PART I.

ANALYSIS OF THE IMPACTS OF THE REFORM ON THE UNION'S FOUNDATIONS, THE ISSUES OF THE NEW DIVISION OF POWERS AND COMPETENCES BETWEEN THE EU AND MEMBER STATES AND THE REFORM OF THE UNIONS INSTITUTIONS

Chapter One
Re-thinking Integration:
Reflections on the Future of the EU
in a Theoretical Context

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1. Introduction

This paper is concerned with the current affairs of international integration, which is considered as a complex and multi-dimensional process. The paper proposes a more comprehensive, extended and organic version of integration theory than that suggested by mainstream schools. The main components of integration are the global and interstate regional integrations (e. g., EU and ASEAN); however, company-level, urban or national-level integrations also need to be taken into account. Integrated communities such as families, religions and most recently civil and other informal organisations also play a significant role in the process.

International integration is only but a torso, deep in crisis. It is burdened with deficiencies and deficits that require immediate action, especially in terms of the overall reform and renewal of the EU and the global integration framework. Particular attention will be devoted here to the future of the European Union. I will attempt to suggest a few modest proposals, each buttressed with a short analysis, hopefully encouraging future discussions on these issues.

A theory-based, complex and structural approach can extend the perspective and dimensions of analysis, thereby identifying the main developments, trends and characteristics of integration processes, as well as their deficits, defects and deficiencies. At the same time, such a theoretical approach can also broaden the dimensions of discussion; it can reveal new fields, aspects and even contexts for reform. In most of the cases, I will try to shed light on the main aspects of the crisis and provide an explanation for each of these. As far as the responses and the solutions are concerned, they will be indicative only; a detailed, full-fledged and comprehensive policy recommendation is definitely beyond the aims of this paper. The paper rather tries to explore the main fields and directions of necessary changes, to provoke a discussion and to turn attention to neglected dimensions.

2. Proposal for a broader – theoretical – definition of integration

A semantic interpretation of integration presents no particular difficulty. Expressed in the *most general way, integration is a process of unification and amalgamation, the merging of parts into a whole, becoming a unit, fitting together, melting into one another, linking up.* It can be understood as the cooperation of parts, the harmonization of their operation, their reciprocal influence and their interconnectedness and interdependence. There is a large literature defining integration along these lines.

Nevertheless, the interpretation of integration as unification or merging together is superficial and means a more-or-less quantitative approach. Therefore, I have decided to choose a more extended and comprehensive version, i. e., a qualitative definition. In short, I will define integration as a *process of creation, development, reproduction and transformation of communities, which leads to the rise of socio-economic, political, cultural, spiritual, or any type of social association or organisation. Integration, as a state of affairs, qualitatively represents evolving/emerging socio-economic organisms of expanding potentials. They structurally and functionally become increasingly complex, and which provide services, security, efficiency and welfare. Integration does make sense, if advantages (benefits) exceed disadvantages (costs).*

Integration is understood as a historical process, it seems evident to claim that this process did not begin recently (i. e., a few decades ago). The history of integration started many thousands of years ago, with the very first families that lived in tribes, later in villages and cities, eventually becoming part of nations or – more recently – even global society. As result, we can extend our theoretical analysis into historical dimensions.

The creation or emergence of entities, units, unions or organisms is not far from the notion of the creation of communities; the notion has been broadly applied in integration theories right from the beginning: "All it seems possible to say is that political integration is *a process whereby a group of people, organised initially in two or more independent nation-states, come to constitute a political whole which can in some sense be described as a community.*"[1]

According to the first OEEC Secretary-General responsible for managing the Marshall Plan, the concept of "'integration' can be applied to any process which brings about a greater degree of unity, taking into account the different meanings of that term".[2] "Integration defined in relation to a more ambitious concept of

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[1] PENTLAND, Charles. *International Theory and European Integration.* New York: The Free Press, Macmillan, 1973, p 21.

[2] MARJOLIN, Robert. *Europe and the United States in the World Economy.* Durham, N. C.: Duke University Press, 1953, p. 41.

'unification'" can be conceived as community building, developing through different stages and resulting in a closed state formation. "Unity in the European economy would mean, of course, that there would be free circulation of goods, persons and capital between the European countries; that Western Europe would have no external tariffs between the various countries and a single tariff with the outside world; it would mean that there would be a single currency with a singly bank of issue, and a common budget. In a word, it would mean practically the creation of a single state, because I do not believe that such unification could take place without political unification."[3]

At first, attention was mostly given to political and economic integration. For political communities, the major aim was *peace and security.* Satisfactory, effective and democratic governance came only later. An ideal "political community" can be defined "as one in which there are limitations on the violence of group conflicts."[4]

In economic terms, *efficiency and welfare* were considered as the major priorities: first as the optimalization of the division of labour and trade (see Viner on trade creation and trade diversion), and later on as the global or regional optimalization of the allocation of resources and production. Discussions on social, cultural and other aspects started only subsequently.

