

The Role of Federalism in European Integration in the Context of Contemporary Multifaceted Challenges

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ABSTRACT

Federalism is a theory which has largely affected the European integration process and it remains important today. From the financial crisis and the requests for the creation either of Eurobonds or of a unified banking sector, to the current health crisis and the request for a common health policy approach and a common recovery mechanism for the elimination of the negative economic and social consequences of the pandemic, the theoretical and empirical discussion about the direction that European integration should follow are yet active. In this essay we will firstly outline some basic aspects of the theory of federalism as well as a brief comparison with other theories and secondly, we conduct an analysis on the contemporary importance of federalism. Accordingly, an evaluation of the theory with real examples-challenges offers lucrative ground in order to reach some tentative conclusions on the current and future role of federalism to the European integration process.

Keywords: federalism, European integration, European Union, EU political system.

INTRODUCTION

Several theories try to explain European integration and set the guidelines for the way of settlement of the cooperation process. Undoubtedly, every theory has its main justified points and drives its arguments from several opinions as well as implemented policies and institutions. In this essay we will focus on federalism in order to analyze its main arguments as well as its importance in the contemporary situation. Federalism is chosen as long as it is still important today, from the financial crisis and the requests for the creation of Eurobonds or the creation of a unified banking sector, to the migration crisis and the demand for the creation of a unified response, to the health crisis and the request of a common health policy approach and a common recovery mechanism for the elimination of the negative economic and social consequences of the pandemic, the discussion is yet active as well as the demands for further federal unification. In this essay we will firstly outline the basic aspects of the theory of federalism as well as its comparison with other theories, in the second part we argue about the contemporary importance of federalism, at the third part we will test the theory with real examples and finally we will draw some conclusions based on the conducted analysis.

THE THEORY OF FEDERALISM

It is crucial to point out that the theory of federalism focuses on the political unification of Europe, by taking into account that the EU should become a European polity. Federalism is contrary to nation state system but not necessarily leads to centralism as long as it parcels and

connects the power within the different levels of governance which are directly connected and negotiable with the people [1]. Thus, federalism aims at the reconciliation of the different parts-members which aspire to become unified. However, unification does not necessarily imply uniformity but the existence of autonomy and diversity within the unified federal polity [2].

It is true that after the World War II the federal solution for the establishment of peace and prosperity in Europe gained ground thus “reaching the foundations of the social existence” [3]. Federal thinkers believed that the nation state will again lead to war as it did in the past, thus proposing instead a grand polity. As Spinelli pointed out, the only solution for the avoidance of a future war and the establishment of peace and stability, is the creation of a federal polity because all divisions are secondary to the conflict of national powers [4]. Therefore, federalism was proposed as the main solution to the structural problems of the nation state in Europe and also as a system which could be transferred to the whole world [5]. In order to avoid the dangers of centralism and to answer to the concerns of functionalists, federals, such as Delors [6], proposed a classic federal but anti-central scheme, emphasizing on subsidiarity so as to organize society in order to function in the lowest level.

On the contrary, functionalists claim that federal theorists were trying to copy American federalism but in a very different context than the American [7]. Furthermore, as Mitrany argued [8], the focus on specific cooperation in specific areas should be enforced and if several of these functional operations occurred, peace can be sustained. This was actually also an answer to the danger of centralism that they believe it exists in the federal proposal.

Intergovernmentalists claim that integration and cooperation could work in low politics but in high politics (military, foreign affairs) is extremely difficult. Thus, neither neofunctional nor – especially – federal theory could meet reality [9]. Furthermore, several intergovernmentalists insist that behind the creation of the EU there are not ideological roots on integration but economic survival goals. Even if several other policy areas become important, the basis for the EU integration is the motivation of economic preferences among different governments [10]. These basic arguments criticize federal theory as inconsistent with reality and, as functionalists also indicate, federals propose utopian ideas that are not connected with the specific complex system of the relations in the EU. That does not mean that intergovernmentalists do not believe that cooperation may prevail, but they focus on specific aspects (especially in low politics) and on the role of national governments. As De Gaulle and Thatcher insisted (for different issues each as long as De Gaulle focused on agricultural policy and Thatcher on the liberal free market enforcement), cooperation is possible and should be enforced but only through intergovernmental relations.

