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The emergence and the development of the federations: The Achaean federation, the United Provinces and the EU

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Abstract: In the present essay we analyse for the first time as far as we know the development of democracy, which emerged in Greece during the classical period, into the proto-federations of the democratic city-states. We examine their political institutions and policies, like common defense and external policy, military organization, representative federal bodies like popular assemblies, parliament, generals as military and political commanders, federal finance ministers etc., as well as their economic institutions and policies: Common currency, federal budget and federal revenues. We address in more detail as a case study the Achaean Federation. Then, we compare this particular proto-federation with the United Provinces (UP, the Dutch Republic) and show structural and organizational similarities. Lastly, we compare the Achaean federation with today's European Union (EU) and conclude that in some respects the proto-federation was more advanced than the EU, and thus can serve as a benchmark in addressing current European issues.

1. Introduction

It is generally accepted that direct democracy emerged by the end of the 6th century BC in classical Greece, the first fully developed example being Athens after Cleisthenes reforms of 510-507 and the fall of tyranny. This development was the result of a preceding macroculture, a long term framework of values, norms, customs, institutions and ideas that evolved in different fields of human activity, like war, religion, athletics, and the city-state, which in their combination were unique in 8th to 6th century Greece. (Kyriazis and Economou, 2012 a,b).

The emergence of democracy was preceded by a previous political stage, that of *isonomia*, equality of citizens (in most cases according to property criteria, and linked to that, to those able to afford the expensive hoplite equipment, financed through their own means) before the law. (Birgalias, 2009; Meier, 2011). Democracy was not static but evolutionary. 4th century BC democracy was for example more developed institutionally and also more “balanced” than its 5th century predecessor (Hansen, 1999; Kyriazis, 2009; Halkos and Kyriazis, 2010).

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What is less known generally, but very important due to the early modern and contemporary developments is that within the same democratic macroculture the idea of voluntary federations of democratic city-states emerged also, and was practiced. Leagues and alliances were of course well known during the sixth and fifth centuries, and even much earlier, since the Mycenaean Kingdoms who fought the Trojan war (during the late 13th or early 12th century BC) were an ad-hoc alliance under a “supreme military commander” king Agamemnon of Mycenae.

But the concept of federations of free democratic city-states that unite voluntarily to evolve into a specific political unit with an appropriate institutional structure was completely novel in its width and depth.¹ Federations, like the Boeotian one, and many more, are attested already with certainty during the 7th century, but what was new with the great 4th century federations was their democratic basis, both at participating city-state and federal level, as well as their elaborate political and economic structure.²

In the present essay we analyse first, as a case study, the Achaean federation. Then, we compare it to the 16th-17th century United Provinces federation, the second modern (after the Swiss) federation to emerge, and trace their institutional similarities. Then, we compare the Achaean federation to present data ones, with emphasis on the European Union and make some suggestions as to what lessons for today’s development of the EU can be drawn from the functioning of the Greek proto-federations

2. The Achaean federation

The Achaean federation was established in 280 BC, but an older alliance of city-states of the North-Western Peloponnese comprising 12 members is attested already during the 5th century and may have served as a model for the Achaean federation (Rathjen, 1965). The main reason for its establishment, as was the case also for the other major contemporary federation, was defense against the Macedonian kingdom.

The federation increased from 10 members in 280, to as many as 50 members later. It developed from a regional federation, by the voluntary adhesion of city-states all over the Northern and Central Peloponnese including such important ones like Sikyon (251 BC), Corinth (243 BC), Megalopolis (capital of the ex-Arcadian federation, 235 BC) and Argos (229 BC). (Polybius, *Histories* 2. 41; Caspari, 1914, Griffith, 1935, Russel and Cohn, 2012). The federation was a major political force in Greece, trying to balance Macedonian and Spartan power in a series of wars and shifting alliances, being successful in safeguarding its city-states independence against both powers. It was abolished after resisting Roman encroachment, being

¹ Many modern authors continue to call them “leagues”. As will become clear in the text, this denomination is inappropriate, since the term “league” is almost a synonym of “alliance”. The political units we will examine are certainly much more than a mere alliance, thus we will define them as *proto-federations*.

