0059/99 and B5-0060/99)”, Constitutional Affairs Committee, European Parliament, 10 December 1999.

<sup>2</sup> The Local.it: “Italy’s Five Star Movement leader urges split from UKIP in European Parliament”, 9 January 2017, <https://www.thelocal.it/20170109/italian-populist-urges-abandoning-ukip-in-eu-parliament> [last access 10 May 2019].

<sup>3</sup> Vote Watch: “Which EP political groups are actually fake?”, 21 January 2019,

<https://www.votewatch.eu/blog/which-ep-political-groups-are-actually-fake/> [last access 9 May 2019].

<sup>4</sup> Rankin, Jennifer: “EU recovers £200,000 from Ukip MEPs accused of misusing funds”, The Guardian, 3 May 2019,

<https://www.theguardian.com/politics/2019/may/03/eu-recovers-200000-from-ukip-meeps-accused-of-misusing-funds> [last access 10 May 2019].



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# Unveiling Euroscepticism

*Michel Dévoluy*

The “end of the tunnel” at the end of a decade of economic crisis and the “cold shower” after the Brexit enthusiasm have slightly mitigated the desire of exiting the Eurozone and deconstructing the European Union. However, the example of Italy reveals that a profound diffidence is lying in wait, ready to put wind into anti-European sails. Euroscepticism is increasingly solid as much as its sources are numerous and remote. Their identification unveils our intimate connections with Europe.

The heterogeneity of the member States constitutes the most visible hindrance to the construction of the European identity. Political institutions, social structures and economic specifications appear different according to each country. But that is not all. The fear of seeing national characteristics trimmed and contested by the economic and social norms defended by the Union reveal their reticence towards the European Union. Such a country will want to preserve its generous social model, that other its vision of monetary and financial orthodoxy, while another will want to maintain its religious homogeneity.

The pregnancy of national narratives discloses, implicitly, the vulnerability of the European project. Even though the Union is relatively new, every State is embedded in a long history that impregnates minds, instincts and the subconscious. These national narratives have a substantial power, for they easily awake fears, old prejudices and animosities.

On one side, beside the economic aspects, the remote origins of Brexit can probably be found in the fear of being anchored to a continent where Great Britain does not really belong.

On the other side, in France, the legacy of the republican model created with the Revolution can be perceived, for many, in the criticisms directed towards a poorly social and democratic Europe. The collective memory remembers those revolutionary wars waged against a coalition of European States buttressed by their aristocratic privileges. Even going back further, the suspiciousness of many in relation to a “German Europe” has a lot in common with the image of a Germanic Roman Empire who is hostile to France.

Additionally, the impediments to the integration stem from the rivalries among the parties within each Member State. If the government in power is “for”, the opposition will be “against”, and vice-versa. Having a strong opinion about Europe, especially if this is negative, seduces the electorate easily, in particular, when, at the same time, the partner States are blamed for one’s failures.

Now, let us go back to the essence. The three anti-European ideological considerations, namely the anti-capitalist internationalism, nationalism and radical globalism, unveil the deepest roots of the contemporary Euroscepticism. We have to take this seriously. In this respect, we recommend the fascinating book of political science by the political-science professor Bernard Bruneteau, *Combattre l’Europe. De Lénine à Marine Le Pen* (Paris, CNRS, 2018), the reading of which has fuelled this editorial.

Marx, Marxists and the radical Left distrust Europe and harshly criticise the utopian pacifist dream of an appeased continent. For them, the revolution passes through the class struggle. This has to establish its dynamics

within a single State in order to successively spread elsewhere. If the proletarians of all countries must unite, this is precisely against the capitalist and bourgeois Europe. Lenin and Stalin have considered that the United States of Europe embody the imperialist dream of spreading of capital and the market over the entire world. Therefore, the pacifist and liberal Europe would deviously impose the dominance of commerce and generalised exploitation. This argument, however, belongs to the past.

By its very object, the nationalist thinking is opposed to every supranationalism, no matter if it assumes the form of a unified European State, a federation or a confederation. The notion of the United States of Europe represents a cosmopolitanism which is detested by nationalist and fascist supporters. For them, if there must be a Europe, it must be white and Christian, therefore opposed to the one desired by its greatest visionaries such as Victor Hugo, Stefan Zweig or Albert Camus. For all of these currents, the will to unify peoples who are socially and "racially" different would reveal moral and political weakness. Here again, the past meets the present.

Globalists instead see Europe as an objective brake to the constitution of a government charged with managing the world's problems. They interpret it as the "Trojan horse" of a movement of regional dismemberment. Tensions would then be moved from the national level to the one of some large, continental-dimension bodies. Maybe. However, when shall we expect the realisation of this generous idea, now that we have before our eyes already seven decades of difficulties in elaborating a genuine space of regional dimension?

Euro-scepticism is ancient and still very much present. It has indeed renovated itself and revitalised since the acceleration of the economic and monetary integration process,

started with the 1986 Single Act and crystallised with the Treaty of Maastricht of 1992.

To the extent that the Single Market and the Euro currency create a neoliberal-inspired Europe, criticisms have arrived from every side, without, however, producing a united and homogenous anti-European front. Nationalists do not support the liberal and globalist cosmopolitanism imposed by Bruxelles. The Left condemns the German ordoliberalism (free and undistorted competition, strict compliance with the monetary and financial stability). In addition, the management of economic and migration crisis did not contribute to the rehabilitation of the image of the Union. Greek and Italian citizens are painful witnesses of that.

Critics of those too liberal policies could not see in ordoliberalism a doctrine capable of squaring the circle: sharing the single currency while stubbornly refusing the political union. The creation of the Euro currency without an economic government and a fiscal and social harmonisation constitutes a challenge which has only one possibility: a conduct of severe and intransigent joint-ownership, as it is provided in the Treaties. In short, ordoliberalism has come to support a monetary Union deprived of a political space. In doing so, the European Union has, not surprisingly, opened up the door to Euro-scepticals from all sides.

How can we get out of this situation? Any excuse is good when you want to get rid of something. The criticism oriented towards the neo-liberal Europe and the German ordoliberalism is legitimate in relation to the economic results of the Eurozone. However, they easily transform in an alibi for entirely rejecting the spirit of the European construction. It is more convenient to fight against the German ordoliberalism and to highlight the wrongdoings of neoliberalism instead of appearing as supporters of an anti-European ideology. Saying yes, or



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no, to the idea of a real political Europe requires some doctrinal clarity. Hiding visceral mistrust towards Europe behind the accusations only against the BCE and the Stability Pact is limiting. Consequently, uncovering the deep-rooted sources of Euroscepticism constitutes a precondition for the debates about the future of Europe. The citizens, as well as parties, must explain their dissatisfactions and their fears in order to better clarify their expectations and their hopes. Building Europe needs a desire for peace and harmony that breaks our nationalist ties. Building Europe implicates

a process of compromise that detaches itself from the culture of antagonisms and resentments. We do not impose a European narrative. We do not establish a cultural or constitutional culture. By contrast, together we can plan for the future in order to defend democracy and our peaceful lifestyle, and we can efficiently face the great present and future challenges. We must always remind ourselves: the world and the geopolitical are changing, and no European Nation can, in the forthcoming century, cover a decisive role worldwide. More than ever, Union in diversity points to the way forward.

# The Fall of the Berlin Wall 30 Years Ago

Gary K. Shepherd

Much of the history of Berlin relates to the city's darker past. This is particularly true of the *Berliner Mauer*, or the Berlin Wall. We have now reached the point where the time since the fall of the Berlin Wall is greater than the time it actually existed. But there is a widespread effort to make sure it is not forgotten.

The German Democratic Republic, or East German government, went to great lengths to make sure the Wall was as impervious as possible. It was actually two walls: a smaller inner wall, and an outer, larger one near the official border. The area between the two walls was a kill zone, filled with guard towers, mines, barbed wire, sharpened metal stakes, concrete vehicle barriers, floodlights and alarms. It was constantly patrolled by border guards and dogs, and the guards were authorized to shoot anyone trespassing in the zone.

In addition, the East German secret police, known as the Stasi, maintained an extensive network of 100,000 full time agents, bolstered by 100,000 more part-time informants, to monitor and infiltrate dissident groups and turn in anyone planning to escape across the Wall. East Berliners had a saying, parodying the words of Jesus, that went, "Where three or four gather together, one of them is Stasi agent." Apartments closest to the Wall were assigned to regime loyalists, who kept an eye on their neighbors and reported suspicious activity.

And it was all a complete failure. The East German government managed to arrest or kill a great number of people who attempted to escape, but it never was able to stop them from trying. When internal and external pressure finally forced them to open the Wall, people went flooding through. The Wall was torn down, and the government that built it soon followed. East Germany ceased to exist. The first lesson from this is that building walls

doesn't work. People will always find a way over, under or around them. This is true no matter how strong they are, and no matter whether they are physical or simply psychological in nature. Mr. Trump would do well to pay attention to this lesson. Yet there is an even larger lesson to be learned from all this. The national security state has only one purpose – to preserve its own existence. The myth that nation-states exist to protect their citizens is so transparent as to be laughable. National militaries exist to protect the nation, not the people. If citizens' lives must be sacrificed for the 'greater good' i.e. the survival of the nation, then that is an acceptable loss. No expenditure in blood or treasure is too great if it assures national survival, and no act is too reprehensible or immoral to be undertaken if it serves to protect the state.

All the vast efforts of the East German government failed to save their nation-state. And in fact it never does. All the enormous military might of the Soviet Union, including the most powerful hydrogen bombs every produced, could not preserve it from dissolution. The legions of the Roman Empire could not prevent its fall. The Janissaries of the Ottoman empire, the Immortals of ancient Persia, and the Waffen SS of Nazi Germany all fought valiantly for their respective regimes – now all consigned to the dustbin of history.

Nation-states are not permanent. They come and they go. Yet people continue to extend their primary loyalty to them, and indeed, do not seem to even consider the possibility that there might be something less transitory that deserves their allegiance. The world, and human kind itself, remain permanent. Perhaps it is time that people gave their loyalty to things that last, rather than will-o-wisps that are here today, and gone tomorrow.

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# Herostratus and Technology Control

*Fernando Iglesias*

Herostratus, a modest shepherd from Ephesus (Turkey), went down in history for the single remarkable action he performed during his life: setting on fire the temple of Artemis, one of the seven wonders of the ancient world. It had taken one hundred and twenty years and required the vital effort of various generations to build the temple. Its destruction was a criminal act committed by only one person and it took, I guess, a few hours. Tortured by order of king Artaxerxes, Herostratus confessed that the sole purpose of his insane deed had been his craving for earning long-lasting fame. In order to prevent him from achieving his goal, after having him killed, Artaxerxes imposed severe punishments upon those who mentioned his name. As we can see, he lost the battle.

What happened to Herostratus not only demonstrates the wide limitations of political powers perceived as absolute, but also provides consistent lessons on the law of entropy, applicable to both the physical and the social worlds. It takes only hours and the effort of only one person to destroy a work that took centuries and thousands of men to build. By definition, building is a slow and difficult process, while destroying what has been built is not. Indeed, the greater the technological power, the greater the destructive potential of social entropy.

The story of Herostratus challenges the two principles that have explained progress for millennia and the political ideas based in it: the increase of human power and its massive distribution. The twentieth century and its wars and industrial genocides have proven it conclusively, establishing the obsolescence of automatic and inevitable progress, but matters can be worse. In effect, only one hundred years ago the mere idea of a single man having the

power to wipe out all human life from the face of the earth was unthinkable. A century later, the blink of an eye in human history, that man already exists. The fact that he has been democratically chosen by the citizens of his country, the United States of America, to make decisions that affect the lives of seven billion human beings threatens the concept of democracy itself and suggests, as Einstein posited about Hiroshima and Nagasaki, the need to control global impact technologies on a global scale. It is not a problem of the US, but an inevitable product of the obsolescence of nationalism, that is, of the idea that a world where destructive technologies rise to global power can be reasonably governed by two hundred sovereign and independent states. Twenty-first-century technologies and nineteenth-century political institutions. What could possibly go wrong?

The present time brings us terrible news. The first one is that the president of the country whose nuclear power can destroy civilization as we know it is a “sovereignist”, that is, he invokes the absolute right of his country to do whatever suits it best without taking into consideration any limitations imposed by other countries or, and by no means, international agencies. Whoever may try shall be branded a “globalist” by sovereignists as Bolton, and shall be considered a public enemy. And the second piece of bad news is that that same man – Mr. Trump – has just withdrawn his country from the INF Treaty, signed by Gorbachev and Reagan in 1987 and considered as one of the pillars of global security. The reaction of Putin – another sovereignist from the early days, much less powerful but, at the same time, much more unscrupulous, freewheeling and smarter than Trump – came swiftly forward: Russia has also repudiated INF. As a result, the security of the

whole world, and especially of Europe, goes back 33 steps, back to 1986. Chapeau!

Now, let's go back to Herostratus. This is the thing: if human power goes on growing and massively spreading and if that process has already produced a human being with almost absolute destructive power, how long can it take for the second one to turn up? And then the third? And then the twenty-ninth? And then the fifty-fourth? How long, therefore, would it take for a modern delusional Herostratus to decide to immortalize his name by becoming the most important human being in History by having carried out only one act of destruction? Doesn't the rise of the Korean Kim Jong-un anticipate this? And what will happen when the increase in technological knowledge and its spread will make weapons of mass destruction – not necessarily nuclear, nor global-reaching, but of great impact – available not only to terrorist states, but also to terrorist organizations? What do we believe these guys, who currently film themselves cutting journalists' throats and drive trucks into people taking a walk along a boulevard at sunset, are going to do?

But the problem is much bigger. It does not only comprise technologies created to destroy, like the atomic bomb, but also those created "for the good" but whose effects are – or can be – ambiguous and disruptive. When the knowledge needed, for example, to clone a human being, to reverse the aging process, to increase brain storage and processing capacity by implanting cybernetic devices – all technological achievements we are close to attain – is actually acquired, who shall supervise their implementation? Would they be only available to those who can pay for them? Who shall be responsible for the huge global impact made by their use, including consequences such as uncontrolled growth of world's population? Aren't we, as Yuval Harari fears, facing the possibility of transforming the current social division into a biological gap that would divide humanity into a hyper intelligent elite and

a useless, unproductive and, consequently, socially irrelevant and disposable mass?

Where is the ancient paradigm of greater power and wider distribution of power, which was the basis of progress for millennia, taking us now in the context of ambiguous technologies that can be used for both creation and destruction, and of a speeding technological progress leading to unpredictable consequences? What power shall be the first (a nation state, or a member of GAFA (Google, Apple, Facebook, Amazon)) to develop an artificial intelligence exponentially superior to that the humans have? And if it were decided that, for the sake of limiting these hard-to-manage risks (concerning the survival of the world as we know it and of democracy) some kind of regulation is necessary in relation to these and other topics (like the massive use of robots and algorithms that are to replace human work), who would be qualified to make these decisions and apply them in such a significant area as the nation states, created in the nineteenth century? Would it be useful – let's say – to forbid human cloning, aging reversal, or brain implants in the territory of one single country? How hard would it be for the citizens of countries governed by sovereignists to access these procedures by simply catching a plane?

