GOVERNANCE IN THE EUROPEAN UNION:
A STUDY OF FEDERALISM VERSUS INTERGOVERNMENTALISM

Dissertation submitted to Jawaharlal Nehru University
in partial fulfilment of the requirements
for the award of the Degree of

MASTER OF PHILOSOPHY

PRASANT KUMAR SAHOO

WEST EUROPEAN STUDIES DIVISION
CENTRE FOR AMERICAN AND WEST EUROPEAN STUDIES
SCHOOL OF INTERNATIONAL STUDIES
JAWAHARLAL NEHRU UNIVERSITY
NEW DELHI-110067
INDIA
2003

21.7.2003

CERTIFICATE

This is to certify that the dissertation entitled **"GOVERNANCE IN THE EUROPEAN UNION: A STUDY OF FEDERALISM VERSUS INTERGOVERNMENTALISM"**, submitted by **Prasant Kumar Sahoo**, in partial fulfillment of the requirements for the award of the degree of **MASTER OF PHILOSOPHY**, is his own work and has not been previously submitted for any other degree to this or any other university.

We therefore, recommend that this dissertation be placed before the examiners for evaluation.

Prof. Rajendra K. Jain
Supervisor

Prof. Abdul Nafey
Chairperson

**Dedicated
To**

BAPA AND BOU

ACKNOWLEDGEMENT

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CHAPTER I

INTRODUCTION: THE IDEA OF EUROPE

Nation-states since the late 19th century have been increasingly held together not by traditional symbol of allegiance nor by repressive force, but by national policies designed to secure material benefits for large social groups. As these policies have evolved, the realities have had to be faced that to be fully effective many need some form of international agreement. Integration—the surrender of limited measure of national sovereignty—is a form of agreed international framework created by the nation states to advance particular sets of domestic national policies. And with specific context to Europe this idea has been felt more than necessary time and again.

The horrors of what military technology could inflict upon human beings; the rise of the USA, the impact of the Russian Revolution, the spread of fascism, and a myriad of economic and social changes altogether amounted to a crisis of European values which provided fertile ground for the nourishment of the unification movement.[1] The WW II itself spurred political elites and intellectuals to reconsider ways and means to prevent Europe from tearing itself asunder at regular interval. Government elites by and large sought merely the destruction of totalitarian states but there was also a formidable body of European intellectual opinion whose vision transcended this immediate priority. It was among the members of the anti-fascist European Resistance thinkers that the federal idea was largely nurtured as the answer to Europe's destiny. For them the defeat of Hitler was only the first step.[2] What does seem common ground among rival federalist conceptions and strategies, however, is their shared experiences of war. Among the intellectual Resistance this factor runs continuously throughout their agonizing journey towards the new reconstructed Europe.[3]

The Resistant thinkers inspired by their altruistic vision of mankind and society tried to give to the spirit of the politics of Europe a moral dimension. So in order to permanently remove the very basis of military conflict Resistance thinkers directed their intellectual challenge towards the perceived cause of war itself: the

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[1]. M. Burgees, "The European Community's Federal Heritage", in M. Burgess, *Federalism and European Union* (London: Routledge,1989), pp. 26-27.
[2]. Ibid, p. 27.
[3]. Ibid, p. 28.

nation-state.[4] After all, old structures and pretty sovereignties were not part of God's permanent law for the universe.

It is impossible of the younger generations of today to fully comprehend the traumatic impact of the Second World War upon Europe and its population. As new generations replace old generations and memories fade it has become increasingly difficult to defend the European idea. Post-war generations see only a European Community of bickering, churlish nation-states, in a divided Europe, obsessed with shortsighted economic trade-offs. But the idea of a federal Europe, being much older than the Community, retains its original moral basis in reason and humanity as the directing force for the peace-meal construction of a Europe of peoples as well as of states.

The belief of the Resistance in mans capacity to control events and to shape his own destiny ensured that former national loyalties and the obedience to the old state would not be integral to their ideas about the reconstruction of Europe. Reverence for the old state seemed inappropriate. It had collapsed everywhere in continental Europe in the face of the Nazi *blitzkrieg*. In their quest for a better and peaceful society, the Resistance had fought Hitler not for the old nation states but rather for a new European society. The consensus of opinion which emerged among resistance groups, then, was that the defeat of totalitarianism and the creation of a 'United States of Europe' in its place should go hand in hand. It was felt that to allow the old nation states to recover and regain their former position in a world of international rivalry would be to recreate again the very conditions of war and totalitarian rule.[5]

In this regard Altiero Spinelli observed in his *Ventotne Manifesto* (1941) that the collapse of most European states had already "reduced most peoples of the Continent to a Common fate" and that public attitudes were "already much more favourable towards a new federative European order". The brutal experience of the previous decade had "opened the eyes of the unbelievers". The manifesto thus elaborated the idea of a federal Europe, as the panacea for virtually all the outstanding problems with would confront post-war statesmen. And Spinelli, who

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[4]. Ibid, p. 27.
[5]. Michael O'Neill (ed.), *The Politics of European Integration* (London: Routledge, 1996), p. 178.

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became the leading spokesman of the federalist cause, argued that the common people, if allowed to determine themselves, would inevitably gravitate towards unity in co-operation. It was obsolete state structures and the selfish, anachronistic values of the states' elites and their interests, which has impeded this natural movement. People's basic needs, whether in Italy, France or Denmark, were fundamentally the same. All that was needed was a solid institutional structure to allow this common elaboration to develop and determine itself.

The basic and major justification for European unification in the case of nearly all the Resistance writers was defined as taking up an ideological stand against the worshiping of the nation state and against the "terrible compulsion towards totalitarian rule, as it is inevitably forged by nationalism". The system of nation states, which had brought on mankind so much suffering, and in its extreme form of fascism had been carried to some absurd lengths, was felt to be unworthy of preservation. What was needed, instead, was to safeguard true values, personal freedom, religious and political rights, etc. against state nationalism by a European federation, which should, in turn, prevent the return of nationalism and fascism in its member states.[6]

As Lord Lothian in his article "The Ending of Armageddon" puts:

> The real cause of our troubles is that the nations are living in anarchy...
> the consequence of which have been intensified a hundred fold in recent
> times by the conquest of time and space... anarchy cannot be ended by
> any system of cooperation between sovereign nations but only by the
> application of the principle of federal union.[7]

In the first place there exists a school of history, which emphasises the existence of a Europe in the minds of the people as an entity over many centuries. Therefore, the creation of some sort of a federation in present-day Europe should be seen as a return to source rather than as a sudden invention. But it is difficult to identify the exact beginning of the European idea. Somewhat erroneously, Winston

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[6] . Ibid, p. 165.

[7] . Cited in R. Mayne, J. Pinder and J. C. Roberts, *The ending of Armageddon* (London: Macmillan Press Limited, 1991), p. 35.

Churchill's frequently quoted reference to 'a kind of United States of Europe', is often adopted as the origin of post-1945 European integration.

The European Coal and Steal Community (ECSC) of 1952, the modern Europe's first peace movement, established the first concrete foundation of the European federation. It marked a revolutionary juncture in European history where two kinds of sovereignty—national and supranational—collided. Former national controls over key products for the armament industry were placed under joined or pooled authority, which was indispensable for the maintenance of peace. The importance of this objective is evident in the preamble of the ECSC (1952) Paris Treaty, which begins:

> Considering that world peace can be safeguarded only by creative efforts commensurate with the dangers that it,
>
> Convinced that the contribution which an organised and vital Europe can make to civilisation is indispensable to the maintenance of peaceful relations...
>
> Resolved to substitute for age-old rivalries the merging of their [the Six] essential interests; to create, by establishing an economic community, the basis for a broader and deeper community among peoples long divided by bloody conflicts...
>
> Have decided to create a European Coal and Steel Community.[8]

Jean Monnet commented in an address to the ECSC Common Assembly:

> We can never sufficiently emphasize that the six Community countries are the forerunners of a broader united Europe, whose bounds are set only by those who have not yet joined. Our Community is not a coal and steel producers' association: it is the beginning of Europe.[9]

He argued:

> Little by little the work of the Community will be felt...
> Then the everyday realities themselves will make it possible to form the political union which is the goal of our Community and to establish the

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[8]. Martin Holland, *European Community Integration* (London: Printer Publishers, 1993), p. 7.
[9]. Ibid, p. 11.

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United States of Europe...the idea is clear: political Europe will be created
by human effort, when the time comes, on the basis of reality...

For me there has been only one path: only its length remains unknown. The
unification of Europe, like all peaceful revolutions, takes time.[10]

He emphasised that the Community is part of, and responds to, the changing world order. In an article he wrote:

The sovereign nations of the past can no longer solve the problems of the
present: they cannot ensure their own progress or control their own
future...Yet amid this changing scenery the European idea goes
on...Where this necessity will lead, and toward what kind of Europe, I can
not say...The essential thing is to hold fast to the few fixed principles that
have guided us since the beginning.

Despite different legacies and trajectories, Eastern and Western Europe multiethnic states face similar challenges: how to accommodate plural ethnicities, combine efficient integration with democracy, and provide for flexibility and protected diversity? Federalism is a tool used to analyse shared and divided rule among central and non-central actors and entities, but it is a normative concept, too. The concept itself is evolving, and its advantageousness consists precisely in its malleability. The dismissal of federal solutions in the name of national "self-determination" in the Soviet Union, Czechoslovakia, and Yugoslavia has had its disastrous effects.[11]

Is federalism the catchword for an accommodation of diversity for multiethnic states to survive and for supranational integration to be democratic? Most federations came into being without a pre-existing federal bond. Almost all federations are artificial, constructed, and engineered. In successful federations, the virtues of federalism have evolved as a result of the growth of shared interests, institutional development, and repeated collective bargains. A federal culture usually emerges from the self-interest of the constituent parts.

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[10]. Ibid, p. 8.

[11]. Andreas Heinemann-Gruder (ed.), *Federalism Doomed? European Federation Between Integration and Separation* (USA: Berghahn Book, 2002), p. ix.

Federal commitments depend upon repeated actor coordination through a shared sense of history, and the institutionalized reinforcement of federal norms. Because the virtues of federalism are not necessarily self-evident, the costs and benefits of federalisation will be constantly weighed against its alternatives. Especially in times of transition from one governmental or economic system to another. Federal norms are likely to compete with other norms such as nationalism etc.

Dealing with federalism thus implies studying the failures and success of alternatives to homogeneous nation-state building. The relevance of federal solutions for multiethnic European states as well as for Europe as a whole consists precisely in their potential for avoiding the extremes of nationalism, hegemony and anarchy. A senior scholar of federalism studies Daniel J. Elazar predicts the re-emergence of confederal arrangements as the appropriate form to constitutionalise supranational integration. But whether imperatives of integration as well as the inherent compromises that are involved in it will finally lead to more federal or confederal elements or restrict it to the intergovernmental procedures is still open.[12]

Since the early 1950s, integration in Western Europe has been constantly accompanied by scepticism and debates about federalising the EU are confronted by fears of centralization and infringements on national sovereignty. Compared to the early 1990s, in the earlier days of integration the idea of a European federation evoked more reservations about Jacobinism, the concentration of executive power, the growth of anonymous bureaucracies, and alienation from one's indigenous cultures. So is federalism doomed because the perceived costs of federalising are higher than the potential gains of lost sovereignty and because common interests are limited. Paradoxically enough, integration in Europe faces problems structurally similar to those posed by the disintegration of multiethnic states in Eastern Europe—how to accommodate cultural, ethnic, and economic diversity (the problem of symmetry and asymmetry); how to democratize supranational decision-making (the problem of democratic accountability); and how to harmonize and enforce rules and norms (the problem of deepening).

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[12]. Ibid, p.5.

Evidently, Europe is not a pre-existing given; instead it displays a wide-ranging of pluralism in culture, politics, and economics. In trying to find adequate forms of articulating this pluralism, Europe is defining its new insider and outsider relationships, but without yet expressing a clear vision of its meaning and constitutional character. With the prospect of further widening and deepening of the EU, the quest for a pan-European delineation of the EU's constitutional guiding principles and its governmental structure as well as its form will become more urgent and clear.

In 1948, Jean Monnet made an important prescriptive remark in his memoirs "...the countries of Western Europe must turn their national efforts into a truly European effort. This will be possible only through a 'federation of the West'"[13]. Since then the desire and ideal of the unification of Europe have been revolving around through the last five decades. But the dilemma whether to accept intergovernmentalism or federalism as the path to achieve the desired objective of a 'United States of Europe' still persists there. In the earlier days of the Community these two options were vying with each other. But the founding fathers allowed neither to prevail in the Treaty of Rome, which represents a delicate balance between the two. Here in this contest it would be pertinent to mention the Tindemans Report of 1976 which in one of its general reference to the question of the "desirable" and the "attainable" as to the form of governance in the Community, placed the federal goal in sober perspective:

> The Committee does not believe that re-structuring of this system of states into European federation is within the bounds of possibility in the period under consideration...The gap between the present situation and a European federation is so wide that there is still plenty of room for intermediate structures which would leave open a variety of other possibilities for evolution...The question of whether a future European government will develop first from the European Council or from the

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[13]. Monnet, p. 272. *Emphasis added.*

Council of Ministers or from any combination of the two...can best be left to the course of events.[14]

But unification or for that matter federation in the specific context of European integration has been the victim of a strange paradox in scholarly thought among social scientists in the Western World. While there has been no shortage of intellectual theorising and pre-theorising about the conditions deemed necessary for effecting a closer and more binding union among states and peoples of Europe, little attempt has been made in recent times to demonstrate both how and to what extent federal ideas, influences and strategies have been and ever present, indeed integral, part of the European Community's continuous political and constitutional development. The more preferred minimalist approach that is often applied to the European decision-making process in the name of intergovernmentalism has subdued the federalism debate within the Community to a considerable extent. The constant tension and competition between these two concepts as well as its propagators have hijacked the issue of integration and concentrated it on its "form" of governance rather than the "governance" itself.

Doubts have been raised time and again about the ultimate limit of the idea of Europe. Commenting upon the 1957 Treaty of Rome which aims at "an ever closer union among the peoples of Europe", the *Agence Europe* in an editorial argued:

> The phrasing is far more menacing, to anyone concerned with preserving national sovereignty, than a 'federal union'. An 'ever closer union' must mean, if it means anything, that no matter how far we have gone in linking the member states to each other, we must strive to go further still. A federal union, by contrast, usually means one in which the respective spheres of competence of the union and its component parts are defined in a manner intended to be permanent.[15]

Debates about European constitutionalism (form of governance) evidently bear high normative charges, with opposing camps defending or attacking an

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[14]. M. Burgees, "The European Community's Federal Heritage", in M. Burgess, *Federalism and European Union—Political Ideas, Influences and Strategies in the European Community 1972-1987* (London Routledge, 1989), p.82.
[15]. n. 8, p. 56.

exclusive sovereignty in the name of democracy. This dissertation attempts to stimulate the discussion and cast light on the acrimonious debate about intergovernmentalism *vs* federalism in a pan-European perspective.

The study contains five chapters and conclusion.

The first chapter looks at the inception of the idea of Europe that came into existence in the immediate aftermath of the Second World War. The historical continuity of the European idea has also been looked at. The vision of the founding fathers and their initial initiatives were examined at length which led to the establishment of the first institution ECSC in the road towards European unity.

The second chapter focuses on the conceptual dilemma that the European Union is facing since its very inception as to what form or shape it should take in terms of theories such as functionalism, neo-functionalism, federalism and intergovrnmentalism etc. and whether it is progressing in the path towards a federal structure *vis-à-vis* the current structure of nation-state system. It also attempts a realistic appraisal of the often-raised apprehension that the events of day to day EU governance amounts to the process of state building itself.

The third chapter analyses the continuity of the federal heritage of the Community and the inherent federal characteristics involved in its institutional structures that have developed in the making of the European Union and whether all these reflect any federal pattern which may ultimately give rise to a more solid structure of federal union in Europe.

The fourth chapter explores the issue of British Eurosceptism and the logic advanced by this school of thought—their apprehensions, fears and above all their accusations about the attempt at making a European federation by stealth. It also examines the attitudes of various national governments towards the European process as well as the stands taken by the British national political parties towards federalism within European Union.

The fifth chapter focuses on the functioning and governance in EU in term of its decision-making procedure, treaty negotiations etc. and how the member state governments in important matters that have national implications preferred

intergovernmentalism. It also explores the possibility of a European federation, if at all there exists such, with reference to the emerging idea of post-nationalist-polity and networking society in the minds of the European citizens and their quest for a Common European Identity.

And finally the conclusion tries to keep the entire issue of European governance in a sober perspective. It suggests that notwithstanding the entire debate of federalism *vs* intergovernmentalism, any preferred path as opposed to the other, if accepted only in its theoretical perspective, may lead to those old days of European history and thereby defeating the very purpose of the European idea.

CHAPTER II

CONCEPTUAL DILEMMA: EUROPEAN UNION BETWEEN FEDERALISM AND INTERGOVERNMENTALISM

The theory gallery of European integration has never lacked exhibits. But after almost 50 years of academic inquiry into the nooks and crannies of European affairs, there is still no agreement how to characterise 'the nature of the European beast'. [1] The signing of the Maastricht Treaty in 1992 further boosted the debate over how to characterise the institutional nature of the European Union—"Is it a state or is not it?".

Integration theory flourished during the 1950s and early 1960s and since then the record has generally been disappointing. The inability to predict or explain the development of the Community adequately—either in practice or in theory— led to "the collapse both of the political commitment to European integration and of the conceptual framework that had supported it". Thus one finds the Community's history that is chequered, with periods of stagnation and disintegration till early 1990s when with the signing of the Maastricht Treaty some progress in real terms could be made in the path towards more wider and deeper integration.

Functionalism and Neo-functionalism

The earliest conceptual approach that was used to provide a framework for Community integration was the theory of functionalism as first constructed by David Mitrany in the inter-war years. The underlying assumption was very close to the idea of subsidiarity introduced into the Community's intergovernmental discussions of 1991. For Mitrany 'the functional approach emphasises the common index of need. There are many such needs that cut across national boundaries, and an effective beginning could be made by providing joint government of them'. This approach was 'not a matter of surrendering sovereignty, but merely of pooling so much of it as may be needed for the joint performance of the particular task. Functionalism by definition, was to be a flexible mechanism or process that could accommodate both expansion and contraction in its scope depending on need, a

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[1]. Marlene Wind, *Sovereignty and European Integration—Towards a Post-Hobbesian Order* (New York: Palgrave, 2001), p. 2.

characteristic that was not compatible with the purely integrationist federal aspirations of Jean Monnet.[2]

But the practical reality of the Community drew critical attention to the inadequacy of the general theory of functionalism as an appropriate explanation to the process of integration. The response to this conceptual crisis was the development of the theory of neo-functionalism by Ernst Haas. Haas's neo-functionalism contains a normative objective that is a European federation. Central institutions with supranational authority are to provide the mechanism for achieving this. The process of integration is to begin with the economic sector and is dependent on interest group involvement and the incremental creation of 'de facto' solidarity would lead automatically, if by stealth, to integration. It was a new application of the 'expansive logic of integration' that was the 'hall mark' of the neo-functionalist theory. Haas gave stress on the idea of 'spillover' as the most important component of neo-functionalism. Spillover is largely reflected in the typical Community bargaining process whereby agreements across disparate areas are tied together and all the concessions and agreements in one policy area have had implications and often direct consequences for other policy areas.

However, just as functionalism was discarded because of its poor 'fit' with reality, the events of the 1960s undermined confidence in the explanatory ability of neo-functionalism and led to a crisis in the EEC. The disillusionment with the utility of neo-functionalist theory came from the fact that the initial expectations associated with the Community institutions were largely unfulfilled and spillover and progressive integration did not seem to be occurring; rather, the persistence of national self-interest indicted that the Community was closer to an intergovernmental grouping than any putative federation. The Commission appeared unable to fulfil its neo-functionalist role as the instigator of spillover due to the institutional imbalance that provided the Council of Ministers with decision-making dominance. The Commission adopted a mediatory conciliatory role rather than a creative one, arguably as a result of the inadequacies of the Treaty of Rome that placed it in conflict and at a disadvantage to the Council of Ministers.

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[2]. Martin Holland, *European Community Integration* (London: Printer Publishers, 1993), p. 15.

It is a fundamental contention that digging into the often implicit presumptions of various analytical perspectives does not represent an escape from the 'dirty details' of EU policy-making, rather it constitutes a precondition to interpret empirical results, irrespective of whether these are discursive or behavioural. Few would dispute the fact that political scientists long ignored the legal and constitutional aspects of the Community and its consequences for the traditional understanding of sovereignty. Yet, it is exactly the paradoxical development of this facet of the European experiment that most radically changes the theoretical and conceptual thresold.

