

## **EUROPEAN UNIFICATION AS THE NEW FRONTIER OF COLLECTIVISM: THE CASE FOR COMPETITIVE FEDERALISM AND POLYCENTRIC LAW**

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Frankfurt, Bremen, Hamburg, Luebeck are large and brilliant, and their impact on the prosperity of Germany is incalculable. Yet, would they remain what they are if they were to lose their independence and be incorporated?" – Johann Wolfgang von Goethe<sup>1</sup>

From the extent of our country, its diversified interests, different pursuits, and different habits, it is too obvious for argument that a single consolidated Government would be wholly inadequate to watch over and protect its interests; and every friend of our free institutions should be always prepared to maintain unimpaired and in full vigor the rights and sovereignty of the states and to confine the action of the General Government strictly to the sphere of its appropriate duties." – Andrew Jackson<sup>2</sup>

One essential of a free government is that it rests wholly on voluntary support. And one certain proof that a

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<sup>1</sup>Johann Wolfgang von Goethe, *Gespräche mit Eckermann*, quoted in Hans-Hermann Hoppe, "What Made Germany Great," *Rothbard–Rockwell Report* 10, no. 9 (September 1999), p. 16.

<sup>2</sup>Andrew Jackson, *A Political Testament*, in *Social Theories of Jacksonian Democracy: Representative Writings of the Period*, ed. Joseph L. Blau (Indianapolis, Ind.: Bobbs-Merrill, 1954), p. 9.

government is not free, is that it coerces more or less persons to support it, against their will. – Lysander Spooner<sup>3</sup>

In Europe, one of the most important contemporary debates concerns unification and the project to create a centralized state with a single currency, a democratic parliament, and a monopolistic government. In this context, the current crisis of the European Monetary Unit (EMU) becomes a good argument in favor of an even-more-accelerated path toward the transfer of powers from the old nation-states to Brussels and Strasbourg. According to many economists and political scientists, the poor performance of the European single currency is the consequence of a lack of institutional unity. Hoping for a reversal in the declining power of Western socialist ideals, they call for more political centralization and economic planning. These discussions are plagued by certain superstitions, so, in the first part of this article, I will try to show the irrationality of unifying this continent, as well as how this plan is an absurd treason of the best European liberal traditions.

Europeans seem to have accepted the project of a “European democracy” without analyzing its implications. They not only underestimate historical and extraordinary differences among European societies, they also ignore the benefits of competition between independent political structures and seem totally unaware of the distributive consequences of a massive democracy.<sup>4</sup> They seem to ignore their history, particularly the medieval roots of their historical success, which would have been impossible if the European continent had ever been unified by a single political power. In the second part of my analysis, I will try to point out the advantages of a true federal alternative, based on institutional competition and communities by consent.<sup>5</sup> Federalism, correctly understood, is firmly in the

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<sup>3</sup>Lysander Spooner, *No Treason, No. 2*, in *The Lysander Spooner Reader* (San Francisco: Fox & Wilkes, 1992), p. 66.

<sup>4</sup>For a strong critique of democracy from a libertarian point of view, see Hans-Hermann Hoppe, *Democracy—The God That Failed: The Economics and Politics of Monarchy, Democracy, and Natural Order* (New Brunswick, N.J.: Transaction, 2001).

<sup>5</sup>This expression is a free borrowing from the Rothbardian idea of “nations by consent”; see Murray N. Rothbard, “Nations by Consent: Decomposing the Nation-State,” *Journal of Libertarian Studies* 11, no. 1 (Fall 1994), pp. 1–10.

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tradition of libertarianism. In the logic of radical and authentic federalism, political communities are “federations of individuals,” and these institutions develop new voluntary relationships establishing “federations of federations.” Thus, the term and concept of a “federal state” is a contradiction in terms, because a state always suggests the notion of a permanent chain of command incompatible with federalism and its logic of free agreements. In fact, federalism is a set of voluntary relations working within communities as well as among individuals.

American history offers us a tragic example of the failure to comprehend the true nature of federalism: the American Civil War. Political theorist John C. Calhoun considered the Union to be a federation—the “United States” *were* several states joined in a free compact. For this reason, he defended the Southern point of view. However, heirs of the Hamiltonian tradition, including President Lincoln, were persuaded that the “United States” *was* a single state: a permanent and unified democracy. The bloody struggle between Northerners and Southerners from 1861 to 1865 was the dramatic consequence of the absurd effort to link the conflicting notions of “state” and “federation.”<sup>6</sup>

Europeans have an opportunity to make good use of the lessons from this tragic American experience. In other words, Europeans must avoid the consequences of a vague definition of the federal compact. The main task is to build federal institutions and, for this reason, to coordinate a strong resistance against rising centralism.<sup>7</sup>

To pursue this objective, European peoples must elaborate a new vision of Europe—a vision based on property rights, individual liberty, the free market, local autonomies, federalism, and the right of secession. This is the glorious past of the Old Continent, and this can be—while the age that saw the triumph of the modern state and to-

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<sup>6</sup>For an interesting analysis of the peculiarity of the Jeffersonian tradition with reference to differences between European and American ideas of sovereignty, see Luigi M. Bassani, “Jefferson, Calhoun, and States’ Rights: The Uneasy Europeanization of American Politics,” *Telos* 114 (Winter 1999), pp. 132–54.