In a world where tax havens proliferate, wouldn't we immediately witness the emergence of rogue states where these technologies, forbidden only in some countries, could be used? How many international conflicts would arise and where would the territorial ideas of sovereignists end up, in a world that is currently undergoing dematerialization and virtualization? Finally, given that this is about decisions whose impact affects every human being and whose regulatory scope is necessarily global, doesn't it imply the need for a global federalism in which countries are internally sovereign, and yet make global decisions jointly? And doesn't it call for the gradual creation of democratic institutions in which all human beings can participate, that is, of a global democracy?

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# The ICC under Attack

*Yasmina Gourchane*

On 10 September 2018, US National Security Advisor, John Bolton, speaking at a meeting of the right-wing Federalist Society in Washington DC, publicly denounced the International Criminal Court (ICC). He called it a creation of “self-styled global governance advocates,” and announced that “the United States will use any means necessary to protect our citizens and those of our allies from unjust prosecution by this illegitimate court.”

Two weeks later, in his address to the UN General Assembly, US President Donald Trump rearmend this position, while also taking a harsh stand against multilateralism and global institutions more generally. “We reject the ideology of globalism, and we embrace the doctrine of patriotism,” he said.

Twenty years after the signing of the Rome Statute, the guiding document of the ICC, the Court is facing not only criticisms over its performance and jurisprudence, but actual threats that could impede its officials from executing their mandates.

The Court is no stranger to criticism. Back in the early 2000s, John Bolton was part of President George W. Bush’s administration, serving in a different capacity, as a high level official in the Department of State and later as Ambassador to the United Nations. During his tenure, he negotiated dozens – reportedly more than 100 – Bilateral Immunity Agreements with states, both parties and non-parties to the Rome Statute.

Under these agreements, the signatory is obliged to surrender any US national wanted by the ICC back to the US government, not the Court. Bolton was also part of the administration when it effectively “unsigned” the Rome Statute, thereby underscoring its

intent to never become party to the Court. Now back in government as National Security Advisor, Bolton has a stronger position from which he has begun to initiate further action against the ICC and those cooperating with it. In November 2017, ICC Prosecutor Fatou Bensouda requested authorization to initiate an investigation into alleged crimes committed in Afghanistan, as well as related crimes allegedly committed on the territory of other states parties to the ICC.

The Prosecutor’s request asserts that there is a reasonable basis to believe that war crimes and crimes against humanity were committed by the Taliban, in addition to war crimes by members of the Afghan National Security Forces, US armed forces, and the Central Intelligence Agency (CIA).

Prior to the Pre-Trial Chamber announcing its decision not to authorize the investigation, the US continued to reiterate its unwillingness to cooperate with the ICC, with Secretary of State Mike Pompeo referring to the “rogue international court” as an imminent threat to American sovereignty in a speech to the German Marshall Fund in early December 2018.

On 15 March 2019, Secretary Pompeo increased measures against the ICC, announcing a new US policy of visa restrictions for individuals directly responsible for any ICC investigations of US or allied personnel. Just two weeks later, these threats came to fruition when Prosecutor Bensouda’s entry visa to the US was revoked. Now, she has very limited permission to travel to the US for official UN business, a restriction previously reserved for officials from Iran, Libya, and Palestine, who could potentially pose a threat to national security.

On 12 April 2019, the Pre-Trial Chamber determined the Afghanistan investigation would not serve the interests of justice, deciding against the authorization of an investigation into the situation, though the Prosecutor may still appeal the decision. NGO members of the Coalition for the ICC are stating that they believe the judges caved in to the pressure and threats by the Trump Administration.

Threats against the ICC extend beyond the current US administration. Burundi's President, fearing investigations, submitted his government's letter of withdrawal as a state party to the Rome Statute in late 2016. Similarly, in response to the opening of a preliminary investigation into crimes allegedly committed in the context of the Government's "war on drugs," the Philippines announced its intent to withdraw from the ICC, which took effect in March 2019.

This wave of anti-ICC sentiment is also felt at the United Nations, with states working to remove references to the Court and international justice more broadly from resolutions of the Security Council, General Assembly, and other committees. For example, in a November 2018 plenary session of the General Assembly on its cooperation with regional institutions, Sudan called for a vote to remove references to the ICC and the Rome Statute in a resolution on the Council of Europe.

Despite the persistence of these threats, the Court's track record as an impartial international judicial body sustains its overall support. For example, states stepped up to block Sudan's proposal, and voted to retain references to the ICC in the above-mentioned resolution. Also of importance, the ICC Pre-trial Chamber III ruled that the Court maintains jurisdiction over crimes allegedly committed during the time when a state was party to the Statute, irrespective to the current status as a state party, meaning investigations into the situations in Burundi and the Philippines can still be pursued by the Prosecutor.

States and civil society organizations are doing their part to thwart attacks on the ICC. At the 73<sup>rd</sup> Session of the UNGA General Debate, mere days after Bolton's initial remarks against the ICC, nearly two dozen states referred explicitly to the Court in their statements, and the Foreign Ministers of 35 ICC States Parties issued a joint statement, all underscoring the Court's absolute necessity in the rules-based global order. Weeks later, at a General Assembly session on the ICC, states again recalled the importance of the Rome Statute system in maintaining international peace and security, as well as its indispensable role in granting justice to victims when domestic systems fail. In an April 2019 Security Council debate on sexual violence in conflict, at least a dozen states spoke explicitly in support of the ICC as an essential tool in the fight against impunity.

In this same period, six states, namely Argentina, Canada, Colombia, Chile, Paraguay and Peru, jointly referred the situation in Venezuela to the ICC. While she was already conducting a Preliminary Examination in the same situation, the referral by this group of States Parties served as a sort of vote of confidence in the work of the Prosecutor. Even at a time when two governments have pulled out of the treaty which established the first permanent international judicial body to try individuals for genocide, crimes against humanity, war crimes and the crime of aggression, the referral by this group of states signals that the Rome Statute and the Court continue to move in the right direction towards ending impunity for grave crimes.

In the face of open threats, the Court and its officials continue their work undeterred, impartially and independently, taking steps to fulfill their mandate. In January, a defendant in the Central African Republic case, Patrice-Edouard Ngaissona, made his initial appearance before the Pre-Trial Chamber. In April, judges rejected a challenge by Saif

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Gaddafi of Libya, confirming the admissibility of his case before the Court. In May, the ICC Appeals Chamber confirmed that Jordan did not properly comply with its obligations under the Rome Statute by failing to arrest Omar al-Bashir, the former President of Sudan.

Despite these examples, the Court is not without fault, facing criticism from not only its detractors, but its supporters, including states and civil society. In reaction to lengthy proceedings, criticisms of investigations, delayed judgements and questionable judicial decisions, civil society has begun to call for an independent review of the Court, a proposal which is gaining momentum among stakeholders in the Rome Statute system.

Drawing from similar assessments undertaken by the European Court of Human Rights (ECHR) and ad-hoc tribunals, an independent review of the ICC could identify, in consultation with key actors, crucial challenges which impede the proper functioning of the Court, concluding with concrete recommendations for the Court and its Assembly of States Parties to execute. As the Rome Statute system identifies its next generation of leadership in 2020-2021, the time is ripe for assessing the path ahead. A review process would draw on lessons learned from its early years,

and provide a roadmap for building a more effective and legitimate institution.

This “never-again” court exists not to infringe on the sovereignty of nations, but to deliver justice to victims of the gravest crimes. When the Court is ineffective and inefficient, it is ultimately the victims who suffer the most. The ICC is unique in how it allows for victims to participate in proceedings and seek reparations at all stages in the process, serving as a constant reminder that the Court was established to bring justice to those who have suffered from unimaginable atrocities.

Ultimately, threats to the Rome Statute system serve as a reminder that the Court is worth defending. Heads of governments were once able to act with impunity, with no fear of repercussions when they committed grave international crimes. But the very existence of this institution with 122 states parties – nearly two-thirds of the UN membership – undermines such impunity.

The Court was conceived in a more idealistic time, and today faces a challenging road ahead. Yet now more than ever, the world needs institutions like the ICC to stand up for victims of the most heinous crimes, and ensure a future that includes a robust system of international justice.



# Eulogy of David Held<sup>1</sup>

Daniele Archibugi

David Held has been one of the most influential contemporary political theorists of our age, probably because he had a special talent to understand the emerging political issues and how theory could help to better frame them. He published more than 50 books and it is an impossible mission to give a full account of his ideas in three minutes. But I will try.

A firm advocate of democracy, David understood quite early that its practice should be improved to continue to appeal to the population. His textbook *Models of Democracy* (1987), translated into seventeen languages, shaped the understanding of democracy of several generations of students and teachers, but also of many activists willing to improve the practice of self-government in their own country. His message was quite direct: there is not a model that will fit all size, a lesson particularly relevant when, after 1989, many nations with different cultures and traditions managed to be ruled by elected governments. His book *Democracy and the Global Order* (1995) broke new ground by highlighting a basic contradiction of contemporary democracies: we live in an increasingly globalised society, but our governments are still national in scope. How could these “overlapping communities of fate” – as he called them – engage in democratic procedures to decide on issues of common concern? David and I boldly advocated a cosmopolitan democracy: a comprehensive project to extend democratic values and procedures to the global level.

Together with Tony McGrew, he published several books on *Global transformations: Politics, economics and culture*, a series that soon became very popular. With Mathias Koenig-Archibugi, David also scrutinised the devices of global

governance. One of his later books, *Gridlock: Why Global Cooperation is Failing When We Need It Most* (2013), co-authored with Thomas Hale and Kevin Young, attempted to identify why global governance works better on some matters (such as air-traffic or Internet) than others, and sometimes not at all (for instance, in preventing wars or climate change).

David moved to the London School of Economics and Political Science in 1999 to become Graham Wallas Professor of Political Science. At LSE, he co-directed with Mary Kaldor the Centre for the Study of Global Governance, contributing to making it a hub of excellence in the field.

David was also a very successful entrepreneur and in 1984, together with his mentor Tony Giddens and John Thompson, launched a publishing house, Polity Press, which, among other things, translated into English the works of many European authors. Thanks to Polity, many very relevant European social scientists could be read, assimilated and discussed in the Anglo-American community. With Eva-Maria Nag he edited the journal *Global Policy*, another successful academic enterprise. As Master of University College at the University of Durham, where he worked from 2012 until his death, he had the opportunity to enhance the social sciences activities in the Campus.

David was an enthusiastic and extremely prolific author but also very encouraging with the work of others, especially young scholars. As supervisor, editor and publisher, he has supported the ideas and the career of many younger colleagues. He was intellectually rigorous and, at the same time, very witty and his arguments – in the public sphere as well as



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in his private life – where light and persuasive. Perhaps because he started his academic career at the Open University – a University devoted to adult education – he gave great importance to clarity. His works were meant to be understandable not just for the pundits, but for everybody, and this is one of the reasons why they are so popular.

David has also always been very keen to use ideas in the public arena and to foster informed policy-making. He wanted to understand the dynamics of social and political reality in view of improving social practices and policy making. As a pioneer of global studies, David understood before and better than others that globalization offered many opportunities, but there was something rotten in the way in which the benefits were distributed: he strongly advocated a global social-democracy to sustain justice and well-being. Cosmopolitan democracy was meant as a project able to create stronger ties across citizens and nations to impede that a few extremely wealthy technocrats could rule over everybody. A supporter of European integration, he understood that Brexit was the wrong answer to the inability of the incumbent ruling classes to provide

benefits to the whole population.

He left us so suddenly that we feel the urgency to continue discussing issues with him. We would like to hear his views about the prospects of cosmopolitanism in the age of sovereignty and on the perils of democracy in front of populism. For sure, his views on how to sort out the Brexit mess would have been insightful. But we would also like to talk to him about the duties we have on ourselves and in front of the persons we love and that love us. Nobody could cast a first stone, but all of us should learn from his experience.

He leaves to us four superb children: Rosa, Josh, Jacob and Zac. You have all reasons to be proud of your father because by all standards he was an exceptional and incredibly energetic man. Rosa, Josh, Jacob, Zac: among the legacies that your father has left to you there are not just his books and all the good time he has spent with you. There also your brothers and sister! Make sure that in the next days, months, years and decades you take advantage from this exceptional human capital.

We will miss greatly David's generosity, his talent, his entrepreneurship, his sense of humour. We will continue the fight for a just cosmopolitan society also in his behalf.

<sup>1</sup> Based on the Speech given at David Held's Funeral, West London Synagogue, Golders Green Cemetery, 18 March 2019. David Held, born in London, 27 August 1951 – died in Durham, 2 March 2019.

# A Memory of Leone Ginzburg, 75 Years After His Death<sup>1</sup>

Giulio Saputo

The 5<sup>th</sup> of February was the 75<sup>th</sup> anniversary of the death of Leone Ginzburg, tortured to death by the Nazis in Rome.

On the wall of the building that hosted the clandestine typography in which Ginzburg was captured, there is a plaque to remember him: *"A police ambush in the typography of 'L'Italia Libera' tore Leone Ginzburg from the clandestine struggle. Italian for his passion for Risorgimento, European for his thoughts and ideals, he was born in Odessa on 4-4-1909 and died in Regina Coeli, a victim of Nazi terror, on 5-2-1944. May his memory live on in the heart of those who hope and fight for a just freedom"*.

We are talking about a great intellectual, a partisan who chose to participate in the Italian Resistance with the *Partito d'Azione* and *Giustizia e Libertà*. "Rise up and be regenerated" (in It. *"Insorgere e Risorgere"*), a motto by Emilio Lussu, represents very well these 35000 fighters (amounting to 20% of partisans) active in the 20 months of the Italian Resistance. Among the fallen, about 4500 people, there were a very high number of middle- and high-class people (among which we count also Ginzburg): this sacrifice was probably due not only to their scarce experience, but also to the vision of politics coming from the Rosselli brothers, in which the need of action overshadowed every other impulse, even survival. A vision of the world that has at its centre "the action assisted by reason and (...) illuminated by moral light"; freedom conceived as "means and end", and "liberalism (...) as the ideal inspiring force, socialism as the practical creative force". The ideals of this "democratic revolution" were based on a strong historicism coming from

Gobetti's interpretation of Risorgimento, formed by "heretics" and "without heros" for bringing about an historical line coming from a distant past, but with a considerable contemporary relevance: "the truth of our interpretation of history – wrote Carlo Levi at the time – is conditional on our action: the legitimacy of the latter lies in the continuation of a tradition".

They were living, in the war and in the struggle against fascism, the conviction that they could give to Italy and Europe a new rebirth. A collective Risorgimento that would erase the abominations of Nazi-Fascism, considered as the end of humanity, with a view to build a "new world".

As we are aware that that battle is a long way from being concluded even today, in a European Union which is prisoner of nationalism and of the dangers of the authoritarian drifts of the current political-institutional system, we report as a necessary example of a proactive historical memory the lives of these people.