Early discussions centred basically on European integration. There is a certain irony concerning the list of forms of the EU's political or constitutional union, reflecting a complete terminological confusion, a "near-chaotic state of theorizing integration". "The *"acquis académique"* as a means of conceptualizing the political and/or constitutional physiognomy of the Union include: proto-federation, confederance, concordance system, network governance, quasi state, *Staatenverbund,* meta-state, market polity, managed *Gesellschaft*, nascent *Gemeinschaft*, regional regime, federal republic, sympoly, confederal consociation and so on."[5] At the same time, in descriptions of the evolution of European integration, there is a clear distinction between the "Community" and the "Union", which is reflected in the change of the official name of the organisation. Here, the term "community" will be used as a theoretical generalisation.

The main questions are the following: how are community formation processes related to a state of integratedness; and at which point and under what conditions can we speak about the emergence of an organism that can be considered as an integrated community? Answers to these questions can be sought by applying a structural analysis of the integration process along its main components.

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[3] MARJOLIN, ibidem, pp. 40–41.
[4] HAAS, Ernest, B. *The Uniting of Europe: Political, Social, and Economic Forces. 1950−1957.* California: Stanford University Press, 1958, p. 6.
[5] CHRYSSOCHOOU, Dimitris, N. *Theorizing European Integration.* London: Sage, 2001, p. 23.

Due to the complexity of the issue, I propose to define these components, primarily along the dimensions of social structures or formations:
1. Intensity of cooperation, communication, division of labour, interconnectedness and interdependence;
2. Techno-structures, technical bases, infrastructure of integration;
3. Patterns of social and power relations and socio-economic stratification;
4. Institutional and regulatory frameworks, system of governance;
5. Socio-economic, cultural or emotional (spiritual) cohesion and solidarity;
6. Identity or identification, devotion or loyalty to the given community;
7. Culture of the community (rules, norms, values, symbols).

It needs to be underlined that the current crisis of integration processes can be defined as "structural" or "transformational", extending to every component of social formations. I refrain from quoting the immense literature on the topic, but I will attempt to provide an analysis within this spirit.

Integration is a *highly structured process.* In general, the formation of different communities or sets of organisms is a multi-layered, multi-levelled, multi-functional and multi-dimensional process. In other words, integration as community-formation covers a great number of integrating communities converging into a unified whole. These communities are in the process of continuous integration (re-integration); nevertheless, they also co-exist with one another. They are overlapping, interacting and interdependent. In every society; there is a great variety of such communities, but their number and complexity tends to grow in parallel with socio-economic development. They cannot be separated; the process, performance or success of integration is dependent on all of its components.

International integration is implemented *in different stages.* One possible *distinction emerges between market and policy integration*. Market integration, in international dimensions, is primarily conceived as the opening and unification of national markets, which is then followed by the different forms of integration of economic policies. "We make a basic distinction between integration of markets and of policy. The former relates to the taking away of barriers to movement of products and production factors between Member States, the latter to setting up of common policies for the union." [6]

The difference between liberalization, the removal of "artificial barriers", and the integration of economic policies is expressed by Jan Tinbergen through the introduction of the concept of *negative and positive integration*. "It appears useful to make a distinction between *negative and positive* integration. By the former we mean measures consisting of the abolition of a number of impediments to the proper operation of an integrated area. By the latter we mean the creation of new

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[6]   MOLLE, Willem. *The Economics of European Integration*. Dartmouth: Aldershot, 1994, p. 7.

institutions and their instruments or modification of existing instruments."[7] Thus, "negative" integration simply equals liberalization, whereas "positive integration" is concerned with institution-building, referring partly to the development of new institutions and mechanisms, and partly to the modification of existing mechanisms and policies. John Pinder takes a different approach in applying the distinction between negative and positive integration. "The terms are negative integration and positive integration, and I will use negative integration for that part of economic integration that consists of the removal of discrimination and positive integration as formation as formation and application of co-ordinated and common policies in order to fulfil economic and welfare objectives other than the removal of discrimination."[8] In his view, the main question is what the objectives are: the elimination of discrimination or the maximalization of welfare.

Integration can be either *an enforced or an organic process*. Historically, it is a combination of both. Enforced integration is the characteristic of an oppressive society, while organic integration is related to democratic processes. Enforced integration is imposed upon society by individual persons or collectives, through the operation of the state or the market; it might be based on tradition or physical or subjective constraints. Community formation can be enforced by several external factors. One such typical factor is defence against external threats (invaders) or disasters (wild animals, fires, floods, hurricanes or earthquakes), either on a permanent or an occasional basis.