While students of European politics continue to emphasise the virtues of International Relations approaches when trying to make sense of the process, several things suggest that Europe—both as it has developed and probably as will develop in future—fits less and less nicely into the static picture of international diplomacy.[3]

There is little doubt that the state still represents our common sense image of law and society. The word "state" comes loaded with emotive and ideological baggage. So any definition of the word, which is almost exclusively identified and synonymous with sovereignty, must include a conceptual framework of institutional relationships, including that between institutions and the underlying society that it governs.[4] The neo-positivist idea of state is, just like the purely Hobbesian sovereign, founded on a traditional statal vision of how stable social orders sought to be structured. The concepts such as state, nation and nationalism have been dominating the course of international political history quite for sometime. State, as defined by T. K. Oomen is, a legally constituted entity providing residents of a territory with protection. And nation is a territorial entity to which the people have an emotional attachment and in which they invest a moral meaning.[5]

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[3]. Ibid, p.4.

[4]. Gretchen M. MacMillan, "The European Union—Is It a Supranational State in the Making?", in Andreas Heinemann-Gruder (ed.), *Federalism Doomed? European Federalism between Integration and Separation* (USA: Berghahn Book, 2002), p. 64.

[5]. Kjell Goldmann, *Transforming the European Nation-State* (London: Sage Publication, 2001), p. 57.

The legal philosopher Neil MacCormick gives a still more broader definition of state and sovereignty. According to him:

> Sovereignty is a source of certainty, and hence a source of peace, without warring factions contesting every normative question. Civil society is impossible unless you construct an order in which power is vested absolutely in a sovereign or in the sate...It is suggestive to think how a belief in the sovereign state as the necessary basis of normative ord0er parallels the belief in foundational metaphysical truths as the necessary basis for epistemology and mundane human knowledge. If that is so, we should not be surprised that we arrived with a jurisprudence in which the concepts of law and legal system have with almost inevitability got themselves rather hooked on to state law particularly the law of the sovereign state.[6]

But the more recent jurisprudence has down played the idea of state and sovereignty as the foundation of law. The end of the sixteenth and the start of the seventeenth century represented an intellectual turning point in respect to the sources of order in international society. The philosophical search for truth, reason and an absolute foundation for knowledge after the many religious wars contributed strongly to the isolation of the powerful sovereign or state as the ultimate base for power and authority.

By digging into the conceptual archives of state and sovereignty it becomes clear that all the image of legal and political systems make little sense when one seeks to take a closer look at the way in which the 'European Union' has evolved over the past five decades. Here one deals with a political system that never had a formal constitution but which over the years has developed legal principles and competences that approximate those of a federal-like polity. All this without fully acquiring the true qualities of a state.

What some leading international relations theorists like Andrew Moravcsik and Geoffery Garrett maintain is that within European Union the member states will remain *Herren der Vertege* as long as no written changes are made to the

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[6]. n. 1, p. 89.

founding documents. The integration of the Charter of Rights into the treaty text may change this, but as long as there is not a proper European Constitution, the formal set up will remain intergovernmental. And if one subscribes to the *status quo* reasoning the conventional political science approaches to integration will suffice and remain inherently sound.[7]

For many observers until very recently, any consideration of 'a federal form of governance for Europe' seemed premature. They insisted on the logic that the EU in many respects remained a collection of independent and sovereign states. But still one of the many assumptions that has gone into the making of the European creed the most important has been the idea of federation; and this federal idea, in fact, traverses most aspects and issues of EU particularly in terms of its internal organisation and the form of governance that is to be accepted. So it would be only appropriate to examine whether the contours of federalism or intergovernmentalism offer a better fit to the affairs of governance of the EU.

Federalism

"Federation", "Confederation" and "Federal Union" are the labels, which have been frequently attached to the supranationalistic institutional structure of the EU. Some theorists link it to the structure of a confederacy that is to say a combination of states that collaborate for certain purposes but that retain their powers as sovereign states. Confederacies delegate limited powers to the confederate authorities. For example, the member-states of confederacies do not allow the confederate government to deal directly with their citizens. However, the European Union is more than a confederacy. It enjoys some of the powers that normally pertain only to states. In a number of areas the European Union is allowed to deal with the citizens of member-states directly. So it becomes tempting for some to classify the EU as something more than a confederacy but less than a confederation.[8]

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[7]. Ibid, p. 13.
[8]. Douglas V. Verney, "Choosing A Federal Form of Governance for Europe", in Heinemann-Gruder, n. 4, pp. 17-18.

In theory, the EU could settle on being a parliamentary federation or an assembly based federation. And it is also true that most of Europe's member-states have parliamentary form of governments, but it is unlikely that a European parliamentary federation will evolve notwithstanding the institutional structure of the European Parliament. Because this body has not been a parliament in the true sense.

In order to classify some of the main issues and themes that are central to the idea of a federal Europe, one must remember that the European Community is clearly founded upon number of different principles which are often incompatible and some times even contradictory. This is why it suffers from an intermittent bout of paralysis. Walter Hallstein considered the Community to be neither a federation nor a confederation but a legal and constitutional hybrid.[9]

Murray Forsyth has emphasised the difference between a federal union and confederation. In the specific case of the European Community this distinction is more than merely academic. Forsyth takes "Federal Union" to be the "the spectrum between interstate and intrastate relations". In other words Federal Union is not a state. It is a "union of states in a body politick". It is the process by which a number of separate states raise themselves by contract to the thresold of being one state. It occupies "the intermediary ground" between the interstate (confederation) and intrastate (federation) worlds, of going beyond the one but not unequivocally reaching the other.[10]

Sbragia in his book *Thinking about the European Future* has given a possible mechanism to create a European federation:

> The representation of territorially based government does provide method of facilitating integration, of achieving federalism without submerging the interests of the constituent units. It does offer the possibility of a federalisation through indirect rather than direct representation—or combining direct and indirect representation in a way that gives the collectivity of national governments the right of absolute veto. It thus

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[9]. Michael Burgese, *Federalism and European Union* (London: Routledge, 1989), p.20.
[10]. Ibid, p. 13.

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represents an alternative to models that assume that federalisation must necessarily be characterised by either a supranational executive or by parliamentary sovereignty...a federal type organisation could operate without a centre as traditionally conceptualised, so long as the national governments are willing to abide by QMV and judicial review by the CoJ in case of disputes, and allow the Commission to exercise policy leadership and also to permit the Parliament (EP) to exercise some (or even co-equal) powers.

The logic implicit in federalism for the governance of European Union offers the essential means by which the various elements and forces extant in the daily practice of European social, economic and political life could be effectively canalised and coordinated into an organic whole.[11] Then the new political society would emerge only gradually, though in piece meal fashion, but it would evolve naturally from solid European structures that inherently carry the true characteristics of federal elements. This is to be a new beginning. So the federal idea should not be shakled either by the ideological conditioning or by the pragmatic assertions of the intergovernmentalism theories.

Intergovernmentalism

Intergovrnmentalism is not, of course, the most transparent form of governance. Yet, the intergovernmental school stressed the primacy and inevitability of the nation-state in the European integration process, which constitutes the most important factor in the specter of governance within European Union, and indeed one can point to a variety of mechanisms that would support such a case. Some view the EU as a form of close intergovernmental cooperation between nation states, arguing that it is only the national governments that agree to coordinate their policies and these are implemented by national institutions also. Even the 'Community pillar' is more consensual, with the European Commission acting like a broker between the different vested positions in Europe. Furthermore, the Commission is made up of a vast number national civil servants, called 'detached national experts'. And the ultimate indication of intergovernmentalism

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[11]. Michael O'Neill, *The Politics of European Integration* (London: Routledge), 1996, p. 179.

practaised in the process of the governance of EU is the use of unanimity as a voting system. [12]

So the process of integration within the Union cannot be separated from the evolution, development and most importantly the primacy of the intergovernmental role of the Council of Ministers and its bureaucracy. This is particularly obvious in the evolution and development of the European Council which brings the head of government and state into the process. Its twice yearly meetings linked to the presidency of the Union provides a framework for the institutional year in the Union's calendar. The political clout of its members makes it the most important institution in setting the Union's agenda. It has been this Council that has furthered the movement towards integration and been the major force behind the Single European Act, the Treaty on European Union, and the Amsterdam Treaty. The institutionalization of the meetings of the heads of government and state and the intergovernmental bodies created under their auspices, present the interesting paradox providing the framework for closer integration through the intergovernmental structures of cooperation though sometimes acting through the supranational institutions.

The creation of the European Council has also increased the profiles of the member-states and their leaders within the European Union thereby holding the intergovernmental logic alive. The presidency brings different types of intergovernmentalism and decision-making both within and outside the treaties and both within and outside the supranational institutions together. The make-up of the Council ensures that national interests are protected. Apart from that the Council also convenes Inter Governmental Conferences from time to time to negotiate the treaties which usually have wider implication.

European Constitutionalism

European Union does not have a constitution. And in the absence of such a clear and fundamental basis forty years of development of Community Law represents a fundamental empirical and theoretical puzzle. It is precisely the

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[12]. Francis Campbell, "Federal Arrangements, Negarchy and International Security—The Philadelphia System and European Union", in Heinemann-Gruder, n. 4, pp. 46-47

scholarly inability to cope with this European anomaly that occupies the major portion of theory building on European Union and its constitutionalism.

Constitutionalism is, but a prism through which one can observe a landscape in a certain way, an academic artefact with which one can organize the milestones and land marks within the landscape, an intellectual construct by which one can assign meaning to that which is observed.[13] Though Constitutionalism within EU is often not part of that rusty but trusty old discussion of the Community democratic deficit but is inevitably premised on its presence. The Constitutionalism thesis claims that in critical aspects the Community has evolved and behaves as if its founding instrument were not a treaty governed by international law agreed upon by intergovernmental negotiations but, to use the language of the European Court of Justice (ECoJ), a constitutional charter governed by a form of constitutional law. In this regard the position of the Commission—the champion of integration—in the saga of Treaty revision from the Single European Act, through Maastricht to the 1996-97 IGC, is particularly noteworthy. The holiest cow of all the negotiation process has been the preservation of the *acquis communautaire* and, within the *acquis*, the Holy of Holies is the constitutional framework of the Community. A remarkable measure of the European integration itself is that the constitutional operating system within European Union has become axiomatic, beyond discussion and above the debate. And that fact seemed to condition the debate about the form of the governance within European Union rather than merely becoming a part of it. Thus it can be safely hypothesised that the manner, in which the Community treaties were transformed, creating a new authoritative structure in Europe discards the rationalist approach that is overwhelmingly attached to recent EU studies. Realist and Intergovernmentalist scholars have always regarded that international law and institutions are more or less manipulatable by the actors who originally set them up. The constitutionalisation process in Europe fundamentally contradicts such assumptions and that the Community's development is a prime example of how institutional bodies can develop in a manner that was not anticipated by their

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[13]. J. H. H. Weiler, "The Reformation of European Constitutionalism", *Journal of Common Market Studies*, vol.35, no.1, March 1997, p. 99.

founding architects. EU amounts to much more than an empty shell that can easily be manipulated by member state governments.

Alec Stone offers a good characterisation of the European constitutionalism as:

> The process by which the EC treaties evolved from a set of legal arrangements binding upon sovereignty states, into a vertically integrated legal regime conferring judicially enforceable rights and obligations on all legal persons and entities, public and private, within the sphere of application of EC law.[14]

In the countless narratives of European constitutionalism, one of the high moments, possibly the single most important moment is the process that transformed the EC treaties from a set of legal arrangements binding only upon sovereign states to rendering the individuals too as the 'subjects of the law'—so argue the legal jurists. The Court of Justice has fashioned a constitutional framework for a federal-type structure in Europe. Through its self appointed powers the ECoJ—in close collaborations with citizens and lower courts in the member states—has managed to create a legal regime that come to differ fundamentally from the "free-will" character of traditional international law. Though this did not happen overnight, nor without substantial resistance from the member-states and their highest courts, which obviously felt threatened by such a strong supranational court that they were expected to obey unconditionally.

If one takes a glance at the original Treaty of Rome it soon becomes clear that although the founding fathers envisaged the development of an "ever closer union among the European peoples", they did not anticipate the case-law-based constitutional system that has resulted from 40 years of practice by the European Court of Justice. Today the EU legal system contains several unwritten but fundamental constitutional principles that never appeared in the original treaty documents, nor in writing anywhere else. The legal system that has emerged since the mid 1960s has been transformed from conforming to what most analysts regard as traditional international treaty law to having the "structure and rigor" of a

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[14]. Ibid, p. 97.

federal state. It would be an exaggeration to conclude from this that the EU has come to resemble a federal state, but it has undergone a constitutional transformation that sets it apart from all other international governance structure we know of. In particular the effectiveness of Community law represents a break with traditional international law regimes. The ECoJ has managed to make Community law both directly applicable and superior to the constitutional orders of member-states. An important consequence of this is that member states now have to set aside all national legislation that contradicts Community law. With the intention of creating a strong, effective and uniform common market, the ECoJ has made it possible for ordinary citizens to claim rights on the basis of what was formally 'just' an international treaty, thus turned those citizens into the most efficient enforcers of rule of law in Europe.

The disparate legal doctrines of the European Court are still grappling to interpret the treaties to solve the concrete legal conundrums before it. It would be interesting to recall at this juncture the Schuman Declaration, which provides: "Europe will not be made all at once, or according to a single, general plan. It will be built through concrete achievements, which first create a *de facto* solidarity." Probably this prediction—or prescription—certainly fits into the first stages of constitutionalism within European Union.

But despite such a revolutionary transformation the constitutional battle is unlikely to end in the event of EU being turned into a nicely ordered, state-like entity as is clearly desired by the ECoJ. Just as lawyers have an in-built bias towards constitutionalism, so also international and intergovernmental relations have an in-built bias against it. Constitutionalism, after all, is in someway an antithesis to intergovernmentalism. For the advocates of intergovernmentalism the continued centrality of the nation and state is ontologically necessary.[15] But as the journey of the process of integration shows, nor is the EU likely to remain a bundle of loosely allied states. According to the Scottish legal philosopher Neil MacCormick, the EU is increasingly becoming the first true 'multi-centered' polity—or a 'poly-centric' polity (according to Marlene Wind).[16]

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[15]. Ibid, p. 103.
[16]. n. 1, p. 11.

Conclusion

The diversity of federal systems stems from the historical origins and distinctive cultural backgrounds of each federation but none can be regarded as the correct model for the EU to follow. But that is little doubt that its development will be on federal lines. Having considered this at the same time it is clear that the European Union is not about to become a super nation-state. It has too many nations to bring together. Like any other large federations and confederations, a United States of Europe would have to be multinational.

A European Federation, if it were to develop into fully-fledged form, would unavoidably take different shape from that of the US, or Canada, or Australia. Multiplicity of language, cultural diversity, highly differentiated patterns of national law, administration and economic management and structure, all that make the attempt to combine the separate European states into a federated whole a more complicated task. The European confederation which has emerged so far is also highly distinctive from other and earlier historical attempts at federal aggrandizement.[17]

The credibility of a European federation would be considerably enhanced if it could be shown that traditional concept of a new overarching political body was something which was consonant with current trends existing at both interstate and intrastate levels in Europe. The idea of a federal European state would then be seen for what it is: a distinct state. Founded upon certain organisational principles it would no longer be viewed as a new unitary state in the making but rather as something distinctive in its own right. Just as it is now conventional wisdom to describe the European Community as *sui generis*, so it would be perfectly possible to look upon a European federation as a unique state congruent with European needs and requirements. A federal state, emerging out of the Community's current *acquis communautaire* would necessary be founded upon a stronger, more direct, institutional linkages between the member states as states and among peoples of Europe as European citizens. Then a clear distinction emerges between federalism as the accommodation of diversity within a state that something concerned with

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[17]. W. Wallace, "Europe as a Confederation: The Community and the Nation-state", *Journal of Common Market Studies*, vol.20, 1982, p. 60.

domestic political organisation and federalism as both a process and a strategy for political unification, a means by which European states can be brought together to form a new overarching federation.

Though intergovernmentalism has commonly been accepted as the dominant operational mode of Community relations since around the mid-1960s, however, one danger of this brand of intergovernmentalist concept of the Community is that it tends to become the only reality. It is blind to rival perspectives. In consequence, it not only underestimates actions and energies directed towards different goals but it also seriously limits the real possibility of policy and institutional renewal. It has also been accused that 'pure' intergovernmentalism is too static, narrow, status quo oriented and therefore unconvincing in their institutional focus and understanding of the political context for EU policy-making.[18]

So the stark contrast between the federalist aspirations and intergovernmental reality is harmful to the EU's governance process because it increasingly diverges so much public confusion and misunderstanding about the European Union that its objectives and institutions often appear to be theoretical and unworldly.[19]

The crucial dividing line with reference to European Union as an intergovernmental regime or a confederation/federal union, must be drawn taking into account the presence or absence of sufficient authority and resources at the disposal of its institutions which, in turn, effectively limit the behaviour of the member states and thereby imposing certain obligations on them and at the same time which are also generally accepted. The range of issues over which those authorities exist need not be comprehensive, but the size of the resources at the federation's disposal need to be large. Though whether the EU is "above", "alongside", or "below" the nation-states is a matter for semantic disposition in underlining this the most fatal conceptual mistake the enthusiastic supranationalists

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[18]. n. 11, p. 260.
[19]. Ibid, p. 180.

have done was to assume that the EU would succeed in displacing the actions and authority of national governments.[20]

But the conceptual enigma that is the European Union is still a hope for all the intergovernmentalists, con-federalists and federalists alike. As Hallstein has rightly summarised its elusive character:

> We must remember that some people object to the use of the word 'fede:al' because to them it carries the implication that the Community arrogates to itself the right of being a state...It's not a federation because it is not a state. And it is not a confederation because it is endowed with the power of exercising authority directly over every citizen in each of its member-states (read CoJ and EP)...The constitution of the Community is that of a union of states...It is therefore, not unlike the constitution of a state; and like a state it has not only 'institutional' but 'constitutional' problems. But yet it is a living thing.[21]

Many times throughout the history of European integration, pundits have predicted its demise. Political leaders have challenged it in a variety of forms from Charles de Gaulle to Margaret Thatcher, but it has grown in scope and depth over the past fifty years notwithstanding all the debates about federalism and intergovernmentalism by the theory tired political analysts. The growth of the European Union has outpaced all the academic assumptions and theory building. It exists and it represents the most advanced form of economic and political integration ever witnessed among democratic states in Europe. There is no greater testament to its success than its growth from six member states in 1952 to fifteen now and which will be twenty-seven in 2004. And as more progress is made in the process of European integration, it is harder to argue that sates are the primary units in this system.[22] Thus, the federal state, which will now grow out of the European Union, would be something unique.

It is a form of governance that still can not be explored and analysed in the normal fashion of political analysis. It remains "a work in progress", so much so

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[20]. Ibid, p. 266.
[21]. n. 9, p.20.
[22]. n. 12, p.45.

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that whatever is said about it today is unlikely to apply ten years from now. Walter Hallstein once said of America that it is a form of government which is neither exactly national nor federal and the new word which will one day designate this novel invention does not yet exist.[23] And the same is probably true about European Union also. And whatever it becomes it will still be difficult to classify, if only because—unlike other states—the EU may always be in the process of becoming something else!

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[23]. Ibid, p. 39.

CHAPTER III

EU INSTITUTIONS AND FEDERALISM

The supranational ideas, influences and strategies have varied in strength overtime and have always been a perfectly legitimate part of the European Union's mixed political tradition. The precise nature of this heritage, like the EU itself, is complex with many tentalising theoretical twists and turns which stretch back to, paradoxically, much further than the European Union's own history. [1]

It is, therefore, important both to underline and to reinstate this federal heritage because it serves to emphasise the legitimacy of the federal idea in the European Union's political and constitutional development. It must not be pushed to the margins of Community activity. On the contrary, federalism retains its significance for European governance both as a process and as an end to be attained.

Apart from the strategic and doctrinal controversies that ruptured the early federalist movement in the mid-1950s, one should not forget the pervasive influence of federalist thought upon the practical policy-making processes and the evolving institutions of the Community at this time. If one looks closely at the eventful years between 1952 and 1954 it is clear that the attempt to launch the project for a European Political Community (EPC), building upon a European Defence Community (EDC), was made 'largely as a result of the federalist pressure'. Moreover, federalist ideas also contributed to a great deal to the content of the proposals.