<sup>7</sup>An interesting analysis of the transition from the Articles of Confederation (1781–1789) to the federal Constitution is in Peter A. Aranson, “The European Economic Community: Lessons from America,” *Journal des Économistes et des Études Humaines* 1, no. 4 (December 1990), pp. 473–96.

talitarian ideologies seems to be fading—its future.

## **FOUR SUPERSTITIONS ENTERTAINED BY THE DREAMERS OF A CENTRALIZED SUPERSTATE**

### **Superstition # 1: Individual liberty and juridical polycentrism cause tensions and, ultimately, wars.**

For the last few centuries, European countries have engaged in many wars, chiefly caused by imperialism and statist ideologies. Yet, these tragedies are often explained with recourse to the notorious Hobbesian argument. For many contemporary intellectuals and politicians, European peoples were enemies in the past because they were separated by the frontiers of independent states. Consequently, they can achieve a peaceful future only if they build common political institutions. In this philosophy, European unification is only one step in the long path toward the political unification of the whole world.

In the seventeenth century, Thomas Hobbes, frightened by religious divisions, conceived Leviathan as the only possible apparatus capable of imposing peace. Individuals lost their freedoms through the social contract, and received peace and life in return.<sup>8</sup> The state affirmed itself as the condition for the avoidance of chaos, wars, and anarchy. Its first justification was the individual's fear of being killed by a fellow man. This interpretation remains well accepted, with the implicit idea that the state can be a "neutral" power, having no ideology of its own, and, thus, can be competent to nullify any religious, social, or ideological conflict.

However, these arguments are not consistent with the facts. The religion wars faded away only when a new sort of religion (*statist* ideology) imposed its power over civil society and traditional faiths. At the beginning of modern history, secular power became "sovereign," losing its moral bounds after such onslaughts as Marsilius of Padua's

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<sup>8</sup>Thomas Hobbes, *Leviathan*, ed. Richard Tuck (Cambridge: Cambridge University Press, 1996). Some modern classical liberals accept Hobbesian utilitarian analysis of the necessity to move from the state of nature to an organized and monopolist government. See, e.g., James M. Buchanan, *The Limits of Liberty: Between Anarchy and Leviathan* (Chicago: Chicago University Press, 1975); and Richard A. Epstein, *Takings: Private Property and the Power of Eminent Domain* (Cambridge, Mass.: Harvard University Press, 1985).

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*Defensor Pacis* and Machiavelli's *Il Principe*.<sup>9</sup> But the success of this kind of “peace” marks the beginning of a more important statist aggression to free confessions. It was also the precondition for implementing contemporary totalitarian regimes.<sup>10</sup>

The Hobbesian notion that a *spontaneous* order (such as a free market of rules, laws, and institutions) is a theoretical impossibility must be recognized as the most important cultural factor. It is this idea that now pushes continental leaders toward the increase of political cohesion and the reduction of economic competition. Yet, there are many arguments against this view, both theoretical and empirical. Concrete experiences demonstrate that men can, and do, create cooperation and harmony in the absence of a legal monopoly.<sup>11</sup>

Besides that, the creation of a European democratic power would reduce competition. For example, if the Italian government might now cut taxes because it fears that capital and firms might want to leave the country (e.g., in order to exploit new opportunities in Germany, France, or the United Kingdom), in a European unified state, even this remote possibility will disappear. In fact, “harmonization” is the catchword most utilized by the militant unificationists.

The global economy is a space of peace and exchanges because, in the market, the relationships in which every actor participates are voluntary. Increasing political unification, however, is a sure way to generate more conflicts, since different peoples in different industries in different regions have different institutions, methods, and techniques. Political unification imposes a “one size fits all” solution on every issue, while, in a world of competition, different solutions will arise in different places.

It is also important to remember that, in Spain or Britain, the persistence of centralist policies (despite the opposition of Basque and Irish secessionists) is a relevant factor in radical conflicts. The pre-

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<sup>9</sup>Marsilius of Padua, *The Defender of Peace*, trans. Alan Gewirth (New York: Columbia University Press, 1956); and Niccolò Machiavelli, *The Prince*, trans. George Bull (London: Penguin Books, 1961).