Leone was born in Odessa on 4 April 1909, from Fëdor Nikolaevi and Vera Griliches, in a Jewish laic family, the last of three brothers. The father was an industrial; the mother, of Saint Petersburg, was active in social works and in the field of education. On the political point of view, the Ginzburg family had different positions: the father was a liberal, close to the Constitutional Democratic Party, while the mother sympathized for a minor left party, the national-socialists; his brother Nicola was social-democrat and his sister Marussa was instead close to the revolutionary socialists. After the outbreak of the revolution, the family

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moved to Turin, where Ginzburg graduated in the high school “Massimo D’Azeglio” and, for a while, was in Berlin. In class he stood out for his great culture and for a certain ethic intransigence of Kantian inspiration that will characterize him for all his life. Enrolled in the Faculty of Law, he has as classmates Bobbio, Foa and Galante Garrone. He meets also Pavese, enrolled in the Faculty of Literature, and thanks to him he meets Garosci and Argan. During these years, he abstains from any opposition activity until he obtained the Italian citizenship (1931), that he requested when he came of age: the premise, almost the necessary prerequisite of his political action. The sense of belonging to the Italian national community goes always along (since his childhood writings) with a strong polemic against every nationalism and a profound and deep-rooted pro-European attitude. In 1928, once he meets Croce, he decides to move to the Faculty of Literature.

In 1932, a scholarship brings him to spend April and May in Paris. Here he meets again Garosci (who had fled from Italy), attends the circles of political exiles and meets Rosselli and Salvemini. He decides then to join the clandestine antifascist movement. When he goes back to Italy, the ranks of the Turin antifascism have been recently disrupted by the tough sentences of the special court and Ginzburg decides to reorganize them, starting with a series of contacts and creating, during summer, a new group of *Giustizia e Libertà* in Turin. As members of the group there are Augusto Monti, Carlo Levi, Barbara Allason, Massimo Mila, Carlo Mussa-Ivaldi, Professor Michele Giua and his son Renzo. Shortly after, Vittorio Foa, Mario Levi, Sion Segre adhere as well and contacts are established with Carlo Muscetta and Tommaso Fiore. Between the end of 1932 and the start of 1933, Ginzburg tries to organize the escape of Ernesto Rossi from the prison in Piacenza, but the attempt has no results, also because of the transfer of

the prisoner to another jail. Meanwhile, he becomes lecturer in Russian literature, but when the regime decides to require a pledge of allegiance also from teachers, he does not hesitate to choose the definitive renunciation to the academic activity – despite the brilliant perspectives of that career.

In 1934, his GL group suffers about sixty arrests and Ginzburg himself is imprisoned. Once he gets out of prison on 13 March 1936, he is obliged to live under special surveillance. Two years later, due to the racial laws, he is deprived of citizenship and becomes stateless. On 12 February 1938, he marries Natalia, daughter of Professor Giuseppe Levi, and he is engaged in the activity of the publishing house Einaudi. In June 1940, right after Italy’s entry in the war, he is sent, as “civilian war interned”, to Pizzoli (L’Aquila) as “a dangerous antifascist” and he is subject to special surveillance.

On 26 July 1943, after the fall of the regime, Ginzburg goes to Rome and resumes his contacts with the leading group of the Action Party, meeting – among others – Manlio Rossi-Doria, Carlo Muscetta, Nicolò Carandini, Ugo La Malfa and Franco Venturi. With Venturi, he leaves for Turin to re-establish other contacts, and on August 27 he is in Milan, where in Rollier’s house he takes part in the foundation of the *Movimento Federalista Europeo* (European Federalists Movement). A few days after, between September 5 and 7, he attends in Florence a clandestine congress of the party, in which take part also Ferruccio Parri, Emilio Lussu, Riccardo Lombardi, Riccardo Bauer, Enzo Enriques Agnoletti and many other Action Party members he had already met. The esteem and trust in his regards are such that, after September 8, he is awarded the direction of the clandestine journal “*L’Italia libera*” (Free Italy), published in Rome. In the capital, where he has also received the assignment to manage the Roman office of the Einaudi publishing house, he lives under the fake name of Leonida Gianturco.

On November 20, 1943, he is arrested in the editorial office of *Italia Libera* and he is brought to Regina Coeli prison. During the first days of December, his real identity is revealed, and he is transferred to the prison row controlled by the Germans. He is tortured and beaten up during the interrogation. Sandro Pertini, imprisoned with him, remembers to have met him, bloodstained, after the last interrogation; and that Ginzburg was able to tell him "Woe to us if tomorrow (...) we will include all the German people in our condemnation. We have to distinguish between the people and the Nazis". The 4 February he feels very bad; in the evening, he writes the last letter to his wife Natalia and calls a nurse, who refuses to get the doctor. On the morning of February 5 he is found dead, and only then will his wife be allowed to see him.

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From a political point of view, it is possible to indicate four names who have been decisive for Ginzburg: Mazzini, Cattaneo, Gobetti and Croce. Mazzini, for his national fervor, his ethical vision and his call to action. With Cattaneo he shares federalism, both for its aversion to the centralist state and its perspective of the United States of Europe. Leone is a convinced federalist, since the articles he publishes in "*Giustizia e Libertà*" with the pen name MS: "*in a certain sense, it is not possible to adhere sincerely to GL without*

*being federalists*", he writes in 1933. With Gobetti, he shares his ethical and political intransigence, that goes together with a great cultural openness; his criticism of pre-fascist Italy; his already mentioned concept of autonomy; his liberalism founded on ethical bases, able to look forward to a social democracy. In Croce, with whom he exchanges a rich correspondence, he sees the man of the Manifesto of 1925. His difference with the great philosopher lies in the choice he made to conspire in hiding, his refusal of social conservatism and his sense of insufficiency about a "religion of freedom" not embodied in more concrete political programs.

After his death, many are the displays of affection coming from the friends who survived. Ernesto Rossi frankly writes to Bobbio: "I've seen Leone a few times, but before meeting him, Foa, Mila and Monti had talked to me about him in Regina Coeli and their speeches had already given me an idea of his value (...); after his death, I have too a sort of cult of his memory (...). Carlo Rosselli and Leone Ginzburg: two leaders that could have managed the action of our small group of "melancholic crazy guys" (...). But, although we missed them, their influence on our action remained". Bobbio remembers him several times with emotional words: "He died alone, as if he had nothing else to say. Instead, his speech had just begun."

<sup>1</sup> Original Article in Italian: <https://www.eurobull.it/un-ricordo-di-ginzburg-a-75-anni-dalla-morte>

# Climate Movement: What's Next?

*Bill McKibben*

## **The climate movement's state-of-play**

I came to climate activism gradually. In 1989, when my book *The End of Nature* was published, it was the first book on global warming for a general audience. For the next fifteen years, I worked mainly as a writer and speaker. That's because I was analyzing the problem incorrectly. In my estimation, we were arguing about the science of climate change: is it real, how bad is it, how bad will it become? Being a writer, and an academic, I thought the right response seemed clear: shed light on the issue through more books, more articles, and more symposia.

At a certain point, though, I began to realize that we weren't engaged in an argument at all. The scientific debate had already been settled by about 1995, with the first major Intergovernmental Panel on Climate Change (IPCC) report. The scientific community had reached a clear consensus, yet governments did not take action to reduce greenhouse gas emissions. We were in a fight, not a discourse. Like most fights, it was about power and money. Another book or symposium was unlikely to move the needle.

On the other side of the fight stood the fossil fuel industry, with the richest – and hence most politically powerful – enterprises in human history. We weren't going to match them dollar for dollar, or even penny for dollar. History indicates that in such unequal situations, the only option is to build a movement large enough to provide a countervailing force. It has happened before, such as with the movements for women's suffrage, civil rights, and, most recently, marriage equality. Those were all hard fought, but a climate movement is harder because no one has made trillions of dollars

being a bigot, but people do make trillions selling coal, oil and gas.

My expanded understanding prompted me to found *350.org*, which initially consisted of myself and seven undergraduates. The biggest problem with climate change was that it seemed so large – and we seemed so small next to it. It was hard to feel hope and easy to walk away. Nevertheless, each student took one of the seven continents, and we set out to organize. All over the world, we found people who wanted to act. Our first task was to show that there was a large constituency for action. So, in our first big action in 2008, we managed to coordinate 5,100 simultaneous demonstrations in 181 countries, which CNN called the most widespread day of political action in the planet's history.

We've gone on to organize about 20,000 such rallies, in every country but North Korea. *350.org* is still, I believe, the largest group that works solely on climate change, with a not-so-large staff of 120 spread around the world. On the ground, we have found a huge if diffuse movement, made up mostly of indigenous and other frontline communities bearing the brunt of fossil fuel industry. Much of our work is thus focused on coordinating the multitude of worthy efforts already underway.

Given the urgency of the climate crisis, we also quickly saw the need to move beyond education to confrontation – hence, in the US, the birth of the continent-wide Keystone pipeline fight. There was already a movement in place in the tar sands of Alberta and on the prairies of Nebraska through which the proposed pipeline would pass. But we nationalized the movement, with demonstrations in Washington, DC and

pressure on President Barack Obama. So far, the pipeline remains unbuilt. Every project like this around the world (e.g. fracking wells, coal ports, LNG terminals) is a target for opposition. We may not always win, but we always make life harder for the industry.

On another front, we realized that, to be successful, we needed to systematically confront the instruments used to sustain the dominance of fossil fuels. Thus, we launched the divestment movement in 2012, with the goal of reducing the financing for and, more importantly, social acceptance of the extraction of fossil fuels. It has grown much faster than we expected, and it is now the largest anti-corporate campaign of its kind in history, with commitments from endowments and other portfolios worth about \$8 trillion. Goldman Sachs said recently that the campaign is the main contributor to driving the prices of coal shares down sixty percent, and Shell said it had become a “material risk” to its business.

In retrospect, I think the most important development in this movement has been the strong emergence of a “climate justice” focus, uniting the climate fight with the broader fight for human rights and dignity. There are so many great leaders now leading the struggle that I don’t want to list any, for fear of leaving many out. But for the last five years, my job has been to move into the background as much as possible, seeking to highlight the work of others.

Looking ahead, the biggest challenge facing the movement remains the strength of the opposition. With unlimited cash, it has managed to dominate politics, especially in the US. The Koch Brothers are two of the biggest political donors, as well as the biggest oil and gas barons and biggest leaseholders in the tar sands. Give them, and the larger industry, credit: they have managed to make the US the only country on earth not taking part in the Paris Agreement, abandoning the international coordination of emission reductions. They

even got the US to backtrack on something as obvious and simple as automobile fuel efficiency standards.

I do think that, in the long run, they will lose. The science gets stronger with each passing week, and every hurricane and fire makes the issue more salient – and more urgent – for more people. The newest polling shows that climate is much higher on the list of items that Americans worry about and vote on than it used to be, and that trend will continue given the inexorable impacts of our changing climate. Seventy-five years from now, we will run the world on sun and wind because they’re free. These new technologies, whose prices have plummeted in the last decade, excite everyone. Polling shows that the political left, right, and center all love photovoltaics.

Still, the “long run” remains the problem. I worry that we can’t make change happen fast enough. If we continue on the current trajectory, the planet that in seventy-five years runs on sun and wind will be a broken one. The strategy of the industry is to extend its business model another decade or two, even at the cost of breaking the planet. They want to make the transition untraumatic for themselves, even if it is traumatic for all life on earth.

Going forward, the movement needs to grow bigger and stronger. The strength of movements is a direct reflection of how many people are involved. And a movement must be bigger than the sum of its constituent organizations. We need a combination of breadth organizing and depth organizing. The first are the broad, low-barrier-to-entry, consciousness-raising efforts – think about the students’ Climate Strikes now underway thanks to the inspiration of Sweden’s Greta Thunberg. The second are the grittier, detailed efforts to get particular policies adopted – say, the state-by-state and city-by-city fight for renewable portfolio standards, that specify minimum levels of energy production from wind, solar, biomass, and geothermal. And the third is



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an overarching framework to inspire action: for example, the incredibly exciting fight for a Green New Deal now being debated in US political circles and other countries. Together, these three components are the foundation for a bigger, stronger movement.

### **“System change, not climate change”?**

I am not great with eschatology; I don't know the final destination. While I don't know how to change the “system,” the urgent nature of the climate crisis doesn't let us simply put off action. The biophysics doesn't allow it.

That said, progress on the climate fight in its own right can help drive systemic change. Think about who dominates the prevailing political-economic system. So many of the major players have gained their power by controlling the scarce, geographically – concentrated supplies of fossil fuel – players like Vladimir Putin, the Koch brothers, the Saudi royal family, and Exxon. If we replace fossil fuels with sun and wind, the effect will inevitably lead to at least some erosion of the current power structure. In general, to achieve the shift from fossil fuels to renewable energy, decentralized and local, is where we need to be headed.

Going forward, we must fight for the changes we know we need to make for a livable planet and, at the same time, make the world a fairer place. Some of this is inherent. Because sun and wind are intrinsically local, for instance, they reduce some of the power imbalances inherent in an economy based on who controls the small patches of ground above oil and gas. There will be solar billionaires, I imagine, but there won't be solar Koch Brothers or solar Saudi royal families, because the diffuse nature of non-fossil fuels tends to disperse rather than concentrate economic power. But enabling such a shift requires an intentional strategy to structure renewable energy so that its ownership and control is as local as possible. That was the particular genius of Germany's *Energiewende* law, which

proposes a plan to democratize energy supply in the transition to a low-carbon, reliable, and affordable energy system.

The climate crisis could be the lever for other kinds of transformative change. Again, look at the discourse around the Green New Deal, which reflects a deep policy shift in the direction of fairness and equity. Like the New Deal of the 1930s, this proposal would be an economy-wide mobilization in the direction of greater justice, with the “green” part being a reference to the fact that our main goal is not ending an economic depression, but the full-scale decarbonization of the economy in light of the climate crisis. Such synergy between social and environmental issues holds great potential.

### **Do we need a meta-movement?**

The climate threat is so pressing and so intermingled with current economic arrangements, that it provides the best possible lever for making profound change in other aspects of the economy, such as rampant inequality, as Naomi Klein articulates so well in her book *This Changes Everything*.

Social movements across diverse issues are inherently linked, because they share a common critique of the status quo, whether you call it neoliberalism, predatory capitalism, or simply capitalism. All kinds of collaboration, both philosophic and strategic, are possible. Look, for instance, at the crucial role of indigenous groups and the indigenous rights movement. Shunted off to what we once thought were valueless wastelands, these communities often live atop fossil fuel resources or astride the transportation routes needed for pipelines and other infrastructure. As such, they are natural allies in the fight against climate change. Indeed they are important leaders in the fight, and they bring a worldview that challenges the status quo with enormous clout.