Thus in the evolution of the European Union, there has always been a fundamental continuity of federal ideas, influences and strategies. Moreover, this continuity of federalism has been the main impulse behind the continuous struggle in the process of EU governance in order to achieve qualitative change in the relations both between states and among peoples of Europe. Federalism engages a multiplicity of established human beliefs and practice at different levels both within and beyond traditional state-boundaries. And this principle applies to whether the institutional structures are arrived at, as it were, from below or from

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[1]. Michael O'Neill, *The Politics of European Integration* (London: Routledge, 1996), p. 167.

above the existing state authorities. The principle of unity in diversity naturally facilitates different conceptions of unity and different conceptions of diversity, but these conceptual varieties, it was felt in the specific context of European Union, must ultimately be channelled into a network of institutional accommodation at some point.

Institutions, once established, usually take on a "life of their own". The political actors who control them at any given time both act upon the institutions and are also shaped by them in turn.[2]   In this way the institutions of European Union: the European Commission, the Council of Ministers, the European Court of Justice, the European Parliament, the European Council, the Economic and Monetary Union etc., are quite typical and unique in terms of their supranational and federal character. The treaties that have ultimately shaped these institutions are also akin to the nature of federal constitutional framework. It has not been an arena in which they have been bystanders. These institutions have affected both the states and the societies of Europe which they have acted upon. They have created, in the course of their evolving process, a legacy which is more in tune with the federal nature of a state. All these have bolstered the federal logic within the sphere of the governance of the European Union. The continuity of federalism through this set of institutions remains a hallmark keeping the hope of a European federation alive.

In this context, it is necessary to examine as to how and to what extent the institutional structure of the European Union resembles a variety of federal characteristics as well as how it affects and influences the governance of European Union in the absence of a government and a written constitution.

Court of Justice (CoJ)

The European Court of Justice is entirely in keeping with the confederal character that has been ascribed to the Community. A confederation implies the establishment of a 'supremacy' of law-making power, acting within the area set out by the founding treaty, and existing alongside the 'supremacy' or law-making

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[2]. Gretchen M. MacMillan, "The European Union—Is It Supranational State in the Making", in Andreas Heinemann-Gruder (ed.), *Federalism Doomed?—European Federalism between Integration and Separation* (USA: Berghahn Book, 2002), p. 66.

powers of the member-states. It implies the establishment of some kind of judicial machinery to ensure that when this new law-making power acts within its proper treaty-based competence its laws are uniformly observed. Perhaps above all it implies the existence of a machinery whereby disputes between the member states pertaining to the scope of the treaty and to the acts taken under it can be settled by "due process of law". In fulfilling these functions, therefore, the CoJ stands fully within the logic of a confederal system.[3]

The ECoJ's judgements and the way these have been received by the national courts have fundamentally broken the states' monopoly on law making within their own territory. From the early 1960s onwards the CoJ has been gradually refusing to regard the Community as based on international law and has sought in its case law and judicial discourse to confer on it the status of a federal state. The CoJ by inventing doctrines of "direct applicability", "supremacy", "pre-emption" and "exclusivity", with intrusive effects for the national legal orders of the member-states has established a governance system of sub- and super-ordination approximating that of a federal state. The national courts also have recognised, though reluctantly, the CoJ's interpretative competence and autonomy, which Weiler has called a "quiet revolution".

This clearly challenges one of the most defining important principles of national sovereignty and clearly reflects the federal characteristics that institutions like this possess. To put it bluntly, when it comes to areas where the European Union law is supreme and has direct effect, the member states simply no longer figure as the ultimate authority vis-à-vis their own citizens.

In cases of conflict between national and EU law, the ECoJ clearly sees itself as having the last word and therefore as being the final arbiter of law in all EU matter.[4] Today only a very small number of national policies are not in one way or the other influenced by Community regulations. To give just a few examples: The ECoJ has ruled on whether people in Britain should be allowed to shop on Sundays, the organisation of gender politics in the workplace and whether

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[3]. n. 1, pp. 240-41.
[4]. Marlene Wind, *Sovereignty and European Integration—Towards a Post-Hobbesian Order* (New York: Palgrave, 2001), p. 84.

Irish students should have access to British information on abortion services. The ECoJ has also ruled that working women are entitled to draw their full pay in the event of illness during pregnancy, which is applicable to all the member states. It has also decided whether the EU law should contain a catalogue of fundamental human rights, whether command over foreign commercial level should be centralised or decided at member state level, and whether sovereign applicant states are democratic enough to meet the requirements for EU membership. And the list goes on.[5]

Though the ECoJ very well stands fully within the logic of a confederal system but in its judicial capacity as overseer of laws that are superior to the national laws of member-states and binding upon the citizens of Europe since 1979, also fits into a conventional federal category. However, one has to remember that though the ECoJ is entitled to speak in the name of European people it would be clearly rash to claim that one European people yet exists. But taking into account the precedences and the legacies the ECoJ leaves open it would not be sanguine to hope that may be in the near future a European citizen will come into existence.

European Parliament (EP)

In 1979 a major step was taken when the European Parliament (earlier known as Common Assembly), in accordance with the provisions of the Rome Treaty, became a body directly elected by the people of the member states. Thus, the roots of the Community became significantly deeper and since then the EP continued to be an important repository of distinct federal influences. And this unique development reflects some characteristics of the establishment of a new kind of confederation in Europe. It has been made between democratic countries, and is intended itself to embody democratic principles. Of course there is a lot of difficulty in organising a confederation of democratic states. On the one hand a confederal congress of states, with the power to decide upon laws, can not act if its participants are controlled too closely by their national parliaments. On the other hand there is a limit to the extent to which the government of a confederation can be made democratic by way of a joint confederal parliamentary assembly. So in

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[5]. Ibid, p. 108.

this context the European Parliament does not approximate to the likes of national parliaments in which a government elected by the people faces the criticisms of an opposition.

Both in theory and practice the issue of direct elections did suggest far-reaching consequences for the future relations between member state governments and European Union institutions. Direct elections were themselves symptomatic of a Europe that was urgently requiring further constitutionalism if it was to acquire and express that autonomous political life which was so palpably absent in Jean Monnet's Europe. For federalists, the question of direct elections transcended the question of obvious need to lend some democratic legitimacy to the European enterprise and went beyond mere concession to Western liberal democratic ideology. They were part of a much larger overall strategy of institutional reform intended to organise power at the European level—a means by which the European political will could be nurtured and canalised.

It is important to mention here that in the process of the proceedings of the European Parliament it is some of the transnational political parties that have played a significant role in furthering the federal agenda of Europe. The European Union Federalist (EUF), the Italian Movement Federalista Europeo (IMFE), the European Democrat Group (EDG) and the European Peoples' Party (EPP) are the important ones, which are either pro-federalists in their aims, or tacit federal sympathisers. They are part of a Europe wide network of political education, transmitting information and organising activities designed to foster European sympathies by braking down narrow national mental barriers to a closer union.

The EPP in particular has an unequivocal commitment to a federal Europe. Formed in April 1976 after a series of inter-party differences over organisation strategy and membership, the EPP sees itself as a genuinely integrative European transnational party federation. The party statutes are remarkably lucid about the future of Europe and reveal an organic view of the European society. It says, "We are firmly committed to the final political objective of European unification, that is

the transformation of the European Union into a unique European Federation"[6]. It speaks of four principles such as pluralism, personalism, solidarism and subsidiarity which taken together would yield a particular brand of European federalism.[7] These doctrinal pronouncements constitute a philosophy of man and society in which federalism is located as a central organising principle. And there is no doubt that the EPP was and continues to be the mainstay of the federal cause in the European Parliament and its ultimate objective remains categorically a federal Europe.

Today the powers of the Parliament vary from one issue to the next, as reflected in the varying denominations of its authority as "consultation", "cooperation", and "co-decision" etc., and these powers have also been changing over time. Though the Parliament's powers are restricted to the first 'pillar' of the European Union, and do not extend to the Common Foreign and Security Policy or to intergovernmental cooperation on justice and home affairs, still it has significant number of tasks such as scrutinizing draft legislation and the budget, supervising the European Commisssion and the Council of Ministers, caring for constituents and debating current issues etc. Under its discretionary authority, it may question the members of the Commission, including the President, amend or reject the budget, and also dismiss the Commission. The "cooperation procedure" also gives the Parliament powers to amend proposals relating to the single market. The "co-decision procedure" gives the Parliament powers equal to the Council of Ministers in fourteen specific policy arenas, including health, education, training, science and technology, culture, consumer affairs, trans-European networks such as energy, transport and telecommunication, environmental issues, regional policy and developmental cooperation, etc. Under "co-decision" arrangements, introduced under the Maastricht Treaty, the Parliament has the authority to amend or reject legislative proposals on these areas coming from the Council of Ministers.[8] The

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[6]. Michel Burgess, "European Union Relaunched, 1980-1984" in M. Burgess, *Federalism and European Union—Political Ideas, Influences and Strategies in the European Community, 1972-1987* (London: Routledge, 1992), p. 150.
[7]. Ibid, p. 151.
[8]. Dennis Smith and Sue Wright (eds), "The Turn Towards Democracy" in Dennis Smith and Sue Wright (eds), *Whose Europe? The Turn Towards Democracy* (Oxford: Blackwell Publishers, 1999), p. 16.

principle of subsidiarity[9] was also enshrined with the parliament under the Maastricht Treaty. And in the Amsterdam Treaty of 1997 the powers of the EP were extended still further.

In the early months of 1999, the accountability of the European Commission to European Parliament got to acquire some reality. In a 144 page report appeared entitled *Allegations regarding Fraud, Mismanagement and Nepotism in the European Commission*, the EP commissioned an enquiry, which was carried out by a Committee of Independent Experts. And according to the finding of the report which found the Commission at fault, the EP forced the Commission to resign *en bloc*.[10] The EP's financial role in EU affairs has also grown markedly during the last two decades. It now exerts a significant influence upon both the size and allocative nature of a growing part of the EU budget and it retains the overall power to reject it, which it has threatened to use more than once during the last decades.

Though the Parliament's powers have not grown as fast as it should have been but its overall institutional strength—its capacity to take initiatives, to invade new public policy spheres previously unoccupied and to interpret its own role ambitiously—is undeniable. The tendency to link direct elections with federalism has probably harmed the Parliament to some extent in some member states but it has not prevented it from evolving into something considerably more significant than a mere debating chamber.[11] It has been often said that if a parliament does not have a government it is a source of chaos and in the context of European Union this has some validity when one takes into account the ambiguity in the decision-making procedure in the overall governance system of the EU *vis-à-vis* the Parliament and the division of labour among its various institutions. But notwithstanding all this, the EP's federal potential, it must be said, remains. The

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[9]. Subsidiarity is the principle that in areas that do not fall within the Community's exclusive competence it shall take action 'only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the member states and can therefore...be better achieved by the Community' [article 3b of Maastricht Treaty].
[10]. n. 8, p. 2.
[11]. n. 6, pp. 101-02.

point is further proved by the call given by the Treaty of Nice for a debate on the role of national parliaments in the European architecture.[12]

Economic and Monetary Union: A Catalyst for Change

Economic and Monetary Union (EMU) has a long history within the process of European integration that resembles the continuity of federal characteristics in the institutional structure of the European Union. The idea first appeared from a gathering of the Community's heads of state at a meeting in the Heague. The result was the Werner Plan of 1970, which envisaged the creation of a monetary union over a period of ten years. However, the oil crises of the early 1970s and subsequent global economic downturn greatly undermined the political will to bring this project about.[13] Some twenty-one years later the concept was embodied in the Treaty of European Union (Articles 102a to 109m). It was built upon the existing success of the European Monetary System (EMS), which began its life in 1979 and the Common Market. In 1988, the then President of the European Commission, Jacques Delors was commissioned to produce a report that would propose concrete steps leading to economic and monetary union. The report proposed a three-stage process. Stage one began on 1st July 1990 and was aimed at increasing monetary coordination by bringing all member states in to the EMS and completing the Single Market. The second stage, which began on 1st January 1994, witnessed the establishment of a European system of central banks. Finally, the third phase, which began with eleven (and now twelve) of the fifteen EU member-states, started on 1st January 1999. This last stage irrevocably fixed the exchange rates and moved to a single currency with the final physical launch of the Euro currency from 1st January 2002.

This development did act as a catalyst for further change. Already in stage one the member states were expected to move towards greater coordination of their monetary policy. By stage two they had begun to meet within the confines of the European system of a central bank; and the forerunner of the European Central

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[12]. *European Union Treaty of Nice* (Luxembourg: Office of the Official Publications of the European Communities, 2001), p. 89.
[13]. Francis Campbell, "Federal Arrangements, Negarchy and International Security—The Philadelphia System and the European Union", in MacMillan, n. 2, p. 50.

Bank, the European Monetary Institute, had come into being. By the third and final stage, eleven (and later on twelve) member states of the EU had irrevocably fixed their national currencies and formed one currency region (read Euro Zone). It is interesting that in moving to this third stage the prospective members had to embrace rather strict convergence criteria (Article 104, 104c and 109j of the TEU). These criteria severely curtailed the economic policies, both monetary and fiscal, of the member states. Many of the southern European member states were pursuing economic policies that were harmful to them in the long term. Interestingly enough, the prospect of economic and monetary union seemed sufficiently attractive in Italy and Spain to fight off pressure for a shift from anti-inflationary policies and towards one aimed at reducing excessive unemployment.[14]

As it is well known that currency is more than just a medium of exchange or a unit of account. Currency has a major role in a country's constitutional and political fabric. From 1st January 2002 onwards the citizens of different member countries started using Euro leaving aside their national currencies—the symbol of their national pride. Currency is one of the key indicators of national sovereignty and statehood. Thus, it is quite wrong to see the introduction of Euro as a mere technical measure in the process of EMU; rather it possesses rich symbolism. It bears a strong political resemblance of a federal state and carries with it the message of a state building. And there is no doubt that governments will lose influence as more and more national companies and institutions will think outside the national frame of reference. Though this is not to say that national identity will be eroded entirely, but it is quite clear that the impact of EMU on EU will be of without precedent both internally and externally. Internally the political consequence will be momentous. Economic and monetary union has already added another supranational entity to the institutional architecture of EU—the European Central Bank (ECB), without necessarily creating any corresponding political union. And this has already fuelled the call for more legitimacy in the governance of European Union by reducing the democratic deficit. The twelve members that form part of the Euro zone are also examining ways of intensifying their cooperation under the new "Euro X Forum". Economic and monetary union is already requiring greater coordination of macro-economic policies so that member

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[14]. Ibid, p. 51.

states' economic cycles are more in tune with the overall financial policy target of the ECB.

A single monetary policy could see the EU evolve from its current position as a structure concurrently guarding against anarchy and centralization, into a truly federal state. If a single monetary policy results in a single fiscal policy within the EU, then the process of governance will have reached and encapsulated some of the core sovereign areas traditionally reserved for the state. Economic and monetary union involved a three-pronged process where the EU witnessed convergence of monetary policies within the EU. The restrictive nature of the convergence criteria, assessed independently by the Commission, has had a huge impact upon the member states' ability to formulate their own fiscal policies freely and independently. So one could be forgiven for concluding that EMU will act as a catalyst for a common fiscal policy within the EU at some future date. And already there is a process of fiscal coordination within the EU in the shape of the European Finance Ministers' Committee. So there is little doubt that in the recent future EMU will require some form of fiscal federalism in order to help the economies of the Euro zone should they face any kind of financial shock.

The external impact of the EMU also deserves attention. EMU will bring immense global responsibilities for the EU and these responsibilities could well hasten further efforts at fiscal harmonization to induce a federal kind of governance in the political sphere. Some suggest that in an area with a single monetary policy there should be single fiscal policy. Because a uniform re-distributive policy within the EU would compensate for the lack of labour mobility and therefore rectify one of the central problems for economic and monetary union. In matters of trade, the EU is being represented by the European Commission and it has successfully concluded the GATT Uruguay round negotiation. The Commission attends all G7 meetings on an informal basis, but is examining ways to bring its status onto a more formal footing. The most important role of the European Union on the external front will be the role of the Euro as a new reserve currency for nations where the American dollar still dominates the scene. This could ensure a dramatic shift from a unipolar world financial system to a bipolar

one. Since 1st January 1999 the EMU bloc has become the world's largest exporter and importer and it accounts for 20.9 per cent of the world's trade.

If monetary union is indeed to result in fiscal union then one can safely declare that the EU is no longer a mere grouping of nation states governed in terms of intergovernmental negotiations. But it may still be called "governance without statehood", if there is no significant and complementary alteration in the political structure of the EU. If fiscal harmonization emanates from economic and monetary union in the way that economic and monetary union emanated from the creation of the single market, then yet another core area of statehood will be embraced at the European level furthering the federal agenda in the development of the European Union and in its governance system.

European Council

The European Council retains its authority for intergovernmental cooperation and its supremacy in international affairs, but it acquired the power to determine the transfer of areas of cooperation to common action. And from time to time the European Council is delegating a number of areas to the competencies of the other organs like the Commission, which in turn strengthens the federal characteristics of those organs enhancing their authority as supranational institutions. The formal incorporation of the European Council, though somewhat reluctantly, in the TEU is a case in point which critics like Juliet Lodge argues is a distinct diminution in its power to initiate legislative proposals.[15] While stressing on this point it should be remembered that the European Council is not really a European institution *qua* other institutions and its accommodation in the TEU only showed its expedient quality.

Treaty on the European Union

The key Article 38 of the Treaty on the European Union sets out a new legislative procedure involving a bicameral system of co-decision by the Parliament and Council together with a series of deadlines for each stage of the

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[15]. n. 6, p. 169.

legislative process, and specific majorities for voting in both institutions. This proposed a revolutionary step in the federal progress of the Community. And the TEU could accurately be described as a federal document only in the extent to which it enhanced the decision-making capacity of several institutions of the European Union. Though some radical federalists question whether the specter of a federal Europe in this treaty is a myth or a reality, it nonetheless acted as a catalyst for later treaty negotiations such as Maastricht and Amsterdam in finding the place for Community's federal aspirations. Paulo Barbi, the EPP President in 1983, summed up his interpretation of the TEU in these lucid terms:

> This proposal does not do away with the sovereignty of our states, it does
> not set up a federation...it does not create the United States of Europe; but
> it does lay the institutional basis for that Federal European Union which our
> political leaders said they all want to bring about.[16]

The basic ingredient of the TEU was not just that it was a political document which reflected broad consensus of European parliamentary opinion, but that it contained within it the cornerstone of Spinelli's federalist strategy. It provided the means by which the Community could go beyond what existed. As it has been always stated prudently that the absence of a federation should not blind one to the presence of federalism in the governance of European Union so the TEU could conceivably be assessed as a case of continuity of federalism without federation.

Citizenship—Maastricht and Amsterdam Treaty

Citizenship is important and widely held in democracies, and rights of political participation are in the core of powers it accords.[17] This is one of the main reasons why both the Maastricht Treaty and the Amsterdam Treaty dealt with the concept of Union citizenship. Citizenship is a practice which regulates the relationship of individuals to the bodies of governance to which they are subject. Both the treaties bolster Union citizenship in order to bring the European Union closer to the citizens of Europe.

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[16]. Ibid, p. 170.

[17]. Andreas Follesdal, "Third Country Nationals as European Citizens: The Case Defended" in Smith and Wright, n. 8, p. 107.

The concept of single European citizenship is surely a step towards the much perceived federal direction. Though it will only come in the psychic level of the peoples of Europe by transcending the national cultural barriers, but elaborating it in treaty texts itself explains the potentiality of the issue at hand. This clearly stresses the political ambition of its leaders, which has been categorically stated in Article A of the Maastricht Treaty as "creating an ever closer Union among the peoples of Europe". The following articles of the Maastricht Treaty deal with the citizenship issue of the EU.

> Part Two
> Article 8 (1) —Citizenship of the Union is hereby established. Every person holding the nationality of a Member State shall be a citizen of the Union.
> Article 8a (1) —Every citizen of the Union shall have the right to move and reside freely within the territory of the Member States...
> Article 8d —Every citizen of the Union shall have the right to petition the European Parliament in accordance with Article 138d.
> Every citizen of the Union may apply to the Ombudsman established in accordance with Article 138e. [18]

Some sceptics fear that dual citizenship is a threat to the state sovereignty. Rainer Baubock points to four objections to dual citizenship as conflicting loyalties, incompatibility of legal norms, evasion of citizen duties, and diminishing of citizen rights.[19] However, the conflicting loyalties and incompatible legislation, as well as loopholes leading to evasion, can be regulated and avoided through better coordination among states and by a just clarification of the powers of the EU as Article 8(1) of the TEU said "Citizenship of the Union shall complement and not replace national citizenship".