<sup>10</sup>In the twentieth century, the persecution of Christians, Jews, Muslims, and Buddhists in every communist and totalitarian regime (as well as in the secular propaganda of many Western democratic societies) has shown the real “reli-gious” nature of the Machiavellian-Hobbesian solution.

<sup>11</sup>See, e.g., Robert Axelrod, *The Evolution of Cooperation* (New York: Basic Books, 1984).

sent European situation teaches us that it is impossible to unify peoples in a coercive way and, at the same time, pretend to peaceful relationships. A compulsory Union would be the premise for all sorts of tensions.

In addition, the process of European democratization might also signify a more important presence of European armies around the world. The consequence would be a new form of imperialism, and, thus, it would copy the worst things of recent American history.

**Superstition # 2: The market requires the state: it is the result of the juridical order created by the political monopoly.**

James M. Buchanan is one of the scholars who have most insistently emphasized the necessity to unify Europe. His idea is that classical liberals and libertarians must encourage every effort “to move toward federalist structures in which political authority is divided between levels of government.” In Buchanan’s theory of federalism, a free-market society needs competition between separate state or provincial units. He remarks that localized politicians and coalitions are less able “to depart significantly from overall efficiency standards in their taxing, spending, and regulatory politics.”<sup>12</sup> But he adds that the *exit* option must be guaranteed by the central government, an option which effectively limits the ability of state or provincial governments to exploit citizens.

As a consequence of this analysis, Buchanan says, in the U.S., “effective reform must embody devolution of power from the central government to the states,” while in Europe, “reform requires the establishment of a strong but limited central authority, empowered to enforce the openness of the economy, along with the other minimal state functions.”<sup>13</sup> Buchanan’s underlying thesis is that individual liberty cannot be protected by a simple competition of governments; for this reason, European peoples must accept a monopolistic

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<sup>12</sup>James M. Buchanan, “Federalism and Individual Sovereignty,” *Cato Journal* 15, nos. 2–3 (Fall/Winter 1996), pp. 259 and 261. For a more complete introduction to the themes of public-choice competitive federalism, see George Brennan and James M. Buchanan, *The Power to Tax: Analytical Foundations of a Fiscal Constitution* (Cambridge: Cambridge University Press, 1980).

<sup>13</sup>Buchanan, “Federalism and Individual Sovereignty,” p. 266.

continental power.

The logic is clear, and Buchanan clarifies his position when he states that accepting the idea “that private and voluntary action can be efficacious over the whole social space (including basic protections to person, property, and contract)” would represent “a leap backward into the Hobbesian jungle.”<sup>14</sup> However, this analysis is weak, because the equation between liberty and chaos is not justified.<sup>15</sup>

One does not have to share libertarian ethical principles to observe that a juridical order emerges even in societies lacking a monopolistic group of rulers. Roman Law, *Lex Mercatoria*, and Common Law are important examples of rules emerging in a social order rather than in a state order. For centuries, and in many different contexts, people lived together in well-defined juridical systems without a common policy fixed by a king or a parliament.<sup>16</sup> As Bruno Leoni pointed out in *Freedom and the Law*, for instance,

the Romans accepted and applied a concept of certainty of the law that could be described as meaning that the law was never to be subjected to sudden and unpredictable changes. Moreover, the law was never to be submitted, as a rule, to the arbitrary will or to the arbitrary power of any legislative assembly or of any person, including senators or prominent magistrates of the state.<sup>17</sup>

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<sup>14</sup>Buchanan, “Federalism and Individual Sovereignty,” p. 267.

<sup>15</sup>In fact, Buchanan accepts the Hobbesian idea of freedom as “license,” while classical liberal and libertarian traditions are closer to the Lockean definition of state of nature: “though this be a state of liberty, yet it is not a state of licence.” John Locke, *Two Treatises of Government . . . The Latter is an Essay Concerning the True Original, Extent, and End of Civil Government* (London: Everyman, 1996), § 4, p. 117.

<sup>16</sup>When Bruce Benson presents the Law Merchant, he stresses that “the reciprocity necessary for the recognition of commercial law arose due to the mutual gains generated by exchange.” See Bruce Benson, *The Enterprise of Law: Justice Without the State* (San Francisco: Pacific Research Institute for Public Policy, 1990), p. 31. In a similar way, Leoni built his legal theory on the hypothesis that rules are the result of an exchange of claims. The “claim” is the individual act that originates law, as demand and offer are the choices that create prices. See Bruno Leoni, “The Law as Individual Claim,” *Archiv für Rechts- und Sozialphilosophie* (1964), pp. 45–58.