Fighting for their human and legal rights often means complicating the lives of the fossil

fuel industry. Specifically, it is crucial that the worldviews associated with indigenous peoples, human rights advocates, and other movements are recognized for their close alignment with the scientific data pertaining to the climate crisis. The oldest and newest wisdom traditions on the planet are powerfully synching up, while casting considerable doubt on the conventional wisdoms – extraction, accumulation, commodification – that have dominated our economic and political world. For another example, look at the potential alliance between climate and anti-war movements, driven by the realization that most conflict in this century is going to be driven by climate disruption. Indeed, it already is: a severe drought in Syria, for instance, helped touch off years of deadly civil war. More broadly, climate disruption is widely recognized as the biggest obstacle to realizing the UN Sustainable Development Goals, including the reduction of poverty and inequality. In the last couple of years, hunger and child labor are both on the increase again, thanks to warming-caused disasters. All these conditions point to opportunities for alliance building across movements to accelerate transformational change. I have never been a Pollyanna. The cheerful title

of my first book, after all, was *The End of Nature*. And its thirty-year sequel, out this spring, is *Falter: Has the Human Game Begun to Play Itself Out?* But I do sense that, at a moment when the climate emergency has become obvious and pressing, we might begin to pivot. If we do, we could progress very far very fast, especially if the climate movement forges alliances with other movements. The extremely rapid fall in the price of renewable energy and electric storage is one indication that the necessary conditions for rapid change are now in place. We are not going to stop climate change – that is no longer on the menu. Standing on the Greenland ice shelf last summer and seeing it melting was sobering. We're now playing for whether warming is going to reach 2, 3 or 4 °C, with the latter appearing increasingly likely. That range of temperature rise means we still can decide to sustain a livable civilization. But the window for survival is closing fast. We must use this moment as crucial leverage to push the planet in a new direction. Let us try. If we succeed, then we have risen to the greatest crisis humans have ever faced and shown that the big brain was a useful evolutionary adaptation. If we fail – well, we better to go down trying.



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# A Carbon Dividend and Tax Reform

*Alberto Majocchi*

An increasingly widespread awareness that the objective of reducing climate-changing emissions needs to be pursued with determination must go hand in hand with the acknowledgment of the urgent need to identify the instruments necessary to achieve it. The “Economists’ Statement on Carbon Dividends” (see page 38), signed by 27 American Nobel Laureate Economists, clearly states that a carbon tax is the most effective instrument to reduce CO<sub>2</sub> emissions, while clarifying that it is not a question of imposing a new levy, but of correcting a market failure, by sending a price signal to steer producers’ and consumers’ behaviour towards a carbon-free economy.

In this perspective, it seems appropriate to return to the insight of European Commission President Jacques Delors, who developed a European unilateral strategy to contain CO<sub>2</sub> emissions. This initiative was based in particular on the approval of a directive introducing a carbon/energy tax equal to 10 dollars per barrel of oil. But it also called for a recycling of the resulting revenue to stimulate the economy, by reducing social contributions for companies and workers, thus obtaining the double dividend of improving environmental quality and creating new employment. Delors also thought that if Europe paved the way, other countries would follow, thus seriously tackling the problem of global warming.

Today, 45% of emissions in the European Union are managed through a quantity control mechanism within the framework of the Emission Trading System (ETS). In sectors not covered by this mechanism – transport, the household sector, Small and Medium Enterprises (SME) and agriculture – which

produce 55% of total emissions, it is essential to introduce a carbon price, in addition to imposing a border adjustment-tax on imports from countries that do not adopt a carbon pricing system, equal to the price imposed on European-production goods, to avoid incompatibility with WTO rules. This objective was reaffirmed by President Macron in his press conference on April 25, 2019.

The point that needs to be stressed is that imposing a carbon price cannot be used to obtain additional revenue, but rather to launch a profound reform of the public finance structure, both in terms of revenues and expenditures, oriented towards a carbon-free and socially just economy. Essentially, all revenues should be recycled within the economic system through tax relief for low-income households, or reductions in social contributions. This would help non-energy-intensive enterprises by reducing labour costs, and aid workers by increasing their net salaries (keeping their gross income unchanged). Public expenditures should be directed towards backing the investment needed to foster the ecological transition.

The scale of this potential tax reform is significant. With the carbon price rising every year by €10, from an initial value of €50 to €100 per tonne of CO<sub>2</sub>, revenues would amount to €112.5 billion and would rise as high as €225 billion, since CO<sub>2</sub> emissions in the sectors not included in the ETS reached 2242.65 million tonnes in 2017 in the EU27 (Eurostat data). The price of allowances in the sectors included in the ETS, which will be progressively auctioned, will also rise as an increasingly limited number will be issued, thus generating additional revenue. Finally,

the revenue generated by imposing a border adjustment-tax should also be considered. Eurostat estimates emissions associated with consumption and investment within the EU – the carbon footprint – at 7.2 tonnes per capita in 2017, 1.2t of which from outside the Union. Imported emissions that will be taxed can therefore be estimated at 525.1 million tonnes, with €26.2 billion in revenue (€52.5 billion in 2025, with a €100 tax rate) that would flow directly to the European budget, as it is a EU own resource.

These data do not necessarily imply that there will be additional revenues for public finance. In some countries, for instance in Sweden where the carbon tax rate is set at €114, no change in the level of the levy is expected. In other countries, such as Italy, where energy taxation is already high, the tax structure can be changed, with each source levied in proportion to their carbon content. The point that needs to be stressed is that, in any case, total revenues from the imposition of a carbon price in the non-ETS sectors and from auctioning allowances in the ETS sectors will create a price differential between the use of fossil fuels and renewable energies; this will determine the amount of the carbon dividend which may be used for the ecological and socially just transition of the European economy.

This carbon dividend will make it possible to overhaul the tax system, in order to shift the burden of taxation away from labour and business income towards the use of fossil fuels. A portion of the revenues from the carbon price will be allocated to countries, to encourage measures aimed at promoting employment and combating poverty, lowering labour taxes (especially for the lower income brackets) and reducing social contributions for companies and workers. A portion of the revenues,

especially from the border adjustment-tax, will have to flow directly to the EU budget, to promote investment in the technological development of the European economy and to finance a European Unemployment Fund, in addition to existing national funds, which would not only have obvious social aims, but also positive effects in terms of counter-cyclical policy, allowing countries in difficulty to receive aid directly from Europe.

However, the most significant portion of the resources allocated to the European budget will finance a *European sustainable development plan*, primarily to guarantee an ecological transition that can promote research and innovation and, at the same time, social equity. In a recent article (“It’s Time for a Green EU Deal”, Project Syndicate, 17 Apr. 2019), Michel Barnier suggested creating a Sustainability Pact, reminding readers that the European Commission estimates that €180 billion a year will be needed to meet the commitments made by the EU under the Paris Agreement in December 2015. To achieve this objective, financial institutions play a fundamental role in orienting the private sector towards low-emission investment, and the availability of resources provided by imposing a carbon price may also facilitate the issuance of green securities earmarked for implementing the plan.

This allocation of resources clearly demonstrates that the carbon price and border adjustment-tax have aims that go beyond the EU area. In fact, launching a European sustainable development plan ensures that revenues are used to promote a Green New Deal, with the main objective of supporting a policy to develop renewable energy sources, which will not only involve Europe, but other areas of the world as well, and in particular the African continent.

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# The Contradictions of Environmental Policy, Which As It Is Has No Future

*Roberto Palea*

The proposal of important and well-known American economists, published in the Wall Street Journal on January 17, 2019, and quoted in another section of this Magazine, in many ways mirrors the position of European federalists, who, for some time, have been proposing to finance the measures needed to rapidly reduce carbon dioxide emissions into the atmosphere by introducing a “carbon tax”. It should be noted, however, that for Europe it would be impossible to redistribute to taxpayers, on a per capita basis, the entire amount of the “carbon tax” collected, as proposed by the aforementioned group of US economists.

There would be dividends for everyone, indeed, but indirectly, in terms of improving the “welfare state” and resolutely promoting economic development.

In fact, the “carbon tax” collected by the Eurogroup at the border would increase the European Budget and, thus, strengthen all active policies of the EU.

The national “carbon tax”, applied the same way and according to the same criteria across all the Member States of the Union, should be used to reduce, from the outset, the taxation of employees’ and companies’ income (thus reducing the “tax wedge”) and provide the future Agency for the Environment and Energy (already authorised to borrow directly from the market or through the EIB) with substantial contributions to finance joint actions.

But the most significant weak point of the US proposal is that it focuses on the US economy (currently responsible for 15% of greenhouse gas emissions into the atmosphere), without

noting that global warming is a global phenomenon and must be addressed jointly, and with common policies, by all (and in particular the most polluting) states that are responsible for the emissions.

We must point out, once again, the contradictions of the environmental policies that must be resolved, to avoid their inefficiency and the systematic stalemate of the environmental improvement measures needed to preserve humanity (and especially future generations) from disasters, from the costs, also in terms of human, plant and animal lives, and from all kinds of damages that would result from the Earth being exposed to an average temperature change of 3–5 °C and an exponential trend of environmental degradation.

To date, the pressure of the States and of the very powerful lobbies of the producers of oil, natural gas and coal, that defend their dominant and privileged positions with their teeth, has certainly been a strong influencing force. Just think that, at present, it is difficult to finance the Global Green Fund, established in Cancun in 2010, for 100 billion dollars a year, left on paper, while the anti-historical contributions of States to coal mining companies alone amount to 600 billion dollars a year.

A second element is due to the structural difficulty of democracy (a universal, irrepressible conquest of civilization) to operate with a long-term vision, being forced to a “short-sighted vision” from one election of the Parliament to another, an interval in which the democratic governments cannot (lest their re-election be in jeopardy) take decisions that

displease their voters, should they impose on them immediate costs and sacrifices in view of advantages that will come to fruition only in the medium or long term.

In authoritarian democracies and dictatorships, there are no such limits. It is currently the case of China, where the most incisive reforms, such as those concerning widespread education, universities of excellence and the formation of human capital, are carried out rapidly, without any particular concern with the people's consent. This happens also for their challenging multi-year plans for infrastructure and transport (think of the grandiose project of the New Silk Road in which billions of dollars are committed, even beyond China's physical borders), relying mainly on the foresight of President Xi Jinping, who controls the party and, through the party, the National People's Assembly and, therefore, the State of the People's Republic of China.

Moreover, democracy is an indispensable achievement, a fundamental pillar, together with the values of freedom and equality, of the universal civilization of humanity. On the other hand, paraphrasing Winston Churchill, all the forms of government that have been experienced so far have proved to be worse than democracy, despite its shortcomings.

But the most crucial element to consider is the selfish defence, by the States, of their true or supposed sovereignty which, as far as problems that have a continental or global reach are concerned, has completely evaporated.

Complex problems on a global scale can no longer be governed jointly, simply by international cooperation. Every international agreement among sovereign states can "photograph" a static situation and testify to the will declared at the time of the respective signing of the Heads of State or Government, but is not capable of addressing situations in continuous evolution, that are largely unpredictable in their unfolding, such as climatic or environmental events; nor can they

stabilise the will of States, even if internationally committed, due to the frequent turnover of people or parties in national governments (e.g. Clinton/Bush, Obama/Trump).

How can complex phenomena of world-wide scale be governed jointly, without adequate common institutions, vested with decision-making authority, and suitably financed?

In the case of global problems, the States must adopt the federal method, establishing supranational, independent institutions, coordinated with the lower level of government of the States and with the EU (in the case of the States of Europe), entrusted with implementing the common policies to be pursued, adequately financed by contributions from the States and/or by their own resources coming from a recognised capacity to enforce taxes and/or debt; institutions subject to democratic control in the ways and forms that will be determined.

Federalists have long proposed creating an Agency or Organization for World Environment, under the aegis of the UN, legally above the states of the COP, inspired by the model of the European Coal and Steel Community (1951) in the process of European unification. There is no alternative for the nation states, if they want to tackle and solve problems whose size overshadows them.

The history of the European unification process is the plastic evidence of this. The current difficulties in this process are due precisely to the fact that some Member States do not seem willing to accept new restrictions to their sovereignty, in order to implement more efficient European policies, put in place by supranational institutions such as the EU bodies.

Sovereignty belongs to the people who, however, must and can exercise it through institutions, each of which must operate in its own order, according to the size of the problems to be dealt with: local (typically municipalities and regions), national (the national state), and continental (in Europe, the EU).

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At a global level, the cosmopolitan citizen must claim his right/duty to participate in decisions concerning peace or war, environmental emergencies, and the economic and social policy of the Planet, which affect the whole of humanity, through democratic institutions at the global level, superordinate to the States.

International cooperation must take the form of an independent organisation, based on federalism, with the States remaining the natural backbone of its action.

The first body that must be convinced of this is the UNFCCC (*United Nations Framework Convention on Climate Change*), its Secretariat, the officials and researchers who work therein, so that they realize that their commitment and their efforts are vain and ineffective if the international agreements that they patiently weave do not include, as a prerequisite, putting in place the aforementioned institutional framework: one that is supranational, has adequate powers and financial resources, and is able to act.

They must examine the history of their activities and the enormous amount of work they have done, from Rio de Janeiro in 1992 to the Kyoto Protocol approved in December 1997, which entered into force in 2005 following the ratification by 196 States, after 7-years of exhausting negotiations, and to the Paris International Climate Agreement of 2015. It is well known that the Kyoto Protocol

proposed to reduce greenhouse gas emissions by 2012, on average by only 5.2%, an amount that is totally inadequate, as we have seen *a posteriori*; that target was actually achieved by chance in many countries, not due to the international commitments undertaken, but rather for internal political reasons.

The much stricter Paris Agreement so far had no effect: after COP 21 in Paris, the subsequent COPs held in various countries, up to Katowice (COP 24), have not yet reached a consensus on its application and financing.

Concisely and simply one could say: while the world is burning, the UNFCCC diplomacy is running idle.

The worldwide demonstrations of millions of young people marching for the Earth and promoting days of strikes against climate change in every part of the globe fill us with hope.

The words of one of the young leaders of this spontaneous popular movement, the Swede Greta Thunberg, just 16 years old, who decided to devote her life to saving the world from climate change are heart-warming.

Greta addresses parents and all her peers with these words *"one day, perhaps, my children will ask me about you, why you didn't do anything while there was still time to act. You say you love your children above all else and yet you're stealing their future in front of their very eyes. You are not mature enough to tell it like it is."*

### **Economists' Statement on Carbon Dividends**

Global climate change is a serious problem calling for immediate national action. Guided by sound economic principles, we are united in the following policy recommendations.

I. A carbon tax offers the most cost-effective lever to reduce carbon emissions at the scale and speed that is necessary. By correcting a well-known market failure, a carbon tax will send a powerful price signal that harnesses the invisible hand of the marketplace to steer economic actors towards a low-carbon future.

II. A carbon tax should increase every year until emissions reductions goals are met and are revenue neutral to avoid debates over the size of government. A consistently rising carbon price will encourage technological innovation and large-scale infrastructure development. It will also accelerate the diffusion of carbon-efficient goods and services.

III. A sufficiently robust and gradually rising carbon tax will replace the need for various carbon regulations that are less efficient. Substituting a price signal for cumbersome regulations will promote economic growth and provide the regulatory certainty companies need for long-term investment in clean-energy alternatives.

IV. To prevent carbon leakage and to protect U.S. competitiveness, a border carbon adjustment system should be established. This system would enhance the competitiveness of American firms that are more energy-efficient than their global competitors. It would also create an incentive for other nations to adopt similar carbon pricing.

V. To maximize the fairness and political viability of a rising carbon tax, all the revenue should be returned directly to U.S. citizens through equal lump-sum rebates. The majority of American families, including the most vulnerable, will benefit financially by receiving more in "carbon dividends" than they pay in increased energy prices.

