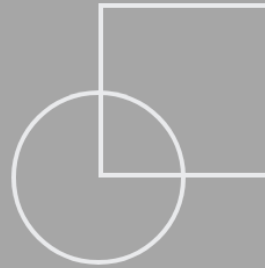


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European federalism: the strength of the diagnosis, the uncertainty of the solution

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European federalism is one of the oldest, most coherent and most structured responses to the limits of European integration. Its central intuition is simple: when a political space shares a market, a currency, economic interdependencies, open borders and common strategic interests, but does not have a political capacity equivalent to this level of integration, part of its difficulties stem less from an excess than from a lack of political unity. The successive crises of the euro zone, migration, the pandemic, energy and European security have regularly reactivated this argument. The Union has built interdependencies deep enough to make isolated national action insufficient, without having equipped itself with the budgetary, executive or strategic instruments to fully govern these interdependencies. From this perspective, federalisation appears to be the logical institutional consequence of an integration that has become too advanced to continue to function sustainably on the sole basis of compromises between States.

This criticism cannot be dismissed as a simple ideological preference. It is based on several problems that can be observed: the use of unanimity can slow down or block certain decisions; the single currency has long coexisted with a limited European budgetary capacity; foreign policy remains largely dependent on the convergence of governments; defence remains fragmented between national capacities; and finally, the Union's political responsibility remains difficult to attribute in an institutional system where the Commission, the Council, the European Parliament and national governments intervene simultaneously. The European Parliament itself formalised this interpretation when it proposed in 2023 a substantial revision of the treaties, including more qualified majority decisions, a strengthening of its own powers, a transformation of the Commission and an extension of joint action in several strategic areas¹.

However, the relevance of the diagnosis is not sufficient to establish the relevance of the solution. Showing that the Union suffers from a capacity deficit does not automatically demonstrate that a uniform federation is the only architecture that can correct it. A federation cannot be reduced to a more efficient institutional system: it also presupposes the political acceptance of majority decisions in particularly sensitive areas, the existence of sustainable redistributive mechanisms, sufficient fiscal capacity, identifiable democratic accountability and a level of political community that allows citizens and States to accept being in the minority on essential choices for the long term. It is precisely on this transition from the functional diagnosis to the constitutional solution that the uncertainty lies.

The question posed by this memo is therefore not so much whether federalists correctly identify certain shortcomings of the Union as whether the political, democratic and institutional conditions necessary for true federalisation are met. The problem can be formulated simply: does the need for an increased European capacity necessarily imply the constitution of a more uniform European federal power?

¹ European Parliament, 2023, Proposals of the European Parliament for the amendment of the Treaties, https://www.europarl.europa.eu/doceo/document/TA-9-2023-0427_EN.html



1. European federalism: a doctrine born of the problem of political power

European federalism did not appear as a response to contemporary institutional difficulties. It even largely preceded the current form of the Union. From the interwar period, and then more clearly after 1945, several intellectual currents considered that absolute national sovereignty had contributed to the rivalries that led to the European catastrophes of the first half of the twentieth century. The federal project then aimed to make it impossible to return to a Europe structured exclusively by the balance between national powers. As early as 1941, in the Ventotene Manifesto, Altiero Spinelli and Ernesto Rossi formulated the idea that European reconstruction presupposes going beyond the international order based on sovereign states with the ultimate capacity to wage war against each other. The federal project aims less to standardize European societies than to transfer certain decisive functions to a common level capable of preventing the return of destructive national competition².

The Community construction resulting from the Schuman Declaration did not, however, choose this direct constitutional path. It favoured a functional, sectoral and progressive method. The integration of coal and steel, and then of the common market, was to create interdependencies strong enough to make cooperation more rational than rivalry. Ernst Haas theorised this logic through neo-functionalism and the notion of spillover, according to which successful integration in one sector can produce new demands for integration in neighbouring sectors³.

However, federalism and neofunctionalism must be distinguished. The first proposes a political form; the second explains a dynamic of integration. They come together when an accumulation of common competences leads to the question of the constitutional coherence of the whole. Does a common currency call for a common budget? Does a common commercial policy call for a more integrated diplomacy? Does an internal market call for a common industrial or energy capacity? At each stage, the same question arises: to what extent can we pool functions without at the same time building a political power capable of assuming responsibility?