<sup>17</sup>Bruno Leoni, *Freedom and the Law* (New York: Van Nostrand, 1961), pp. 84–85.

One of the most important lessons of libertarian realism is that the state is not the protector of rights and liberties; rather, it is their worst enemy. Its existence is a continuous aggression against liberty, property, and autonomy. Accordingly, free-market relations exist in Western societies despite the state, rather than because of it.

Classical liberals and libertarians must become more aware that the roots of our history of freedom lie in the institutional pluralism of the Middle Ages. As Boudewijn Bouckaert wrote,

polycentric extended orders, such as Medieval Peace of God (1100–1500), do not conform with the Hobbesian intuition about power and order. . . . The Medieval order was an order without a sovereign power in the “modern” sense of the word, i.e., a central power disposing of a monopoly of a coercive power enabling it to rule a whole nation and to act as a conflict-solver of the last resort.<sup>18</sup>

Robert Nisbet makes a similar observation:

Medieval society, from the point of view of formal authority, was one of the most loosely organized societies in history. Despite the occasional pretensions of centralizing popes, emperors, and kings, the authority that stretched theoretically from each of them was constantly hampered by the existence of jealously guarded “liberties” of town, gild, monastery, and village.<sup>19</sup>

And Leonard Ligigio remarks that, after 1000 A.D.,

while bound by the chains of the Peace and Truce of God from looting the people, the uncountable manors and bar-onies meant uncounted competing jurisdictions in close proximity. . . . This polycentric system created a check on politicians; the artisan or merchant could move down the road to another jurisdiction if taxes or regula-

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<sup>18</sup>Boudewijn Bouckaert, “L’aria delle città rende liberi: Le città medievali come comunità volontarie,” *Biblioteca della libertà* 29 (1994), p. 10, n. 127. An English version of this article, without the passage quoted above, is “Between the Market and the State: The World of Medieval Cities,” in *Values and the Social Order*, ed. Gerard Radnitzky (Aldershot: Avebury, 1997), vol. 3, pp. 213–41.

<sup>19</sup>Robert Nisbet, *The Quest for Community* (San Francisco: Institute for Contemporary Studies, 1990) p. 99.



tion were imposed.<sup>20</sup>

At the origin of this complexity is the failure of the Imperial design to realize a political unification of the Christian world. European capitalism grew in part because of the weakness of political power. In the second part of the Middle Ages, the Emperor was not in condition to subjugate the Catholic Church, merchants, artisans, bankers, and the countless small armies. As a consequence, the last centuries of the Middle Ages were marked by the success of a pluralist order characterized—as it had been since the ninth century A.D.—by many *allodial properties*, free from regal control and from every form of political (eminent) domain.<sup>21</sup> In his *Edictum Pistense* (864 D.C.), Emperor Charles “The Bold” censured all those who “built castles and fortresses without any permission and in an illegal way” (*castella et firmitates et haias sine nostro verbo fecerunt*). But the weakness of Imperial power encouraged the diffusion of self-protection and this “form of possession free from any obligation.”<sup>22</sup>

Defenders of a libertarian European heritage must acknowledge their history of property rights, pluralism, and competition. They also have to rediscover a rational way to solve conflicts and manage quarrels without resorting to a compulsory state logic or to a central coercive power.

### **Superstition # 3: The existence of a European identity calls for the construction of a single state in Europe.**

As there are important differences among England and Greece, Spain and Germany, or France and Poland, there are different ways to be European. While Europeans have in common many character-

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<sup>20</sup>Leonard Liggio, “The Medieval Law Merchant: Economic Growth Challenged by the Public Choice State,” *Journal des Économistes et des Études Humaines* 9, no. 1 (March 1999), p. 65.

<sup>21</sup>This situation lasted sometimes until the fifteenth century. As Peter Partner remarks about the Papal State, a large number of lords commonly described as *barons* “were, in reality, allodial landowners, whose tenure was in no way feudal.” See Peter Partner, “The Papal State: 1417–1600,” in *Conquest and Coalescence: The Shaping of the State in Early Modern Europe*, ed. M. Greengrass (London: Edward Arnold, 1991), pp. 34–35.

<sup>22</sup>Giovanni Tabacco, “L’allodialità del potere nel Medioevo,” *Studi Medievali* 11, no. 2 (1970), p. 571.

istics which distinguish them from, say, Africans or Asians, this fact doesn't imply the necessity of a single European state.