History is dominated by wars, the enforced subordination of other peoples and territories, and the acquisition of resources. The major empires of history bear witness to this process; each representing a grand cycle of emergence, flourishing, decline and eventual collapse. The modern-day colonial empires that emerged in the 18th and 19th centuries and which disappeared after the Second World War are no different in this respect.

On the other hand, organic integration is based on internal driving forces; it is a structured process with close interaction among the different components. Organic integration is also characterised by coherence, and it is performance-oriented. The organic concept of integration places questions into context; it raises issues in their complexity and coherence. Organic integrations presuppose democratic decision-making and the normal functioning of market forces. The proportions and relations of organic and enforced elements of integration *have constantly changed throughout history. It might be claimed that the foregrounding of organic factors (and the subsequent backgrounding of enforced elements) is more characteristic of contemporary integration processes.*

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[7] TINBERGEN, Jan. *International Economic Integration*. Amsterdam: Elsevier, 1965, p. 76.
[8] PINDER, John. Problems of European Integration. In DENTON, Geoffry (ed.). *Economic Integration in Europe*. London: Weidenfeld and Nicolson, 1969, p. 145.

In general, integration is a *multi-actor process*; nevertheless, *individual human agents* are viewed here *as the primary and principal actors of integration.* The history of mankind is the organisation of individuals into different communities. According to the organic concept of integration, individuals are free to act as they wish, and thus associate and unite voluntarily and democratically, in harmony with their will and interests.

Depending on the composition of different communities, the role of individuals can be direct or indirect. In a broader integration process, the community as a whole, particularly in legal terms, can play the role of principal actor. This is the case even if communities only act as secondary agents, since in the end they represent the peoples of the particular community itself. In the contractual integration of the EU, the nation states (governments) have been regarded as the principal actors, and the main institutions and decision-making processes have been shaped accordingly in legal terms. Later, as the aquis communautaire was extended, individuals received legal recognition and status (European citizenship) and the right to vote in the direct elections of the European Parliament.

Different types of communities can be distinguished with regard to the *level of integration.* One such important distinction is based *on direct internal relation, cooperation or exchange of activities and information,* such as those taking place within families (in economic terms: households) or workshops and factories. Originally, direct production integration was closely linked to families or small communities. The industrial revolution saw the birth of modern production organisations, such as manufacturers or factories. In other communities, *this exchange of activities is indirect, and they are transmitted through market mechanisms and money.* Simply put, we can talk *about micro-integration in the former case; and macro-integration in the latter one.*

The analyses proved, that the two level approach needs precision and extension. Several fields of integration fell outside of them, and I decided to introduce the level of *mezzo-integration*. There are spheres and sectors, which are of a mixed character, the individuals participate both directly and indirectly, besides the direct character of exchange of activities and information, there are indirect mechanisms of market type of relations. These spheres or sectors have intermediary or transmission roles.

Accordingly, the recent integration processes can be structured in the following way:

Macro-integration:
– International integration: global integration and interstate regional integration;
– National integration;
Mezzo-integration:
– Churches;

– Transnational company networks;
– Global city networks;
  Micro-integration:
– Families;
– Workshops, factories and individual companies in the different fields of socio-economic activities;
– Socio-economic associations, NGOs, civil organisations or a great number of informal associations.

Communities are *multi-functional.* People associate with one another to improve efficiency – they do this in the prospect of a more successful hunt, to defend themselves or to wage war. Throughout history, there have been two methods for any society to increase its wealth and welfare: either to produce more or to take things away from other societies. Up until the point that productivity was low and the potential for its increase was also limited, the latter scenario, i. e., robbery, brought more wealth and it did so more effectively than any other alternative. As, however, complex economic systems developed in the modern era, the traditional ways of conducting wars simply became too expensive, irrelevant and counter-productive. The analysis of the relation between the evolution of integration and the character of the wars is, however, beyond the limits of this paper.

This *multi-functionality* characterises all communities. Families are primarily biological communities for bringing up children, but they are also a welfare community, a cultural community (in the sense of teaching the mother tongue or acting as the bedrock of moral values) or a security community. The functions of nations are even more complicated and cover all the main fields of social life. International integration puts this issue into even broader contexts.

While there are plenty of established and permanent communities, these go through fundamental changes – such as families, villages, cities, nations or religions. Furthermore, there are certain forms of communities or organisations that are connected to various socio-economic formations (guilds or trade unions – and on the long run, even nations can belong to this category).

Most of the communities are *legally or institutionally framed*, similarly to companies, nation states or different types of organisations, while others are informal ones, with flexibly changing memberships (such as the fans of a football club). Some are based on legal contracts (e. g., marriage, companies or international organisations), and some are informal and occasional, such as an audience of a concert or the team of a construction project.