It is precisely this question that today gives renewed strength to the federalist diagnosis. The Union has reached a degree of integration that its founders would probably not have been able to envisage in all its implications, but it retains an architecture in which the capacity for political action remains largely shared between the European level and the Member States. This hybridity has allowed considerable flexibility, but it can also produce gaps between competence, decision-making and responsibility.

² Spinelli, A., & Rossi, E., 1941, The Ventotene Manifesto, <https://www.europarl.europa.eu/100books/en/detail/75/the-ventotene-manifesto>

³ Haas, E. B., 1958, The Uniting of Europe: Political, Social, and Economic Forces, 1950-1957, <https://www.europarl.europa.eu/100books/en/detail/38/the-uniting-of-europe-political-social-and-economical-forces-1950-1957>



2. Institutional effectiveness: the most immediately convincing criticism

The federalist argument is particularly strong when it concerns decision-making efficiency. In several areas, the Union continues to depend on unanimity rules or intergovernmental mechanisms that allow a single State to block a decision supported by the others. These mechanisms have an obvious political justification: they protect States when decisions affect interests considered essential. However, they can reduce the Union's ability to react when situations require a quick decision.

It is precisely this observation that has led the European Parliament to call for a change to the Treaties. In its resolution of November 2023, it proposes to significantly expand the use of qualified majority voting and the ordinary legislative procedure, to strengthen the role of Parliament in budgetary decision-making, to recognise its real right of legislative initiative and to transform several dimensions of the European executive. The explicitly stated objective is to increase the Union's capacity to act while strengthening democratic accountability⁴.

This approach builds on the conclusions drawn from the Conference on the Future of Europe. As early as 2022, Parliament had called for the opening of a procedure for revising the treaties, considering that several crises had demonstrated the limits of existing mechanisms. In particular, it proposed extending qualified majority voting in certain areas, increasing common competences in health, energy and defence and strengthening its own institutional powers⁵.

The argument is difficult to refute in principle. An organisation that wants to become an autonomous political actor must be able to take decisions. The more the Union intervenes in areas requiring speed, coherence and continuity, the more problematic dependence on unanimity can become. A foreign policy in which every major decision requires the agreement of twenty-seven governments does not have the same capacity as a policy conducted by a single executive. A European defence coordinated solely by the juxtaposition of national decisions can suffer from delays, duplication and inconsistencies in capabilities. On this point, federalism correctly highlights a structural problem.

However, the difficulty arises when moving from procedural efficiency to legitimacy. Removing a veto or extending qualified majority voting is not only about making the system more efficient. It means accepting that a government can be legally bound on a subject that it considers to be in its fundamental interests. In an internal market, this majority logic can be relatively easily accepted when the rules of the game are common and the redistributive effects limited. It becomes more sensitive when it concerns the use of force, taxation, international sanctions, immigration or the distribution of resources.

Federal effectiveness cannot therefore be evaluated independently of the nature of the decision. The more political European power becomes, the more central the question of its legitimacy becomes.

⁴ European Parliament, 2023, Future of the EU: Parliament's proposals to amend the Treaties, <https://www.europarl.europa.eu/news/en/press-room/20231117IPR12217/future-of-the-eu-parliament-s-proposals-to-amend-the-treaties>

⁵ European Parliament, 2022, Parliament activates process to change EU Treaties, <https://www.europarl.europa.eu/news/en/press-room/20220603IPR32122/parliament-activates-process-to-change-eu-treaties>



3. Budget and fiscal capacity: the federalist argument in the face of the incompleteness of the Economic and Monetary Union

The budgetary issue is probably the area in which the federalist diagnosis has received the strongest confirmation since the euro zone crisis. The single currency has created a common monetary policy without establishing a federal budget comparable to that of a State. This asymmetry has long been identified as one of the structural weaknesses of the Economic and Monetary Union: the Member States share the same currency but retain most of the budgetary and fiscal instruments, whilst the European budget remains limited in relation to national budgets.

The sovereign debt crisis has revealed the consequences of this architecture. A common currency makes economies highly interdependent, but the Union did not initially have a real central mechanism for stabilising asymmetric shocks. The measures created in the emergency (European Stability Mechanism, interventions by the European Central Bank, governance reforms and banking union) have made it possible to strengthen the architecture, but without transforming the Union into a fiscal federation.