On the contrary, as indicated earlier, one of the most important elements of this European identity is history, and history has not always been the nation-state's dominion. In fact, *pluralism* has been the key of European historical success, and such pluralism meant the absence (at the end of the Middle Ages) of a powerful center of political decisions. Europe had Church, Empire, a number of kings and princes, a multitude of feudal relationships, and, in some regions, independent cities, but it never had a small group of rulers able to organize economic life and civil society. "The dark centuries have undeniably diffused a spiritual order, but also a deep disorder in politics and the economy,"<sup>23</sup> noted Jean Baechler in his important study about the origins of capitalism and the role of medieval anarchy. This manageable chaos explains our success.

Nevertheless, the nation-state has been a compromise between the will to realize a universal political control and the resistance of the society (religion, economy, culture). The failure of the Imperial project at the end of the Investiture Contest was exploited by Norman theorists (Hugh of Fleury, for instance) who re-elaborated old concepts in relation to new "national" powers (*regna*).<sup>24</sup> In Europe, the contrast opposing Church and secular institutions is a constant of the period prior to the full success of the state.

In France, Spain, or England, power began a long journey to-

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<sup>23</sup>Jean Baechler, *Les origines du capitalisme* (Paris: Presses Universitaires de France, 1971), p. 111. On p. 126, Baechler wrote that "the expansion of capitalism has its origins and its rationale in the political anarchy" of medieval times.

See also Robert S. Lopez, *The Commercial Revolution of the Middle Ages, 950–1350* (Cambridge: Cambridge University Press, 1976); E.L. Jones, *The European Economic Miracle* (Cambridge: Cambridge University Press, 1981); Harold J. Berman, *Law and Revolution: The Formation of the Western Legal Tradition* (Cambridge, Mass.: Harvard University Press, 1983); David S. Landes, *The Wealth and Poverty of Nations: Why Some Are So Rich and Some So Poor* (New York: Norton, 1999); and Richard Pipes, *Property and Freedom* (New York: Knopf, 1999).

<sup>24</sup>Hugh of Fleury (Hugonis monaci Floriacensis), *Tractatus de regia potestate et sacerdotali dignitate*, vol. 2, *Monumenta Germaniae Historica, Libelli de lite*, ed. E. Sackur (Hanover: Hahn, 1892), pp. 466–94.

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ward absolutism, but the presence of multiple state organizations was always an opportunity for the freedom of individuals, even as it reduced the capacity of the ruling classes to exploit and dominate civil society. This is another reason why the will to unify Europe shows a serious misunderstanding of what European identity is, and prepares for a subversion of its deepest heritage.

**Superstition # 4: There will be harmony in a unified Europe, and political institutions will be able to support the development of poor societies (Eastern Europe, for instance).**

This idea of “forced” solidarity is not compatible with libertarian principles, or with the notion that people must be respected in their dignity and liberty. The public redistribution of resources implies a strong centralized power capable of controlling society.

Recent Italian experience also teaches us that coercive solidarity creates hostility where there had been harmony and respect. Northern and Southern Italy enjoyed relatively good relations for centuries; traditional political divisions didn’t hinder cultural and economic exchanges, and there was no intolerance. Current social and cultural tensions between these regions result from a unified policy, which is a consequence of the 1861 birth of the Italian Kingdom. At the end of the nineteenth century, protectionist governments aided Northern industries and damaged Southern agricultural exports. The situation changed in the twentieth century, when the creation of an important welfare state was the cause of massive redistribution from the rich North to the poor South. In addition, the various Italian peoples were forced to live together and abide by the same rules. The first consequence of these political decisions is that there is now a considerable and widespread hatred between Northern and Southern Italy. While the free market has a tendency to bring people together, coercive politics tend to divide them. Moreover, the Italian experience of political unification shows that statist solidarity has not been a tonic for poor economies. In the last fifty years, Northern firms and families have spent a great deal of money financing programs for the South. However, the occasional encouraging changes or trends come only from local and spontaneous initiatives.

Welfare programs redistributed money to the mafia and to large firms, multiplied public employees, strengthened trade unions, and reduced incentives for work. Eastern Europeans in particular must

keep this Italian lesson in mind, because they have to refuse a model of development based on political investments and bureaucratic regulation. The main source of economic and social growth is to be found in property rights, and it is quite evident that the logic of coercive solidarity is the explicit negation of this legal order.