By adopting a complex community approach toward human history, new vistas of analysis can emerge. It needs to be emphasised that this is not about re-writing history, but rather about extending the scope of our analysis and understanding. The broader concept of integration offers further extensions, well

beyond the realm of social sciences. Integration can be interpreted as a broader law of nature. In some sense, we can conceive all biological organisms as an integration of cells, maintaining their existence and functioning through the complex processes of metabolism. This notion of integration can be analysed in the context of thermodynamics or quantum physics.

I wish to refrain from discussing these extensions; it is beyond the scope of this paper. In fact, I will concentrate here primarily on the present problems of international integration, by keeping a historical outlook in mind and adopting a complex analytical approach to these issues.

3. The emergence and nature of international integration

Primarily, international integration is composed of the relatively novel developments of *interstate regional and global integration* that emerged in the aftermath of World War II.

As far as *interstate regional integrations* are concerned, the EU is the most evident example, but according to WTO data, there are dozens of other regional integration forms (NAFTA, ASEAN, Mercosur, etc.) which can range from free trade areas to economic unions. With some few exceptions (such as North Korea or Cuba) all of the ca. 200 countries of the world participate in at least one regional integration organisation.

Among them, the EU, with its uniquely high state of integration, is the prime example: (1) it is based on a high intensity of relations, interconnectedness and a relatively balanced interdependences; (2) it is the only form of integration with a *tight-knit, complex single internal market* and *a single currency* (the 19 members possessing 77% of the total GDP of the EU); (3) it has extended the *principle of cohesion to the level of the Union*; (4) it commands a *certain political identity* (*polity*) with *several elements of supra-nationality;* and (5) it aspires to becoming a *global power;* (6) the EU is considered as *a model for regional integration*.

Presently, *global integration* can be considered as the other major novel phenomenon of international integration. I do not wish to take a position with regard to the history of globalisation. I would not like to question the global outstretch of large historical empires such as the Mongols or the Romans, either. There are convincing arguments about dating the globalisation process from the discovery of America or the industrial revolution. What is important here is that in the decades following World War II, globalisation turned into global integration. I agree with David Held distinguishing four main stages of globalisation: pre-modern globalisation (9–11 thousand years); early modern globalisation (1500–1850), modern globalisation (1850–1945); and contemporary

globalisation (after 1945).[9] According to my opinion, global integration is related to this latest contemporary phase of globalisation. Thus, what is really new here is global integration and not globalisation.

The relationship between global integration and globalisation has been broadly analysed, but in general, most of the international literature fails to a make clear distinction between the two. "The economic understanding of globalization sees process as an essential feature. The term is associated with activity of integration and transformation. An interesting, though unresolved, question is the extent to which there is a global end-point, where the process of change ends and a truly global economic system exists. Economic interpretations see globalization as a process that involves the integration of once-discrete markets into a broader system of relations where geographic and political constraints have diminishing significance for the allocation of resources. Under globalization, resources are distributed through the exchange of goods and services, the movement of capital in search of return, and the relocation of peoples pursuing employment and material advancement, all eased by the rapid flow of knowledge and information."[10]

Globalisation as integration is more precisely defined by J. N. Bhagwati: "Economic globalization constitutes integration of national economies into the international economy through trade, direct investment (by corporations and multinationals), short-term capital flows, international flow of workers and humanity generally, and flows of technology."[11] That is, global integration is basically market integration, exerting an impact on all sectors of social life. "Globalization is defined in what follows as the integration of economic activities, via markets. The driving forces are technological and policy changes – falling costs of transport and communication and greater reliance on market forces. The economic globalization discussed here has cultural, social and political consequences (and preconditions)."[12] "By many standards, then economic integration had become a hallmark of globalization, deliberately promoted by governments, corporations, and international organizations alike."[13]

Equating globalisation with global integration has been, however, criticised by some of scholars. D. Held, referring to the studies of H. Bull and B. Buzan, points out the following: "Integration too has a very specific meaning since it refers to processes of economic and political unification which prefigure a sense of community, shared fortunes and shared institutions of governance. As previously

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[9]   HELD, David and al. *Global Transformations.* Cambridge: Polity Press, 2005.
[10] BISLEY, Nick. *Rethinking Globalization.* London: Palgrave Macmillan, 2007, p. 19.
[11] BHAGWATI, Jagdish. *In Defence of Globalization.* Oxford: Oxford University Press, 2004, p. 3.
[12] WOLF, Martin. *Why Globalization works.* New Haven: Yale University Press, 2005, p. 19.
[13] LECHNER, Frank, J., BOLI, John (ed.). *The Globalization Reader*. Malden: Blackwell, 2005, p. 158.