#### **ORIGINAL CO-SIGNATORIES**

(As appeared in THE WALL STREET JOURNAL – Thursday, January 17, 2019)

**George Akerlof**, Nobel Laureate Economist  
**Robert Aumann**, Nobel Laureate Economist  
**Martin Baily**, Former Chair, CEA  
**Ben Bernanke**, Former Chair, Fed. Reserve, Former Chair, CEA  
**Michael Boskin**, Former Chair, CEA  
**Angus Deaton**, Nobel Laureate Economist  
**Peter Diamond**, Nobel Laureate Economist  
**Robert Engle**, Nobel Laureate Economist  
**Eugene Fama**, Nobel Laureate Economist  
**Martin Feldstein**, Former Chair, CEA  
**Jason Furman**, Former Chair, CEA  
**Austan Goolsbee**, Former Chair, CEA  
**Alan Greenspan**, Former Chair, Fed. Reserve, Former Chair, CEA  
**Lars Peter Hansen**, Nobel Laureate Economist  
**Oliver Hart**, Nobel Laureate Economist  
**Bengt Holmström**, Nobel Laureate Economist  
**Glenn Hubbard**, Former Chair, CEA  
**Daniel Kahneman**, Nobel Laureate Economist  
**Alan Krueger**, Former Chair, CEA  
**Finn Kydland**, Nobel Laureate Economist  
**Edward Lazear**, Former Chair, CEA  
**Robert Lucas**, Nobel Laureate Economist

**N. Gregory Mankiw**, Former Chair, CEA  
**Eric Maskin**, Nobel Laureate Economist  
**Daniel McFadden**, Nobel Laureate Economist  
**Robert Merton**, Nobel Laureate Economist  
**Roger Myerson**, Nobel Laureate Economist  
**Edmund Phelps**, Nobel Laureate Economist  
**Christina Romer**, Former Chair, CEA  
**Harvey Rosen**, Former Chair, CEA  
**Alvin Roth**, Nobel Laureate Economist  
**Thomas Sargent**, Nobel Laureate Economist  
**Myron Scholes**, Nobel Laureate Economist  
**Amartya Sen**, Nobel Laureate Economist  
**William Sharpe**, Nobel Laureate Economist  
**Robert Shiller**, Nobel Laureate Economist  
**George Shultz**, Former Treasury Secretary  
**Christopher Sims**, Nobel Laureate Economist  
**Robert Solow**, Nobel Laureate Economist  
**Michael Spence**, Nobel Laureate Economist  
**Lawrence Summers**, Former Treasury Secretary  
**Richard Thaler**, Nobel Laureate Economist  
**Laura Tyson**, Former Chair, CEA  
**Paul Volcker**, Former Chair, Federal Reserve  
**Janet Yellen**, Former Chair, Fed. Reserve Former Chair, CEA



# Reprisals on Human Rights Defenders: Need for NGO Action

*Rene Wadlow*

On January 23, 2019, the U.N. Secretary-General Antonio Guterres made a statement and listed the States which have carried out reprisals or intimidation, including killings, torture, and arbitrary arrests, against individuals cooperating with the United Nations on human rights issues. He said: *"The world owes it to these brave people standing up for human rights, who have responded to requests to provide information and to engage with the United Nations to ensure that their rights to participate be respected. Punishing individuals for cooperating with the United Nations is a shameful practice that everyone must do more to stamp out."* He went on to add: *"Governments frequently charged human rights activists with terrorism or blamed them for cooperating with foreign entities or damaging the state's reputation on security."*

The U.N. human rights bodies and the Office of the High Commissioner for Human Rights have established a number of mechanisms for gathering information on the status of human rights in certain countries or about certain issues. In practice, most of this information is complaints on the violation of human rights. In some cases, the information comes from the local branch of an international non-governmental organization and also from a national human rights organization. In other cases it comes from a victim or the family of a victim. Information may also come from journalists, religious groups, or visitors to a country who are willing to carry a message out of the country.

Many human rights defenders are people working in isolated, remote areas far from

the international networks of protection. These unsung defenders become a vulnerable target in areas where impunity prevails, and assailants operate with virtual no fear of having to account for their crimes. Nevertheless, international appeals with accuracy of information and speed of reaction can be helpful, as the Association of World Citizens knows from direct experience.

The information is collected at the U.N. High Commissioner's Office in Geneva and is evaluated to see if the information fits into a pattern of continuing human rights violations or if it is an individual event. In some cases, the same information is also given to well-known human rights NGOs such as Amnesty International and Human Rights Watch. The Association of World Citizens receives a certain amount of information which is usually passed on orally to the U.N. Secretariat in Geneva without the names of the contacts. Like journalists, one must protect one's sources. On the other hand, the Association of World Citizens cannot prove the correctness of information, thus in its public statements the Association only raises broad country situations, such as the national minorities and the Rohingya in Myanmar (Burma). However, in private letters to the U.N. Ambassadors in Geneva and New York, we raise specific cases, often concerning what is increasingly called "human rights defenders".

With the often cited "War on Terrorism", there is a disturbing trend to use national security reasons and counter-terrorism strategies by States as a justification for blocking access by communities and civil society groups to U.N.

human rights staff. Women cooperating with the U.N. have reported threats of rape and being subject to on-line smear campaigns.

I present the States listed by broad geographic region, rather than all together in alphabetical order as they are in the U.N. statement, as other States in each region may also have human

rights violation issues, often inter-related to the State named. Thus, the list includes only those States for which the U.N. is aware that there have been reprisals against individuals who have given information to the U.N. units. We will close with some observations on what the NGOs can do to limit such reprisals.

**Middle East**

- Bahrain
- Egypt
- Israel
- Saudi Arabia
- Morocco

**Africa**

- Cameroon
- Democratic Republic of Congo
- Djibouti
- Mali
- Rwanda
- South Sudan

**Asia**

- China
- India
- Maldives
- Myanmar
- Philippines
- Thailand
- Turkey

**Central Asia**

- Kyrgyzstan
- Turkmenistan

**Latin America**

- Colombia
- Cuba
- Guatemala
- Guyana
- Honduras
- Trinidad and Tobago
- Venezuela

**Europe**

- Hungary
- Russian Federation

The stature and increasingly higher profile of human rights informants has left them more and more exposed to a high risk of harassment, repression, arbitrary detention and extra-judicial executions. Governments are not the only actors. Depending on the country, there can be gangs, militias, paramilitary and other non-governmental groups, who also menace people thought to be giving information to the U.N. or to international human rights organizations.

The publication by the U.N. of its own list

is done with the hope that governments themselves will take positive action to protect. In some countries, internal security services or police-related “death squads” may act without the knowledge of the highest authorities of the State. In other States, there is little repression that does not come on orders of the higher authorities. There is a need for the representatives of NGOs and also the media to be alert, especially for violations in States which are not otherwise in the news. Active networking remains crucial.



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# Call to Action on the Creation of a UN Parliamentary Assembly

*The Guardian*

*An international group of 32 MPs published on 7 March in The Guardian a call for the creation of a UN Parliamentary Assembly to strengthen the democratic representation of the world's citizens in global affairs and in the UN's decision-making.*

The UN, the multilateral order and democracy are under attack. Business as usual and lofty rhetoric are not sufficient to counter this threat. Despite many warnings and recommendations, not much has been done to prepare the UN for this challenge. The time for complacency and complaints is over. Now courageous leadership is needed.

The panel of eminent persons on UN-civil society relations warned almost 15 years ago that the UN must do more to strengthen global governance and tackle democratic deficits. The panel stressed that more systematic engagement of parliamentarians, national parliaments and local authorities in the UN would strengthen global governance, confront democratic deficits in intergovernmental affairs, buttress representational democracy and connect the UN better with global opinion. Current arrangements are not adequate.

When the international campaign for a UN Parliamentary Assembly (UNPA) was launched 11 years ago, the campaign's patron, the late former UN Secretary General Boutros Boutros-Ghali said we need to promote the democratisation of globalisation, before globalisation destroys the foundations of democracy.

It is with great concern that we are now witnessing how this development

is unfolding. The establishment of a parliamentary assembly at the UN has become an indispensable step to achieve democratic control of globalisation.

We, the undersigning Members of Parliament, affirm our commitment to the goal of creating a UNPA in order to strengthen the democratic representation of the world's citizens in global affairs and the UN's decision-making.

We invite our fellow MPs from across the world who are democratically elected to join our parliamentary group for a UNPA in order to strengthen and coordinate our efforts. Together we can help build the political momentum and pressure that is needed to achieve our goal.

We believe the 75<sup>th</sup> anniversary of the UN in 2020 must be used as an opportunity to take stock and initiate far-reaching reforms, including the establishment of a UNPA.

We call on the UN Secretary General, the President of the General Assembly, the Heads of States and Governments and their foreign ministers, as well as the representatives of UN member states in New York to initiate and support the necessary steps in preparation of a meaningful UN reform summit in 2020 and towards the creation of a UNPA.

**Alban Bagbin** Member of Parliament, Ghana

**Tommy Broughan** Member of Parliament, Ireland

**Ibrahim Bundu** Former Member of Parliament, Sierra Leone

**Omar De Marchena González** Member of Parliament, Dominican Republic

**Jennifer De Temmerman** Member of Parliament, France

**Sigmar Gabriel** Member of Parliament and former Foreign Minister, Germany

**Nik Gugger** Member of Parliament, Switzerland

**Jens Holm** Member of Parliament, Sweden

**Andrej Hunko** Member of Parliament, Germany

**Fernando Iglesias** Member of Parliament, Argentina

**Daniel Jositsch** Senator, Switzerland

**Katja Keul** Member of Parliament, Germany

**Jameleddine Khemakhem** Former Member of Parliament, Tunisia

**Jo Leinen** Member of the European Parliament, Germany

**Fungayi Jessie Majome** Former Member of Parliament, Zimbabwe

**Yannis Maniatis** Member of Parliament and former Minister of environment, energy and climate change, Greece

**David Martin** Member of the European Parliament, Scotland

**Smári McCarthy** Member of Parliament, Iceland

**Stevens Mogkalapa** Former Member of Parliament, South Africa

**Florence Mutua** Member of Parliament, Kenya

**Sunil B. Pant** Member of Parliament, Nepal

**Victor Perli** Member of Parliament, Germany

**Lilia Puig** Member of Parliament, Argentina

**Syed Naveed Qamar** Member of Parliament and former minister of defence, Pakistan

**Achyuta Samanta** Member of Parliament, India

**Axel Schäfer** Member of Parliament, Germany

**Uwe Schummer** Member of Parliament, Germany

**Stefan Schwartze** Member of Parliament, Germany

**Ivone Soares** Member of Parliament, Mozambique

**Mathias Stein** Member of Parliament, Germany

**Nomsa Tarabella-Marchesi** Member of Parliament, South Africa

**George Vella** Former Member of Parliament and former Foreign Minister, Malta

**Heinrich Volmink** Former Member of Parliament, South Africa

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# A Cosmopolitan Movement Against Global Warming Arises Among Young People

Roberto Palea

The statements of the very young Swedish activist Greta Thunberg – which have gone around the world and produced the spark that, last Friday, brought hundreds of thousands of young people from hundreds of countries worldwide to demonstrate against the inactivity of governments in the face of global warming – reminded me of Hans Christian Andersen’s fairy tale about the emperor’s new clothes, in which the voice of an innocent child who dared to shout: “The king is naked,” pointed out the truth to the multitude of complacent or just gullible subjects.

Greta said, among other things, addressing her parents, their peers and those who rule the world: *“one day, perhaps, my children will ask me about you, why you didn’t do anything while there still was time to act. You say you love your children above all else in the world and yet you’re stealing their future in front of their very eyes. You are not mature enough to tell it like it is. (...) Politics is also responsible to the voters of tomorrow. (...) Governments must sign and implement the Paris Agreements, taking into account the recommendations of the IPCC, which sets the limit not to be exceeded at +1.5 C° versus what it was at the beginning of the industrial era, to avoid environmental disaster”*.

With these watchwords, millions of young people and very young people have become the key players in the world, to remind us that time is running out: either we will change the development model, still based on fossil fuels and not on renewable energies, with no recycling of urban and industrial waste

and with a great waste of water and natural resources (by definition “finite”), or we may jeopardize the very existence of mankind.

In the short term, we risk falling into a financial and economic crisis worse than the most recent one in 2008, and experiencing even worse violence than the wars we are witnessing, because the unequal consumption of natural resources and the migration generated by the progressive desertification of land will further exacerbate conflicts and tensions between peoples.

All of a sudden, both Trump’s statements that America has used every available energy source to sustain its economic growth and the declarations of governments around the world, developed and not, that the fight against climate change should start elsewhere, certainly not from their own country, appear irresponsible and seriously guilty towards citizens and future generations.

The #FridayforFuture protesters marched, supporting slogans of similar content and demonstrating a truly commendable level of awareness and information. They presented themselves completely free from the conditioning of political parties and have skipped all hierarchies in all levels of government, collectively addressing the governments of the entire world, to whose inactivity or inadequacy they attribute the environmental disaster.

With constant reference to the Paris Climate Agreements of December 2015 and the

IPCC Special Report of December 2018, they expressed their willingness to interface directly, at the global level, with the UN and in particular with the Secretariat of the UNFCCC (*United Nations Framework*

*Convention on Climate Change*) which chairs the intergovernmental negotiations on climate, recognizing the “global” nature of climate change, to be addressed jointly, by all countries of the Earth.

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# The Integration Process and the Perspective of the United States of Africa

*Giampiero Bordino*

Among the various processes of regional integration in progress in the world, all to some extent linked to the model of the European historical experience, the ongoing one in Africa has a meaning of particular importance. In fact, Africa is, in perspective and in many ways, one of the largest and most important geo-economic and geo-political areas in the world. In Africa today, 60% of the population is less than 24 years old. According to forecasts, in the coming decades the African population will double, going from the current 1.2 billion inhabitants to 2.5 in 2050. A quarter of the world population, while, to make a meaningful comparison, the European population will then represent only a twentieth of the total.

In Africa, a continent still strongly marked by the historical legacy of European colonialism, which in particular drew up borders and geo-political configurations that are often completely artificial and arbitrary, the process of integration has started amid great difficulties and contradictions since a long time now. Initially with the Organization of African Unity (OAU), founded in 1963 at the time of the great hopes brought about by decolonization, and then, after the end of that experience, with the African Union, founded in 2002 and made up of 55 States of the continent. In the meantime, with the Abuja Treaty of 1991, the project was also born, although in fact it never really took off, of a common African currency, called "Afro", to be implemented by 2020, starting with

the 15 member countries of the Economic Community of West Africa (Ecowas/Cedeao), and the creation of the Central African Bank by 2025. Much more recently, in March 2018, the Assembly of the Heads of State and Government of the African Union adopted the Treaty establishing the African Continental Free Trade Area (AfCFTA, in the English acronym), which will enter into force at the attainment of the twenty-second instrument of ratification (so far it has reached 10 ratifications). The Treaty, which affects a population of 1.2 billion people with a GDP of over two trillion dollars a year, aims to promote the interchange between African countries (it should be remembered that intra-African exchanges are currently only about 19% of the continent's total trade) through a progressive elimination of tariff and non-tariff barriers. This is a very important prospect for Africa, given that the countries of the continent, whose trade is oriented for over 80% towards Europe (Africa's first trading partner), Asia (China in particular has become the second commercial partner) and America, are too strongly influenced today by extra-African exchanges, which are not very diversified and have a lower added value with respect to the domestic ones.