Hernando de Soto's most recent book offers us a useful confirmation of libertarian theses. In the analysis developed in *The Mystery of Capital*, poverty is seen not only as a consequence of the lack of private property rights, but also as the fatal result of a social order incapable of producing trust or of transforming concrete assets into immaterial and "abstract" capital (necessary to finance new ideas and realize capitalist growth). As de Soto points out, Third World and former communist peoples "have forgotten (or perhaps never realized) that converting a physical asset to generate capital—using your house to borrow money to finance an enterprise, for example—requires a very complex process." The creation of capital requires a conversion process, because "capital is first an abstract concept and must be given in a fixed, tangible form to be useful."<sup>25</sup>

This difficult evolution toward capitalism cannot be the outcome of a political economy based on state aid and regulation. Only the *other path* (free-market economy, competition, and individual responsibility) can present conditions to offer a future to Eastern Europe and to all countries in search of justice, wealth, and civilization.<sup>26</sup>

## WHAT CAN WE DO? FOUR IDEAS FOR THE FUTURE

### ***Refusing European Political Unification, Defending Free Trade and Globalization***

Because the creation of this cartel of monopolist rulers would reduce institutional competition and individual freedom, we must oppose the project of European political unification. In a large and politically unified country, the welfare state will find no hurdles, so

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<sup>25</sup>Hernando de Soto, *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else* (New York: Basic Books, 2000), pp. 40, 42–43.

<sup>26</sup>See Hernando de Soto, *The Other Path: The Invisible Revolution in the Third World* (New York: Harper & Row, 1989), in which he discussed the economies of developing nations.

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redistributive policies will become the rule. Every government expenditure affects a large number of people, but the single individual usually pays only a fraction, and, thus, prefers not to bother with organizing a resistance. The consequence is an increase in taxation and the satisfaction of many lobbies.

Some economists believe that European unification would bring about the abolition of all internal barriers to free trade. However, this idea is not true. For instance, a directive adopted in 1973 allowed the United Kingdom, Ireland, and Denmark to make chocolate containing up to 5% vegetable fats, but not to sell it as chocolate in other member states. As a result, the Italian, Belgian, and French governments obtained a prohibition of chocolate imports from other member states. Through health and safety regulation, there are now similar directives against Spanish strawberries, French camembert, and so on.<sup>27</sup>

In addition, the political leaders of a unified Europe might try to build a protectionist Europe, an unassailable fortress against Asian and American competitors. To pursue this kind of policy would be impossible in a small nation (incapable of self-sufficiency), but a large area, such as Europe, can help to foster the illusion that protectionism will help the economy, protect wages, and bring about full employment. As Hans-Hermann Hoppe emphasizes, “a country the size of the U.S., for instance, might attain comparatively high standards of living even if it renounced all foreign trade, provided it possessed an unrestricted internal capital and consumer goods market.”

On the contrary, in small jurisdictions, this error is less frequent, because “the smaller the country, the greater the pressure to opt for free trade rather than protectionism.”<sup>28</sup> Swiss Cantons, Liechtenstein, San Marino, Andorra, or Monaco never dreamed of obtaining advantages by refusing international trade. These small political communities—the true and only heirs of the great European spirit—are interested in the diffusion of libertarian and free-market principles. They want to export their specialties and buy all the goods they

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<sup>27</sup>Fred Aftalion, “Regulatory Competition, Extraterritorial Powers and Harmonization: The Case of the European Union,” *Journal des Économistes et des Études Humaines* 9, no. 1 (March 1999), pp. 98–99.

<sup>28</sup>See Hans-Hermann Hoppe, “Small is Beautiful and Efficient: The Case for Secession,” *Telos* 107 (Spring 1996), p. 100.

can't (or won't) produce. In fact, these small political entities are in the best position to teach an important lesson: the international division of labor is useful for individuals, families, communities, and companies.

For this reason, it is urgent to reject the project of a politically unified Europe, and to adopt an alternative model—a more flexible one based on pacts and contracts. If “Europe” exists—and a European identity is clearly in our past and our present—it can exploit the opportunity of economic integration (globalization) and free movement of information. In the international circulation of money, goods, and ideas, we don't see a central planner: order emerges spontaneously as a result of voluntary cooperation.

In a free society, it can be easy to satisfy our need to rediscover our common historical heritage and develop institutional and economic links. In a Europe based on property rights, the wall that still divides West and East could quickly disappear and, free from the rigid constructivism of their politicians, European peoples could organize new and truly federal relationships.

### ***Free European Relationships in a Polycentric World***

For centuries, within the structure of the nation-state, the idea of sovereignty guaranteed that the King and, then, Parliament were able to control society. But this hierarchical construction was also the premise of an anarchical international order. The Kantian idea of a world federation, the distant progenitor of contemporary European unification, must be explained as the logical consequence of an international regime based on sovereign entities.<sup>29</sup>

The paradox of the nation-state is in its promise of law and order only within its borders: *internal hierarchy* and *external autonomy* (the so-called *international anarchy*). But if modern political culture preferred hierarchy to anarchy (and it adopted the Hobbesian framework), the result was that our international (dis)order had to be modified. If the state had the task of avoiding violence inside its borders, Kant imagined a parallel solution to the problem of law and order in the international arena. In other words, the pursuit of peace and harmony among different peoples could happen only through a “higher”

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<sup>29</sup>Immanuel Kant, *Plan for a Universal and Everlasting Peace* (New York: Garland, 1973).