noted, the notion of globalization as the precursor to a single world society and community is deeply flawed."[14]

Nevertheless, globalisation has been regarded as a process and not as a *fait accompli* by the vast majority of the scholarly literature. It can hardly be denied as a process, while integration as a state, especially on a global level, is still lacking in many ways (this applies in many respects to regional integrations as well); only the foundations have been laid down at this point. Global integration is still asymmetric in nature and it has not fulfilled any major expectation. Globalisation is burdened by serious contradictions, which can be the source of dangerous conflicts. "Today, at the beginning of the third millennium, the world economy has not yet reached the state of national economic integration even of a normally developed capitalist country (having no unified labour market, and even in the international flow of capital and goods there are still obstacles)."[15]

International integration is a multi-dimensional process. Beyond interstate regional and global integration, international integration is structured by the co-existence and interaction of a great number of other communities as well, the functioning of which can largely determine the stability of the whole integration process itself. In the present analysis, several other major principal communities are taken into account, such as *nations, TNCs, global cities and religions.* Nevertheless, the role of such principal communities such as *families, NGOs or civil organizations* should not be neglected either.

As far as global integration is concerned, the *principal frameworks of its implementation are the transnational company networks (TNCs).* TNCs are organisational or corporative frameworks of production and *are one of the most important actors* of globalisation. "No doubt that the multinationals count. They represent the channel, through which the globalisation is realised."[16] (The Economist, November 22 1997, 108 p.).

The present analysis claims, therefore, that a proper investigation of crisis situations should not focus only on global and regional integration, but should be equally extended to national economies and societies, or even to the transformation of urban structures. The crisis of European integration is not just about the functioning of EU institutions or policies, as the reform proposals often indicate, since the EU is not determined only by the stability or development of its Member States or the competitiveness of its companies. It is equally established on and shaped by stable family relations (population growth and social welfare)

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[14] HELD, David and al. *Global Transformations.* Cambridge: Polity Press, 2005, p. 28.
[15] SZENTES, Tamás. *Világgazdaság az ezredforduló elején. (World Economics) II.* Budapest: Aula, 2002, pp. 23−24.
[16] The Economist, November 22 1997, p. 108.

or many other social or civil organizations as well. Without them, not much can be said about the present crisis or about its possible solutions.

4. On national integration

Historically, national integrations have emerged in the last two – three hundred years or so. Structurally, they have been related to the industrial revolution; in social-political terms they can be aligned with capitalist transformation.

The official international recognition of nation states dates back to the 1648 Westphalian system. Since then, nation states have undergone fundamental changes; the nation states of today essentially differ from those of even half a century ago.

National integration was based on the intensification of economic cooperation, generated by the industrial revolution. It led to the creation of national markets and monies. In general, communication played a special role in the process, which was accelerated by the national media – national journalism and the educational system at first, which was then followed by radio and television. The creation of "literary" and "official" language was also an important element of this process.

With the emergence of capitalist societies, national integrations took growingly an organic character. Contrary to former oppressive societies, such as slavery or medieval serfdom, labour and capital relations were marketized, and socio-economic relations were organised by the market and democratic principles.

The element of enforcement in national integrations, however, remained strong from the beginning. The dominant trend of national integration was to create a culturally, ethnically and politically homogenous nation state.

Ethnically homogenous nations are, however, totally unrealistic objectives. According to UN University data, "on our planet about 5000 ethnic groups exist, who according to UN Charter can claim national self-determination. From them about 400 would be able to create an independent state, and about 80 are actively fighting for that aim."[17] At the moment, we have about 200 independent states. Therefore, one can hardly speak about ethnically homogenous nations; in fact, all of the traditional "nation states" have a smaller or a larger number of ethnic minorities within their borders.

In 1914 there were only 65 independent states in the world (26 in Europe, 22 in America, 8 in Asia, 3 in Africa and 3 in Oceania).

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[17] SIMAI, Mihály. *A világgazdaság a XXI. század forgatagában. (World economy in the drift of XXI. Century)*. Budapest: Akadémiai Kiadó, 2007, p. 59.

In fact, the vast majority of the present nation states were created after the Second World War, in the process of decolonization. In terms of gaining independence, the latest newcomers have been the Baltic States and many Post-Soviet and Post-Yugoslav states.

As the above-mentioned UN University data indicate, the process of national state building is far from complete and there are still a number of ethnicities which seek national independence. In the Middle East, one of the main questions is the independence or autonomy of the Kurdish people, who are dispersed in about half a dozen neighbouring countries, and which is a complicating issue when it comes to establishing peace in the region. National integration with the creation of new nation states remains a part of the global integration process.