Conclusion

Though the establishment of the European Monetary system in 1979, after a great deal of intricate politicking, took the Community a little way down the road towards economic union on which it had started out—and faltered—ten years

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[18]. "Appendix: Maastricht Treaty on European Union" in Martin Holland, *European Community Integration* (London: Printer Publishers, 1993), pp. 107-8.
[19]. n. 17, p. 116.

before, the impact of national industrial policies and the deliberate actions of governments responding to domestic pressures have re-erected barriers within the common internal market. The effectiveness and prestige of the European Union's institutions have declined, despite the achievement of a directly elected Parliament and the establishment of the new "quasi-institution" such as the European Council. Most fundamentally, the rumbling and linked disputes over the distributional consequences of the Community budget, the reform of Common Agricultural Policy (CAP), have demonstrated a worrying rigidity in the structure; the EU's capacity to adapt its policies and institutions to changing circumstances appears to be low.

Sometimes it seems more realistic to say that the European Union is struck in the debate of federalism *vs* intergovernmentalism. And in the views of Ghita Ionescue, recognising the necessity of closer collaberation in a still-widening number of fields, anxious not to jeopardise what has been achieved so far, but unable to mobilise the imagination of the coalition of political forces, the EU is hard pressed as to how to supply the central authority that is needed to achieve a smoother governance.

The reasons for this apparent paralysis are not hard to seek: they lie first and foremost in the domestic preoccupations of the member governments, in their lack of spare sources, political or financial, to invest in the European dimension. But continuing failure to do so—to accept that there are further limitations on sovereignty which have to be granted—will surely gradually undermine the prestige, legitimacy and the effectiveness of what has so far been achieved.

But in spite of some the apparent hindrances that have created problems in the making of the European Union, there is still a lot of hope for the EU to develop it in a federal direction as we came to know from the above analysis. During the development of the EU and more especially since the Luxembourg Compromise of 1966, the position of the Committee of the Permanent Representatives (COREPER), a body that is responsible for preparing the decisions of the Council, has been strengthened much to the satisfaction of the federalists. The current pivotal role of the COREPER deserves particularly to be noted. Because of its permanency, its close links with the member-state, and the instructions which pass

to it from them, it is in some ways more analogous to the governing body of the customary confederation than any other body in the EU. The procedure by which the Council of Ministers makes its decisions also conforms closely to confederal practice. Since the Luxembourg Compromise though unanimity has been the accepted as the norm for matters affecting the vital interests of a member states, the option for possible majority voting has also been kept open.

If one takes the example of the Federal Republic of Germany it becomes quite obvious as to how the EU, the German Federal Government and its sub-national regions share power and authority among them. The sharing of sovereignty, that is, the guaranteed division of power between the national and sub-national governments, is a hallmark of federation. In case of Germany, sovereignty is shared among all three levels—the *Laender*, the German Federal government and the EU. Thus, in policy areas where the EU has (or shortly will) become active, relations between the three levels of government can be characterised as federalistic. This corresponds to Sbragia's notion of "segmented federalism", that is treaty-based federal arrangements in certain policy areas without a formal, constitutional based federation. Germany is characterised by a vertical division of powers according to which the federal government is granted greater policy competencies while the *Laender* are primarily responsible for policy implementation and administration. Likewise, the expansion of policy-making by the EU has reinforced this vertical division of power. In most cases EU legislation and policy programmes rely heavily on member-states for implementation. And here comes the concept of "co-operative federalism".

From this perspective it is easier to see how intergovernmental relations between the *Laender*, German Federal Government and the EU might be characterised as 'federalism within federalism'; without necessarily having the EU fully constituted as a state in the classical sense. This implies that relation between EU and the national governments on the one hand and the EU and sub-national governments on the other are based on high degree of mutual influence and a functional division of power. Each level retains certain powers of sovereignty. In this case, federalism need not take the classic institutional form of federation. What

is decisive is that the institutions, the organisational methods and principles that reflect them.

Against the background of a general diffusion of power from the centre to region and to local tiers in most European countries, except for Britain, a new dimension to the issue of distribution of power has arisen with the creation of the European Union. As the story of its evolution has demonstrated, the Union's institutions are continually evolving as they acquire new responsibilities. Each stage in its evolution process starting from the very creation of ECSC has been seen yet another step in what Robert Schuman in 1950 described as, "laying the foundation of a European Federation". [20]

Now the EU commands resources, distributes benefits, allocates markets and market shares, and adjudicates between conflicting interests—all though on a modest scale, within limited sectors, but all taking it into the central issues of politics. National governments make valiant efforts to impose coherence and coordination on their activities at the European level. But the operations of trans-governmental coalitions among both ministers and officials, which is a long-accepted aspect of Community politics, tries to neutralise them because of the overlapping interests of such groups that is involved in it. Transnational groups have mushroomed, representing the interests of European level steel-producers, pig-farmers, trade unionists and environmentalists etc. The belated establishment of a directly elected European Parliament with the consequent added incentives to form effective parliamentary groups and to campaign during elections on more than a national stage—has increased the transnational dimension of party politics. The number and proportion of national elites drawn into the network of discussions and debates in Brussels, Strasbourg and Luxembourg continues to rise in response to the continuing recession and the intractable problems of industrial adjustment and economic slowdown which the recession has imposed.

All these facets of federalism in the institutional structure of the European Union will certainly determine what kind of Europe will emerge in the future out

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[20]. E. Wistrich, "After 1992: The United Sates of Europe", cited in O'Neill, n. 1, p. 185.

of the present one but it is impossible to foresee today those decisions that could be taken in a new context of tomorrow.

The creation of one European people, however, which is the pre-requisite simultaneously of a fully democratic European Union and of the transition from a confederal structure to a federal state, remains a matter for the future. Progress in this direction is likely to be slow unless and until the European states decide, as a result of convergent self-interest, to establish a security confederation to complement the existing economic confederation and thereby advancing towards the ultimate goal of a political federation.

The idealist tradition of international relations has long wished to discover evidence of the withering away of the nation-state, the transfer of loyalties to international authorities, and the growth of world society. The optimistic vision of an integrated Europe, with power progressively transferred away from national governments to the new supranational authority, is firmly within this idealistic tradition and which is slowly but surely happening.

It is true that the ultimate goal of Monnet and Schuman was a European federation but the size of the gap between the rhetoric and reality and that between intention and consequence should not be underestimated. Any attempt to link political ideas with political actions is frought with immense pitfalls. Efforts to relate political influences to political impact and to connect political strategies with political effectiveness are equally difficult. When one makes claims for the European Union's federal heritage, then one must proceed cautiously. It is yet an assumption that needs to be proved.

Forsyth, one is reminded, has once described the Community as an economic confederation and in this regard this analysis can not be faulted. But, nevertheless, he did also acknowledge that the Community's federal elements, though conspicuous, do not exclude federal features. Federalists, however derive great hope from parts of this institutional structure which they see as an evidence of an embryonic European federation.

Particular nation-state leaders and elites have also contributed to forward movement in the European Union at different periods in their history. Though this

is not to imply that such elites and individuals have necessarily been convinced federalists but the impact of their action has often coincided with movement in a federal direction. The attitude and approach of the Benelux countries which have often been associated with progressive, and sometimes bold, initiatives and also the Paris-Bonn axis with concrete policy achievements facilitating further incremental steps towards more binding EU, are some cases in point.

The leaders of the European Union are under no illusion that the structural work in the European Union is complete. The building of Europe is happening incrementally which some categorise as incremental federalism, but may be the thresold has already been passed and the continuity of the federal features do warrant a more comprehensive settlement to determine the future trajectory of the European Union.

In this context, it would be pertinent to quote here J. B. Priestly's poignant remark which aspires the substitution of the nation-states for a European federation (which is possible if the continuity of the federal legacy of the European Union through its institutional structure is taken as the basis) that would restore peace to the peoples of Europe long divided by bloody battles.

> It is possible that the removal of national barriers, many of which are purely artificial, and disappearance of cunningly stimulated national feelings, might increase the natural attachment of all sensitive persons to the region in which they live. It might do most of us good to have loyalties at once wider and narrower than the ones we have at present. Wider, because we substitute for the nation . great federation of peoples, with whom we cooperate instead of competing. Narrower, because once we are free of the age-long dog-fight of nations, once we have no longer to attend to the horrible, cynical spectacles of the powers lying, cheating and arming, we can atttend to our own dreams of magical world and fairyland.[21]

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[21]. J. B. Priestly, "Federalism and Culture" in R. Mayne, J. Pinder and J. C. Roberts, *Federal Union: The Pioneers*, cited in O'Neill, n. 1, p. 164.

CHAPTER IV

BRITISH EUROSCEPTICISM

There are numerous examples of governments dragging their feet in the course of the governance of the European Union. That is not unusual in diplomacy in international institutions. British hostility towards a federal European idea was formented by the establishment figures of the British politics who opposed British participation in the building of the European Union after the Second World War. But, it is perhaps most unlikely that in the very initial years of the formation of the European Community, the granting of unusual powers and the right of initiating legislation on behalf of sovereign independent countries to an independent body of international civil servants, was part of a deliberate strategy. Though, of course, the European Resistance movements gravitated more towards the federal idea as the basis for a new Europe, but what stands out in the general resistance literature is the personal experience of war; and this trauma gave the burgeoning support for federalism its strong moral content.

Europe is a fascinating idea which has shaped several events in the heart of the European continent. And it has not only created intra-party divisions, but also at some times united major political parties in the domestic politics. And the British case signifies the most important event in the history of European governance. Since the inception of the European idea, the British have shown their neurotic and allergic Euroscepticism and are always known to be a reluctant partner in the process of EU integration. They constantly fear the loss of their sovereignty in an ever expanding and omnipotent European Union process. And there exists another school of thought who favour more deeper integration of the European governance system and often have favoured supranationalistic and federal means (as opposed to the intergovernmental route preferred by the British) to achieve their objective of a more binding European Union for the peoples of Europe. This has generated enough heat in the European political arena which has sharply divided the issue of European governance. Terms such as 'Eurosceptics', 'Eurofanatics', 'Europhiles' have been frequently used by the advocates of both the schools of thought against each other and this signify the volatile and

controversial nature of the issue at hand. So in this context it would be pertinent to analyse the issue of Euroscepticism and keep it in its right perspective.

On several occasions prominent British political leaders and elites have raised their voices and contetsted the issue of British participation in the European Union. As early as in 1953, Sir Winston Churchill as Prime Minister of UK observed that "We do not intend to be merged in an European federal system"[1]. In the same vein Neol Malcom argued that "Each time we delegate the exercise of important areas of our authority to 'Europe', we don't lose sovereignty...We merely become more likely to lose our sovereignty"[2].

The Eurosceptics give several arguments in favour of their case. Tony Benn warned in 1974 of the 'end of the elected British Parliament as the supreme law making body for the UK', and thirteen years earlier Hugh Gaitskell had warned that a 'European federation does mean the end of Britain as an independent nation state... It means the end of a thousand years of history'. On 10 August 1974 in a televised debate Neil Marten predicted "Where does it end up? It ends up quite clearly with a European Parliament—there is one of course—but it will be strengthened...it will go on. It will get budgetary power and so on, it will be directly elected and in the end it will have a majority voting system. It will have a common defence policy, common foreign policy, and common social and monetary...policy. So in the end this is what will rule this country (read Britain) and British Parliament will be reduced...to the status of a country council."[3]

In contrast, there has been several extreme reactions to the British participation in the EU in recent times.[4] The European Organisations such as Keep Britain Out and the Anti Common-Market League announced the 'Death of British Democracy' and proclaimed, "It is therefore now the duty of every patriotic citizen—everyone who wants save this country from the national decline inevitable

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[1] . Martin Holmes, "The Conservative Party and Europe", in Martin Holmes (ed.), *The Eurosceptical Reader* (London: Macmillan Press Limited, 1996), p. 8.
[2] . Ibid.
[3] . Martin Holmes, "The Conservative Party and Europe", in Holmes, n. 1, p. 124.
[4] . Publo Jaeuregui, "National Pride and the Meaning of Europe: A Comparative study of Britain and Spain" in Dennis Smith and Sue Wright (eds), *Whose Europe? The Turn Towards Democracy* (Oxford: Blackwell Publishers, 1999), p. 271.

if we are driven into the EEC—to resist the Government's proposed legislation by all means in our power".[5]

There was a discursive conflict between 'Europe as national salvation' versus 'Europe as national disaster'...entry into the EEC was 'coloured by fateful resignation rather than passionate enthusiasm'. Popular newspapers such as The Sun famously campaigned in 1991 against the federalist vision of the then President of the European Commission, Jacques Delors. Others like *The Daily Express* asked their readers in 1996 to fly 'an alternative flag' on Europe Day, as 'your chance to make a patriotic protest against Euro-rot. Though such extreme representations of British 'Euro-phobia' does not reflect the views of the majority.[6]

It has been very difficult to overcome the idea that for Britain, 'going into Europe' represented a shift downwards from the world's first division to a rather inferior league, and hence that limiting national aspirations through submersion in a European super-state would be an intolerable reduction of British potential.

Views of the British Conservative Party

The most fervent critics of the European endeavour in UK are the Conservatives. While disagreeing with the Continentals, the Conservatives took the stand that they did not oppose or seek to prevent the process of integration on the Continent. For them European Union was all well and good but Britain would not partake in it. Churchill tried to effectively argue this in his famous Zurich speech in 1946, and in May 1953. He conveniently stated:

> We are with Europe but not of it. We are linked but not comprised. We are
> interested and associated, but not absorbed. We do not intend to be merged
> in a European federal system.[7]

Anthony Eden, who succeeded Churchill in 1955, took an even more robust line, being quite clearly opposed to British participation:

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[5] . Ibid.
[6] . Ibid, p. 273
[7] . n. 1, p.114.

The experiment of the six cannot succeed without federation and I think it most probable that if we join the six we shall be faced with that decision in a few years time...I am sure that it must be federation in the sense of one Parliament one foreign policy, one currency etc. So far as I can judge events on the Continent of Europe, I do not want to become part of such a federation.[8]

But with the passage of time and with the rise of the superpowers like USA and USSR, Britain's role as well as Europe's started to diminish in the arena of international politics. In 1951 Jean Monnet had bemoaned that Europe has become a pawn in the Soviet-American power struggle, a sentiment widely shared by the Conservatives. The global ideological struggle of the super powers contrasted with the insular Euro-centrism of the EEC. Many Europeans resented the fact that, for the first time in 2000 years, world affairs were not being decided in Europe. Indeed, on the contrary, they felt acutely the division of their continent, the great line of the Cold War, running through Europe. [9]

Many Conservatives were deeply traumatised by the loss of British global power as the process of decolonisation accelerated. Macmillan resented the fact that the British had been humiliated at Suez in 1956, which demonstrated both Britain's economic impotence and loss of diplomatic influence when the Americans and the Soviets voted together at the United Nations to condemn the British, French and Israeli action. Macmillan was acutely aware of the decline of British power which he did not accept as the ultimately corollary of the decolonisation process. He and his generation of Conservatives wanted to find a way in which British power could continue to spread beneficially beyond Britain's borders.[10]

To that generation of Conservatives, the European Union was an ideal "substitute Empire". The Conservatives essentially saw it as a fledgling, young organisation which British leadership could shape and mould. In the process

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[8] . Ibid.
[9] . Ibid, p. 112.
[10] . Ibid, p. 115.

British power would be revived and the trauma of the end of British Empire and Suez humiliation surmounted.

Macmillan and his generation of Conservatives saw in it an economic panacea. Here was a way in which the British economy could overcome so many of its problems without resorting to a radical and painful domestic economic overhaul. It was understood to be a painless way of solving economic problems for the Conservative government frightened of confronting difficult problems of structural economic decline.[11]

The fear of Socialism was also very important in pushing many Conservatives, not only in the early sixties but also in the early seventies, towards a European destination. They saw in the Treaty of Rome a capitalist club; they saw in membership of the European Economic Community a barrier to Socialism. Though these views were expressed primarily in private but this does not make it any less significant. In August 1961 the Cabinet suggested that: 'The United Kingdom can transform the EEC into an outward-looking group of nations mindful of its responsibilities to the world as a whole'. And subsequently Britain decided to apply for the membership in 1963 which was vetoed by Charles de Gaulle.

And de Gaulle started to be presented by the British as some kind of a nationalistic bigot, an unhinged, xenophobic, anti-British, anti-American ranter who had personal reasons of pure spite and vindictiveness in vetoing the British application.[12]

After de Gaulle's veto Macmillan was supremely confident enough to tell the House of Commons:

> As Europe's revival began to succeed the European outlook began to widen. There were some who have kept the narrow view, who still seem to regard a united Europe as a restricted or autarchic community on a protectionist basis; in other worked they would like a community which would retain all the errors of high protectionism which had often been the policy of some of the constituent nations...One of the main reasons why

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[11] . Ibid, p. 116.
[12] . Ibid, p. 118.

there was such universal support for our entry was the belief of our friends, as well as many of our critics, that Britain, added to this company, would give as well as take, that she would contribute to the tradition of outward-looking development.[13]

After Macmillan, John Major sought to put Britain 'at the heart' of Europe'. And virtually every John Major speech on Europe afterwards is a classic example of this genre. In October 1991 he told the Conservative conference that 'being at the centre of Europe means we are in a better position to influence the way in which it goes'. Similarly in September 1994 in the Netherlands he brimmed with optimism. Outlining his vision for Europe in the 1990s, he argued that the 1950s vision is no longer relevant.

But in between these two periods came Margaret Thatcher's regime, another Conservative Prime Minister, who again revived the Conservative's traditional stand of Euroscepticism and this created some jittery in the relation between the EU and Britain. Her famous (or infamous) September 1998 Brugess speech expressed clearly her earlier stand on this issue at the time of her premiership. She explicitly stated her concern over the federal lobby of the Euro-fanatics (as she put it), saying: "The Community is not an end in itself, nor is it an institutional device to be constantly modified according to the dictates of some abstract intellectual concept".

She stressed to preserve the national identities and to limit the European Union as a group of independent sovereign nation-states:

> "Willing and active co-operation between independent sovereign states is the best way to build a successful European Community. To try to suppress nationhood and concentrate power at the centre of a European conglomerate would be highly damaging and would jeopardise the objectives we seek to achieve. Europe will be stronger precisely because it has France as France, Spain as Spain, Britain as Britain, each with its own customs, traditions and identity. It would be a folly to try to fit them into some sort of an *identikit* European personality. [14]

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[13] . Ibid, p. 119.
[14]. Margaret Thatcher, "The European Family of Nations", in Holmes, n. 1, pp. 91-92.

She tried to justify Britain's Euro-sceptic attitude and its often-manifested reluctance to participate fully in all the projects of European governance while giving stress on the individual national identity and the emphasis on the transatlantic relationship. She said:

> It is great to see to work more closely on the things we can do better than alone. But working together does not require power to be centralised in Brussels or decisions to be taken by an appointed bureaucracy. Britain wants to see Europe more united with a greater sense of common purpose, but it must be in a way which preserves the different traditions, parliamentary powers and sense of national pride in one's own country, for those have been the source of Europe's vitality through the centuries. The need now is to take decisions on the next steps forward rather than let ourselves be distracted by an utopian goal (read Federal European Union)...Let there be a family of nations, understanding each other better, appreciating each other more, doing more together but relishing our national identity no less than our common European endeavour. Let us have a Europe which plays its full part in the wider world, which looks outward not inward, and which preserves that Atlantic Community—that Europe on both sides of the Atlantic—which is our noblest inheritance and our greatest strength.[15]

The usual British fear of the loss of sovereignty was in full display in her words with a dose of sarcasm and scepticism towards the very European endeavour:

> We have not successfully rolled back the frontiers of the state in Britain, only to see them re-imposed at a European level, with a European super-state, exercising a new dominance from Brussels. Certainly we want to see Europe more united and with a greater sense of common purpose, but it must be in a way which preserves the different traditions, parliamentary powers and sense of national pride in one's own country, for these have been the source of Europe's vitality through the centuries. I believe it is not enough just to talk in general terms about a European vision or ideal. If we believe in it we must chart the way ahead and identify the next steps. That's

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[15] . Ibid, p. 96.

what I have always tried to do. This approach does not require new documents: they are all there, the North Atlantic Treaty, the Revised Brussels Treaty, and the Treaty of Rome, texts written by far-sighted men. However far we may want to go, the truth is that we can only get there one step at a time. What we need now is to take to decisions on the next steps forward rather than let ourselves be distracted by Utopian goals. Utopia never comes, because we know we should not like it if it did".[16]

Since Britain had joined the Community, those like Thatcher who sought to resist the development of its institutions have played on the belief that British cultural values would be submerged within an alien continental European tradition. This only lives up to the fact that there are still some 'leftovers' in the Conservative Party itself who find it convenient to maintain the same appeal to the electorate. In doing this they stress the need to return to first principles in its understanding of its current divided predicament of the Conservative Party. It is often emphasised by them that the Churchill and Eden governments, while wishing the Continentals well, did not envisage British membership of the emerging EC because of the inherent irreconcilable differences of both politics and economics (a view, they claim, essentially shared by de Gaulle).