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(both ethically and geographically) political center able to reduce conflicts to a minimum.

The Kantian dream of “eternal peace” is the politically correct version of the projects of Napoleon and Hitler, the political leaders more seriously engaged in the construction of a European state. Present-day prophets of a united world share with these statesmen a strong preference for a society directed, more or less violently, by a small political elite. Furthermore, they have in common a similar distrust about human liberty.

One must also understand that European unification is only one step toward global unification, and that the determination to abolish political polycentrism is the most important threat to freedom. As already noted, Europe’s finest hour was characterized by a system of hundreds of semiautonomous entities with a free and open market.<sup>30</sup>

At the same time, opposing continental unification means rejecting the neo-protectionism of those media heroes, the “Seattle people.” For this reason, European peoples must defend their traditional values: openness, competitiveness, respect for their fellow men and their rights, localism, and free spontaneous commonality. But they must also be honest and acknowledge the fact that many important European values migrated to North America in ships carrying European colonists and religious dissenters to the Atlantic coast. Our hope is that these traditional values have not left the continent forever.

### ***Federal Europe, Free Communities, and the Right of Secession***

Against the pseudo-federalism of Maastricht, classical liberals and libertarians must speak up on behalf of the true federal tradition. In the West, we have a great deal of historical experience: Jewish tribes, Greek *poleis*, ancient German communities, Italian and Flemish medieval Communes, the Hanseatic League, the Dutch United Provinces, the Swiss Confederation, and the early republic in Jeffer-

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<sup>30</sup>German history, in this sense, is interesting. Before the Napoleonic wars, Germany consisted of hundreds of independent political units. There were important regional states such as Prussia or Bavaria, but also a multitude of free cities, knightly manors, and other small territorial entities. Besides any other consideration, in that institutional context, the rise of a Hitler was an evident impossibility.

sonian America. We also have classical liberal and libertarian thinkers who paid attention to this topic, from Althusius to Jefferson, from Calhoun to Lord Acton, and from Spooner to Nock.

There are currently social theorists working on a correct vision of federal theory. For instance, some ideas of Bruno S. Frey can be useful in showing a possible evolution toward an increasingly free and competitive society. The project of FOCJ (functional, overlapping, and competitive jurisdictions) and the idea of a solid utilization of the “right of secession” (with the purpose of creating *nations by consent* and a true market for institutions, where individuals can shop for the best political arrangements) are the prerequisites for constructing federal relationships among individuals and groups.<sup>31</sup> Despite his unjustified insistence about the role of direct democracy (and the inconsistent defense of the welfare-distributive logic), the institutional framework Frey imagined would be a good step toward a European federation.

But *a federal Europe is exactly the opposite of a unified Europe*. In emphasizing the need to develop negotiated connections among small political communities, I want to stress the difference between the existing Europe and the voluntary political order that European libertarians favor. In a federal institution, Roland Vaubel wrote, “each member state would have the explicit right to leave the union at any time, if a simple majority of its population voted in favor of secession.”<sup>32</sup> The possibility for any community to dissolve the federal compact (the right of *exit*) is the only condition that can force the central power to respect the rights of the federation’s members (states, regions, cities, and individuals).

For this reason, it is important to support every political “devolution” of powers from the center to the separate local entities: from London to Scotland, from Rome to Lombardy, from Madrid to Cata-

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<sup>31</sup>Bruno S. Frey and Reiner Eichenberger, “Competition Among Jurisdictions: The idea of FOCJ,” in *Competition Among Institutions*, ed. L. Gerken (London: Macmillan, 1995).

<sup>32</sup>Roland Vaubel, “The Political Economy of Centralization and the European Community,” *Journal des Économistes et des Études Humaines* 3, no. 1 (March 1992), p. 41. From a libertarian point of view, it is not easy to understand why, in Vaubel’s statement, the right of secession is given only to states, and not to regions, cities, or individuals. The reference to the coercive decisions of majority groups is also ethically unacceptable.



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lunia. In the project of realizing a true federalist Europe, it is decisive that regions and cities can opt to secede, and that they can discuss their bond with the nation-state and the European Union.