THE CONTEMPORARY IMPORTANCE OF FEDERALISM

It is true that federalism has been criticized a lot by different theories of EU integration, mainly because it emphasized on the creation of a common European polity which some believe that could grow centralism. This is the reason why Delors emphasized on subsidiarity in order to become the savior of pluralism, diversity, patriotism and national identity. Thus, subsidiarity may enforce decentralization and make the federal idea more tangible.

During the recent financial crisis that created enormous problems especially in the peripheral countries of the Eurozone, the importance of federal ideas came in the surface. Many insisted

on the importance of the creation of Eurobonds in order to save the Eurozone for collapse [11]. Even if the Eurobonds have not been created, the crisis has further enforced integration via the creation of more mechanisms that did not exist earlier, such as the ESM and the enforcement of the banking union. The demand for further common measures has again prevailed during the current health crisis due to the covid-19 pandemic, focusing on a common response to the economic problems that have occurred and by introducing the common recovery mechanism, which is actually the largest stimulus package ever created [12].

Furthermore, it should be noted that the expansion of the EU and its focus on several political issues has also expanded the role of institutions such as the Court of Justice of the EU which tends to act as a supreme court in a federal system [13]. Even if it has yet some elements of an intergovernmental institution, the expansion of EU activities has increased the immediate effects on the national law [14]. Besides criticism about pursuing policies [15], these elements have further enforced some federal dynamics of integration.

As Dinan [16] indicates, the EU is a unique polity that cannot be compared with a similar one, as such a system simply does not exist. Although several constraints exist (linguistic, cultural, organizational), it is remarkable that the system is resilient enough and expands as the years pass. However, criticism exist as long as such a mechanism is relatively slow in the adaptation of the regulations it creates fast [17]. It is true that a federal system could be faster in implementing policies but the EU is not yet a federal system and it is unsure if it ever becomes. Therefore, these concerns connected with the real problems that exist (financial constraints connected with the crisis, migration-refugee crisis, health crisis, instability in the East Mediterranean and Middle East), make the federal ideas important. Even the creation of the Eurozone and the transfer of sovereignty to the EU level, has reinforced several concerns in terms of centrality and yet Delors contribution as for the importance of subsidiarity and decentralization, becomes again important.

EVALUATING THE CONTEMPORARY ROLE OF FEDERALISM

To test federalism we will focus on the problems created in a part of the periphery of the Eurozone during the recent financial crisis, the current health crisis challenges as well as the Social Europe pillar. Therefore, we should firstly mention that the South European member states have joined the EU after experiencing years of destabilization. By joining the EU they moved towards democratic consolidation and economic development, although several disparities still existed in their systems. These dysfunctions and drawbacks were crucial parameters for the increased depth of the debt crisis that followed the global financial crisis in 2008.

It should be mentioned though that the construction of the EU is mainly based on the economic liberal principles which were accompanied through the elaboration of market-correcting instruments. Thus, the federal demand for the creation of Eurobonds in order to address the huge pressures in the first phase of the financial crisis was not accepted. Initially, this was the case also in the first phase of the coronavirus pandemic but the creation of the recovery plan was a relief for several countries which are hardly hit by the economic and social consequences of the pandemic.

Furthermore, the Social Europe pillar, although there is not agreement with the concept of the term Social Europe, still comprise one of the basic parameters which stabilize free-market's negative social outcomes and aims at creating a sustainable societal structure. Both European polices as well as national social policies have constructed a framework that combine economic and social liberal principles which foster coordination as well as subsidiarity, an important combination in Delors federal argument as it has already been mentioned. It should be noted though that there were several measures taken from the EU in order to enhance the social pillar [18, 19], and although the gap between the social and the political pillar with the economic is still significant and the convergence towards this goal from the Southern European countries is broadly contested [20, 21], the steps towards the realization of more common grounds on social and economic sphere are more than important. This does not mean that the EU moves directly towards federalism but small steps indicate a path which has been formed through the crises. What it is crucial is that even if Eurobonds were not accepted, after years of financial crisis, the occurrence of the pandemic moved again the discussion towards the necessity of a common response to the challenges that the covid-19 has created, hence in sharing of the burden.

TENTATIVE CONCLUSIONS

Federalism is not about a single act and cannot be created from one day to another. The process of European integration is long and federal ideas are there to remind their importance. As we briefly have showed, challenges still exist but crucial steps have been made in order to address the problems and share the burdens. Even if the federal ideas are not implemented completely, their importance offer to the political discussion further insights which co-determine the future European integration steps.

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