But the African integration process must not and cannot be only economic and commercial, according to the AfCFTA model. As in the case of Europe, and of every other process of continental integration, the political and institutional dimension is essential; it should

aim to a shared sovereignty, without which neither peace, which is the condition for making every other common project possible, nor the capacity of acting effectively in the world can be guaranteed. In this sense and in this perspective, the recent speech by the African leader Arthur Mutambara, former Prime Minister of Zimbabwe from 2009 to 2013, delivered at the University of Oxford in January 2019, is of great value and significance. For Mutambara, which is proposing himself as somehow the heir of one of the great “fathers” of decolonization and pan-Africanism, Ghana’s Kwame Nkrumah, the African Union, as envisaged in the institutional treaty, is today completely inadequate to promote a true take-off of Africa, because it is founded on the primacy of the national sovereignty of the member states and on the principle of non-interference in the internal affairs of each state. Instead, the African leader observes: *“For a start, we need the United States of Africa – a country, not a union of sovereign states. We need to abolish national sovereignty and embrace continental sovereignty”*. And then: *“The issues of democracy, human rights violations, poverty eradication and shared economic prosperity, can be best addressed centrally by a strong continental Unitary Government, or a Federal Government”*. In the world scenario, this is also the only path, according to Mutambara, in order to be able to negotiate effectively with the great continental powers present in the world, such as the United States, China or Russia, making the interests and values of Africa prevail. Not surprisingly, notes the African leader, *“the big economies ... would like us to remain fragmented and disunited. It serves their geopolitical and economic interests. They extract more financial value and competitive advantage from our*

*divisions, strategic incoherence and lack of scale”*. The United States of Africa, concludes Mutambara, is certainly a very difficult, but not impossible prospect. *“Yes, the United States of Africa looks overly ambitious, if not impossible. It is precisely for this reason that we should aspire to it. As South African President Nelson Mandela taught us: “It always looks impossible until it’s done”*.

In this context, it is useful to point out how great an importance the role of the European Union could have, if the European countries will be able to carry out the appropriate choices and policies, for bringing about the African integration advocated by Arthur Mutambara. Europe, which, bear in mind, is only a few kilometers away from Africa and is inevitably the main destination of the migratory processes coming from that continent, is the area of the world that objectively has more interest in a balanced and peaceful development of Africa, with a view to a partnership between two large federal unions of continental dimensions, the European and the African. This too is certainly a very difficult and ambitious prospect, but there are certainly some pre-conditions that can make it possible: the century-old historical links existing, for better or worse, between the two areas; the strong commercial and economic relations in place (Europe is the first trading partner of Africa); and, in addition, the significant presence of African diasporas in Europe, which may represent cultural and human “bridges” between the two continents (economically, 36% of the total remittances arriving in Africa are of European origin). Africa and Europe are linked in the path to a common future, and it is the most realistic of utopias to plan and build this future together.

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# The Anti-mafia Seminar: a Success and a Starting Point

*Fernando Iglesias*

With singular success and repercussions, the first Italo-Argentinian Anti-mafia seminar took place in Buenos Aires, gathering in the city the highest authorities of the National Anti-mafia Directorate of Italy (DNA), with the purpose of sharing experiences and learning in the fight against organized crime. The event's huge repercussion was since the seminar's opening day, which was in charge of the President of Argentina, Mauricio Macri, who called to an end of illicit practices in our country. The closing words were in charge of the President of the Supreme Court of Justice, Dr. Carlos Rosenkrantz. In between, authorities like the ministers Patricia Bullrich (Security) and Jorge Faurie (Foreign Affairs), the head of the Anti-corruption Office, Laura Alonso and the General Attorney of the city of Buenos Aires, Luis Cevasco took the floor. The DNA was led by its highest authority, Federico Cafiero De Raho, accompanied by his team: Elisabetta Pugliese, Cesare Sirignano, Michele Del Prete and Antonino Di Matteo. The Italian delegation was completed by the senators Pierferdinando Casini, Pietro Grasso and Laura Garavini, and the judge of the International Penal Court, Rosario Aitala. Lastly, worth mentioning is the participation of Raúl Jungmann, former Minister of Public Security of Brazil, and several Argentine deputies: Fernando Iglesias (promoter of the seminar), Cornelia Schmidt Liermann, Ezequiel Fernandez Langan, Karina Banfi, Gonzalo Del Cerro, Silvia Lospennato, Lucas Incicco, Paula Urroz, Hernan Berisso, Alejandra Martinez, Marcelo Wechsler and Maria Carla Piccolomini, among others.

During the three days of presentations and debates, the authorities of the DNA spoke about the institutions and the ways of work that Italy has adopted in the fight against the mafias, from the experience accumulated since the 90's. Also, there were tables of exchange of the parliamentary aspects, in which the best anti-mafia regulations were presented that allow justice to act against criminal groups.

"In recent years, the fight against organized crime has been very successful in Italy. The key to this success has been the action of the National Anti-Mafia Directory and the implementation of important legislation on the subject. That is why it was very important to have the presence of the authorities of the DNA and, especially, of the parliamentarians, all experts in what we are discussing today in Argentina: extinction of ownership right, repentance, rewards, illicit association...", argued Fernando Iglesias, seminar ideologist. For all the above, the main objective set for the First Edition of the Italo-Argentine Anti-mafia Seminar was successfully fulfilled: information and experiences were exchanged; and institutions, laws and prevention mechanisms used in Italy (country with a leading experience worldwide in the fight against organized crime), were analyzed. Owing to the active participation of magistrates and politicians, it was possible to generate a debate based on the exchange of ideas and experiences that will also serve for future joint work between the Italian and Argentine judicial and investigative bodies. Among the activities of the seminar, the



dissemination of the campaign for the creation of a Latin American and Caribbean Criminal Court against Organized Transnational Crime (COPLA) was of fundamental importance: numerous participants and speakers supported the initiative and adhered to its creation, authorized their support to be made public and committed themselves to call all citizens, organizations and democratic governments of Latin America, the Caribbean and the world to actively participate in the campaign for the constitution of the Court. It's our intention that this edition of the

Italo-Argentine Anti-mafia Seminar is the first of a long series, and that it also promotes all kinds of activities related to this topic in Argentina and the region. We trust that the present legislators can take advantage of the extensive knowledge developed in Italy for the fight against organized crime, promoting and facilitating the development of better public policies in the Argentine Republic. To watch all the panels of the Seminar, you can access the YouTube channel of COPLA <https://www.youtube.com/channel/UCPQoQGCb28e-DYWEFK3isPw>.

# How to Fight Inequality

Antonio Mosconi

Facundo Alvaredo, Lucas Chancel,  
Thomas Piketty<sup>1</sup>, Emmanuel Saez  
(Coordinated by)  
*World Inequality Report 2018*  
World Inequality Lab, 2017

The objective of the Report, dedicated to the memory of Tony Atkinson<sup>2</sup>, is to fill a democratic void by providing recent, complete, systematic and transparent data for the public debate on inequality. The aim is not to have everyone's agreement, because there is no scientific truth about the ideal level of inequality. This difficult decision is up to public deliberation and to political institutions, based on rigorous information on income and wealth.

The methodology followed allows us to relate the micro-economic trends of inequality (individual incomes, government transfers, personal wealth and debt) with macro-economic phenomena (such as nationalization and privatization policies, capital accumulation, and the evolution of public debt). To this end, also to overcome the unavailability of official data in some countries, the authors have combined data from different sources in a systematic and transparent manner.

The figures presented in the Report are based on a collective effort of a hundred researchers representing all the continents, who contribute to the World Inequality Database (WID).

The main indications provided by the Report are the following.

Income inequality varies greatly from region to region, with the minimum in Europe and the maximum in the Middle East. Taking as a measure the *share of national income* destined to the richest 10% of the population, we have these results: Europe 37%, China 41%, Russia 46%, US-Canada 47%, Sub-Saharan Africa 54%, Brazil 55% , India 55%, Middle East 61%.

In recent decades, inequality has increased in almost all countries but with different speeds. This signals the influence of institutions and policies on inequality. From 1980 to 2016, income inequality increased rapidly in North America, Russia, China and India, while it increased moderately in Europe. The divergence between the levels of inequality in the United States and those in Western Europe, minimal in 1980, has dramatically widened in 2016. The main causes of the surge in inequality in the United States are to be found in its massive educational differences, in its ever less progressive tax system, in the considerable growth of top-managers' remuneration and in the returns of big capital. Russia has suffered from the sudden transition from a planned system to a de-regulated one. From a historical perspective, the end of the post-war egalitarian regime can be seen everywhere. In the Middle East, sub-Saharan Africa and Brazil, where the egalitarian regime has never taken root, inequality remained stable at very high levels.

The *increase in global income* recorded between 1980 and 2016 had a very uneven distribution. The share of the richest one percent of the population was twice as high as the one destined to the poorest 50%, which however got an important increase in income thanks to the growth of China and India. The share enjoyed by the middle class, which includes all the low and middle income groups in the United States and Europe, was close to zero. Since 2000, there has been a correction of that

trend at the global level, due to the reduction of the average-income inequality between countries, while inequality within countries has continued to increase.

Share of national income	United States	Western Europe	Global
<u>Top 1%</u>			
1980	10%	10%	16%
2016	20%	12%	20%
<u>Bottom 50%</u>			
1980	20%	24%	8%
2016	13%	22%	10%

Income inequality depends heavily on the unequal ownership of private or public capital. The report shows that, in the period 1970-2015, huge *shifts in wealth* occurred from the public to the private sector in almost all countries. While national wealth (private and public) has increased substantially, public wealth is now negative or close to zero in rich countries. This limits the ability of governments to combat inequalities, and certainly worsens the distribution of wealth among people.

In decreasing order of the 2015 private wealth, for some countries the phenomenon is quantified as follows:

- in Spain, private wealth grew from 4 times the GDP in 1970 to 6.5 times in 2015 (with a peak of 7.5 in 2007), whilst public wealth (net of public debt) fell from 0.75 times to zero;
- in the United Kingdom, private wealth grew from 3 times the GDP in 1970 to 6.3 in 2015; the public one fell from 0.8 to -0.2;
- in Japan, the private one went from 3 to 6 (with a peak over 7 in 1990), the public from 0.8 to 0.2;
- in France, the private one from 3 to 5.9, the

public one from 0.4 to 0.2;

- in the United States, the private one from 3.25 to 5, the public one from 0.3 to -0.2;

- in Germany, the private one from 2.3 to 4.3, the public one from over 1.0 to 0.2.

Large increases in private wealth were also recorded in China and Russia, due to the transition from communism to capitalist-oriented economies. Current levels approach those observed in rich countries. On the other hand, public wealth has halved. The only exceptions to the general decline in public ownership are the oil-producing countries that have put in place rich sovereign funds, such as Norway.

The inequality in wealth among individuals has increased since 1980 at different speeds in different countries, as already seen for income, while in the period from 1913 to 1980 it had been greatly reduced. Taking as a measure the share of private wealth held by the first percentile of the population, the following trends occur:

	1913	1980	1995	2015
Russia	nd	nd	21%	43%
United States	45%	23%	28%	37%
China	nd	nd	17%	30%
France	55%	17%	20%	23%
United Kingdom	67%	18%	17%	20%

The report provides a *projection of income and wealth differences to 2050*, in two possible scenarios. In the first, "business as usual", global inequality increases further. In the hypothesis, instead, that all countries follow the moderate trajectory of Europe, global inequality can be reduced and poverty eliminated.

In terms of the share of global wealth held by the different income classes, the Report's forecasts – in the first hypothesis – are condensed in the following table (the world is represented by China, Europe and the United States):

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Share of global wealth (“Business as usual”)

	<u>1980</u>	<u>2016</u>	<u>2050</u>
Top 1%	28%	33%	39%
Top 0.1%	10%	16%	26%
Top 0.01%	3%	8%	17%
Global middle class (40%)	29%	28%	25%

In this scenario, the concentration of wealth at the top involves a compression of the middle class, so that in 2050 the wealthiest 0.1% of the population could hold a share of wealth higher than that of the average 40%.

If all countries followed the United States’ trend, the share of global income of the first percentile would reach 28% in 2050, while the share held by the less wealthy 50% would fall to 7%. If, instead, they followed the European trend, the first percentile should “settle” for 19% and the less lucky 50% would rise to 13% of global income.

To understand it better, in euros (with purchasing power parity without inflation) the global average income of an individual belonging to the lower 50% would be, in 2050, € 4,500 if all countries followed the American trend; € 6,300 if each country followed its own trend; and € 9.100 if all countries followed the European trend.

*Combating income and wealth inequalities* requires important changes in national and global fiscal policies, in educational policies, in corporate governance, in wage policies and in data transparency.

Progressive taxation is an effective tool to combat inequality, but it has been heavily decreased in rich countries and in some emerging countries. This detrimental trend stopped, and in some cases has reversed, only after the global financial crisis of 2008.

Inheritance taxes are also non-existent or negligible in emerging countries with high inequality.

A register of ownership of financial assets

would be very effective in combating tax evasion, money laundering and growing inequalities. It is estimated that wealth in tax havens represents more than 10% of the global GDP. For centuries land ownership and real estate registers have been held, while large portions of financial ownership are not recorded.

A more equal access to education, therefore to better paid jobs, would improve the chances of the poorest 50% of the population. There is a gap between the public discourse on equal opportunities and the reality of unequal access to education. In the United States, only 20–30 out of 100 boys whose parents belong to the poorest decile go to college, against 90 out of 100 of the highest decile. Admission and funding systems would need to be modified to make access to education more equal. Not even a better access to education, however, can counteract inequality in the absence of mechanisms that ensure access to good paying jobs. To this end, a better representation of workers in corporate governance bodies, and decent minimum wages are important tools.

Public investments are needed for education, health care and environmental protection, but the governments of rich countries have become poor and highly indebted. Therefore, it is necessary to reduce public debt – recommends the Report – by any means, including a wealth tax, debt restructuring and inflation.

These are the main results of the Report, as presented in the book’s Executive Summary and Conclusions, but the whole Report deserves a reading for the many points of reflection it offers. The first part illustrates the methodology followed and the reasons why the traditional measurement of inequality, the Gini index, is deemed inadequate. The second illustrates the trends of income inequality between countries (in decline since 2000 due to the development of China and India) and within countries (constantly growing),

with analyses provided for each of them. The third illustrates the dynamics of public impoverishment and private enrichment. The fourth deals with wealth inequality, globally and in four countries: the United States, France, Spain and the United Kingdom. Finally, the fifth presents the Authors' ideas on the actions able to combat inequality that should be undertaken. I make now some comments only on this last part, which does not contain data, but opinions.

The progressiveness of the income tax would certainly be the most effective instrument for redistribution, were it not – as the Report itself notes – for tax-evasion and for the enormous wealth hidden in tax havens. It can be added that the burden of the tax can be passed on by the strongest subjects, who are in a position to determine the price of their products or services, to the weakest ones without any power in the market. A progressive tax thus risks being a hypocrisy, both when used by the left to demonstrate their intention to redistribute, and when used by the right to argue that, with lower rates, tax revenue would be higher (Laffer). Still, a redistribution operation implies the taxation of the rich to the benefit of the poor, and is obtainable only with a *concerted* action by the States against tax-evasion and tax-havens, much more effective than increasing the rates on the highest incomes. Something in this direction has been done within the OECD, with the support of President Obama, which however seems unlikely to be renewed by his successor.