The Covid-19 pandemic marked a more substantial evolution with NextGenerationEU. To finance the recovery plan, the Union accepted massive recourse to common borrowing and the mobilisation of resources on an unprecedented scale. Federico Fabbrini considers that this mechanism has constituted the emergence of an embryonic form of European fiscal capacity, partially breaking with the previous architecture of the Economic and Monetary Union. However, he stresses that this capacity remains exceptional and that its possible sustainability would necessarily raise additional constitutional and democratic questions⁶.

Other studies also interpret NextGenerationEU as a significant step towards a form of fiscal federalisation. The mechanism combines common debt, transfers, own resources and European objectives, which brings certain elements of the Union closer to a classic federal architecture, even if the mechanism remains limited in time and legally framed as an exceptional response to the crisis⁷.

The federalist argument here is particularly coherent: a sustainably integrated common currency generates stabilisation and investment needs that separate national budgets can hardly meet on their own, especially when the shocks affect the Member States in an asymmetrical way. A central fiscal capacity would theoretically make it possible to absorb some of these shocks, to finance European public goods and to reduce dependence on repeated intergovernmental negotiations.

But this development immediately raises a political question. A real federal budget presupposes own resources, debt capacity, redistributive choices and a legitimate authority to decide how to use them. Taxation is one of the areas in which the principle of democratic consent has historically been most strongly constructed. Budgetary federalisation cannot therefore be reduced to a technical improvement in economic governance. It implies the constitution of a level of political responsibility capable of justifying why some citizens or territories contribute more and others receive more.

⁶ Fabbrini, F., 2022, *EU Fiscal Capacity: Legal Integration After Covid-19 and the War in Ukraine*, Oxford University Press, <https://academic.oup.com/book/44866>

⁷ Fabbrini, F., 2022, "Next Generation EU: Legal Structure and Constitutional Consequences", *Cambridge Yearbook of European Legal Studies*, 24, 45-66, <https://doi.org/10.1017/cel.2022.2>



The fiscal capacity thus perfectly illustrates the ambivalence of the federal solution: it responds to a real weakness, but it requires a more integrated community of decision-making than that necessary for simple economic coordination.

4. Defence and foreign policy: where the federalist diagnosis seems most strategic

Defence is another area in which the fragmentation argument is particularly powerful. European states maintain separate armies, industrial policies, doctrines and acquisition chains. This organisation makes it possible to preserve sovereign choices but can also lead to duplication, capability gaps and interoperability difficulties. The return of high-intensity warfare to the continent has reinforced the idea that a Europe with a continental-sized market and considerable economic weight cannot depend in the long term on a juxtaposition of insufficiently coordinated national capabilities.

The European Council's Strategic Agenda 2024-2029 now explicitly places strengthening defence preparedness and capabilities among the EU's top priorities, while underlining the need to increase spending and investment and to strengthen cooperation with NATO and transatlantic partners⁸.

The federalist diagnosis is therefore difficult to ignore: a truly common defence policy could, in theory, reduce industrial fragmentation, pool certain investments, improve planning, organise a more coherent command and provide a stable framework for strategic decisions. A foreign policy subject to more centralised decision-making mechanisms could also increase the credibility and speed of the European position on the international scene.

The problem, however, lies in the very nature of these policies. Defence is not just about buying equipment or optimising budgets. It involves the decision to use force, to accept human and financial risks and to define vital interests. These choices remain among the most profoundly linked to national legitimacy. European strategic cultures also remain different: the relationship to Russia, the United States, NATO, nuclear deterrence or strategic autonomy is not expressed in the same way in all states.

Federalisation can solve some of the problems of resources without automatically eliminating differences in preferences. A unified European command only makes sense if the actors concerned have a sufficiently convergent conception of its use. The lack of resources is therefore a real problem, but it is not the only obstacle to a fully federal defence.

This distinction leads to a decisive question: is the European defence deficit mainly institutional or political? If it is institutional, federalisation provides a direct answer. While it is also the result of long-term differences in strategic preferences, a more flexible architecture allowing certain states to pool capabilities may be more realistic.