² Caspari (1917) analyses the system of monetary circulation of 18 Greek proto-federations of the so called *Hellenistic era* (4th to 2nd century BC).

decisively beaten by the Romans at the battle of Leukopetra in 146 BC, and the destruction of Corinth.

This is not only spelled the end of the federation, but the end of Greek independence and the abolishment of democratic regimes. Achaean formed during the first century BC a Roman province (Badian, 1952; Oliver, 1978).

2.1 Political organisation

The main contemporary source concerning the federation is Polybius, but the information he provides has led modern historians sometimes to different interpretations. The main institutional bodies of the Achaean federation were the *Assembly*, to which all citizens of all constituting city-states aged 30 and above could participate (Pol. *Hist.* 29. 23-35; 29. 24.6; Larsen, 1972). Apparently, the Assembly was called for specific purposes within the years, to decide on specific important issues.

Possibly, the Assembly was called once a year during April-May, which may be an indication that strategic matters for the year were discussed and decided upon, since spring (April) was usually the beginning of the campaigning season during ancient times. A second political body was the *Synodos* or *Boule*, which may have been a preparatory body which set-up the agenda for the Assembly's meeting, having perhaps as a model the Athenian *Boule* (Pol. *Hist.* 2. 46. 6).

It appears though, that for the period 217-200 BC, the Assembly decided on issues of great importance like war and alliances, and delegated day to day affairs of the federation to the *Boule*. The members of the *Boule* were elected representatives of the city-states (Larsen, 1972, p. 178-180). If this interpretation is correct, then we have, for the first time in history, a mixed democratic system combining elements of direct democracy, the Assembly, with elements of representative democracy, the *Boule*.

The reason for the development of this dual system must have been that as the federation increased in size, distances became longer, thus making the participation of simple citizens costly and time consuming. The distance for example from the city of Patra to the capital of the federation, Aigion, is about 100 km, and from Megalopolis to Aigion more or less the same, necessitating if one takes account of the roads of the period, at least three days and likely four or five on foot to travel to Aigion (Caspari, 1914; Briscoe, 1974).

It seems also, that the federation did not provide its citizens with a remuneration for participating in the Assembly as was the case in classical Athens. It is not known if this was a conscious political decision, or was due to an economic impossibility to provide funds for this participation, but the result was that in the Assembly more prosperous citizens tended to be overrepresented (Briscoe, 1974). On the other hand, since members of the *Boule* were voted locally in their city-states, they were more representative of all citizens.

At the beginning, the Assembly met at the federation's capital, Aigion, but

later on, General Philopoemen established a system under which the Assembly met periodically also in other member city-states like Argos. The other institutional bodies of the federation were elected by the Assembly. First, among them was the *Strategos*, (the General), who was combining the offices of supreme military commander of the military forces, and of political head of the federation, reminding somewhat the de facto position of George Washington during 1776-1783, or Napoleon during 1798-1814. Under the General, a governing body of a 10 member Council, called *synarchontes*, undertook the day to day administration. Further, three military commanders, the *ipostrategos* (major-general) the *hipparchos*, head of the cavalry, and *navarchos* (admiral) served under the general. Ancient sources attest also the existence of a *grammateus* (“secretary”) who may have been responsible with the “paperwork” of the federation, like the Assembly's and the Boule's decrees and laws (Larsen, 1972).

A very important element of the federation, was the *isopoliteia* of its citizens, meaning that a citizen of one member city-state, had political rights as a citizen, if he moved into another member city-state, a situation that clearly surpasses today's European Union. A Portuguese moving for example to Germany, does not get automatically voting rights at German federal elections, as would be the case say, for a citizen of Patras moving to Megalopolis, who were both members of the Achaean federation. Another innovative institutional element was the establishment of some kind of *Federal Court of Justice*.

Usually, such court(s) were empowered to solve political differences arising among member city-states, taking over a role of intermediation. Usually, a third member city-state was chosen for this task, as for example Megara in a dispute between Corinth and Epidaurus, or Patras between Thourioi and Megalopolis. Sometimes, a body of more than one city undertook this task, as for example 11 cities intermediating in litigation between Epidaurus and Arsionoe (Ager, 1996). The Federal Court(s) were also responsible for some criminal and property rights cases (possibly involving citizens of different member city-states (Larsen, 1972, p. 82).