While demonstrating a broader vision of the Party, they stress that:

Conservative 'Eurosceptics' have rejected the 'pro' and 'anti' terminology which has increasingly characterised the political debate. The EU has never been, and is not, 'Europe'; it is a Western European customs union committed to federal integration. Such a notion is, arguably, inconsistent with the shared cultural and geographic appreciation of Europe from the Atlantic to the Urals which revels in, and draws strength from, its political and historic diversity.[17]

They claim that the Conservative Party is the party of the Nation. It is not the party of Europe. It is only the party of Europe when Europe serves the nation— "We need to redefine Britain's relationship with the European Union to remove

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[16] . Ibid.
[17] . n. 1, p. 6.

those aspects which work against Britain's interests and reduce our ability of govern ourselves".

Denis Greenhill, the Permanent Under-Secretary at the Foreign Office at the time of EEC entry, once commented:

> Those British who were interested misjudged the extent to which they were able to shape the development of the Community, whilst the "Founding fathers" were careful not to disclose their ultimate federal objectives. History will record how we were steadily outsmarted between 1972 and 1992.[18]

And in this context the sceptics complain that each failure to reverse the federal trend has had its own ratchet effects by which the powers of the British parliament are constantly being transferred to Brussels, albeit in a series of seemingly trivial incidents. But when taken together the loss of power is so extensive that a loss of sovereignty itself is now threatened by the full implementation of the Maastricht Treaty.

It is often argued by some that while seeking the 'substitute Empire' the earlier Conservatives like Macmillan and Major exaggerated the economic gains of EU membership and consistently failed to predict the drawbacks and no one was ever quite clear what the ultimate goal of this European endeavour is. As it is evident now also that nobody has the confidence to say that Europe can just be left as it is. It often seems to be a journey without end.

Views of the British Labour Party

Several important points need to be made before Labour's turbulent and tension-ridden European odyssey is outlined. These difficulties are exacerbated by the often-convoluted lexicon used, which allows contradictory views to be espoused concurrently. Also, while many on the right were pro-EC, as those on the left were opposed, this was by no means a robust distinction. Furthermore, many politicians espoused different views over time. Thus there is no neat dichotomy, but myriad positions ranging from the zealots in both 'pro' and 'anti'-EC camps to

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[18] . n.1, p. 121.

a more malleable morass in the middle, and based on a repertoire of reasons ranging from principles, membership conditions, economic, political to party management and tactical. These circumstances continue to create a shifting, opaque and labyrinthine complexity that is often glossed over.

In the immediate post-war years the EC was seldom, if ever, discussed' by Labour and whose policy did not take any definite shape before the 1959 election. Furthermore, most leading Labour politicians including Attlee, Morrison, Dalton and Cripps, were all hostile to the idea of Europe, and an early attack by Healey on the Schuman initiative reflected the Party's mood. There was a powerful emotional prejudice in the Labour against entry. But after Labour returned to power in 1964 there came a little shift in its stand *vis-à-vis* Europe with the declaration by Wilson that he would join if the conditions were right and slowly his attitude became less hostile. The Cabinet met in October 1966 which remained divided with many in neither camp. The meeting agreed that Wilson and Brown should tour Europe to 'test the ground', an ostensible compromise but one which obviously assisted the pro-EU forces.

And in May 1967 the intention to apply for second time was announced, despite the sceptical position of many MPs as 'There was no love for the EEC in the Labour Party'. A large grouping of MPs remained hostile: for example some 35 voted against, and 50 or so abstained, in this application vote.

Despite the rejection of the 1967 application (thanks to de Gaulle's empty chair policy), Labour's 1970 election manifesto stated that EC entry remained the aim. Yet opposition to British membership had been hardening from the late 1960s among the PLPs.

Overall Labour was against Europe, but ominously the leadership continued to emphasise that the terms, not the principle, were the source of their opposition. The idea of restarting the negotiation on membership terms increasingly came to the fore.

In the maelstrom following the Labour's 1979 general election defeat, a range of policies and organisational principles entered a period of flux. The Party

shifted back to Euroscepticism. And the 1980 conference easily carried a motion for withdrawal to be included in the next manifesto. By the 1983 general election, Labour's manifesto pledged EC withdrawal 'to be completed well within the lifetime of the parliament'.

As the 1980s ended and the 1990s began, Labour became increasingly pro-EC. For instance, the leadership maintained regular contacts with EC officials and 'sister' parties. Labour's this pro-EC lurch was aided by several factors. There was a spreading belief in the Party about the EC's "progressive" policies. Smith (a labour leader and an earlier Eurosceptic) became an ardent advocate of Britain's membership "eager to pursue the goals of European Union and Britain's integration within it".

Therefore, by late 1988 Labour openly came out in favour of joining the ERM, ahead of the announcement made by the Conservative government, while in September 1991 its economic sub-committee recommended the acceptance of EMU. By 1992, the general election manifesto underlined its EC support, including playing an active part in EMU negotiations, though Labour still wanted to change the CAP. Indeed, so deep was the Euroconversion that a Shadow Cabinet was even prepared to vote for the Maastricht Treaty without the Social Charter, and only changed under the PLP pressure. Further, even after the ERM's collapse Smith continued to support it (and the passage of the Maastricht treaty), even criticising the government's opt-out from commitment of full EMU.

By the mid-1990s some believed the Labour Party was in a state of 'exhausted peace over Europe'. Some in the leadership began to try to portray the Eurosceptics as an older, declining and less influential group, with veteran anti-s' greatly diminishing in number'. Yet an important element of Euroscepticism remained as 'there was a strong section of the party which was deeply unhappy about the pro-EC policy. The trade union movements that were attached to the Labour Party were also remained unhappy with EC integration (let alone federalism).

The Labour Party's position on EU can be gleaned from a series of speeches. In April 1995 at the Royal Institute of International Affairs (RIIA)

Blair's endorsement of a more positive EU role confirmed the support for both participation in a single currency and the extension of Qualified Majority Voting (QMV), reflecting 'his determination to distance Labour from its anti-European roots'. Likewise, in May 1995 Blair's Bonn speech again supported an extension of QMV and for a stronger common foreign and defence policy. Similarly, in early August 1995 the 'A People's Europe' campaign was launched by the Party to try to convince business class and the electorate about Labour's EU policies. Finally, the 1995 Party conference endorsed a clear pro-EU stance. And this shows that the Labour Party is increasingly becoming the party of the Euro-federalists.[19]

Interestingly, in May 1995 a split opened up between the Labour MEPs and the Party leadership over a federalist EU parliamentary paper. Blair forced most MEPs to abstain in a final vote on it because of concerns about its proposals on defence and Qualified Majority Voting. Additionally, Blair's Bonn speech included a promise to keep the veto in crucial areas and to maintain the tough economic convergence hurdles for the single currency. However, many remain suspicious of Blair's willingness to endorse the principle of a single currency, a more powerful European Parliament, an extension of QMV. And most importantly, it was reported that 'talk privately to the Labour leader and one will find his self-conscious pro-Europeanism is not without caution'.[20]

Furthermore, the "A People's Europe" campaign faced difficulties with its ambivalent results. Some MPs critised it as a 'confronting slogan' which failed to face up to the bureaucratic reality of the EU or address the biggest decision which would face a Labour government—EMU and a single currency.

Labour's variegated EU position shows that these have been unstable and disunited at various levels and over different aspects. The rationales and promises that were held out to the electorate at different intervals of time underpin the reasons for Labour's EU vacillation.

There are also several political reasons for Labour's EU vacillation. First, its stance is based on oppositional politics in the domestic arena. While Labour's

[19]. Norman Lamont, "Selsdon Group Speech, 11 October 1994", in Holmes, n. 1, p. 109.
[20]. Chris Rowley, "The Labour Party and Europe", in Holmes, n. 1, p. 57.

original EU doubts fuelled Conservative enthusiasm, a reverse process of opportunistic politics partly drove Labour's support for the EU. For example, the more the Conservatives vacillate, the more determined Blair is 'to promote Labour as the Party of Europe'. Second, there is the Party elite's original, and continuing, belief in the EU's reformability and the provision of a power base so that a Labour government could be a leader on the world stage. As George Brown put it in one occasion: "Europe's future, as well as our own, depends upon our...leading the Community', as 'our role is to lead Europe', and 'I don't see where else leadership can come from other than from this country". A contemporary version of this can be seen in Blair's RIIA speech when he argued that as Britain could best exercise influence through the EU, then "let us get on with it, engage fully, build allies to serve our national interests, and start to play our part in shaping Europe, not following it", arguing that "if Britain were only seen to be constructively engaged, it could offer genuine leadership" within European Union. Similarly, Robin Cook recently argued for the UK to be a leading member of the EU.[21]

The twists and turns of the Labour Party's European stance produce several main conclusions. Europe remains a critical subject, both generally and for Labour. Decisions over the EMU and a single currency 'will affect the hopes, the fears and the lives of families in Britain, while Euro-law continues to undermine domestically enacted policies'.

In the past Labour Party's European changes have often been related to the wider shifts in Party policy and 'image'. The contemporary EU moves of the Labour Party have been part of the plan to win votes and provide another issue where it can again be shown that a strong leader is in control, thus appealing to 'middle England'.

In his RIIA speech, Blair argued that "sooner or later, we must choose. We cannot remain in limbo, with the worst of both worlds, forever".[22] However, he then repeated the classic inconsistencies by stating that if the EU wanted to rush headlong into "some federalist morass" that would be an argument against

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[21]. Ibid, p. 60.
[22]. Ibid, p. 65.

participation. And that is the main predicament and rub for the Party, as Blair's recent disagreement with increasingly pro-federalist Labour MEPs indicates.

For the Labour Party Europe remains a critical issue but an enigma. The Party's position has vacillated and its Euro-lexicon has rarely produced clarity. The current situation has occurred under the influence of the Conservative position, interest in the Social Charter and Labour's long absence from power. These foundations may well be eroded in an ever-expanding and authority-grabbing EU as some middle rank Party leaders often dwindlingly stress. And the now-low-profile Labour Euroscepticism has been given an extra twist by the increasing dominance of Euro-law.

Defending British Euroscepticism

France and Germany, and some other countries like Belgium remain as determined as ever to press ahead the creation of a federal Europe based on a single currency. And as the single currency (Euro) has been introduced the possibility of the EU having an ultimate federal ambition can not be ruled out. The Christian Democratic Union (CDU)—Europe's single most powerful political party—has issued a rallying cry for the creation of a federal Europe, using an often doom-laden language to underline what it sees as the urgency of the task that Europe faces. Its often repeated argument that European unification is at a "critical juncture" given, "the existential internal problems of the European societies" and the "internal crisis of modern society" sounds nothing but like a second-rate Marxist sociology and very remote from the way Conservatives and some Labours see the world.[23]

It explains that German interests will be better served by establishing a European federal state. To this end, the CDU argued that the IGC (1996) should make the European Union 'more democratic and federal', with a 'quasi-constitutional document' which 'must be orientated to the model of a "federal state"'. The European parliament would become a genuine law making body with powers equal to those of the Council of Ministers, which itself would become the

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[23] . n. 17, p. 101.

Union's senate as a second chamber. The European Commission would 'take on features of a European government'.

The main argument against a single European currency that has been advanced by the British is political rather than economic. The Maastricht Treaty makes it clear that a single currency would require national governments give up considerable powers over their own taxes and budgets. So the apprehension raised that a single European currency would be a gigantic step towards the creation of a European government and European state is not without substance.

While the 'direct effects' of European law and its supremacy over national laws was established in the early 1960s, a series of judgments in the 1980s and 1990s by the European Court of Justice has begun to develop and refine the principle of 'direct effects'. As *The Financial Times* editorial, "The Omnipotence of Brussels", points out, these underline the powerful role European law exerts on government decisions:

> It raises in acute form the issue of subsidiarity—whether it is necessary for such decisions to be taken in Brusssels. If it is, then the EU is set to become—perhaps by default—a highly centralised federation in which the latitude allowed to national governments in social policy will be limited and subject to constant legal challenge.[24]

Already there is renewed talk of correcting the so called 'democratic deficit' in Europe by giving MEPs more power and creating an embryonic federal parliament. In spite of frequent claims that the EU is *sui generis*, the fact remains that, like most of the established federations, from the very beginning the EU has been a conscious political process designed to expand the territorial competence of a central government.[25] And to attend this objective the EU form many years has been striving to establish a quasi-federal central authority to govern its institutionally and ethnically diverse member states.

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[24] . n. 18, p. 63.
[25] . David Mckay, *Designing Europe—Comparative Lessons from the Federal Experiences* (New York: OUP, 2001), p. VI.

Federal arrangements were present when 'the principle of the division of powers' between centre and regions is established constitutionally and citizens hold an identity at both levels. In this context, it is easy to see how the post-Maastricht EU can be categorised as a species of federal state. Because there is the fact that Maastricht Treaty has formally accepted the principle of subsidiarity in its allocation of powers between different levels of institutions and the member-states. Generally along with the national defence, macroeconomic policy constitutes the minimum requirement for the functioning of the modern state. In case of the EU this is under the control of an unambiguously federal institution, the European Central Bank (ECB). The constitution of the ECB insulates it from the direct national influence and requires it to operate as an autonomous EU institution. It has often been suggested by the Euro-federalists that the EU should not only maintain its super-majoritarian decision-making structures, but also it should adopt a highly codified constitution which can be amended only by popular approval among the member-states.

It must be admitted that there is no space for discussion in Europe. On the one side, there is Britain's point of view (particularly that of the Eurosceptics), and then there is the rest of Europe. At the time of the Maastricht negotiations, the only question was how much Britain could swallow and what special arrangements could be made for them. There was not a shred of evidence at Maastricht or since then that anyone accepting the concerns of the Eurosceptics and their views of Europe. And the news which the British often hear from inside the Community is extremely puzzling to them, and that this certainly does not assist the British politicians in the necessary process of anaesthetising the British people while they undergo the operation to remove their national sovereignty.[26]

But it can not be denied that any review or reconsideration of EU membership is 'the basic democratic right of the British people'. This is one of those of final decisions—to be or not to be—which are normally entrusted not to the governments but by way of plebiscite, to whole of the people. And as the EU is moving towards political union, 'the strategic choice for Britain will be brutal: 'in or out'.

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[26] . Enoch Powell, "Britain and Europe", in Holmes, n. 1, p. 81.

All federations are consciously created to accommodate diversity. A European state or a European federation, of course, is an honourable aim. But it is not an honourable aim, if it is to be achieved by stealth and subterfuge. If a European state ever were to become the aim of the peoples of Britain then that is something that ought to be put directly to the British people in a referendum.

All these suggest that there is, indeed, a kind of Eurofanaticism in which Europeanism becomes an ideology in which it is necessary to 'believe'. Accordingly, European unification is not so much a process to be scrutinised, analysed and dissected but to be believed in and idolised by 'committed' Europeans. Euro-sceptical intellectual objections make no impact on such thinking. The whole thrust of the arguments that went on among the British public for the acceptance of the Maastricht Treaty was profoundly was considered anti-intellectual. Britain would be 'isolated', 'left behind', they would miss the proverbial train leaving the station on which they should be in the driving seat not the guard's van are a series of familiar dreary metaphors that was offered as an alternative to real debate. But Euroscepticism is without apology an intellectual case which rejects the politics of simplified metaphor; it is they who have provided the intellectual ingredients for a rational debate about the future destination of Europe and examined the reality of the EU rather than placing faith in a sugar-candy mountain European Utopia (to misquote George Orwell) which precludes rational discussion. While Euroseptics judge the EC as it is, Euro-federalists judge the EC as they would like it to be.

The most important point in the entire Eurosceptic argument is the concern about the relocation of decisional authority away from the national states toward the shifting intergovernmental and supranational mix would only weaken, not strengthen, the democratic character of Europe seems to be a rather valid point.

The EU has increasingly become a trade fortress, ever ready to impose external protectionism; it is the Euro-sceptics who have argued most vigorously for the international global option of freer world trade in opposition to regional European nationalism. Too often it is the pro-EU forces that have exhibited a 'little Europe' mentality in their hostility to global interests, pressures and concerns.

A federal Europe will only be created if its members conclude that it is in their interests to do so. They would not be doing it simply out of a sense of duty and particularly this is not possible in case of Britain.

Federalists have accused that to be outside and not to submit to the European Union is to remain 'isolated' and amounts to a self inflicted sentence of isolation which is not clearly the case. But, in the contrary, to say that the threat is clearly offered by the muddled and prosaic imposition of the federal institutional structure of the EU would not be exaggerated.

The European federalists have been so fascinated by a readily convenient formula that they have neither asked how it works, where it exists, nor whether its origins bear any relation to the problem of uniting a group of states in the present social ambience. It is this question of sociological fitness that is at issue today.

British Predicament on Europe since the 1950s

The British European Movement once distributed pamphlets across the country featuring the Union Jack with the headline: 'It's time we carried our flag into Europe! It's time Britain woke up, stopped being a looker-on, and grabbed a share of the European gravy!'[27]

This reflection of enthusiasm was not new on the part of the British. European issue has been around for centuries there, as demonstrated by Shakespeare's lines in *Richard II*, referring to "the poison'd chalice" of Europe with Britain as "this scepter'd isle". It has only been in the latter half of this century with the creation of European institutions that Britain has been forced to decide where it stands in relation to the continent. Judged in these terms, it would be harsh to complain that fifty years is more than enough time to make up a nation's mind, and given that the issues involved are not expected to be treated lightly, it is indeed always going to be the case that decisions on whether and how far to proceed with process of European governance would be highly emotive and divisive in Britain. Hugo Young, quoting the same passage from Shakespeare's book, refers to British entry in "this blessed plot," implying that stealth and surrogate techniques were

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[27] . n. 2, p. 272.

involved. But whilst it certainly seems that the electorates have been sent with conflicting signals from the parties, it is the politicians who have decided by policy decision to enter Europe (which was subsequently approved in the referendum) and the extent to which parliamentary and party divisions over the subject have been publicised indicates that British participation is in no way a conspiracy by the elite.[28]

Stephen George has described the relationship between Britain and Europe as one of "semi-detachment," basing the assessment on the failure of successive governments to co-operate effectively with their mainland counterparts. Nigel Ashford goes further, blaming the political parties for failing both to provide a clear and coherent sense of leadership and direction on this issue, and by refusing to develop a bi-partisan approach to European governance.[29] While both of these views can certainly be supported by the historical evidence of indecisiveness, prevarication, terminological inexactitude and ineptitude in various Prime Ministers' approaches to the European question, there are, as both authors acknowledge, certain unique characteristics about the British political system that caused the European issue to arouse so many passions and lead to the intra- and inter-party divisions that have hindered Britain's progress to fully participate in the EU. Three factors have stood out in this area—the adversarial nature of British politics; the considerable intra-party divisions on the subject; and finally, the threat to the parties' ideological self-image posed by overlapping dimensions of European governance. In examining these three issues one can evaluate whether it is inevitable that Europe would always be such a problematic policy area for British governments.