In this sense, we must also defend the idea that federalism can be a strategy to imagine and achieve political relationships *without the state* (or *beyond* and *after* the state). In fact, federal pacts imply mutual agreements and horizontal contracts. Federalism, the theory of political pacts, demands a new elaboration of the notion of *political community*. In a true federal society, the right to abandon the union must be preserved; after all, this is the most important guarantee that the federal authority will respect different realities.

If European politicians and bureaucrats are, in fact, impatient to destroy our right to abandon the secular Paradise they are planning for us, the reason is that they want to be free to make it as close to Hell as possible. The Euro nightmare under construction will be a land with Italian bureaucracy, French regulation, Scandinavian taxation, German trade unions, and no right to opt out.

### ***Human Dignity and the Spirit of Europe***

Against socialist solidarity (whether nationalist or internationalist), classical liberals and libertarians must protect the dignity of human beings and their right not to become objects of political and coercive decisions. We have to defend our experience of true solidarity: in families, associations, churches, and so on. We must understand that state charity is a pretext of political rulers eager to increase their power at the expense of the people. Furthermore, we must explain that the political machine operates a redistribution that never helps the poor. In general, redistribution for benefits the strongest lobbies. It helps the rich, intelligent, and sophisticated citizen; in brief, it helps only those who know how the system really works.

Even in this case, a comparison between Europe and America is useful. Because the government is less invasive and property rights are more protected in the United States, there is an important net of private mutual aid associations. Our ability to attain a sense of true solidarity and community rests directly on our freedom.

Against the new socialism of Philippe van Parijs (who proposes that everyone—including California surfers—be paid a *universal*

*basic income* at a *subsistence* level),<sup>33</sup> and against Habermas's idea of universal democratic integration,<sup>34</sup> it is important that we preserve the individual's right to reject political obligation. *Honest men don't respect unjust laws.*

But, in the new millennium, only a radical change in our vision of society can bring about a rebirth of European liberties. As Étienne de la Boétie pointed out,<sup>35</sup> the power of the political elite can be explained only by the fact that people *voluntarily* obey laws (he called it the *mystery of civil obedience*). Consequently, when we cease to obey, unjust power will disappear, and we will have the opportunity to build a more civilized way to live together.

The Catholic Church played an important role in the great miracle of medieval Europe. It was, undoubtedly, the main hindrance that Empire found in its attempt to build an absolute power. Its moral and cultural force (and also its economic and military importance) was influential in preventing the complete triumph of the imperial design. The strong relationship between the German Emperor and the Franciscans—both averse to the wealth of the clergy and the political power of the Pope—and the struggle of Philip “The Beautiful” against the Templars are two different confirmations of the fact that the presence of a rich and influential Church was, for a long time, a restraint to any political ambition to subjugate the society.

While much in the contemporary context is radically changed from medieval Europe, religious communities can remain an obstacle for the ruling class. For this reason, every tradition, ethnic group, culture, and language (when they become the occasion for a conscious action of resistance in the face of state power and its will to standardize society) must be appreciated as instruments for the defense of everybody's freedom.

The actual situation seems more complex, but, despite the philosophical and religious differences separating European individuals,

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<sup>33</sup>Philippe Van Parijs, “Why Surfers Should be Fed: The Liberal Case for an Unconditional Basic Income,” *Philosophy and Public Affairs* 20, no. 2 (Spring 1991), pp. 101–31.

<sup>34</sup>See Jürgen Habermas, *The Inclusion of the Other: Studies in Political Theory* (Cambridge, Mass.: MIT Press, 1998).

<sup>35</sup>Étienne de la Boétie, *Discours de la servitude volontaire* (Paris: Presses Universitaires de France, 1983).

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there is a common heritage strictly related to the Christian roots of the continent: at the center of this culture, there is the idea of the infinite value of every individual. When Murray N. Rothbard developed his social ethics on the non-aggression axiom, he rediscovered an important element of European society, and suggested a hypothesis for how to overcome the present situation.

During the modern age, Europeans have considered the existence of a two-class order, with rulers and subjects, as natural. Only a small group of libertarian thinkers have expressed their dissatisfaction with this situation, and have engaged in a cultural campaign for liberating the *new slaves* of monarchical and democratic regimes. But the current unqualified acceptance of despotism is also the consequence of a lack of ethical responsibility. This European crisis, generated by the widespread acceptance of aggression and the refusal to resort to self-defense, has moral origins.

Therefore, a complete change in the way we connect with other people implies a rediscovery of human dignity and a more vivid sense of altruistic responsibility toward our fellow men, as well as ourselves. If Europeans will be generous and at the same time more respectful of individual natural rights, the claims of public authorities to justify their role as social benefactors will appear to everyone as a tragic farce. And we will all see that the Emperor—even the European Emperor—has no clothes.

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