Polybius goes as far as to write (2. 27. 9-11) “*During times, these cities came to such perfection and welfare, that they were connected not only in friendship and alliances, but they had the same laws, the same measures and currency and common archons (government officials), members of the Boule and judges. In general, only this point showed that almost the whole of the Peloponnese was not a unique city: Its inhabitants were not circumvalised by the same wall, everything else was common and the same for everyone together and for each city-state apart.*”³

2.2. *Military Organisation*

The federation disposed of a federal army under the Strategos, organized according to that period armies. It comprised heavy infantry in *phalanx* formations,

³ Our own translation from the original text.

light infantry and cavalry. The federal army consisted of formations provided by the city-states and augmented by mercenaries if and when needed. In 217 BC for example, the federal forces consisted of 3000 infantry, 300 cavalry, 8000 mercenary infantry and 500 mercenary cavalry (Wallbank, 1933; Anderson, 1967; Larsen, 1971).

An individual as commander of the naval forces of the federation is also attested. Many of the constituting city-states of the federation, like Corinth, Sikyon, Epidaurus had a long-standing and strong naval tradition.

2.3 Economic organization

We have less information about the economic organization of the federation than about its political, so that in order to answer even tentatively some crucial questions, we will advance a few conjectures. The federation was a monetary union like today's European Monetary Union (EMU), with the difference that it was a multicurrency area: There was a parallel circulation of federal coins and city-state coins, as attested by archaeological findings (see Caspari, 1917, Thompson, 1939).

This raises a number of questions: What was the analogy of federal to city-state coins? To this, no answer can be given. Who was responsible for the minting of coins? We assume that there were city-state and federal mints, working in the city-states and the capital. We further assume that the federal coins were linked to payments of the federal budget, as for the federal army and navy, federal administration, federal buildings in Aigion etc. An analogy to the EMU is that federal coins had on the one side a head of Zeus or Artemis and the name ΑΧΑΙΩΝ (meaning, "of the Achaeans") and on the other side, the name of the issuing city-state like ΑΧΑΙΩΝ-ΑΙΓΕΙΠΑΤΩΝ ("Achaeans of Aigira") like euro coins which bear on the one side the symbol of the issuing member-state. This again could mean that federal coins were minted also at city-state mints on behalf of the federation.

A further question refers to the exchange rates: We assume that since all coins had silver content, the exchange was made according to the silver value of each coin. Then, again we presume the existence of banks that would have undertaken this task, in the main member city-states and the capital, Aigion. It is now accepted (Cohen, 1992) that already during the fourth century Athens had a very developed banking system, and that the Greek world was monetized. Thus, we believe that the fourth century Athenian experience would have been diffused to the rest of the Greek world, especially in areas and city-states like Corinth, which were also important international trading centers. On this issue Roberts (2011, p. 130) argues for example, that that thirty-five Hellenistic cities included private banks during the 2nd century BC.

Lastly, and very importantly, is the issue of the federal budget, on which we know nothing, but whose existence is made clear by the existence of federal coins. Such coins indicate the existence of a federal budget, else for what purpose should they have been issued? We assume as stated above, that the federal budget covered federal army, federal administration and buildings expenses, and perhaps a few

extraordinary expenses, like public federal festivals. Since the rise of the army and navy were variable, the size of budget must have varied too.

We will attempt at least an estimate of the military expenditure based on known army size for some years, to give at least an order of magnitude for the budget, bearing in mind that military expenditure was the major federal budget item: According to ancient sources (Loomis, 1998) the daily wage of soldiers during the 3rd century must have been 1.5 drachmae, and for cavalryman (including fodder) perhaps 5 (Arvanitides and Kyriazis 2012; Pritchard, 2012).

The 217 BC federal army comprised in total 11.000 infantry and 800 cavalry, thus a total of 20.500 drachmae per day, or 615.000 per month, or about 100 talents, (one talent equals 6000 drachmae). Assuming an eight month campaign period per year, the total military cost for this year would have been 800 talent, a very substantial sum for the period. Even if we assume that all the other federal items came to about 100 talents, we arrive at a total federal budget estimate of 900 talents, which is a very substantial sum, comparable to the Athenian budget with a revenue of 1200 talents in the 330's during the time that Lycurgus was *tamias* (eg. finance minister, Kyriazis, 2009). This sum must have represented also a substantial percentage of the, unknown size, federation's total GDP, but certainly much more than the 0.95% of the EU's GDP represented by the EU budget.