5. Democratic legitimacy: the central point of tension

Any federation is based on the possibility of taking binding decisions by majority votes. This is both its main strength and its main problem in the European context. A federal system can be much more efficient than an intergovernmental organisation, but this efficiency presupposes

⁸ European Council, 2024, Strategic Agenda 2024-2029, <https://www.consilium.europa.eu/fr/european-council/strategic-agenda-2024-2029/>



that the members accept to be outvoted while continuing to consider the decision to be legitimate.

Fritz Scharpf has shown that the Union must be understood as a multilevel political system in which legitimacy does not come exclusively from the European level. States remain essential to the production of consent and the implementation of decisions, while the Union functions largely as a "government of governments". For Scharpf, the problem is therefore not only to increase European powers, but to determine under what conditions these powers can be legitimately exercised in a political space where the mechanisms of representation and identification remain profoundly national⁹.

Federalism provides a partial answer to this problem by proposing to strengthen directly representative institutions. An extension of the powers of the European Parliament, a right of legislative initiative, a more direct relationship between European elections and the choice of the executive or a clearer responsibility of the European government could make the decision-making chains more readable. This is precisely the logic that inspires some of the European Parliament's proposals of 2023, which provide for a structure closer to a bicameral system, a strengthened Parliament and a Commission more assimilated to a political executive¹⁰.

But the existence of federal institutions is not enough to automatically produce a federal political community. The problem of the European demos remains. European elections remain strongly structured by national parties, debates and media systems. Perceptions of redistribution, security or taxation vary considerably. A European majority can legally exist without being perceived in the same way as a national political majority, especially when the decision concerns fundamental areas.

The real federal question is therefore not so much whether institutions can be democratised as it is to determine the extent to which different national societies are prepared to accept a majority European decision on issues that may affect their interests in the long term. The ability of a political system to produce a decision is not enough: it must also be able to produce consent to political defeat.

6. Enlargement simultaneously strengthens the federalist argument and its main obstacle

The future enlargement of the Union is probably the most important paradox for the federal project. A Union comprising more than thirty states will be mechanically more difficult to govern if it retains the same decision-making rules. The increase in the number of members multiplies preferences, possible coalitions and the risks of deadlock. From the point of view of efficiency, enlargement therefore argues in favour of more majority procedures and more integrated decision-making mechanisms.

The European Council explicitly recognises this link. Its Strategic Agenda 2024-2029 states that merit-based enlargement must progress in parallel with the internal reforms necessary for the functioning of the Union¹¹. The European Parliament goes further by proposing that the

⁹ Scharpf, F. W., 2009, "Legitimacy in the Multilevel European Polity", *European Political Science Review*, 1(2), 173-204, <https://doi.org/10.1017/S1755773909000204>

¹⁰ European Parliament, 2023, Future of the EU: Parliament's proposals to amend the Treaties, <https://www.europarl.europa.eu/news/en/press-room/20231117IPR12217/future-of-the-eu-parliament-s-proposals-to-amend-the-treaties>

¹¹ European Council, 2024, Strategic Agenda 2024-2029, <https://www.consilium.europa.eu/fr/european-council/strategic-agenda-2024-2029/>



preparation of enlargement should be used as a justification for a thorough reform of the Treaties and common governance¹².

But enlargement simultaneously has the opposite effect. The more members the Union welcomes, the more diverse it becomes in economic, historical, geopolitical and constitutional terms. The integration of Ukraine, Moldova and the Western Balkans would further increase the diversity of perceptions of sovereignty, security, redistribution and alliances. An enlarged Europe may therefore need more institutional efficiency while being politically less likely to accept full federal uniformity.

This paradox is central. Federalism offers a theoretically coherent response to the problem of governability posed by enlargement, but enlargement makes it more difficult to constitute the political community necessary for a homogeneous federation.

The question then becomes that of the compatibility between federalism and differentiation. A federation could theoretically integrate several levels of participation, as do some asymmetrical federal systems. But the more the exceptions multiply, the closer the federal architecture becomes to a differentiated model. Conversely, excessive differentiation can produce a Europe that is too complex to be governable or legible democratically. The dilemma is therefore not simply between federation and differentiation; it concerns the degree of unity essential to the coherence of the whole.