Firstly, there is the political convention that parties in opposition must oppose the policy of the government in order to provide an effective check on executive power, regardless of the fact that there may be a high degree of continuity between successive administrations, as seems to be the case in post-war British politics. This style of politics is almost prevalent among countries in Europe, as most of the member states are used to coalition governments, and the

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[28] . Desmond Dinan, "The 2000 Intergovernmental Conference and The Nice Treaty" at
http://www.ecsa.org/IGCWATCHSeries.hmt
[29] . *www.iht.com*

attendant necessity for consensus and compromise to advance a legislative programme facilitates this. Both France and Germany, that are normally described as being the most powerful "axis" of Europe, have coalition governments, as well as other states including Italy and Ireland. This has had several implications. The British representatives often find themselves marginalised at the EU negotiating conventions; even Major, perhaps the most flexible of Prime Ministers of recent years, found these tiresome. For the rest of Europe, however, they are a matter of routine. The result is the damage that this can cause the party in government. The commitment by the Labour Party to membership withdrawal made after the election defeat in 1979 provides the best example of how the adversarial system prompted an inconsistency in the signals the party was sending to the electorate; it adopted an anti-European strategy due to a resurgence of the left of the party, and in order to differentiate its position from that of the Conservatives. However, it can also be argued that the adversarial style also led to a rise in Labour's fortunes towards the end of the 1980s as it adopted a more positive outlook to Europe and as the Tories began to become increasingly divided over the issue. There has been a marked failure of the British parties in the European Parliament to align themselves with their respective counterparts from other countries; this is explained not only by the fact that most of the other parties in the EP have experience of coalition government, but also because the centre-right on the continent is traditionally Christian or Liberal based, and the centre-left is too federal for the British Labour party to get associated with. So we can conclude that the nature of British politics had a seriously negative impact on Britain's dealings with its partners, and was also responsible for the lack of a clear consensus among the parties at home about the European policy.[30]

Secondly, there have been persistent and marked divisions within the two parties on the question of Europe. The concept of organisation itself is dynamic and fluid, and each new stage in its evolution has produced a new impact on British domestic politics. From the origins of the process of the European governance in the 1950s until around the mid-1970s, the question that concerned politicians in Britain was whether or not Britain should join the new community. Initially, there was little enthusiasm for the project from either party. The

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[30] . *http://news.com/ft/gx.cgi/ftc*

Conservatives still saw Britain's place in the world as embracing defence and security links with the United States and the trading relationship with the Commonwealth. Europe was simply another sphere of influence, and to join it would undermine the links with the rest of the world. Instead, what would have been preferred was a free-trade area with inter-governmental co-operation as opposed to supra-national decision-making. However, the decision to attempt entry into the EEC was made for reasons of economic expediency, as this was the only way out of a period of long, slow economic decline. The political suspicions of the emergence of a federal system had not been confirmed till then, and to be an enthusiastic and major player in Europe would assure a retention of at least some of Britain's foreign policy influence that she was rapidly losing. In the end, it was largely due to Macmillan's eagerness that the initial application to join was made. Labour largely shared the belief that Britain could play an important world role as head of the Commonwealth, and in the immediate post-war years it was also implacably opposed to membership on the grounds that, as Europe was mostly under the control of parties of the centre-right, to join would frustrate the domestic advance of socialism. However, the fact that Labour abstained in the Commons on the question of the initial application to join shows that they were somewhat unsure of their position, and this indecisiveness was to turn into outright splits both during Wilson's application and Heath's eventual entry in 1971. In the former case, whilst the Cabinet had become convinced of and accepted the case for membership, there was a core of rebels who voted against. This is to be contrasted with the 1971 vote, where 69 Labour MPs voted with the government in favour of entry.[31] So clearly there were initial divisions in both parties on the question of whether Britain should become a member of the EEC. These reversals of policy by Labour further highlighted the irresponsibility, inconsistency, and opportunism produced as a result of the antagonistic nature of domestic politics.

Between the mid-1970s and the late 1980s, the emphasis shifted to how the EC's policies were affecting Britain, and what Britain's role in the organisation was to be. This was especially apparent in Mrs. Thatcher's demand for Britain to get "our money back" by reduced contributions to the EC's budget. When this was resolved, she called for cuts in EC expenditure, especially on agriculture. This

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[31] . Ibid.

approach was summarised in the Conservatives 1983 election manifesto as "whole-hearted commitment to membership of, and the promotion of British interests within, the EC". This was re-emphasised in her Brugees speech of 1988, which stressed the importance of intergovernmentalism, reform of the CAP, deregulation of the European economy, free trade with the rest of the world, and a growing role in defence. Interpreted as a hardening of her sceptic stance, it contributed to the resignations of Nigel Lawson, Sir Geoffrey Howe, and eventually Thatcher herself. These damaging and high profile disputes shattered the credibility of the Conservative Party, and many would say it has not yet recovered from that confusion. As the tensions evidently remain despite Hague's attempts to quash them the issue divided the party to such an extent that it is out of power for a generation. Labour, too, experienced difficulties in this period; so bad were the splits produced by its adoption of a policy of withdrawal from the EC that several high-profile MPs lead by Roy Jenkins (who lead the vote in favour of entry in 1971) split to form the SDP. The hostility to Europe damaged Labour's credibility as a party of government, and undoubtedly contributed to the massive electoral defeat in 1983.[32]

Finally, in recent years, there has emerged a unanimity on the irreversibility of Britain's membership (even the most ardent Eurosceptics within the Conservative party do not advocate withdrawal from the EU), but new differences have emerged over the scope and nature of further participation in the EU governance process. These divisions within the Conservative Party were most apparent in the debate over the Maastricht Treaty, which for long periods threatened to force the collapse of John Major's administration. Although the Bill eventually passed, (but only after the Prime Minister made the ratification the subject of a parliamentary vote of confidence, and even though Britain has already arranged an 'opt-out' from the key treaty provisions relating to social policy and monetary union) the troubles with the sceptics did not, and these weaknesses were keenly exploited by New Labour. The difficulty that faces the Conservative leadership in reconciling the differences of opinion within the party lies in the fact that they do not fit neatly into the left/right cleavage but to the extent of the participation of the British government which has obvious relation with the aspect

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[32] .http://www.rferl.org

of British sovereignty. As the distinction between domestic and European policies has become more blurred, so has the difficulty in keeping the party united. On the other hand, although there do not appear to be overt differences of opinion in the Blair government in the same way as there were in his predecessor's (and still are in the Conservative opposition), this could be attributed to a tighter control of MPs by the Whips and party leadership; one could well see divisions start to arise among a large parliamentary group at several moments.

Lastly, turning to the impact Europe has had on the ideological self-images of the two parties, and how the challenge of Europe has forced them to re-examine how they portray themselves, it becomes clear that in the 1960s and 1970s Labour appeared to the electorate to be more divided on the issue than the Conservatives, who capitalised on this to present themselves as the natural 'party of Europe'. This situation has undoubtedly been reversed in recent years. The Conservatives have had to adapt their image in order to convince the electorate that they can play a key role in Europe and still guarantee that they will retain control over the sovereign areas of Britain at the same time. This has proved increasingly difficult as more and more decision-making power have been transferred to unelected and unaccountable bodies such as the Council of Ministers and ECoJ, which the sceptics have seized on as being at odds with the principles of popular parliamentary democracy and national sovereignty, and an example of how Europe is a threat to the values that Britain stands for.

Yet this rests on the definition of sovereignty as self-governance, whereas the Europhiles would undoubtedly interpret sovereignty as meaning the ability to maximise influence on a world-wide scale, which they would argue could only be achieved through closer co-operation with, and further integration into, a more federal Europe. Given the apparent lack of enthusiasm among the electorate for any further integration into Europe, it seems that they regard the former definition as paramount. The challenge to Labour has been to reconcile membership of Europe with the ability to implement a domestic socialist agenda, which has been threatened by the increasing interdependency of European economies; hence the need for pan-European co-ordination of economic strategies. However, with New Labour's abandonment of socialism, it remains to be seen if there will be a noted

change in policy direction towards a federal Europe from this Blair government. Certainly this government is more welcoming to ideas such as EMU and QMV, but given the length of time Labour has been out of power and the fact that there is now no socialist party in Britain, it is difficult to judge whether Labour's future approach to the issue of European governance will show any element of federalism.

Interestingly, both sides of the argument have tried to enlist Churchill as a posthumous fighter in their cause. In particular it has been claimed that he was an early convert to the idea of a united Europe.[33]

When Churchill became Prime Minister again on 26 October 1951, his conduct of the nation's affairs seemed to some to belie his verbal commitments to European unity during the 1948-50 period. In particular he did not reverse the Labour government's decision to remain outside the Coal and Steel Community and refused to commit British forces to the proposed European Defence Community, which had clear federalist implications.[34]

The movement for a United States of Europe was never, in Churchill's mind, some thing directed towards superseding the national states with which he was familiar. During his absence from power between 1945-1951, the essential components of a new Europe began to emerge. But to Churchill, the Victorian, they were strange indeed. He was in no sense their prophet. He has always distanced himself from the out-and-out European federalists.

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[33] . Max Beloff, "Churchill and Europe", n. 1, p. 269.
[34] . Ibid, p. 278.

CHAPTER V

INTERGOVERNMENTALISM IN EU DECISION-MAKING AND PROSPECTS FOR A EUROPEAN FEDERATION

Governance is in many ways an updated term that takes into account effective and efficient government through political institutions that are both responsible and representative of and to the people over which they govern.[1] Governance is the sum of the many ways individuals and institutions, public and private, manage their common affairs. It is a continuing process through which conflicting or diverse interests may be accommodated and cooperative action may be taken. It includes formal institutions and regimes empowered to enforce compliance. Among the emerging forms of transnational governance, none is more interesting than the EU with its quasi-statal character. Just as the shift in power from local to national arenas in the European politics propelled a reorientation of strategies, tactics, organisation and identities on the part of the countries, it does appear that Europeans are adapting to the new structures of authority.[2]

EU Decision-Making and Intergovernmentalism

A good starting point for defining the governance in the European Union would be "Governance without Statehood" which also represents a form of system of "Governance without Government". Governance without statehood exposes the complexity of the problem in hand. In its present form the European Union falls sort of a complete fusion of states.

The primacy of national control is reflected in the limited authority of the European Parliament, even though it is directly elected, and in the fact that the European Commission—the executive body of the European Union—does not derive its authority from either Parliament or from direct elections. Instead, the centre of power has remained in the Council of Ministers, representing national governments and in the periodic summit meetings of the European Council. In both bodies, the principle of unanimous agreement has prevailed on important matters,

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[1]. Gretchen M. MacMillan, "The European Union—Is it a Supranational State in the Making?", in Andreas Heinemann-Gruder (ed.), *Federalism Doomed? European Federalism between Integration and Separation* (USA: Berghahn Book, 2002), p. 75.

[2]. John Markoff, "Our 'common European Home'—but who owns the house", in Dennis Smith and Sue Wright (ed.), *Whose Europe?—The turn towards democracy* (Oxford: Blackwell Publishers, 1999), p. 40.

providing each member governments with an effective veto over policy decisions affecting their own vital interests. Furthermore, the European Union is without administrative agencies of its own at the regional and local level and it relies upon member governments to execute its policies. And the EU has not yet been invested with its own powers of taxation, depending primarily upon contributions from the revenues of the member states.

It is probably fair to say that, even in the hey days of political enthusiasm for European integration in the 1950s, a European union along the lines of the American model of federalism was never a realistic possibility. The potentially most powerful motive for federation, common defence, was satisfied by the separate organisation of the North Atlantic Treaty Organisation (NATO) under US hegemony. What remained was the opportunity pull of economic integration whose attraction was certainly not sufficient to persuade national governments of the need to commit institutional suicide. While recognising the advantages of a common market, they also had every interest in retaining as much control possible over the substance, direction and speed of future steps towards political integration. And Intergovernmentalism has proved resilient and its announced demise is greatly exaggerated.

The commonly recognisable face of the Council of Ministers is the representation of a strong intergovernmentalist strand entwined within the Treaty of Rome. Countless examples of member-states using the Council to defend their particular national interests can be cited as evidence of this proclivity. The Commission in its own power can only propose, the Parliament cajole and Court reprimand, but the necessary prerequisites for the European Union to realise the integrative political union remain in the Council's acquiescence, its support and goodwill.[3]

Despite the claim of the significant progress in the path towards federalism the Council of Ministers remain an unpredictable body and the most stubborn proponent of an intergovernmental alternative to a Europe of a 'federal vocation'. The Council performs both an executive and legislative functions within the European Union. For most matters it is EU's exclusive decision-making centre.

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[3] . Martin Holland, *European Community Integration* (London: Printer Publishers, 1993), p. 180.

While the Commission can enact a number of technical measures, but for any substantive decision the Council's approval is required. The title 'legislature' rests more comfortably with the Council of Ministers than with the European Parliament. This organisation has been a forum to facilitate compromise as it has been rarely seen that for any country or Minister to achieve their objectives without consistent confrontation has highly difficult.[4]

The Council remains the focus for criticism because of its inherently intergovernmental character. While it have been modified through practice and by procedural reforms introduced by the Single European Act, the Council remains the most important barrier to a federal European Union, through its representation of explicit national interests. Though the Council does attempt to devise "common views", but unlike the Commission it is under no constitutional commitment to promote *communnautaire* solutions. If the Council collectively wishes to develop exclusively intergovernmental forms of governance, then there is very little chance that any of the other EU institution can do much to counteract this.[5]

Electoral concerns explain the behaviour of political actors. Because political success of the parties is determined by the decisions of voters, which are taken in the short run. This explains why politicians prefer to avoid more drastic measures. As assumed by Machiavellian politics and strategies determine the survival of politicians and parties whose principal interest remains to be in power and maximise their margin of manoeuvre. This defines the structure of national governments' preferences and in this way the black box of national interest remains open. So member-states' preferences are one of the crucial variables in the EU negotiation process.

While the path to European integration has embedded the principals in a complex institutional environment that can not only be explained with interstate bargaining but it remains true that member-states are extremely powerful. National interests remain purely exogenous or they are shaped through the dynamic of the bargaining process within the EU governance system.

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[4]. Ibid, p. 111.
[5]. Ibid, 112.

The IGCs, and especially the Nice summit, provided ample evidence of member states behaving badly. This raised the specter of rampant intergovernmentalism in the EU. But first of all, IGCs are by definition intergovernmental and member states should be expected to behave accordingly, aggressively asserting what they perceive to be in their national interest. The conduct and outcome of the IGCs tell us a lot about the EU's current and prospective development. Member states are the main, though not the sole, actors in a European Union governing process.

There has also been an "nationalisation" of the Commission, whereby some commissioners appear to take note of their national interests. As statistics show the effect of Qualified Majority Voting on decision-making in the Council of Ministers out of some 286 single market decisions, 260 were subject to QMV, but 225 were achieved by consensus only.

Another event, which stands for the continuing importance of the member-states in the EU governance, is French presidency's chairmanship of the Nice conference. The presidency was supposed to be neutral, or at least to balance national interests with the EU interest. Yet in the IGC as in other areas of EU business, the French seemed to have put national interests to the fore. Such intransigence augured ill for the prospect of an agreement in Nice.

Between them, the member states were unwilling to relinquish unanimity in most areas under discussion. Britain, Ireland, and Luxembourg, for instance, refused to budge on taxation. France agreed to extend QMV in the common commercial policy, but only after winning an exemption for the audiovisual sector on the grounds of cultural protection. Altogether, only thirty issues were moved from unanimity to QMV, including a few that are non-legislative.

The Nice Treaty finally does away with the cooperation procedure, which after Amsterdam was applicable to only some issues in the field of EMU. But in a further rebuff to the EP, member- states agreed to change the decision-making procedure for these issues to have consultation with the EP, but not to have codecision. As in previous IGCs, member states also controlled this IGC's agenda and outcome

The outcome of the Nice negotiations prompt some observers to come to the conclusion that there were no leader of the EU as such, but only rather narrow-minded, egotistical national leaders who did not –with minor exceptions—care about the 'common good' at all. It has been found that European perspective had been fading away for many years, and that it was being replaced by national considerations which are often short-sighted and limited to the horizon of the next national elections. One of the classical theories of European integration—neofunctionalism, measures the progress of integration in terms of the Europeanisation of its elites. From this perspective, the top decision-makers seem to be on a downward trend.

Social pressure on national governments reflects not only the expected magnitude of gains and losses, but also the uncertainty and risk involved. The magnitude, certainty and risk of domestic distributional effects of policy coordination determine not only the goals of respective governments, but the extent to which governments can afford to be flexible in negotiation. The prospects for intergovernmental agreement depends almost entirely on the configuration of societal preferences; in negotiations, so governments have little flexibility in making concessions, proposing linkages, managing adjustment or otherwise settling on the "lowest common denominator".

Britain has traditionally been viewed as indispensable to the credibility of European Political Cooperation. Its interests have been accommodated by those whose unilateral foreign policy options are limited, including Germany, Italy and many smaller states.

EU's institutions have also strengthened the powers of the national governments. First, they increase the efficiency of interstate bargaining. The existence of a common negotiating forum makes possible a greater range of cooperative arrangements.

Intergovernmentalism places national governments—guardians of state power, interests, preferences and sovereignty—at the centre of EU decision-making. EU has always evolved as a result of its members' inter-state bargains. Each government looks to the EU through the lens of its own policy preferences.

Institutions such as EU are viewed by intergovernmentalists as mechanisms to lower transaction costs for interstate bargains.

In matters of CFSP also the strong influence of intergovernmentalism is clearly seen. In spite of de Gaulle's call for a 'European Europe' emancipated from American tutelage, EU's diplomatic approach towards important intergovernmental crises remained timid, limited to declarations, declamations and deplorations.

The sensitive parcels of sovereignty were never pooled in terms of CFSP and the traditional national diplomatic and strategic policies showed the intergovernmental cooperation in foreign affairs even more artificial despite the under standing that CFSP will be a way of regaining some collective mastery for the member states. The quest for a common diplomacy among the member-states for a European foreign policy remains elusive. The advocates of intergovernmental cooperation say that an idealised EU should be avoided and CFSP should be put into the framework of realpolitik' The Maastricht provisions moved from "cooperation" to "common policy" but left CFSP essentially intergovernmental. The Amsterdam represented very limited progress in this regard, and left the WEU floating between and connected to both the EU and NATO. Kosovo also reflected that without American involvement Europeans fall into mutual bickering.

The EU remains a complicated, over-lapping and byzantine, institutional set-up of the EU, a labyrinthine complexity in which only a lawyer have a chance of not getting lost. And there is still no "European public space"—there is only a juxtaposition of national public spaces capped by a jumble of intergovernmental and supranational bureaucracies. All talks of federalism only artfully conceal this problem of a common public space. The myth of a united Europe that developed during the 'parenthesis' has given way to the return of nationalism and long-repressed national memory.

Prospects for a Federation

After the various member governments had managed in the early 1990s to introduce the concept of subsidiarity and so dispense with the tortuous and

contentious squabbling over the term federalism, federalism has per se reemerged as a contested principle.[6]

In the Inter Governmental Conference 1991 the Pandora's box of federalism, which had been firmly locked since the Tindemans Report, was reopened. It was clear that the Community had reached the crossroads where it could no longer avoid having to make a choice between the road to federal integration and the route to an enhanced intergovernmentalism.

So it is not surprising that, faced with a some broadly uncooperative or defensive posture on the part of the members, some governments (read Germany, France) have become impatient and tried more desperate remedies to improve the governance in EU.

Finland also sees the growing elements of intergovernmentalism as an alarming sign, which must be rejected. Intergovernmentalism gives more room for larger members and invites them to exercise their power at the expense of small members. It feels that equality of member states is threatened in this process and this democratic deficit can only be rectified via a federal arrangement of the EU's governance system. While stressing this it should not be forgotten that the real enemy in several European Union negotiation processes is not federalism but the undesired impact of the centralisation, and the national sovereignty is a thoroughly mistaken banner to fight it.

The EU level of government has been strengthened, at the cost of the constitutional autonomy of the member-states. Within the EU tier of governance, institutional responsibilities and power have been rearranged and increasingly complex procedures of policy-making have resulted.[7] Governments in the European Union no longer preside over states whose various 'functional' tiers are largely co-extensive. In many respects, states have been economically, legally and politically penetrated by systems which extend throughout the area of the EU and, occasionally beyond them. One result is that governments are now unable to take

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[6]. Juliet Lodge, "Federalism and the EP", *Publius*, Fall 1996, vol. 26, no. 4, pp. 68.
[7]. Simon J. Bulmer, "The European Council and the Council of European Union: Spheres of a European Confederation", *Publius*, Fall 1996, vol. 26, no. 4, p. 18.

decisions which refer to their own territory without taking into account a range of influences, pressures, and sometimes rules which originate outside their own frontiers, and which they are unable to control. And Brussels has become the sweetest honeypot in Europe for the attentions of lobbyists for special interests.

With its multi-level segmented character, its location at the interface of national politics and international relations, the EU is perhaps some kind of a prototypical post modern state. This questions whether in the contemporary world, independent national sovereignties are still 'sacrosanct and inviolable'.

The working methods of the EU have tended to fragment the idea of national interests and to weaken a government's claim to be its sole spokesman. A more cautious approach by governments to the governance of the European Union has been increased with an extensive range of economic, social and cultural interdependencies and that has led them to adopt an increasingly defensive attitude in the face of a potential or actual threat to their powers, which could, it is felt, challenge their sovereignty. But it must not be concluded that the extent of the fragmentation of the idea of the national interest is a measure of the decline of national governments in the European Union. The point is rather that the EU method of decision-making by fragmenting the idea of national interest has placed governments on their guard. They have lost something: compared with the general pattern of relations between governments in the 1930s and before, when *raisons d'etat*, real politick, and the zero-sum game mentality were the rule.

The novelty of the task is increased because European integration appears to be set on a pluralistic trajectory, instead of a state-building trajectory. Rather than insisting on the amalgamating strategies to from the administration of a supranational federal state, a development strategy is needed in the short term to create reliable intergovernmental networks which in turn would facilitate a smooth transition to European federation at a later date.[8]

Along with the European Court of Justice, the European Parliament has been seen to epitomize federal aspirations and to confirm the intention of the

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[8] . Les Metcalfe, "The European Commission as a Network Organisation", *Publius*, Fall 1996, vol. 26, no. 4, p. 62.

founding fathers to secure a separation of powers between the executive, legislature and judiciary in the emergent Euro-polity.