We know nothing also about the revenue side of the federal budget, but we will advance some hypothesis taking as a benchmark the Athenian 4th century budget (Kyriazis, 2009). Revenue sources must have been: a) city-state contributions: The existence of federal coins minted in the city-states mints is such an indication: Possibly, the city-states gave their contributions by minting in their own mints coins which they then forwarded to the federal budget. b) custom duties levied on exports, imports, as was the case in ancient Athens, in the port of Piraeus, where the rate was 2% on value. We do not know if this is the case in fact, but it is a possibility, especially if we assume the existence of an internal market, as we will discuss next. c) Military plunder: We assume, that military plunder during successful expeditions against enemies would accrue to the federal budget. It seems that the possibility of plundering during war campaigns must have been very common during ancient times. De Laix (1973, p. 60), based on Polybius (4.5.1) argues that the troops of a neighbor state to the Achaean federation, the Aetolian one, were accustomed to plundering. d) *Liturgies*.⁴ Again, we know nothing about it, but might it be possible, that some kind of *trierarchy* existed for the fleet's warships, inspired by the Athenian example.

A last issue we raise here, is if and to what extent, the federation was not only a monetary union, but also an economic one. Again, we have limited evidence, but the indication we possess, permit us to advance tentative answers: The existence of monetary union and the circulation of parallel currencies are evidence of free mobility

⁴ Liturgies were a very special type of taxation and service levied on rich Athenians, as for example *trierarchy* (See Gabrielsen, 1994). Under this, a wealthy Athenian undertook the running expenses (not wage costs) for the upkeep of a trireme warship for a year, of which he undertook also command. Being its commander in battle, the *trierarch* had a strong incentive to have a well-kept ship, since his own survival depended on this

of capital within the federation. The existence of *isopoliteia* for citizens is very strong evidence for the free circulation of labour. If a citizen of one member city-state has free political rights in another, then presumably he can settle and work there. Thus two of the main pillars of today's EU, free circulation of capital and labour existed already in the Achaean federation.

The harmonization of measures and standards as attested in the passage of Polybius above, is an indication for the existence of free circulation of goods, and the existence of an internal market. These measures make sense only in order to implement such an internal market, else why introduce them? Thus, it seems that all three basic freedoms of modern federations were already present in the Achaean one.

In the above section we have raised more questions than we could provide specific answers, due to a lack of evidence. Still, since these particular questions have been raised by us now, we hope that they will be a useful contribution for the start of research on these topics.

3. The United Provinces⁵

The United Provinces (Dutch Republic) arose out of revolution against Spain in the so-called *Eighty Years War* (1568-1648). They were formally recognized as an independent state by the Treaties of Westphalia and Münster, although in fact most of the provinces were free of Spanish occupation by the end of the 16th century. They existed as the United Provinces till they were abolished by the French invasion of 1795, which replaced the UP by the short-lived *Batavian Republic*.

We can trace here already parallels to the Achaean federation: The UP were established to counter an external threat, Spanish occupation (as the Achaean to counter Macedon and Sparta) and were abolished by foreign invasion and occupation, by the French (as the Achaeans by the Romans). The United Provinces were a federal state of seven provinces and within them, 52 semi-sovereign cities, prominent among them Amsterdam. The cities strong position within the UP provide again a parallel to the Achaean city-states.

The political structure of the UP was briefly as follows: The cities were administered by the *Regenten* city-councils, which elected the cities mayors and other officials. At city level, there were no general elections, and the citizens did not have political and voting rights (but did have property rights). Thus, the cities administration was oligarchic, the *Regenten* being in general, rich merchants and aristocrats. At second level, each province had an Assembly, the Provincial States, a kind of parliament more or less, whose members were delegated by the cities and other estates (usually, the nobility), thus being a representative body. The chief official of each province was a *Stadtholder* (dutch: *stadhouder*) who can be seen as some kind of governor or the province's president, but with the distinction that this

⁵ This section is based on the findings of Halkos and Kyriazis (2005), Kyriazis (2006) and Davids and t' Hart (2012) which provide additional references.

was a position traditionally held by members of the Orange-Nassau family.