Needless to say, we have to distinguish between acquiring independent legal status on the one hand and the process of national integration on the other hand. The emergence of Croatia or Estonia as a nation does not date from 1990, but much earlier than that. Hungary can also be considered as an old established nation; in 15th century, it was one of the leading powers of Europe. It lost its independence for almost 500 years, regaining it only in the 20th century. Similar development characterises the Czechs, the Poles and many other countries of the region.

There are a number of old and established nations in Europe, such as Britain, France or Spain, and there are also a number of later-comers, such as Italy or Germany. Nevertheless, they are not settled forever; their internal stability and cohesion can change from time to time, as conditions also change.

Addressing and settling the disputes of ethnic autonomy and minority rights, therefore, have always been important factors of stability in national integration. In this respect, countries have differed in their performance; conflicts were addressed largely by enforced integration and assimilation. In the process of democratisation, these related tensions came to the surface, and they appear now as one of the most serious democratic deficits of nation states all over the world.

After 1990, all the major ethnicities of Central Europe acquired national statehood. (Except the Roma who, however, do not have such a claim.) The process was more or less peaceful, although, in some cases, it was accompanied by bloody civil wars (e. g., the post-Soviet and post-Yugoslav disintegration). Minority problems, however, prevailed, and can be found even within small nations (Baltics). Open conflicts were handled, but the restriction of minority rights and the rejection of otherwise legitimate claims for local autonomies have remained acute problems and potential causes for both internal and external disputes. Obsolete nationalistic mentalities do revive from time to time, and we are still far away from European value-conform solutions of the 21st century.

It was an unfortunate development that after World War II several artificial nation states were created with the arbitrary borders that were drawn by the former colonial powers. This arbitrary division led to the separation of ethnic groups, which then culminated in ethnic and tribal conflicts. In organic national integration processes, these local communities or tribal differences simply blend together, and can be tamed into folkloristic or touristic curiosities. In enforced national integration systems, however, such arbitrary divisions lead to bloody tribal wars, which was the case in Africa and, more recently, in Iraq, Syria or Libya.

At present, these intra – or interstate national conflicts are contributing factors to the destabilization of the global community, threatening even the cohesion of the European Union.

Within the framework of the broad democratisation of the last decades, there has been an extension of minority and nationality rights in Western Europe, and the changes in local autonomies and self-determination have been exemplary. Among others, this has been true in Spain as well, where a serious national integration crisis had, however, evolved by the end of 2017.

This most recent crisis is, however, *not primarily about ethnic or minority conflicts. Instead, it is a crisis of redistribution and solidarity*. There is a striking similarity among the Catalan, Lombard or Flemish arguments that their claims for secession are based on the problem that they pay more into the national budget than what they receive. This is a common formula; nobody wants to finance the welfare of lazy and free-riding "Pirezes" (term introduced by Elemér Hankiss) while others work hard for their living. The populist – nationalist agitation is only an addition to this trend. It is another question that the budgetary transfers are only one dimension, in fact, not by far the most important one, of the balance of advantages and disadvantages of any integration. The composite balance of all costs and benefits is totally different to that, let it be Brexit or Catalonia in the Spanish state, and they do not support any secession.

Nations still represent one of the most important components of present-day integration processes. "At the beginning of the 21st century, states have remained as the basic 'building blocks' of international order; governments are the basic actors and shapers of the world order."[18] In a certain sense, we can even talk about the upgrading of the roles of nations. In spite of the relatively high degree of integration, this equally applies to the EU as well. Organic dichotomy applies to national and supranational integration as well.

Under the circumstances of international integration, nations integrate by adjusting. Open, cooperative, inclusive and competitive nations form an integral

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[18] SIMAI, Miháy. Ibidem, 2007, p. 55.

part of contemporary integration systems. Nations do not disappear and should not be regarded as obsolete entities to be thrown on the rubbish heap of history.

Accordingly, what we need are transformed and adjusted nations, which are able to face the challenges of international integration in the 21st century. The New Europe should be more aware of these dilemmas and should seek to find a solution to them. Even if we do not know the ending of the story, it can be reasonably presumed that the EU's future lies in a federal configuration. Nevertheless, such a scenario would not necessarily entail the elimination of nations; it would rather support their development, along with adjusted national structures.

It seems that a centralised form of federation in Europe is out of the question at the moment, but various forms of *multinational federal structures* can be acceptable. "It presumed the protection, preservation and promotion of distinct sub-state nations that would be able to determine themselves as nations within the larger federal state."[19] This federation should seek to preserve the culturally and nationally heterogeneous character of the continent, and at the same time it should consider "sub-state nations" as the basic resource of its development. Only a fully democratic federation can have a solid future. The enforced surrender of national identities and interests is an unacceptable option.