The German perspective, which is shared by several member states, sees federalism as decentralising EU power in contrast to the British view which sees federalism as a centralising tendency. It is precisely because of these ambiguities and the contested understanding of federalism in the EU context that new institutionalism is employed for the analysis.[9]

Though some tension persist between Members of the European Parliament and national parliaments and member governments who are loath to cede power to European Parliament. But the suspicion that direct elections would spell a zero-sum transfer of popular sovereignty away from member-states to the EU has been proved exaggerated. But at the same time it should be kept in mind that the Members of the European Parliament have expanded and refined their conceptual armory in a way that address both institutional questions related to the EU's constitution and the nature of EU's federal character.

While the British government saw a major victory in its success in excluding 'F-word' from the Maastricht Treaty, by contrast, governments of the German Laender consider the Maasatricht Treaty to be a victory for their interests in federalism because by this EU institutions are made more sensitive to the territorial politics of sub-national governments. In Britain the idea of 'entering Europe' inevitably became associated with a decline in national status after the loss of 'world power'. In Spain, on the contrary, it represented a great enhancement of national prestige following the collapse of a 'backwards dictatorship'.

But Edward Heath, the Conservative Prime Minister, firmly believed in the European paradigm of national greatness, in the fact that a declining Britain could only be resurrected with the entry of Europe. He in one of his speeches said:

> Let's look at the facts. Today we don't occupy the place in the world we
> once did…The European Community provides us with our chance. It opens
> up one of the biggest markets in the world to us. It gives us the opportunity

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[9] . n. 7, p. 22.

to grow again, to become a greater Britain in a Greater Europe...We have the chance of new greatness. Now we must make it.[10]

Even in the absence of a definitive constitution, the EU has acquired most of the trappings of statehood. A new territorial unit has gradually emerged which today encompasses fifteen nation-states and is represented by a common name-symbol, the 'European Union, a number of 'European' political and legal institutions, a 'European' flag, a 'European' anthem, the 'Euro' currency, ritualised commemorations such as 'Europe Day', and so on. Europe does appear to be moving towards an increasingly 'post-nationalist' era.[11]

Writers have attempted to explore the roots of Spanish decadence, and many of them claimed that the nation's problems could only be remedied through a gradual process of 'Europeanisation'. Indeed, already the idea of 'becoming European' had become synonymous in Spanish reformist circles with all the policies which were deemed to be vital for national salvation such as industrialisation, secularisation, educational improvement, and scientific advance. The most famous and influential exponent of this idea was Jose Ortega y Gasset who in a public lecture delivered in Bilbao in 1910 expressed:

> To feel the ills of Spain is to desire to be European...Regeneration is
> inseparable from Europeanisation; for this reason, from the moment in
> which the reconstructive emotion was felt—the anguish, the shame and the
> desire—the idea of Europeanisation was conceived. Regeneration is the
> desire; Europeanisation is the means to satisfy it. It was clearly seen from
> the beginning that Spain was the problem and Europe the solution.[12]

Ortega was convinced that his country was in danger of dissolution and chaos, that it has become an 'invertebrate' nation, and that only a new enlightened elite with a fully modern European mentality could save it from self-destruction.

At the time of the transition from dictatorship to democracy Spain's Europeanism attained almost a metapolitical worth. 'Europe' in the collective

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[10] . Publo Jaeuregui, "National Pride and the Meaning of Europe: A Comparative study of Britain and Spain" in Smith and Wright, n. 2, p. 270.
[11] . Ibid, p. 258.
[12] . Ibid, p. 275.

consciousness of Spaniards, was thus not only a question of economic benefiting but furthermore a necessary condition for the recovery of moral self-respect after many years of international opprobrium.

Spanish collective psyche is adapting to the European Union's supranationalistic and federal characteristics showing enthusiasm for the process of European governance and this has hardly clashed with the national sentiments of sovereignty. On the contrary, 'entering Europe' has been exactly what the national self of Spain was thirsting for.

Call for a European Constitution

Germany Chancellor Gerhard Schroeder, in January 2001 called for the creation of a European Union constitution. His remarks in Berlin for a "form of basic law" for the EU was also echoed by Romano Prodi, President of the European Commission, and came less than two weeks before a special Franco-German summit intended to bridge differences between the two countries. The alliance forged between Schröder and Prodi increased the pressure on Jacques Chirac, the French President, who had proposed a more piecemeal approach, including co-operation between smaller groups of EU member states. Speaking at a conference in Berlin organised by the International Bertelsmann Forum in February 2001, Schoeder urged that "What we need to complete this European basic law is a simplification and reorganisation of the treaties, a clear separation of powers between the Brussels institutions, and above all a clearer division of responsibilities between Brussels, the member states and the regions".[13]

Tony Blair, the UK Prime Minister, on various occasions had resisted the idea of a European constitution even though he shares Germany's desire to clarify the exclusive competences of the EU and national governments. What he wants is to codify this in a "statement of principles", in stead of using the nomenclature 'constitution'. Because in UK, the opposition Conservative Party was likely to condemn any real move towards a constitution which it sees as a step towards an embryonic European federation and this they have always dreaded.

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[13] . http://europa.eu.int/futurum/documents/contrib/cont22080.pdf

The German Chancellor has been under pressure from the country's powerful federal states to push for a clear division of responsibilities within Europe. So he argued that Europe's citizens also had a "right to know who is responsible for which questions and decisions". Speaking at the same conference, Hubert Vedrine, the then French foreign minister, argued that "a clear division of responsibilities within the European states and the EU institutions is a democratic requirement" but stopped short of backing an EU constitution. Mr. Prodi argued that the EU should move progressively towards agreeing a constitution. In comments that Paris and London may find particularly hard to swallow, Mr. Prodi insisted that an "intergovernmental model, with its conflicting, fragmented decision-making system is no basis for developing a stronger EU". He went on to add, "Intergovernmentalism is a recipe for indecision or, at best, for progress based on the lowest common denominator. It is also a recipe for mutual distrust between member states in the absence of an honest broker."

Interestingly Foreign Secretary Jack Straw on 27th August 2002 declared support for a European constitution, a move that certainly re-ignited the debate over Britain's role in the European Union. In a speech in Scotland a day after, Straw called for "a written constitution for the people and communities of Europe". It was the first time that British government explicitly called for a written EU constitution reversing the earlier usual stand of opposing it (read Blair's call for a 'statement of principles'), a highly emotive issue in the country, with public opinion fiercely suspicious of the prospect of a "federal Europe". "There is a case for a constitution which enshrines a simple set of principles, sets out in plain language what the EU is for and how it can add value, and reassures the public that national governments will remain the primary source of political legitimacy," Straw said. "This would not only improve the EU's capacity to act; it would help to reconnect European voters with the institutions which act in their name."

The Conservatives, who have long campaigned on their Euro scepticism, went swiftly on the attack, branding Straw's proposals a "sell-out of British interests in an attempt to curry favour with European friends, it is clear that once again Jack Straw and Tony Blair have caved in to European integrationists," Conservative Shadow Foreign Secretary Michael Ancram said in a statement,

"Despite assurances to the contrary, they are now backing a constitution, which only makes sense as part of a move to a European super-state". Britain itself has no written constitution, taking pride in a system of government which developed over centuries without being formally laid out in a single document. And this single announcement by Straw's remarks signal marks a full-scale charge into the autumn political season, after the summer holiday lull.

Europe will be one of the defining political issues in the years ahead. If Blair wants to lead Britain into the European single currency before the next election in three years, he must prepare for a referendum soon, perhaps next year regarding Britain joining the EMU. Straw's speech gave no new hints on the government's stance on whether to join the single currency, repeating that officials will first judge the case on its economic merits before adopting a position and calling a referendum. Straw calls for shifting more powers to Brussels "in areas where it is manifestly in the national interests to do so, such as in the fight against crime and immigration." But he also calls for a new "subsidiarity watchdog" made up of EU parliamentarians who would have the power to review European legislation to ensure Brussels does not meddle in areas which should be the responsibility of national governments.

Germany is staking out a new leadership stance for itself in Europe with a specific call for a future that bolsters the European Union's institutions at the expense of national sovereignty. The Germans want to move quickly and, if possible, with France by stressing a need to redefine the Franco-German relationship. In clearly indicating its intention to rally support behind the European Commission—the EU's supranational executive—Germany is explicitly rejecting a model of an intergovernmental Europe, in which national governments become the initiators of European progress, its voice, and the essential representatives of its policies.

The novelty of all this, at the least, is twofold. It represents a confident German leadership initiative for all of Europe, conceived outside the Franco-German tandem of old days. And it contains obvious and basic difficulties for partners such as France and Britain. The unambiguous stance comes with the

active engagement of Chancellor Gerhard Schroeder, who until now had largely left defining European policy to Foreign Minister Joschika Fischer.

In a political forum Chancellor Schroeder made his position clear in the presence of Jose Aznar, the Prime Minister of Spain and French Foreign Minister Hubert Vedrine that the intergovernmental cooperation—as opposed to an integrated EU wide approach—cannot be Europe's way forward. In May 2001 Shroeder called for a radical restructuring of the existing governing arrangements in Brussels bringing it closer to the idea of a European government with a bicameral legislature in the EP and indirectly elected President of the EU[14] which he seeks to present to the constitutional convention in 2004. Along this line, he called for the adoption of a basic law or constitution, perhaps at an intergovernmental conference in 2004. And in the immediate future, he urged support for the Commission and the Parliament—institutions that have clear federal characteristics. This assertion open of German leadership is difficult not only for Britain, with its general resistance to EU governance limit beyond those of a trading bloc and opposition to a constitution, but also for France, which increasingly tends to regard a more integrated Europe in federal lines to be German-dominated and thereby a diminished multiplier for its interests. The largely botched Nice summit meeting under French presidency left the EU looking much like an organisation of 15 petty selfish nation-states, an example also of the failure of the intergovernmental method in achieving the nobler aspirations of the European altruistic mind.

Italy also made explicit its position regarding the aspirations for a federal Europe in the IGC of 1996 with a statement:

> Now is the time to reaffirm our convictions and to indicate the Europe we want. In keeping with the pro-Europe commitment which has always distinguished the action of Italy's main political, economic and social forces, the Government intends to reiterate its commitment to the strengthening of the process of European governance by fulfilling the 'federal vocation' of the European Union by means of greater internal solidarity and cohesion and by firmly strengthening the capacity to project

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[14] . *The Hindu*, 8 May 2001.

a common external image with a view to defending the values shared by all
the Member States for the promotion of peace, stability and freedom.[15]

Quest for a European Cultural Identity

Throughout history, Europe has represented a geographical space, the concept of liberty, Christendom, the balance of power and European culture and civilization. The geography is still meaningful.

European culture and civilization are often invoked, but this kind of culturalist (quasi-ethno-national) argument has changed in the last few years from an attempt to propagate "the European culture that unifies us" to a "Europe as unity in diversity". The latter is an obvious attempt to accommodate the cultural sensitivities of nations and regions, while recalling the well-established idea that Europe is unique in its diversity. Thus this new form of argument is not only a retreat, but it is also an attempt to recall classical notions of Europe's specific cultural content. Still, this idea is unable to project strong visions or provide guidance for the European project. According to Antony Smith, it fails to supply European myths and memories necessary for establishing a political identity.

The citizens may be patriotic in a purely political sense, but they do not necessarily feel that they belong in any organic sense to one big European family.

The recent interest in a European citizenship calls for Europe to be built on a civic political identity rather than on some kind of ethno-cultural or organic people-nation identity. Such a notion is reflected in the change of EU cultural policy from the promulgation of a unitary "Europeanness" to an emphasis on European diversity, protecting national and cultural differences. A political identity is demanded for Europe, but if not meant to replace existing national or state identities. Rather, it suggests the fusion of national and European identities, and more specifically, the importance of Europe in national identities. It is crucial to

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[15] . n. 13.

recognise the diverse and concrete ways in which the European dimension is included in national self-conceptions. [16]

One of the most controversial issues in the debate about the future of the European Union is the question of cultural identity of its member states and individuals. Optimists though argue that Europe's cultural identity is lagging behind its political and economic ones (identity journal) at the same time they point towards some indicators of a growing sense of community to complement the emerging polity. While sceptics avow that a truly integrated European culture is a mirage that is impossible by definition.

Part of the disagreement stems from a loose usage of the term. Recent cultural studies discussions about the concept of identity, especially in the literature on the rise of nationalism, have emphasised the metaphorical nature of the term (projected from individual psychology onto larger groups). Sceptics stress that identities are constructed, therefore changing over time, and usually contested between different claimants. As a result, most people have multiple identities. Properly redefined, the question ought to focus on whether a European level of identities exists at all in its wider and deeper affinities. Similarly, the complexity of the notion of culture is usually underestimated.

A brief historical retrospective shows that Europe did possess a vague sense of cultural commonality before 1914, but that did almost disappear during the two world wars. The dominant languages such as Latin, French, and later English, in a regional sense also German, provided a communication medium for the educated elites. The social origin and intermarriage of the aristocracy or commercial bourgeoisie was another bond. The intensity of economic exchanges created a sense of togetherness. During imperialism, the issue of race also played a major role by defining European simply as white. The rise of nationalism, the fierce hostility of World War One, the destruction of the Central and East European Empires in the suburban Paris treaties of 1919, the breakdown of trade, the repetition of the War in 1939, etc. practically destroyed this sense of cohesion. The efforts at integration after 1945 can be seen as an attempt to recapture

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[16] . Ole Waever, "Identity, Integration and Security—Solving the Sovereignty Puzzle in EU Studies", *Journal of International Affairs*, Winter 1995, vol. 48, no. 2, pp. 411-12.

something that was lost and to put it onto a firmer institutional foundation. A Carolingian sense of Western Catholicity helped to inspire a sense of commonality among Schuman, Adenauer and de Gasperi and facilitated a common European Identity.

After World War Two some residual feeling of cultural affinity grew from below and was promoted by specific sectors of the European population. The common suffering of war and oppression by the Nazis animated members of the resistance movements; the shared project of restoring cultural monuments and reviving high culture called for a degree of cooperation; moreover the eclipse of European power led to a joint defensiveness against popularizing cultural influences from America or ideological subversion from the Soviet Union. But in spite of similar social patterns, the nation-states were not so damaged that they did not make a comeback and culture remained organized on a national level. Hence it took pro-European elements of the elites, like the Christian Democrats, to push for integration out of a sense of shared danger to Western Civilization from the East through the Cold War. The younger generation usually embraced an Americanized version of popular culture that begun to spread across Europe and also reduced national differences, without, however, putting anything specifically European in its place.

Powerful factors have continued to limit the emergence of a European cultural identity. Most basic is the difference in languages which created several cultural regions within Europe rather than a coherent transnational culture. English was spoken not only in Britain and Ireland, but also in Holland and Scandinavia; French dominated part of Belgium and Luxembourg, and via Latin affinity was also strong in Italy and the Iberian peninsula; German language lost its Scandinavian and East European influence and retracted to Austria and Switzerland. The language struggles in Belgium and Spain also indicates the saliency of this dimension for identity. Similarly, the media have remained by and large locally or nationally organised. The European, Eurovision, Eurosport, Arte, etc. are but feeble beginnings of transnational broadcasting. Education also continues to be nation-centered, all the youth exchanges, Erasmus and other such laudable initiatives notwithstanding. In most textbooks the history of the country

and culture in question dominates, and only secondarily are their references to Europe. Many predictions to the contrary nationalism has not only proven persistent, but also revived in the West in various regional liberation movements (Corsica) and in the East as a major political organizing force after the collapse of Communism. Other competitors such as a revived sense of regionalism, and a new globalism have inhibited the growth of European cultural cohesion.

A European cultural identity is therefore unlikely to arise automatically, but will require a conscious effort. From that perspective "Europeanism" can be considered as the functional equivalent of "nationalism" in the 19th century, namely an ideology, promoted by elites, intellectuals, businesspeople, and the young, seeking to establish a new, more inclusivist but still limited layer of identity. If one were to follow this analogy, one would have to require the introduction of a common language, the creation of a joint history, the construction of a cultural canon, service in common military institutions, the establishment of transnational media, the constitution of a common European public, debating its own future, and so on. According to such criteria, the construction of a shared European cultural identity still has a considerable way to go.

Though, no doubt, there are survey data, showing an encouraging progress towards a European orientation, especially among some of the smaller countries and the Germans (which have a particular historical problem with their own sense of self). But such laudable sentiments among elite sectors of the population do not amount to a shared cultural practice of commonality yet. The French may well start to think of themselves as Europeans, but that does not mean that they will not continue, first and foremost, to feel French.

There is in reality a curious silence about the actual content of this presumably shared cultural identity. Put another way, the question will need to be answered, what does or should this common European sense of self consist of? In what way will it be distinguishable from the styles, values or outlooks of other advanced industrial societies? Or in simpler terms, how will these new Europeans be different from Americans, Australians or Japanese? Whatever is taken as the core of Western human rights and post-Enlightenment thinking tends to be larger

than Europe, since it has spread from there to other continents. Whenever tighter definitions are offered, such as belief in the welfare state, government support of culture, etc. they have distinctive French, British, or German connotations which are sub-European. The implicit reliance on Christianity will also not do any longer in a secularized society that has more and more Islamic and other religious members. Not that the European Commission would need to legislate this shared cultural sense, but already the strenuous French efforts to keep American popular culture out indicate how difficult it is to define what is supposed to be "European" rather than Western or national.

Culture is obviously not one of the three pillars created by the Maastricht Treaty of 1992 (economic and monetary union, the common foreign and security policy, and the justice and home affairs policy). Yet Maastricht did foresee a broadening of EU responsibilities to include education, youth and culture, to the extent that all these contribute toward the specter of European governance and of an evolving notion of European citizenship, not to mention social and economic cohesion. And so, according to Article 3 of the Maastricht Treaty, one field of joint EU action is to contribute to the "flowering of the cultures of the Member States".

The plural "cultures" is important: The EU pledged to respect national, even regional, diversity (Art. 151, par. 1) and, at the same time, to promote "common cultural heritage" of Europe. Since 2000, this has happened under the framework of the five-year Culture—2000 programme, the objective of which is to "encourage creative activity and the knowledge and dissemination of the culture of the European."

The crux of the question is the issue of diversity within Europe versus commonality across the old continent. So the answer to the question depends upon perspective and attitude. No doubt, there are important similarities in social behavior, value systems and the like, which make Europeans recognizable as such, especially when they are far away from home. But when they are together, they can hardly agree upon anything on the local level, let alone the continent. From a historical point of view the question can be rephrased as to whether the sense of community has been declining or growing. Among young intellectuals, the answer

would probably be yes; among the working class fans of Manchester United, Borussia Dortmund or Inter Milan, probably not. It will require a concerted political effort to get the majority of the populations in the various national states to accept Europe as a salient or perhaps even dominant layer of identity. Given the abiding language and other differences, the challenge is to create a greater degree of unity within a culture that privileges diversity.

The Result of the Nice Negotiation

The EU member-states met at Nice to discuss how best to divide responsibilities between the federal and nation-state levels of government. While no agreement was forthcoming at this meeting, representatives voted to finalise the framework in the 2004-IGC. The two sides in this debate are: those who favour so-called 'intergovernmentalism' or nation-state supremacy; and the federalists, who want Europe to operate as a super-nation with a parliament, courts, taxation system, professional bureaucrats and, possibly, a directly elected president. In essence the Europeans are facing the same task the framers of the US Constitution did when they decided "to form a more perfect union": how much power will be given to member states and how much will reside in the federal government?

So far, German Chancellor Gerhard Schoeder has proposed a new plan for radical changes in the European Union as it has been discussed earlier in this chapter. Modifying though not rejecting Schroeder's blueprint, Lionel Jospin's vision of a unified Europe calls for a federation of nation-states (read European Federal Union), falling short of establishing a strong federal government. And Jospin's proposal did call for sweeping socialistic reforms, including the harmonization of common law and criminal law, and the establishment of an EU police force.