Also property and inheritance taxes satisfy the redistributive need, but the very announcement in one country – without a concerted action at world level – would provoke a flight of capital, even more so now that the financial markets are completely liberalized. In the event of their implementation, it would still be useful to allow for non-monetary payments, using part of the assets held. This would prevent a wave

of sales on the market.

A redistribution financed by making new public debt would be borne by the future generations, and it would not be from rich to poor, but from fathers to children, with the certain result of further impoverishing the less fortunate of the generations to come. The same criticism can be addressed to financing redistribution through inflation, since it is proved that the perverse instrument of altering the length of the monetary meter is paid by consumption, wages, fixed incomes, small savings, and by subjects with less market power .

As Alfonso Iozzo<sup>3</sup> observed, a possible way out, to be explored and debated, is to accumulate a public patrimony that allows, according to James Meade's<sup>4</sup> project, "to pay a tax-free social dividend as a tool to reduce inequalities, encourage risk-taking and the acceptance of low pay, and simplify the social assistance system". The example cited by Iozzo is that of the sovereign fund established by Norway for making use of the assets deriving from the extraction of oil, with the aim of distributing to the present generation only a part of the income produced (within the maximum limit of 4%), keeping the patrimony intact and distributing a "social dividend" to the new generations.

Among the environmental assets that can pass from "*res nullius*" to "common heritage to be exploited", there is not only oil, but research and all the initiatives financed with public resources. The environment itself should be protected with a carbon tax, whose revenue should allow: 1) to make public investments for environmental restoration and protection, 2) to compensate the weaker segments of society for the cost of living increase resulting from that excise, and 3) to feed a public fund whose returns are earmarked for the distribution of carbon dividends to future generations. A proposal similar to Iozzo's was formulated by some top American economists (forty-five Nobel laureates and former central

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bankers). However, they propose to redistribute the entire revenue to citizens, thus giving preference to the consumption of the present generation rather than to intergenerational sustainability.<sup>5</sup>

In conclusion, we cannot think of fighting inequalities – that is, of affirming the equality of human beings – without a proactive political thought, of which Albertini, already in 1988, saw two possible underlying moral forces: pacifism (war is one of the main causes of misery, suffering, migration and death; pacifism implies the idea, not yet developed, of a political organization of the human species), and environmentalism (environmental disasters have as serious consequences as wars do; environmentalism implies an economic and territorial planning at the planetary level). Federalism, as a general theory of historical evolution, does have an answer to the question that pertains to our problem: should the fight against inequality be managed by a global Leviathan, or rather by a multilevel-governance system, able to get as close as possible to every single situation of need?<sup>6</sup>

Translated by Lionello Casalegno

<sup>1</sup> Thomas Piketty, *Capital in the Twenty-First Century*, Harvard University Press, 2014. Reviewed in the issue 3/2014 of this review, p. 53.

<sup>2</sup> Tony Atkinson (1944-2017), co-director of the World Top Incomes Database (2011-2015) and of WID world (2015-2017), was a pioneer in the study of income and patrimony inequalities. His last book is *Inequality*, Harvard University Press, 2015.

<sup>3</sup> Alfonso Iozzo, *Welfare for the European Union in the Age of Globalization*, Fondazione Luigi Einaudi, *Annals* 2019.

<sup>4</sup> James E. Meade, *Agathotopia: the economics of partnership*, 1989.

<sup>5</sup> *Economists' Statement on Carbon Dividends*, *The Wall Street Journal* - Thursday, January 17, 2018.

For the European Union's fiscal policies, see: Alberto Majocchi, *European Budget and Sustainable Growth. The Role of a Carbon Tax*, Peter Lang, Brussels, 2018.

<sup>6</sup> Mario Albertini, *L'organizzazione e il nuovo modo di fare politica*, in *Tutti gli scritti* Vol. IX, pp. 332-334, Il Mulino, Bologna, 2010 [In Italian]

# Where Is the World Going? (and Europe ...?)

Michel Herland

Pascal Lamy, Nicole Gnesotto and  
Jean-Michel Baer

*Où va le monde? [in French]*

Paris, Odile Jacob, 2017, 235 pp., € 19,90

Where is the world going? Three French specialists, three convinced Europeans, have asked the question in a recent book. Pascal Lamy and Jean-Michel Baer worked in the cabinet of Jacques Delors at the European Commission before occupying positions of responsibility within the same Commission (P. Lamy later went to the WTO). Nicole Gnesotto holds the chair of EU affairs at the university *Conservatoire National des Arts et Métiers* and presides over the destinies of the French Institute of High Studies on National Defence. Although they do not answer the question asked in the title – who could? –, they let nonetheless understand that Europe, due to its values and its traditions, would be – if it existed on the international scene – the best suited to help overcome the tensions that characterize the world today.

## State of the field

This book, for the most part, analyzes the situation of the world and of Europe in the recent period. Thus, the authors distinguish three stages in the last globalization: a first happy phase (1985-2001) characterized by the unprecedented growth of the emerging



countries, the progress of democracy and, on the ideological level, the belief in the perfection of the markets and the end of history (Fukuyama). There has been then a “painful” phase since 2001, inaugurated by the attacks of September 11, 2001, that will be followed by the war in Iraq and then by the Georgian crisis in 2008, the failure of the Arab revolutions in 2011 and, on the economic plane, the financial crisis of 2008, with the realization that globalization does not benefit all in the same way, that there are losers next to winners, that inequality is increasing in Northern countries. One might think the picture is already sufficiently depressing, but the authors add a third phase from 2013 (the year marked by the annexation of Crimea), the period of “crises and powerlessness”, with a slower growth of the emerging countries and weakness elsewhere, the emergence of a terrorist State and the accelerated deconstruction of the Middle East, a Turkey which is going to “Putinize” itself, the election of Donald Trump in the United States, the concerns related to the technological revolution, etc.

Concerning Europe, the authors also distinguish three steps. The first (1950-1990) corresponds to its “golden age”, peace and prosperity, that of the Europe of the six, expanding without apparent difficulties to nine and then to twelve, with the prolegomena of a European democracy (1979: election of its Parliament by universal suffrage). The next phase (1990-2008) is that of the “Greater Europe” with the entry of the Central and Eastern European countries, the euro, Schengen, an embryo of common foreign and security policy, but also that of the difficulties tied to the heterogeneity of the new configuration. From 2008 on, comes finally the “Europe of crises”: Greek crisis, refugee crisis, Brexit, rise of nationalisms and the extreme right, general disenchantment with the EU.

If the authors agree on the statement, they diverge a little on the lessons that can be

learned from it. P. Lamy has a “geo-economic” approach, he believes that the world remains on the path of progress, that the exit of entire peoples from misery represents the major phenomenon of our time, and he notes that the armed conflicts remain limited to countries that did not board yet the train of globalization. The analysis of N. Gnesotto, on the other hand, is geo-political. In her opinion, the major phenomenon is the disappearance of the global balance that was assured, *volens nolens*, by the two nuclear superpowers, and its replacement with a new multipolar configuration, unstable by nature and fraught with danger.

The last part of the book is devoted specifically to Europe. Unlike the previous ones, it is signed collectively by the three authors. It therefore results from a compromise, which may explain why it often leaves the reader on his hunger. Of course, the picture of Europe’s weaknesses does not (unfortunately) lead to challenge it. It is only too true that the EU is to blame for not knowing how to decide the question of its identity (where are the borders of Europe?), its functioning (which institutions for a Europe gathering some thirty countries?), its project (a defensive wall or a springboard for globalization?). It is no less true – and this follows from that – that the EU has shown itself helpless in the face of the financial crisis imported from the United States, of Putin’s aggressive policies (Georgia, Ukraine, incursions into Europe’s airspace, installation of missiles in Kaliningrad), of Islamic terrorism (for example, in France, the indefinite extension of the state of emergency under another form), of the influx of refugees and other migrants. If Europe nevertheless has a strong point, it is in the field of values. It is the leader in the fight against global warming, in official aids to development (more than 50% of the world total, if we add the Union level and the Member States), and in aid to countries affected by war (Afghanistan, Palestine, Bosnia, Kosovo...). Europe always embodies abroad freedom and



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human rights, despite the regression observed in Hungary, Poland, Slovakia ...

### Taboos

If none of this is negligible, “the Union is rarely regarded as something other than a donor”. It will be so as long as the EU will not be a military power, but the obstacles are so great in this respect that the authors evoke a real taboo. These obstacles include the fear of having to give up NATO’s “umbrella”, the fact that Europe was built after the second world war to make peace and not war ... which is not incompatible, in countries such as France, with a certain “obsession with national greatness”, anyway supported by the will of survival of the diplomacies of such countries.

Beyond the example of defence, the authors are right to stress that the powerlessness of Europe is a sign of an “original flaw”, inscribed in Jean Monnet’s bet according to which the economic construction of Europe will ultimately lead to political integration. It is true that the enlargement of the Union has led to an agreement on questions concerning the sensitive “nerve” of national sovereignties, more and more difficult to reach. Who does not see that compromises that were still possible in the relatively homogeneous configuration of the six founding members are no longer so at twenty-eight or twenty-seven? On this last point, however, P. Lamy and his co-authors do not show any regret. According to them, welcoming in the Union the old countries of the Warsaw Pact was a “historical necessity” (as if there were not a thousand formulas to associate them without giving them the blocking power reserved to the Member States!). We are here faced with another taboo – alas very widely shared and not just by supporters of the Europe of the nations, who are very happy at every setback of the federal perspective.

This leads us to a third taboo – also shared by the three authors of the book –, the one that

concerns the words “Federation”, “federalism”, as if the mere fact of writing them could discredit those who use them. But the last pages of the book sketch an authentically federalist agenda: European tax (carbon tax), suppression of fraud, evasion and fiscal competition, a grand program for innovation, minimum salary (differentiated at first, but bound to become the same across Europe), solidarity between the national regimes regarding unemployment insurance (which in practice would mean the merging of those regimes, allowing, finally, for the appearance of a powerful “automatic stabilizer”), a single security policy inside the EU, at its borders, and outside (“S” file and unified asylum law, the granting of Structural Funds being subject to the compliance with Union rules on the reception of foreigners, a European defence and diplomacy, aid to development conditional on the regulation of migratory flows).

Not everything has to be invented in today’s Europe – for example, in the area of security, the creation of a register of air passengers is finally decided – but lacking an authority superior to the states in most areas, decisions, when adopted, are always late and incomplete and their application is never guaranteed. Anyway, if the European project of the authors came true, any linguistic shyness put aside, the EU would become an authentic federation. It can only be suitable for the supporters of a federal Europe. Therefore, we would expect from the great technocrats experienced in the operation of the EU that they tell us more about the method that would transform the current decision-making process, or, failing that, would make it possible that the States can agree to adopt the “new European contract” proposed in the book. How, in other words, to convince the states to make their own night of August 4<sup>th</sup>? But while the authors pose two conditions for European recovery, none answer this question; they rather assume the problem is solved. Obviously, they do not expect anything

from the pressure that could be exerted by a popular movement led by the federalists... Unfortunately, they do not propose anything in exchange.

Another gap in the book and, again, of the former European technocrats themselves favouring a deeper integration, for which they should have at least part of the answer: how did we get there? Why, for example, the Heads of State embarked on a process of enlargement of Europe without deepening it sufficiently beforehand? Is it true that the French President Georges Pompidou wanted the entry of Britain precisely for the purpose to prevent any further evolution towards the federation? And why was he followed by his peers who were not all, a priori, hostile to such an evolution? Rather than proposing another relaunch project that is likely to remain a dead letter, it's on topics like this that P. Lamy and his co-authors could have done a useful work. Because we do not fight our enemies well unless we know them.

## The New Multi-currency International Monetary System and the SDR Future

Bruno Mazzola

**Elena Flor**

*SDR: From Bretton Woods to a World Currency*, Brussels, P.I.E. Peter Lang, 2019.<sup>1</sup>

Elena Flor, the Secretary General of the Robert Triffin International, traces in this book the evolution of the international monetary system over the last two centuries: first a system based on gold (*gold standard*), then, starting from the Conference of Bretton Woods, one on the dollar convertible into gold at the fixed exchange rate of \$35 per ounce (*gold exchange standard*), and subsequently, from 1971, inconvertible (*dollar standard*), to arrive, thanks also to the emergence on the international markets of the Euro, at the current multi-currency system.

Two positions were confronting each other in Bretton Woods. The first was that of J. M. Keynes, who proposed the creation of a *clearing union* and an international reserve unit, the *bancor*, to a certain extent anticipating the SDR. The book contains in the appendix two important versions of Keynes' Plan (one of February 1942 and one of April 1943), which highlight the foresight of the British economist and the nature of the debate in which, amid a still raging war, the parties to the conference were already concerning themselves with laying the foundations of a system that at the end of the war could allow the countries exhausted by war to recover and move towards a new development.

The second position under discussion in Bretton Woods was that of H. D. White, the American negotiator, who wanted to entrust the role of international reserve currency to the US dollar: obviously, in the moment when the United States was the only country able to finance post-war reconstruction, it was the latter position that prevailed.

However, it was Robert Triffin who immediately pointed out how unfair and incongruous an international monetary system was which had a national currency as its reserve currency (the Triffin's dilemma); and he highlighted why the world economy cannot properly function without a world currency.

In fact, the problems came to the surface during the sixties, when the United States began to

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have its balance of payments in the red and, due also to the war in Vietnam, financed by printing money, there was an excess of dollars in circulation and a loss of confidence in the dollar itself, which forced President Nixon in 1971 to declare the dollar's inconvertibility into gold.

Meanwhile, in 1967, within the International Monetary Fund, in order to expand the availability of reserve instruments complementary to the dollar and to gold, the Special Drawing Rights had been created: the creation of the SDR was essentially reviving Keynes' idea of the *bancor*, based on the need to have *"an instrument of international currency having general acceptability between nations... governed by the actual current requirements of world commerce,... also capable of deliberate expansion and contraction to offset deflationary and inflationary tendencies in effective world demand"*.

It was under the leadership of two distinguished negotiators, Rinaldo Ossola and Robert Triffin, that the principle was established that the SDR should become a real instrument of international liquidity destined to supplant over time in that role the national currencies, and in particular the dollar.

Initially, an SDR was equal to the gold content of one dollar; starting from 1974, it was however transformed into a currency-basket (first consisting of sixteen currencies, subsequently reduced to five). Thus began the de-dollarization of the international monetary system, thirty years after Bretton Woods, and the end of the fixed exchange-rate regime, followed by a gradual process of regionalization of the currency areas, still in progress.

An important chapter in the evolution of the System towards a multi-currency structure (currently with three main currencies – dollar, euro, renminbi – and two minor ones – yen and pound) was the process of European monetary unification, to which Elena Flor dedicates a significant part of the book.

Also in the construction of the Euro a central role was played by Robert Triffin, who returned to Europe from the Monetary Fund to collaborate in particular with Padoa-Schioppa and Delors, and pursue this objective (the euro), which, in a framework characterized by globalization and the recomposition of the various areas at the world level, he considered to be propaedeutic to a more widespread use of the SDR itself.