At the federal level, there existed also a States General, a kind of Parliament consisting of representatives of the provinces, which met at the federal capital in the Hague, where the federal administration was also located. During most of the period, a stadtholder of the UP, a head of the Republic (a parallel to the Achaean Strategos, since he was both the military supreme commander of the union's forces, and the political head) existed, but during the twenty years prior to the 3rd Anglo-Dutch war of 1672, the post was vacant (it was the period during which the de Witt brothers were politically prominent).

From the brief description above, the federal structure of the UP becomes clear. In contrast to the Achaean federation, the UP were not a direct democracy and combined aristocratic-oligarchic political elements (at city-level) with representative democratic elements (at provinces and the Union level). The UP were a monetary and customs union with one currency the *guilder*. Concerning federal finances, the States General decided over matters such as army size and navy establishment. This representative body delegated executive powers over military matters to the Council of State, a parallel again to the Achaean Boule.

The provinces remained sovereign and fiscally autonomous. They were responsible for procuring the means for the soldiers through an appointment system, each province contributing a certain ratio according to population and wealth. All provinces stepped up their tax levels and introduced new fiscal measures. The States General set the policy priorities of the UP and voted each year for the sums to be spent by the generality (eg. the federal government) again a parallel to the decision making procedures of the Achaean Assembly). The main item of expenditure of the federal budget were the armed forces. At about 1641, the army took 52%, the navy 26%, the fortifications 9%, the administration and diplomacy 5%, debt service 4%, pensions and miscellaneous 4% of total expenditure, estimated at 23.697.000 guilders (Davids and t' Hart, 2012).

Almost the entire sum spent on soldier's pay was provided for by provincial taxation. Each province was free to decide the means by which it should rise the revenue, so that the system of taxes varied across the provinces. The Union hardly commanded any own means. The only own means accruing to the federal budget were the revenues of the passports, a salt duty and later a lottery, but the yield from these sources was trifling in comparison with the amount raided through the provincial contributions, a situation reminding today's European Union's budget with its limited own means, (mainly custom duties, while the percentage of vat accruing tot the Union's budget as a parallel to the UP provinces contributions).

The navy, on the other hand, was supported to be paid mainly out of the revenues of duties of usually 3-5% lower than the English ones, but higher than the 2% 4th century Athenian duties upon in - and outgoing goods, which was estimated at about 12% of the entire federal budget in the 1640's. After a period of changes, the Administration of the navy crystalised by 1597 into five regional admiralties, each with right to appoint its own admiral. The admiralties themselves were run by Navy Boards, composed of a fixed number of representatives of different cities and

provinces, in a system of federal cross-representation. Deputies of the five admiralties regularly convened in the Hague to cooperate and coordinate strategy.

Apart from the custom duties mentioned above, the Navy was financed from subsidies granted by the provinces and public loans, both after bargaining and agreement in the States General. It must be borne in mind, that during the period, the UP, and mainly Amsterdam, were one of Europe's major financial centers (the other being London) with a stock exchange and a developed banking system, which permitted the financing of the federal government through loans.

4. Comparison and conclusions

The political and economic structure of today's European Union are well known, so that we will not analyse it here in detail. Table 1 illustrates the structure of the three federations, the Achaean, the UP and the EU (taking for granted the the today's steps for the further integration of the EU mean a gradual process for the creation of a federal type state). Taking as a basis of our discussion the characteristics illustrated in Table 1, we arrive at the following conclusions: First, all three federations show similarities in their political structure and administration. The main difference, a crucial one, concerns their democratic structure: In this, the Achaean which practiced direct democracy at both the local and the federal level, comes out as the most democratic.

The UP were representative democracies at the province and federal level, while the EU is a representative democracy at member-state level (with elements of direct democracy at city-and country level in some member states like Germany (Nohlen and Stöver, 2010), and a weak representative democracy at the federal (Union) level, with only one elected body, the European Parliament, which has only limited competences. Second, all three were monetary unions with a common currency (for Europe, the 17-member EMU), with the difference, that the Achaean federation had also a parallel circulation of city-states currency. Third, all practiced the so called "three fundamental economic freedoms", free circulation of goods, labour and capital. This was augmented in the Achaean with the fundamental "political freedom" of *isopoliteia*, eg. citizen and voting rights in other member city-states.

