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On States, Regions and European Integration

The European Union is concurrently faced with two major challenges: a re-dimensioning of the club in terms of membership numbers – due to the UK's exit from the EU – and the demands of some European regions for more autonomy or even independence from their national states, as in the case of Catalonia. Scotland is also a notable case in point. However, if it were to leave the UK, it would do so after Brexit was completed, at which point it would be a third-country region.

These two challenges are often presented as parallels and proof of a European project that is disbanding, prompting some scholars to call for a theory of disintegration of the EU. In our view, Brexit on the one hand and, on the other, some regions' quest for more independence are fundamentally different issues, and neither one warrants a theory of disintegration. In a nutshell, that is because the departing UK has been an outlier for some time (as the least integrated and most reluctant member of the EU club), whereas Catalonia does not question EU membership. On the contrary, Catalans (along with other regions seeking greater autonomy) see the EU project as a natural ally in their aspirations. The need for a theory of disintegration would arise if we had to explain an exit from the Union of some of its more integrated and committed members, e.g. one of the countries that have adopted the euro and joined Schengen and possibly the new EU defence cooperation pact, PESCO. Alternatively, the secession of a region or multiple regions from well-integrated member states could legitimately spark talk of disintegration if those regions also wanted to leave the EU. Catalonia, therefore, does not fit the bill of disintegration.

Calls for regional autonomy can be interpreted as a consequence of successful European economic and political integration, which, with access to the single market and other EU common goods, loosens national constraints on a quest for more regional autonomy. All member countries (including those as small as Malta or Luxembourg) can take full advantage of the EU public goods, such as border-free movement and the single market, while large European regions such as Catalonia may well be underrepresented, as they could arguably gain significant influence if they were to become full-fledged EU member states. At the same time, in an enlarged club the costs of preference heterogeneity and cultural diversity become more apparent. In other words, EU membership advantages may encourage a quest for autonomy or independence, as it does away with constraints at the national level. Recent work has shown that this is all the more the case since differences in the regional averages of preference heterogeneity and cultural diversity are sometimes larger within member states than they are between regions belonging to different states.

Thus, a political economy approach to regional forms of self-determination within the EU contradicts state-centric approaches that brand such calls as contrary to the spirit of European integration. In positive terms, and in the vein of the pioneering work of Alesina and Spolaore,¹ not only may national borders change with shifting political and economic needs, but the likelihood of this happening has increased in conjunction with European integration. In normative terms, the principle of self-determination goes beyond the will of states to merely maintain their territorial integrity, of course.

Furthermore, the view that calls for more autonomy or independence are rooted solely in the allocation of tax revenues and display a lack of solidarity fails to do justice to the com-

1 A. Alesina, E. Spolaore: *The Size of Nations*, Cambridge, MA 2003, MIT Press.

plexity of the matter. Even less so can one affirm that such calls have a nationalistic and anti-European character that endangers the future of the EU. Catalans seem to be rather open on citizenship and committed to further European integration.

The issue is not that modern states cannot encompass more than one nationality but rather that regions are required to abide by the rule of a central state. In many of these cases, the regions may not have been willing members of the state in the first place, and they want to have more autonomy because of their notion of a shared cultural and linguistic identity. This amounts to different preferences in various policy domains.

In essence, it is the EU that provides a common home for all regions and nations, replacing the role of their national states. In this new reality, some states, despite having adopted a modern and constructive view towards the European integration process that involves sharing their sovereignty with other EU member states, seem not to have evolved in the same way with respect to their own regions. This is clearly the case in Spain, which has remained a prisoner of older notions of sovereignty based on the principle of state territorial integrity. Indeed, Spain invoked this very principle in refusing to recognise Kosovo's independence.

The critical role played by member states in the EU goes some way to explain the EU's reluctance to take a position on the situation in Catalonia and other cases, such as Scotland. EU leaders may privately voice concerns about a lack of dialogue and the poor handling of the situation with their Spanish colleagues, but they are constrained by the fact that the EU needs the member states to function and to cooperatively solve common and pressing problems. Fittingly, it was with regard to discouraging secession from the UK and Spain that the European Commission asserted – taking solely into account the position of those states – that a newly independent Scotland or Catalonia would have to re-apply for EU membership, *acquis communautaire* notwithstanding. During the application period, in the case of regions of eurozone countries, access to the ECB would be lost and the euro could only be used unilaterally, as in Kosovo and Montenegro.

The aspirations of individual regions continue to depend to a large degree on their state. European integration, on the other hand, offers some flexibility – differentiated integration – for member states. Furthermore, the EU grants them the right to exit the club, which is not the case for regions with respect to their states, where talk of secession is generally taboo. Indeed, Article 50 is arguably a useful feature of the EU, with very positive consequences for the Union's good functioning, since unhappy members can leave if they no longer wish to contribute to the common good instead of obstructing the process of European integration and the capacity of the EU'S institutions and policies to deliver.

The treaty-based principle of subsidiarity should not stop at the relations between the EU and its member states but ought to apply equally to the distribution of competences between states and their regions. Regions do play a role in EU multilevel governance, exercised notably through the Committee of the Regions, where they may address EU subsidiarity issues. However, this only applies to the institutions of the Union and not to member states. Member states need to heed the principles of fiscal federalism and confront any trade-offs implied by this theory as part and parcel of their commitment to European integration. They ought to enter into dialogue with their regions to find the best ways to apply subsidiarity principles with regard to sub-state actors, be it through more autonomy or, as in the case of Scotland, independence referenda. This requires a more open approach to the interpretation of the EU's motto "unity in diversity" and to addressing the subsidiarity gap at the member state level. It is no doubt a challenging task but one that needs to be tackled within the framework of European integration.

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