The process of monetary unification in Europe developed through various phases over a period of over fifty years. It can be said that it began in 1950 with the establishment of the European Payments Union (EPU), a multilateral clearing system that put an end to bilateral settlements between European countries; it had at its base a European Unit of Account (EUA), pegged to the dollar, and the imbalances of individual countries towards the Union were financed by the Marshall Plan. The granting of credits was obviously conditional on the adoption of corrective policies.

Following the achievement of the full convertibility of the main European currencies in 1958, the EPU was replaced by the European Monetary Agreement (EMA), and a special European Fund was created for interventions to support countries with balance of payments problems; this experience ended in 1972, in the wake of the dollar crisis.

After a period characterized by the fluctuation of European currencies against the dollar and between them (*the snake in the tunnel*), a crucial step in European integration was therefore the creation in 1979 of the European Monetary System (EMS), with the adoption of the European Exchange Rate Mechanism (ERM), the establishment of the European Monetary Cooperation Fund (EMCF) and the introduction of the ECU (European Currency Unit); the ECU was a basket-currency, with fixed amounts of currencies floating with respect to each other within narrow margins, and it was able to perform the function not only

of unit of account, but also of value reserve and currency of exchange, until it became, on 1st January 1999, a real single currency (the Euro). An essential role in favoring the emergence of the ECU in the markets, guaranteeing its liquidity, was its use in the denomination of a wide range of financial instruments at world level, to which the international banking system contributed in a significant manner; it also gave rise to an ECU clearing system to facilitate interbank settlements. In this regard, the book offers ample evidence of the various forms of private use of the ECU. On the other hand, as regards the SDRs, the author highlights how, up to now, there has been a too sporadic use of them as a currency for the denomination of securities and other financial assets by the markets, except for limited exceptions in the late seventies and early eighties.

The economic and monetary integration achieved in Europe can represent a valid model, replicable, obviously with the appropriate adaptations as required, in other areas of the world, and contribute to further developing the international monetary system towards a multi-currency structure. If Triffin were alive today, he would surely work on a new plan to relaunch the SDR.

A continent that requires a greater integration, first of all economic and then monetary, is for example the African one: the recent approval of the African Continental Free Trade Area (AfCFTA) may be the necessary prerequisite for the creation of an internal market without customs barriers, which can subsequently evolve towards the introduction of a single currency, the *Afro*, pegged to the SDR.

The serious financial crisis that broke out in the United States in 2007 and soon spread throughout the world, with heavy impacts on the real economy, made it evident once again the interest in a stable, independent currency, supported by the collaboration between states and at the service of a sustainable globalization. Faced with the seriousness of the crisis, the

leaders of the G20 approved in 2009 a massive financial program, of the order of 1.100 billion dollars, to strengthen the IMF's capacity to intervene in support of the world economy: the program, that had President Obama's convinced support, included, a significant increase in the Fund's financial resources from 250 to 750 billion dollars, and a new allocation of SDRs equivalent to 250 billion dollars, in addition to other measures.

However, there was to wait until the fall of 2015 to get the US Congress to approve this program, together with the inclusion of the renmimbi in the basket, confirming a conflictual US position towards the IMF and the SDR, which it sees as a potential threat to the hegemonic role of the dollar. The US, possessing 17.46% of the quotas and 16.53% of voting rights in the Fund, still retains a veto right over decisions requiring an 85% majority. The Eurozone countries, on the other hand, do not have currently the right to veto, in the absence of unitary representation in the Fund. The inclusion of the renmimbi in the SDR basket, despite its lack of full convertibility, is the result of an acknowledgment of the importance that China is acquiring from an economic point of view on the world scene: according to data available in 2017, China's contribution to the global GDP (measured in terms of PPP) was 18.3%, more or less in line with the incidence of the Chinese population on the world population. Also noteworthy is the noticeable increase in trade with China by Asian countries; and the fact that many of these have pegged their currencies to the renmimbi hints at the birth in that part of the world of a new regional area with a reserve currency of its own.

The World Bank in 2016 has, among other things, recently carried out an initial issue on the Chinese domestic market, worth 2.8 billion dollars, of securities denominated in SDR and payable in renmimbi, reserved for Chinese investors, as a diversification tool with respect to the dollar, but more stable and safer

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than the latter: an issue reminding the first emissions in ECU in the early eighties of the last century, carried out by Italian, Belgian and French banks.

The international monetary system is therefore increasingly becoming multi-currency. Countries whose currencies could gain increasing weight in the near future, up to becoming part of the SDR basket, could be Brazil, India and Russia.

Looking at the future, however, and in particular at a future in which the after-effects of the 2007 crisis are not yet completely absorbed and new symptoms of crisis seem to be appearing on the horizon, we need to think about what developments can be anticipated for the SDR.

In this regard, Elena Flor points out that “replacing the dollar with other national or supranational currencies can help stabilize and finance regional areas of high-level economic integration, and must therefore be encouraged”, but that the dollar, the euro, the renmimbi and other minor currencies cannot become in turn, in order not to fall prey themselves to the “Triffin dilemma”, a world currency, whose functions are the traditional ones: unit of account, reserve instrument (O-SDR), and public or private financial instrument placed on the market (M-SDR).

As a unit of account, the SDR is already used in many areas, but in future it would be desirable for it to be used more in fixing the prices of raw materials, given its lower volatility, especially compared to the dollar.

As a reserve instrument, despite the Second Amendment to the Articles of Agreement contemplates the commitment to make the O-SDR the “principal reserve asset of the IMF”, its importance is still limited by the lack of consensus among the member countries of the Fund. The ideal solution would be to create a multilateral reserve currency issued by a central bank, that is to say “a liquid liability that is not the debt of any individual country”: a

goal that is at the moment impossible to reach, because the political forces and the decision-making processes operate nationally, while the economic and financial problems are global.

Progressively strengthening the role of the Official SDR, as suggested by the interesting *Report of an SDR Working Party* of May 2014, enclosed in the appendix of the book, would

however be possible through measures such as:

- allowing the IMF in crisis situations to act as lender of last resort by issuing SDRs to finance member countries in particular need;

- providing for the possibility of allocating SDRs targeted to emerging or developing countries in need of liquidity, instead of generalized allocations to all member countries;

- allowing member countries to periodically convert part of their reserves into assets denominated in SDR;

- making the SDR more attractive by basing its interest rate on medium- to long-term yields, and simplifying its conversion into market currencies, with an even temporary intervention by the IMF until such transactions can be carried out by private intermediaries.

An indispensable condition for expanding the use of the SDR as a reserve currency, as the experience of the ECU clearly shows, would however be the development of a sufficiently liquid SDR private market. To this end, it would be also necessary to set up a clearing system, operated for example by the Bank for International Settlements (BIS). The process should be triggered by the major international financial institutions, governments and other public operators active in the financial markets; the IMF itself could issue long-term securities denominated in SDR.

To do all this, a political will is needed and times will not be short; but Elena Flor comes to the conclusion that “when this process will be completed, the three SDRs will be only one: the international currency”.

A very last look at the future, on the wake of the fast technology developments, relates to



the forthcoming use of virtual currencies, such as the *bitcoin*, and at the role that the SDR could play in this new scenario.

Christine Lagarde, Managing Director of the IMF, in a speech on September 2017, said that at the moment these virtual currencies would pose many challenges to the current system of currencies and to central banks, because they are “*too volatile, too risky...many are opaque... and some have been hacked*”. However, there is at world level a “*growing demand for new payment services*”; so, as far as the payment system is concerned, the challenge is more open and in the future some might have an interest in “*hold[ing] a virtual currency rather than dollars, euros...*”, also because “*virtual currencies could actually become more stable*”. At that point, the “*digital version of the SDR*” could be the ideal candidate.

<sup>1</sup> Jointly published by the *Robert Triffin International* and the *Center for Studies on Federalism* in Turin (Italy). The English edition includes three Annexes: A- *Before Bretton Woods – The Keynes Plan*. B- *Using the SDR as a Lever to Reform the International Monetary System – Report of an SDR Working Party*. C- *The Robert Triffin International*.

# A Carbon Tax to Fight against Global Warming

Roberto Palea

**Alberto Majocchi**  
*European Budget and Sustainable Growth  
- The Role of a Carbon Tax*, Brussels, P.I.E.  
Peter Lang, 2018

Alberto Majocchi’s most recent work, *European Budget and Sustainable Growth – The role of a Carbon Tax*, published by Peter Lang, in the series “*Federalism*”, edited by the *Centro Studi sul Federalismo*, consists of two parts.

The first, on fiscal policy in the European Union (EU), critically and clearly illustrates, the complex rules and structures of the monetary union as well as the active policies that the EU should have and must put in place to stabilize the European economy, directing it, at the same time, towards economic and social development.

The other part of the work, a direct consequence of the first, highlights the inadequacy of the financial resources made available to the EU Budget (Multiannual Financial Framework 2014-2020), which are absolutely not up to the requirements of the aforementioned active policies that the Union must implement to get out of its current crisis and decline, aimed at the production of public goods and services capable of boosting growth, reducing unemployment, improving the welfare state and responding to the challenges of internal and external security of the European continent.

The author, starting from the legislation of the Maastricht Treaty, traces its implementation up to the Fiscal Compact. There is a need to impose quantitative limits on the size of the annual deficit of each Member State of the Monetary Union; limits which, inevitably, must be set in all countries with a decentralised tax structure.

The Eurozone was founded on the principle of maintaining price stability through the European System of Central Banks. To respect this principle, it is essential that the debt created by a State not be borne by the European Central Bank, causing it to print new money.

This objective would justify the European Union’s strict controls, if it were to reach a federal structure, on the budgets of the Member

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States of the Monetary Union. As a result, Member States must aim for a balanced national budget with the necessary rigour.

With the approval of the *Fiscal Compact*, the Eurozone has, therefore, made an innovative choice compared to the experience of the past: *growth is not achieved by creating new debt*. Having said that, it is now recognised that austerity measures, however necessary and unavoidable they may be, are insufficient to resume the economic development that will keep Europe among the industrialised and advanced countries. At the same time, there is a consensus that this development must be compatible with environmental protection.

According to Majocchi, in Europe, the initiative to launch an expansive policy at European level should consist of launching a European Fund for Development and Employment.

The revitalisation policy that should be implemented by the Fund is new and different from traditional policies, as it reconciles growth and environmental protection. In line with this choice, the Fund will have to devote its resources to financing investment in research and development, to develop human capital and to producing common assets that are capable of ensuring sustainable growth and increasing productivity and, as a result, the competitiveness of the European economy. Only in those areas, linked to research, innovation and improvement of the quality of life, will it be possible to create new jobs and abate unemployment.

But the Fund is just an intermediate objective, with a view to achieving consensus in the Eurozone countries on how to use the proceeds of a tax on financial transactions and, in the future, of a Carbon Tax to finance an additional Eurozone budget, managed by a European Treasury, responsible for implementing the sustainable development plan and coordinating the economic policies of the member countries.

Initial awareness of this problem by the European Union came with the launch of the Juncker Plan, which was a turning point, since it confirms that the Commission considers a fiscal shock to be necessary to support investments, in parallel with the ECB's efforts in the monetary field.

But the Juncker Plan has some flaws. First, it does not put additional resources on the table. There is also a governance problem, as the choice of investments and the distribution of benefits among the Member States requires a political choice, which cannot be assigned to the European Investment Bank.

Majocchi concludes that it is impossible to implement the investment policies necessary for growth and the defence of European welfare without addressing the problem of the new resources needed, an issue to which he dedicates, as mentioned, the second part of his book.

According to the author, the financing of the European budget must also be based on new sources of funding. These sources, as a whole, should be made up of:

- The Financial Transaction Tax (which has increased considerably in recent years), introduced at European level with common rules, to avoid its circumvention and exclude competition between the Member States.
- The *Value Added Tax*, constituted as a resource of the EU Budget for a part of its total revenue, thus making the overall amount of expenditure for consumption of goods and services in the entire Eurozone transparent at European level;
- the *Corporate Income Tax*, which requires the definition of a minimum level of taxation to avoid tax competition between States, which has distorting effects on market efficiency;
- the *Digital Tax*, which involves the taxation of income generated by the digital economy not on the basis of the



residence of the company but on the amount of income generated by the sale of its services in each European State.

- The *Carbon Tax*, which Majocchi proposes to apply in Europe, is based on the emissions of CO<sub>2</sub> and climate-changing gases into the atmosphere of each fossil fuel. The author solves some significant theoretical problems here.

The first problem, which environmental economists have been discussing for years, concerns “carbon pricing”, i.e. the problem of internalising the cost of the pollution it generates into the price of the fossil fuel itself.

The application of a tax with a rate that depends on the quantity of gas produced by the different fossil fuels (from coal, to diesel, to petrol, to methane gas, to shale gas, etc.) solves the problem at its source, with a tax on the consumption of the respective fuel.

The Carbon Tax as described is the simplest lever to reduce the emission of CO<sub>2</sub> and greenhouse gases into the atmosphere, correcting the well-known market failure in defending the quality of the environment. At the same time, it ensures that the EU receives very substantial tax revenues for financing certain public services and goods in the interest of the community.

Also according to Majocchi, the EU should create a European Agency for the Environment and Energy, set up according to the model of the European Coal and Steel Community (ECSC) of 1951, with supranational powers and adequate financial resources. With a high degree of autonomy and under a single direction, it would be possible to implement effective policies to reduce polluting emissions and develop renewable energies in order to achieve the Union’s energy self-sufficiency goal. At the same time, it would be possible to promote partnerships with African countries

and companies, aimed at developing energy infrastructures in these solar-rich countries, to promote their endogenous economic development. This solution would also ease migratory pressures, rooting the population in its territory.

The second problem that the author solves is the feared loss of competitiveness of countries that apply the Carbon Tax compared to all others, as this tax increases the cost of goods and products and therefore makes them less competitive on the international market.

To avoid these competition distortions Majocchi proposes to apply the same Carbon Tax at the external border of the Union on imports of goods and services from countries where there is no such tax.

President Macron also said that “a carbon border tax is indispensable”. The revenue from this carbon tax collected at the border could flow directly into the proposed European Environment and Energy Agency.

Given current times, it should be noted that it would be difficult for the Eurozone countries to accept, now, to send the entire revenue of the Carbon Tax received within their countries to the aforementioned European Agency for the Environment and Energy.

A part of the Carbon Tax would, therefore, be collected at the national level. The national carbon tax, applied with the same criteria by all EU Member States, would reduce taxation on business and labour income (by cutting the tax wedge) and provide the Agency (which is also authorised to borrow on the market) with substantial contributions from the Member States to finance joint activity.

The third value of the author’s proposal is that, if realized, with its simple and linear mechanism, the Carbon Tax would set an example and a model for the whole world.

In my opinion, it is no coincidence that a host of leading US economists (in another part of

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the magazine there is their statement on the carbon dividend) are taking a clear and clear stance on the application of a carbon tax within the United States and that this proposal is in many ways similar to that of the European federalists.

In conclusion: Alberto Majocchi's work summarizes his scientific work with foresight

and coherence, at least since the publication of the well-known and appreciated 1993 Delors Plan on growth, competitiveness and employment (to the drafting of which Majocchi actively contributed). Today, it sets out clearly and in detail the instrument it needs to enable the EU to maintain its leading position both in industrial and social development and in the fight against global warming.

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