Fourth, all had a federal budget, devoted mainly in the first two, to the finance of the military forces. All had some "own" federal means (mainly custom duties) as federal revenues. None can be regarded as "fiscal union", in the sense of having a harmonized tax system, tax basis and tax rates. We know nothing on this for the Achaean, we know that in the UP the tax basis and rates varied from province to province, and for the EU, these is a common tax base for vat, but different tax rates for incomes, property and capital profit. There are serious doubts if the EU is an "optimal fiscal area" so that harmonization could proceed in the future (Halkos and Kyriazis, 2006).

During recent years, dissatisfaction of citizens and *euroscepticism* is growing

Table 2: A comparative analysis of the institutional framework of the Aetolian and Achaean Confederacies in relation to the US and the EU.

Federation	Member states	Capital	Political structure	Common citizenship	Monetary union	Common Foreign Policy Federal Armed Forces	Federal budget	Democratic Structure
Achaean	> 40	Aigion	Local (city) Assemblies + Federal Assembly (<i>Synkletos</i>) Federal Council (Boule) <i>Strategos</i> (General-military commander and head of federation) Supreme Council of the 10 (<i>synarchontes</i>) Deputy General <i>hipparch</i> commander of cavalry <i>Nauarchos</i> (Admiral) , Public Secretary Federal Courts	<i>isopoliteia</i> , yes	Yes, federal and city-states currencies in parallel circulation	Yes, army and navy	Yes, strong own means, probably custom duties and cities contributions	Strong direct democracy at local and federal level
UP	7 provinces 52 cities	The Hague	City administrations Provincial States Federal States General Council of State <i>Stadholder</i> (Provinces) <i>Admiral-General, Captain-General</i> 5 Admiralties	Yes, but not voting rights for all citizens, thus more “equality of law”	Yes, common currency only	Yes, army and navy	Yes, relatively strong, custom duties, cities and provinces contributions	Non existed at city level, strong at provincial and federal level
EU	27 member-states	Brussels	European Parliament European Commission European Court of Justice European Councils of Ministers + Council of the EU President Ministers of external Affairs	no	Yes, for EMU and the European Central Bank	No federal army and navy-weak CFSP	Very weak (0,95% of GDP in 2013) Own means, mainly custom duties and small percentage of vat	Weak, no direct democracy, only elected Parliament with limited powers, non-elected other bodies

Source: Interactive analysis based on the findings of Aymard (1938), Briscoe (1974), Thompson (1939), Larsen (1971, 1972 and 1975) and Wallbank (2010) for the Achaean federation, Kyriazis (2006) and Davids and t’ Hart (2012) for the UP and Moussis (1998) for the EU.

fast in many EU member-states (Bulgaria, Cyprus, Greece, France, Hungary, Italy, Ireland, Portugal, Romania, Spain), mainly due to the austerity measures introduced by their governments. What we believe is crucial here, is the perception by citizens in these countries (and we emphasize the world perception) that these measures have been imposed by the EU, and its strong member, Germany against their own and possibly, their elected government's wishes.⁶

All successful federations are based on three fundamental principles, solidarity, trust and community of interest, both in the relations between their member-states, and the attitude of citizens towards, the federation. Where the three principals were strong, the respective federation had great cohesion. When they are weak or begin to waken, as in today's EU, cohesion starts to suffer and the federation may be in danger. This argument is also verified by the findings of Musgrave (1961, 1998, p 187) who argued through the theory of *economic federalism* that states willingly decide to participate in a federation type multinational political entity in order to increase their level of national security, to establish a custom union or to achieve a series of other specific goals. The relation between economic development and federal political structures is also corroborated by the findings of Pauly (1973, 1998).

In previous studies Kyriazis and Paparrigopoulos, (2011, 2012) and Kyriazis and Economou (2012 and forthcoming) we have analysed for classical Greece, how these principles-values evolved in the military field due to the introduction of the *phalanx* formation, the heavy infantryman-*hoplite*, and the fleets. These values such as trust, cohesion, bravery, courage, discipline), virtue, self-sacrifice, self-consciousness, altruism, harmony, friendship, politeness, justice, self-denial, fair competition, equality, egalitarianism, self-awareness, temperance, *isonomia* (political equality), *isegoria* (right to speak and express freely ones' personal ideas, otherwise, democracy), *homonoia* (concord), freedom etc were transformed into political and democratic values. Ancient and modern sources of literature such as those we present here so far, convey that this tradition continued also in the Achaean federation and was present also in the UP. Federations based on defense against a great external threat, as the Achaean, the medieval Swiss against the Austrians and Burgundies, the UP against Spain, the USA against Great Britain, develop solidarity trust, cohesion and a sense of community of interest.