A solid federation should be based on organic development. The main stages in the federation of the American states are the Declaration of Independence, the Constitution and the conclusion of the Civil War. Nevertheless, the federation itself emerged very gradually, consolidated by developments such as the emergence of the American industry, the internal market, the construction of railways across the Continent, the harmonisation of banking and financial markets, or the creation of national highway networks. This evolutionary path of development will hopefully apply to the EU as well.

What, however, needs to be rejected is archaic nationalism, which seems to be on the revival all over the world. The aggressive prioritising of national interests is a negative sum game, which damages everybody eventually. The exclusive, discriminative, protectionist and confronting nationalisms of the 19th and early 20th century were responsible for two bloody world wars, causing the suffering and death of millions of people. Under the circumstances of interdependence, an effective defence of national interests is possible only through adjustment and cooperation.

In my opinion, the current federalist versus intergovernmental discourse is largely misleading, and even worse, it is counterproductive. Needless to say, academic discussions should not be constrained in any way, but confrontation

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[19] BURGESS, Michael. Multinational Federalism in Multinational Federation. In *Multinational Federalism (Problems and Prospects)*. Berlin: Springer, 2012, p. 24.

between nationalists and federalists in everyday politics is not only futile, but is also highly detrimental.

It is becoming more and more evident that the role, the position and the stability of nations (that is, national integrations) are crucial from the perspective of the normal development of the international system as a whole. The stability of international systems, inclusive of international integration, assumes the existence of strong and democratic nations that are ready to accept cultural and ethnic diversity. The EU in this respect should play the role of a catalyst, both within the Union and also among its neighbours. Understanding the organic character and coherence of the integration processes is in fact vital from the point of view of any serious reform program.

5. Global cities: the urban dimensions of integration processes

From a historical point of view, villages and cities can be considered as intermediary frameworks for the implementation of integration processes.

Hunting and gathering societies wandered from one place to another, pursuing a nomadic lifestyle. The first permanent settlements were created by agrarian societies. At the beginning, villages were based on family or tribal communities. Cities evolved from these tight-knit communities and went through fundamental changes, primarily due to technological and social revolutions. The developments were closely related to the growth of the population of ancient empires, which concentrated substantial political, military and economic power. Beyond the simple farmers of the surrounding areas, the number of people involved in other occupations (such as craftsmen or traders) and in power-related areas (e. g., bureaucrats or soldiers) rapidly increased.

In a broader historical overview, distinctions could be made amongst ancient agrarian cities, medieval cities, modern industrial cities and the cities of the 21st century (post-industrial cities or global cities).

Generally, we can say that cities are large settlements in terms of population and territory on the one hand, and in terms of the existence of physical infrastructure on the other. Their size depends primarily on their functions and status.

Broadly speaking, cities can be understood as a community living in a framed geographic location. The choice of location has always been based on strategic considerations. Until recently, cities have played a changing, yet important role in defence; for a long time they served as fortresses against enemy attacks or as a bases for expansion and conquest. Many cities have preserved this role in their names (*fort*, *castle*, *burg*, *grad* or *vár*). (In Hungarian, *vár*, "castle", can be found

in the name of a lot of cities, and the term *Budavár* is used in several contexts for the inner district of Buda.) Cities were built along main trade routes, which also explain the often preferred locations of riverbanks, sea shores or bays, and hilltops or mountain sides.

Cities as complex integration communities or organisms assume a complexity of functions. These functions can be administrative, defensive, economic, infrastructural, social, political, religious, educational or cultural. Cities should provide complex public services, such as public utilities (sanitation, housing or transportation). Social and welfare public services such as health, education or public securities are defined as parts of the functions of nation states. In reality, however, nation states supply only the general legal, financial or political frameworks. The organisation and provision of these services are left to local authorities, overwhelmingly to cities and their districts in particular. Institutions such as primary and secondary schools, district police stations, professional fire departments, basic health services or multi-functional sports halls are owned or organised primarily on the city level; in fact, their existence is a pre-condition of city status. Often, even "state" universities or hospitals are marked by their hosting cities; the quality of their services, their competitiveness and their attractiveness are largely determined by the given urban conditions. The right of imposition of taxes is an important factor of city status, even if these cities are the main beneficiaries of central (federal) transfers. Cities also play a central role in providing services for neighbouring regions in the cultural, educational, health or social sectors.