In addition, Jospin called for a collective budget, which would translate into the creation of a central EU treasury. European Commission President Romano Prodi also produced a plan for Europe's future, largely geared toward increasing the non-elected Commission's powers. Prodi proposed a direct EU-wide tax and that the economic governance of the European Union be delegated to the Commission, along with the European Central Bank. His main concern was that

with the expansion of the EU beyond the current 15 member states, the current process of decision making - which requires unanimous consent of all members - would become virtually unworkable in the future.[17]

Conclusion

It is a matter of concern for EU that there has always been a tendency to resort to sovereignty as an excuse for stalling or obstructionism when the other members of the EU have agreed on a policy. The British political and business classes have been victims of a self-imposed confidence trick. They have allowed themselves to believe that the European Community is mainly concerned with free trade and economic cooperation, and that the political union has suddenly been sprung on them by other member-countries. But they have no excuse other than wishful thinking. The first sentence of the 1957 Rome Treaty speaks of "an ever closer union among the peoples of Europe". To remove any ambiguity, the first Commission President, the formidable German jurist Walter Hallstein, used to repeat: 'The Community is in politics, not in business'.[18]

A general misunderstanding of the Parliament's intentions has fuelled paranoia among national parliamentarians that sovereignty is once again under threat. Members of the European Parliament are perceived as ambitious competitors with national parliamentarians of a growing range of legislative powers. Also there is no real sense of an evolving organic whole in relation to the EU's future even within among the players of EU governance. The EU's central institutions such as Commission, the Parliament, the ECoJ, which have supranational and federal propensities, are tolerated but rarely applauded. Recognition of their important potential for the future of the EU is particularly grudging. And even when reluctantly recognised it is usually only as a cursory aside to the more comfortable assurance that the Council of Ministers, the Committee of Parliament Representatives (COREPER) and European Council control the Union's destiny. The 'European' idea to this extent is impoverished.

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[17] . http://europa.eu.int/eur-lex/en/treaties/index.html
[18] . Michael O'Neill, *The Politics of European Integration—A Reader* (London: Routledge, 1996), p. 181.

And it is the federal European conception that has suffered from an understandably, if undue, obsession with what governments say and do.

Much of the hostility towards the idea of a federal Europe is derived from fears and anxieties about the loss of national sovereignty. The nation can be defined as a 'bivocal symbol' of modernity, in the sense that it may simultaneously fulfil both personal, existentialist functions of self-meaning, as well as political functions of power-legitimation. But "Nations are not something eternal. They began, so they will come to an end. A European confederation will probably replace them." More than a century has passed since Ernest Renan made this prophetic statement in his celebrated lecture 'What is a nation?' delivered at Sorbonne in 1882. And perhaps this prophesy is going to be true.[19]

While some of the worries about loss of sovereignty may be legitimate concerns, most of them, however, are based upon outmoded conceptions of national independence and upon a fundamental misunderstanding of the Community's federal heritage. The fear of some nationalistic Europeans that they would all become foreigners is a major public misconception about federalism in its application to European unity. In a speech to the European Parliament in 1996, the Queen of the Netherlands pointed out that it is a common mistake to regard the political development of the European Union as a 'development comparable to the evolution of a nation state'. Social homogeneity and cultural standardisation is not part of the Community's purpose. On the contrary, the whole history of European integration since the 1950s clearly demonstrates that the aim of the Community is to preserve and enhance Europe's social and cultural diversity. Indeed, the very essence of federalism is a federal constitution that safeguards the autonomy and integrity of its component states. This is to prevent the cultural identities of individual countries being subsumed, as they surely would, were they to merge into a super-state without constitutional guarantees.

But if a federal union is assumed to be as yet another incomplete state on the road towards more solid unitarism, then the implications for the relationship between federalism and the European Union becomes clear. Viewed from this

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[19] . n. 10, p. 257.

standpoint federalism constitutes a direct attack upon the member-states, pushing them, via increasing centralisation, assuredly towards a unitary denouement. But is this necessarily true? Is it in reality the case that federalists, in pursuit of a federation, seek to construct a new European state by stealth and ultimately in a 'unitarian' form? One of the most difficult hurdles for federalists to overcome in their struggle to achieve political unification in Europe is precisely this mental and psychological perception of their intentions. It has become all the more difficult because this perception is rooted in the experience of traditional state-building and national integration.

Forsyth's observation regarding the federal reference that is frequently attached to EU that 'there has been an unfortunate tendency...to apply paradigms and models to the Community in which reference to the state is either completely avoided, or kept to an absolute minimum' is an instructive one. Much of the past theoretical literature on European integration unwillingly or not, conveyed a view of the state as a permeable, non-entity which could be gradually corroded and eventually superseded. It seemed to point the way towards a new union of state which would ultimately transcend the old established nation-state. But it was often unclear what the new political authority would look like. New institutional structures would forge and manifest new linkages designed to reflect new centres of loyalty detached from the old nation-state which would be rendered increasingly unnecessary.

Critics of federalism have used this to warn against the emasculation of the nation-state and the destruction of inveterate cultural values and traditions. The idea of a federal Europe is clearly misrepresented as a monstrous new Leviathan straddling Europe and trampling upon hollowed beliefs and modes of behaviour in its single minded pursuit of social homogeneity and cultural standardisation. Any decision taken by the Community, which strengthens its own independent, overarching corporate personality can thus be construed as movements in this dangerous direction. The dilemma for federalists is particularly tantalising: How can they advocate closer, more binding, political and constitutional arrangements in the Community without arousing legitimate consternation about the perceived

consequences of such centralisation? Assurances of new constitutional guarantees will not silence their critics.

It has been noticed that the gap in popular support and understanding of the process of European governance system have resulted from attempts to demonstrate a grand political process of European unification as a purely economic form of cooperation. There has been, and still is, a failure to enhance public understanding at national level, and a tendency by national leaders to counter popular criticism of the political aims of integration by describing it as an economic project.

The overloaded concept of intergovernmentalism has made particularly damaging and distorting impact upon the relevance of federalism to the European Union. The mainstream political science literature also tends to depict it as little more than an intergovernmental grouping of independent states. Not only does it by implication overlook federalism but it also serves *ipso facto* both to misrepresent and devalue it. Federal ideas are relegated to the sidelines as a laudable but unrealistic objective and the widespread impression conveyed is one of minuscule support for an abstract utopian goal.

National sovereignty is certainly clearly incompatible with European unity, if this concept refers solely to the channelling of national sentiments towards the cause of aggression and domination over others. The collective self-esteem of nations, however, can also be identified with the successful achievement of the collective objectives. So it is always possible to make the national sentiments compatible both with European unity, as well as with what Durkheim called "world patriots". Patriotism is said to be the "last refuse of a scoundrel". It also could be said that "sovereignty is the penultimate refuge."

In France also the long-standing political consensus in favour of European integration was seriously challenged for the first time, and the referendum held on the Maastricht Treaty produced only a tiny majority of 51.07% in favour of ratification. In Denmark, ratification was achieved only after the introduction of special provisions for the Danes. And finally the accession debate in the Nordic countries revolved around the deep-seated concerns over the loss of sovereignty

and national identity, ultimately resulting in Norway's rejection of EU membership.

Prime Minister Tony Blair has been refuting accusations that the emerging European Union would require Britons to cede large chunks of national sovereignty—including control over their currency and economy—to the bureaucrats in Brussels. But after last parliamentary elections, when Blair's Labour Party retained office, it became blatantly obvious that the future EU will involve the loss of much sovereignty for member nations and the accompanying transfer of power to the politicians and bureaucrats in socialist Brussels. Blair had hoped to avoid the federalization issue during the elections, but was caught up by French Prime Minister Lionel Jospin, who went public with his vision of a federalized Europe just a week before the British went to the polls.

Conflicting attitudes and perceptions exist even within Wales, Scotland, and England as to what form federalism or intergovernmentalism should be applied to the increasingly complex procedure of governance in European Union. It has been noticed that there no longer exists a 'uniform' British opinion. But it would not be wise to ignore or dismiss as irrelevant, the debate between the two conflicting approaches to European governance.

National governments have failed to create public awareness, involvement and support for the process of European integration or to create popular support for enlargement. National parliaments have an important role in this regard. Political parties are failing to address issues at the European, rather than the national level. They have not matured to the point where they can offer a European alternative.

In all the countries, the cognitive and affective dispositions of national habitus can still make it very difficult for people to accept the authority of power-holders of decision-makers who are not of their own country. Nevertheless, national sentiments should not be classified *a priori* as obstacles in the process of European governance, for to a considerable extent they have also played a key role in the acceptance of EU membership among the populations. In today's Europe it is urgent to search and investigate for the harmonious interplay between national

sentiments and the concept of 'belonging to Europe' which has developed and as is developing in each country.

In as much as it describes the triangular relationship between the Council, Commission, and European Parliament, the governance method in EU is dynamic, not static. Any observation of it should also take into account the growing importance of the European Council, an institution that, because of the Commission president's participation in it and because of the Nice Treaty's introduction of QMV into its deliberations, is by no means strictly intergovernmental. Britain's constructive participation in the EU, despite opposition to the extension of QMV in taxation and other sensitive policy areas, may be a harbinger of a unique thing to come. As Tony Blair has once said the European Union must remain a community that incorporates both sovereign states and the sovereignty that they have pooled in the Union.

Moreover, semantic arguments about the description that should be given to the process of European Union governance system—federal or intergovernmental—are in themselves not important. As Edward Heath puts it: "It is not very productive to spend time arguing about federalism and intergovernmentalism and their many different definitions. One should instead concentrate on making the Community a success in all its different forms..."

Western men used to pride themselves on their universal humanistic and cosmopolitan outlook, but now even men of standing have come to talk of the need to develop a 'European personality'. The European Union owes its existence to the imagination and determination of the federalists who endowed it with moral inspiration and authority, and whose ideals generated a restless energy enabling it to take root and maintain an unwavering sense of purpose. But at the same time the federalist aspirations has "turned out disappointing" and that both the tone and style of their rhetoric had lent a "scale of values and criteria for measuring progress" which today is unrealistic and damaging because it suggests that "the whole array of concrete achievements have not lived up to expectations". With the eclipse of the federalist dream "no new intellectual or moral framework has been constructed to enable the general public to make sense of what is going on and no new objectives have been set with which they can identify and towards which they

can aspire". As Christopher Tugendhat's remarks, the Community will never be the first step towards the United States of Europe because "now...it looks...unlikely to be realised". Accordingly, "federalist ideas and federalist rhetoric should be sensibly jettisoned because they propose what today and tomorrow is unattainable".[20]

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[20] . n. 18, p. 180.

CONCLUSION

To try to examine the issue of European governance is like trying to hold a line on a political rainbow with its many fleeting hues—a rainbow with one horizon among those who are clear that they are not seeking "a new father land" and the opposite horizon falling among those like Dr. Hallstein who are also ro less clear that they are trying to "awaken a new European patriotism", while the old nations may be left to dream their national dreams.[1] However, many important questions swirl around the new Europe, ranging from compound issues of identity and geography, through the possibilities of escape from a long history of warfare, to the costs and benefits of economic and political integration.

The European Union actually reflects a division of labour in the state functions where the member states focus on social and redistributional politics and the EU increasingly focuses on regulatory policy. Of course, the EU does not replace the identities of its member states but rather specialises in rule making and the management of a transnational governance project. Distinct levels of institutions pertain to distinct functions, and EU as such does not require all aspects of the Westphalian statehood.

The European Union in course of its governance has incorporated elements of the American, Swiss, and German federations. It will be interesting to see whether a novel federation will emerge over time, or whether at some point the Europeans will actually 'choose' a new federal form of governance through a constitutional convention and a referendum.

But as this study showed there is only a fragmented support among the European national governments for federalism except as a long-term objective expressed as a general aim in the preamble to the Maastricht Treaty. Many would like to say that there is no real need to quarrel over the word 'federal' because the EU has been developed in a unique way to render the federation unnecessary. Yet the ongoing strenuous debate shows that the Euro-federalists and the intergovernmentalists alike have in common a hang-up over powers that are

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[1]. D. Mitrany, "A working peace system", in P. Taylor and A. J. R. Groom (eds), *The Functional Theory of Politics*, (London, 1975), pp. 131-2.

traditionally associated with the sovereign functions of a state. But if they take a utilitarian attitude towards the aspect of governance in the European Union then they should neither worry about the shedding of national sovereignty, nor actually desire to do so just for the fun of creating new institutions.

Should the intergovernmental method of decision-making procedure be avoided at all costs? But as it has been seen, in important matters of EU governance, intergovernmental co-operation has given some momentous impetus to further integration such as treaty agreements etc. Having emphasised this, it should also be stated that the intergovernmental method could never be the actual objective. But the European Union must adapt to the changes that occur in the minds of its citizens over a period of time. The intergovernmental approach had a role to play, notwithstanding the frequent claim of its temporal nature by the federalists. And it is misleading to argue that the notion of intergovernmentalism in the Community arena is outmoded.

Federalists argue that federal ideas act like a solid antidote to the complacent instrumentalism that is so characteristic of intergovernmentalism and commonly revered as pragmatism in the governance process of the European Union. The word 'pragmatic' figures only prominently in the language of intergovernmentalism largely as an apologia of pedestrian progress, but it often carries with it the silent disapproval of forward, progressive political strategies designed to accelerate the pace towards "an ever closer union". Nevertheless, if the route towards European federation involved a temporary detour to intergovernmental territory, then it is most welcome. But where the Euro-enthusiasts have not played fair is in their failure to state clearly why a European federal union of any kind is so important. And this will help to have a complete ban on the transport metaphors such as "catching trains", "missing buses", and "being left behind at the post".

EU's development as a distinct form along side confederations for defence and security is largely explicable in terms of the profound changes that have taken place in the structure and needs of the state with the development of the industrial revolution and concomitant intensification of economic exchange over the boundaries of states. These changes have provided a strong added impetus to the

'welfare' motive for confederation. The political theory of economic union is hence the classical or traditional theory of confederations transposed and adjusted to the particular arena of economics.

The EU is certainly no monolith; a scholarly monograph which struggles to characterise the intricate relations among its varying institutions and the dizzying complexity of the interplay that is involved among the Union, national and sub-national politics. The institutions continue to change, new members join, and the interplay assumes newer patterns demanding new scholarly monographs.

It has been indeed one of the continuing ironies and tragedies of European history since the WW II that the proponents of defensive confederation have been deeply suspicious of the proponents of economic / political confederation. Instead of an overlap and mutual strengthening—defence union providing the framework for economic/political union, and economic / political union providing the material and moral basis for defence union—there has been tension and antagonism between the two concepts.

The advocates of federalism should always remember a warning that epitomised Tindemans' dilemma—how to demystify and make practical the idea of European Union, while avoiding a too detailed and explicit exposure of its federal and supranational connotations. While the exact nature of the form of the governance of the European Union is still shrouded in imprecise definition and vacuous commitment, it would not be unacceptable to the member-states if the contours of the European Union become a little bit focused.

The integration of Europe was and partly remains the creature of vision, and for many it is the vehicle of a still extant noble idealism—the victory of an idea that set out to make the new world better than the one on which it was built. Engagement with the idea of Europe has allowed even those in ivory towers to take part in this endeavour, mixing their own ambition and drive for power and fame with a subject of inquiry which has made a difference to the process and that continues to be relevant and vibrant.

Unity of Europe does not create a new kind of power; it is only a method for introducing change among the peoples of Europe. European cooperation is

profoundly a political process, best understood in the familiar terms of political analysis, not in the arcane language of federalism / intergovernmentalism or the loose concepts of regime theory. It is not only "today's reality" that is "complex and messy"; in fact, the realities of politics were always so. In heroic times, perhaps, men created new federations out of a clear sense of purpose, supported by a public that shared that purpose. The myth of making of the American constitution, in its popular form, portrays the founding fathers as men of wisdom and vision. The mythology of European idea has similarly endowed the statesmen of the 1950s and the electorates they led with a vision and a purpose, which their successors are sadly seen to lack.

Confederations—as our history shows—provide the framework within which the sense of oneness and nationality concomitant with democracy in the fullest sense can gradually develop. This development is, however, a slow process, even amongst people that speak the same language. And it ends often with a bitter struggle in which the constitutional form of confederation, based on treaty between states, is pitted against the emergent will of the majority of the population of the confederation as was evident in case of USSR. In the European Union, where cultural differences are many and deep and are indeed likely to grow wider as the recent enlargement has declared to accept ten new member-states from East European countries, these somewhat somber historical realities deserve to be remembered.

The ideological collapses of the last century have left a good deal of free-floating enthusiasm lying about ready to be tapped by new causes. In this context the basic factor to understand the debate on the governance of the European Union is the distinction between the ideal objective of "ever closer union among the peoples of Europe" and the actual dirty details of the institutional structure and the national self-interest that is attached with it and which have contingently come to stand for that ideal aspirations. Twenty-first century, some critics say, is a century of pass-time ideological struggle, and while indulging in that one should remember that reality, like charity, always begins at home.

The insufficiency of integration theory does not necessarily carry with it the collapse of European system of governance. In spite of so many problems, the EU remains a functional political system. Certainly, too, it has disappointed the hopes of the more idealistic of its founders, and failed to achieve the most ambitious of its objectives. But some of those hopes were founded upon two linked illusions: that politics could be tamed within the European enterprise, and that national governments would allow themselves to be bypassed and undermined. Grand and rhetorical objectives are always the stuff of summit conferences without necessarily committing their authors to reach their ultimate destination.

Europe needs now an extensive and deep public debate on the future direction of European governance. The proponents of intergovernmentalism and federalism need to bring their arguments and practical solutions into the public debate. Defining a clear set of tasks and goals for the European governance should be started in the earliest. The enlarging European Union needs a reformed Treaty, a restored institutional balance and a more efficient and transparent decision-making mechanism. And above all the Union needs a mission statement or a constitution with which the citizens, nations and businesses alike can identify.

The problem of understanding the EU in political terms has been there since its very inception. Often it has been described as an embryo federal state. In the circumstances of no definitive agreement certain things are almost clear with respect to the EU that it has already become a new form of multi-level governance that has unbundled traditional notions of sovereignty and statehood. And Europe's form of governance will continue to display many of the features with which students of federalism have long been familiar. But at the same time it will also be unique, because the European Union is unique.

Some people argue that the EU will nurture self-determination and consequently encourage returning to extreme nationalism. This should be avoided at all costs. This fear has been expressed in a recent text:

> ...in the lore of modern European integration the *raison d' etre* for setting
> the process in motion was largely to negate the ravages brought about by
> the excesses of the modern and relatively new nation-state and its

ideology...And yet, that very *raison d' etre* compels the rejection today of a European 'super-state'. What achievement will it be, what progress will we have made, if we arrive at a point which paradoxically reinforces the very political structure towards which the European process was attempting to create a distance?[2]

But at the same time it is myopic to regard the past five decades of European governance as a technocratic-economic exercise principally devoted to capital expansion. While "Europe is a political and economic concept", it is above all "a moral idea". So it can be said that there is a need for a governing arrangement with a pattern of institutions which would have the capacity to develop an autonomous European political life without threatening the Jacobean destruction of the nation-states. The problem of European governance requires the creation of a new form of political structure with completely new political and social contents, of which the federations of the past are only palid antecedents. It is often said that human beings are afraid of what they do not understand; they dismiss what they regard impossible. And history is, indeed, littered with visions which have not been implemented. But at the same time it should not be forgotten that how great achievements and progress have been made in the teeth of public derision.

Europe is passing out of the phase of the dominance of nation-state and entering the era of co-operative decision-making. The modern European experience in consensus and coalition politics within their own countries may well enable the transition to be accomplished more smoothly and easily. But the EU's institutions are still some distance from providing a European government with real democratic accountability and real, if limited powers, which would transform the Union into a federation or a federal union, and the creation of which member countries have repeatedly declare they are committed to...[3]

But governments should also listen to what their citizens are saying about Europe. Because the people who really matter in this great debate are not like

[2]. R. Bieber et al., Introduction, in R Bieber, J. P. Jacque and J. H. Weiler (eds), *An Ever Closer Union* (European Perspective Series, Brussels, 1985), pp. 7-8.
[3]. E. Wistrich, "A federal democracy", in E. Wistrich, *After 1992: The United States of Europe* (London, 1988), pp. 97.

politicians or the institutions or the academics who one way or the other have always their own bias in advocating something. And it is, after all, human beings made of flesh and blood are the ones who unites and not primarily policies or documents.

While the final destination still remains unknown the European Union's future seems to be increasingly set along a federal road while simultaneously showing intergovernmental features on several occasions which some critics characterise as 'federalistic intergovernmentalism'. The famous English poet of eighteenth century Alexander Pope once wrote, "For forms of government, let fools contest...whatever is best administered is best". Probably these sarcastic lines also apply to the context of European Union when one considers the entire gamut of the debate between federalism and intergovernmentalism that is going on. And keeping this in mind it can be concluded that for the creation of a kind of federal Europe, a great deal will depend on how the Union's institutions perform over the next few years, particularly the European Parliament. And towards this end the boundary between being pragmatic and being chimerical is thus tightly drawn.

Federations, Confederations and Federal Unions and Nation-states do not follow co-linear paths from disunity to unity. They rise and decay, in response to internal and external developments, to the wisdom and unwisdom of the men who direct them, and to the changing loyalties and expectations of their citizens. But at the same time it is a truism that there is nothing inevitable in politics, for all the attempts to build predictive theories, the paths both to union and to collapse are liberally strewn with incentives and obstacles.

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