⁶ N. Kyriazis in a series of press articles analyses the perception prevalent among a majority of Southern member-states citizens of the imposition by the EU of harsh measures under extreme pressure or even threats, as in the cases of Cyprus. The analogy goes back to the western powers and Japan's treatment of Qing Dynasty China during the second half of the 19th century-beginning of the twentieth, which resulted in the Opium Wars, the Taiping and Boxer revolts, civil war, the fall of empire of Japanese, a Japanese invasion and chaos. The utter contempt with which the EU and Chancellor Merkel has treated property rights, as for example the PSI also of individual Greek bondholders and the expropriation of deposit holders of some Cypriot banks, is truly amazing and without precedent. Thus certainly does not generate feelings of solidarity and trust. The prevailing feelings of insecurity and uncertainty among almost all the EU citizens concerning that safety of their bank savings does not promote growth. Econometric studies have established how important trust is for growth. See Zak and Knack (2001) and Dearmon and Grier (2009).

These values and principles are the “glue”⁷ that hold them together, so long as the threat persists, defense is successful and the economy thrives. If this persists long enough, the political and institutional structure is embodied in the society, so that it continues even after the initial reason, the external threat, ceases to exist, as in the cases of the Swiss federation and the USA. This endurance is founded still on common defense, a strong federal budget that undertakes the finance of policies at the federal level, and strong political and democratic institutions at the same level, that legitimize the federation in the eyes of their citizens. If you vote for example for the federation’s president (even if indirectly) as in the USA and if you serve and perhaps fight in the armed forces of the federation, then you have a sense of being a citizen of the federation, of belonging to the USA or Switzerland, and not, just say, to the State of Arizona or the canton of Unterwalden, a sense of promoting the supreme political idea of *homomoia*.⁸

All the above seem to be lacking in today’s EU and we advance these preliminary ideas as a possible explanation, to be analysed more in future works. The EU lacks a strong federal budget, common defense and armed forces, and democratic legitimization in its organs, as indicated above. The subsidiarity principle for example, which delegates many competence to the national level, although understandable in today’s political situation, certainly does not increase cohesion. In view of the above, can we learn something for the Achaean federation thus, may be useful in reducing the EU’s democratic deficit and increase solidarity, trust, community of interest and cohesion among its citizens?

We suggest that this may be undertaken along the following lines: First, a more democratic and direct democratic procedures must be introduced at the political level, for example, the President and the “Foreign Minister” of the EU, known also as the *High Representative of the Union for Foreign Affairs and Security Policy* must be elected by universal vote and not be appointed. The only elected EU body, the European Parliament, should have increased competences. Lastly, legally binding popular initiatives at EU level should be introduced (and not as per Lisbon Treaty, only of a consultive character) as practiced in other federations like the Swiss, or some states of federations (like for example, California in the USA and Bavaria in Germany).

Second, the size of resources of the EU budget should be increased. A “0.95% solidarity”⁹ is just not sufficient, if the EU really wants to develop into a true federal union. Third, economic measures should be discussed, and we believe, as increasingly more economists suggest, be changed. Austerity measures were necessary in many member-states in the recent past. But solidarity in austerity is certainly not a permanent solution because citizens of member-states suffering under it, and the

⁷ We call this a “glue”, inspired by the Athenian 4th century orator Demades, who called *theorika* (eg. money paid out of the Athenian budget to citizens, in order to enable them to participate in the Assembly) the “glue of democracy” (Plut. Mor. 1007B).

⁸ *Homonoia* is usually being translated as concord, but P. Cartledge in a personal communication suggested to us that a better translation could be “same-mindedness” and unanimity, which is stronger than concord.

⁹ This ironic term has again been introduced in a series of press articles by N. Kyriazis.

recession it induces, will not accept it forever, thus threatening the future cohesion of the EMU.

We are aware that this analysis and our suggestion open up a vast future area of research and discussion, which we hope that our paper helps to promote.

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