"Cities have historically provided national economies, politics and societies with something we can think of as centrality. In terms of their economic functions, cities provide agglomeration economics, massive concentration of information on the latest developments, a marketplace. The question here is: how do the new technologies of communication alter the role of centrality and hence of cities as economic entity."[20]

Cities are complex communities which are governed by democratic structures. Cities are integral parts of the political system of a country (with the same parties, legal frameworks, leading political personalities, etc.), and in many respects they copy the political structures of the state itself (such as the executive power – the mayor; the parliament – the city council and city administration). City governance is based on direct elections, thus providing a high level of legitimacy to city leaders. Since the governing of a city necessary implies a direct involvement in the organisation and management of the daily life of its citizens, more

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[20] SASSEN, Saskia. The Global City: Introducing a Concept. *The Brown Journal of World Affairs,* 2005, vol. XI, no. 2, p. 36.

professionalism and pragmatism can be assumed in the case of cities than in the case of national-level governance (referred to as the "entrepreneurialisation" of city governance by David Harvey).

According to UN guidelines, the minimum size of a city is 20,000 residents. Nevertheless, this minimum can change from country to country. According to the UN's 2016 World City Report, there are 512 cities with a population of more than 1 million; 1,965 cities with a population of 500,000; and 4,416 cities with a population of 150,000. In the past few decades dozens of megacities have appeared (with a population of more than 10 million); these fundamentally differ from the early cities of agrarian societies or the industrial cities that emerged in the 19th century, such as Paris, Barcelona or Budapest.

In 1950, there were only two such megacities (New York and Tokyo), but by 2016 this number increased to 31 (out of which 25 are located in the developing world). In 1950, the population of Tokyo (also NY) was little above 10 million. Nowadays, 38 million people live in Tokyo, and 18 million in New York. There are only 3 such cities in Europe: Moscow (11 million), and London and Paris with just a little above 10 million. "Mega cities, not the nations are the world's dominant and enduring social structures". The 600 largest cities account for 60 % of the global GDP.[21]

In the past fifty years, two fundamental developments shaped the process of urban integration: (1) the emergence of a post-industrial society; and (2) the process of international integration. In turn, terms such as "post-industrial city" and "global city" have been introduced into academic discourse (the terms originate from Saskia Sassen, but are now generally accepted by the wider academic community).

Global cities – or global city networks − are territorial or locational frameworks that enhance global integration. "The globalization of economic activity entails a new type of organisational structure. To capture this theoretically and empirically requires, correspondingly, a new type of conceptual architecture. A construct such as the global city and the global city region are, in my reading, an important element in this new conceptual architecture."[22]

Global cities play an important role in both the global and regional integration processes, and they can be considered as prominent centres of trade, banking, finance, innovation, and markets. They should be distinguished from so-called *world cities*, a concept that has been in use since the end of the 19th century in relation to cities with extended international trade and financial relations, such as London or Liverpool. In fact, all megacities are global cities, but there are

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[21] UN World City Report, 2015.
[22] SASSEN, ibidem, 28.

many cities with smaller populations (less than 2 million people) on the global cities list (such as Budapest, Prague, Stockholm or Warsaw).

Thanks to globalisation, the functions of the service provision of cities have become more complex than ever before. "This conceptualization allows us to reposition the role of cities in an increasingly globalizing world, in that they contain the resources that enable firms and markets to have global operations. The mobility of capital, whether in the form of investment, trade or overseas affiliates, need to be manged, serviced and coordinated. These are often rather place-bound, yet are key components of capital mobility. Finally, states, place bound institutional orders – have played an often crucial role in producing regulatory environments that facilitate the implementation of cross-border operations for their national and for foreign firms, investors, and markets."[23]

Among them we quote AT Kearney, which has been publishing its Global City Reports since 2008. "A truly global city, by our definition, is measured by its ability to attract and retain global capital, people, and ideas, as well as sustain that performance in the long term."[24] The Global City index analyses the performance of 125 cities, based on 27 variables along five dimensions: business activity, human capital, information exchange, cultural experience and political engagement. "The Index is designed to provide insights into the global reach, performance, and level of development of the world's largest cities." The comparative analysis helps to rank the cities in terms of "shared strengths and core differences."[25] There are 48 cities from the Asia Pacific region, 24 from Europe, 15 from the United States, 14 from Latin-America, 13 from Africa, and 11 from the Middle East.

Out of the 125 cities mentioned by this study, there are 19 cities from the EU: four from Germany (Berlin, Düsseldorf, Frankfurt and Munich), two from Italy (Rome and Milan), two from Spain (Madrid and Barcelona), and four from Central Europe (Vienna 19th, Prague 46th, Budapest 54th and Warsaw 55th). The other EU cities on the list besides London and Paris were Brussels, Amsterdam, Stockholm, Copenhagen and Dublin.

6. EU urban policy dimensions

There is no independent urban policy in the EU, which is quite surprising. in light of its sophisticated agricultural, trade or transport policies. There are a number of reasons for this, and it seems that no change can be expected regarding this issue in the near future. "Of course one of the main barriers to the development

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[23] SASSEN, ibidem, 35.
[24] ATKearney, Global Cities, 2016.
[25] ATKearney, Global Cities, 2016.