¹² European Parliament, 2023, Proposals of the European Parliament for the amendment of the Treaties, https://www.europarl.europa.eu/doceo/document/TA-9-2023-0427_EN.html



7. Does federalism necessarily correct the capacity deficit?

The heart of the debate can now be formulated more precisely. Federalism is based on an often convincing diagnosis: the Union suffers from fragmentation, slow decision-making, limited fiscal capacity and a dispersion of strategic resources. But these shortcomings do not all have the same origin.

Some are directly institutional. When unanimity blocks a decision, changing the voting rule can actually increase the capacity for action. When several states separately finance comparable industrial programmes without sufficient coordination, joint planning can improve efficiency. Where monetary stabilisation requires budgetary resources, a common fiscal capacity can solve part of the problem.

Other shortcomings, however, are political. The absence of a common strategy may reflect a real divergence of interests, not just a bad architecture. States do not always perceive the same threats, do not want the same levels of redistribution, and do not necessarily share the same conception of strategic autonomy or foreign policy. A more centralized institution can resolve these disagreements, but it does not make them disappear.

Distinction is essential. Federalism is particularly suited to situations in which fundamental preferences are sufficiently convergent, but institutional mechanisms prevent them from being translated into action. It becomes more problematic when the divergence concerns the purpose itself.

This difficulty leads to a distinction between collective capacity and institutional uniformity. A common European capacity can be produced by several architectures: exclusive competence of the Union, shared policy, enhanced cooperation, common agency, European fund or coalition of capabilities. Not all of them require the same degree of federalisation.

The need for stronger European action does not therefore in itself determine the constitutional form of this action.

8. The counter-argument: differentiation can become as problematic as federalism

This conclusion should not, however, lead to the conclusion that differentiation is in principle a simpler solution. A Union composed of multiple circles of participation, separate budgets, specific procedures and variable coalitions may become institutionally illegible. It may also create an implicit hierarchy between States, increase the difficulties of democratic control and make it more complex to identify responsibility.

Federalism has a real advantage here: it theoretically simplifies the decision-making chain. Clear competence, an identifiable budget, a political majority and a responsible executive can make the system more comprehensible than multiple intergovernmental arrangements. This benefit is often underestimated in differentiation models.

The federalist criticism of a multi-speed Europe is therefore serious. An architecture that is too fragmented can prevent the emergence of precisely the capacity it claims to promote. If each strategic area has a different coalition, the Union risks losing all general political coherence. Differentiation is only viable if it is based on a sufficiently strong common base and on stable



rules that make it possible to know who decides, who finances, who controls and who is politically accountable for the results.

The debate cannot therefore be summed up by an opposition between a rigid federation and a flexible differentiation. Both models carry risks. Federalism can produce a centralization that is politically insufficiently legitimized; differentiation can produce a fragmentation that is too complex to be democratically controlled.

Conclusion: Federalism identifies a real problem without mechanically imposing its solution

European federalism has an undeniable intellectual strength: it takes seriously the gap between the degree of interdependence achieved by the Union and the political capacity it has to govern this interdependence. The common currency without a real permanent fiscal capacity, the fragmented foreign policy, the national organisation of military capabilities or the blockages linked to unanimity are all arguments in favour of a more integrated architecture.

In several areas, federalist proposals provide coherent institutional responses. The extension of qualified majority voting can reduce some bottlenecks. A common fiscal capacity can provide instruments for stabilisation and investment. A more integrated defence policy can reduce duplication and strengthen strategic autonomy. A more powerful European Parliament and a more identifiable executive can improve political accountability.

But none of these functional improvements automatically solves the issue of consent. A federation is not only an effective organization: it is a political community in which binding majority decisions can be accepted in fundamental areas. It is on this point that the European project remains uncertain. European societies are deeply interdependent, but they have not become homogeneous in their conceptions of sovereignty, solidarity, or strategy.

Enlargement adds to this tension. A Union of more than thirty states will probably need more effective governance, but it will also be more diverse. The answer may be through some form of federalisation, organised differentiation or a combination of both.

The conclusion is therefore twofold. European federalism correctly identifies several capacity deficits. But the need for increased common capacity does not, on its own, demonstrate the need for greater institutional uniformity.

The real challenge is to determine in which areas a federal solution actually improves capacity and legitimacy, and in which areas differentiated integration would achieve the same result at a lower political cost.

