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# **The Aetolians, the Europeans and the Pakistanis: Lessons for modern federations\***

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## **Abstract**

In the present essay we begin with a short presentation of the Aetolian proto-federation, an ancient Greek federation and then, through an interactive approach we compare its structure and institutions with those of the European Union (EU), a would-be federation and Pakistan, an established federal state in central Asia since 1948. To achieve this, we make use of a specific set of criteria such as the democratic legitimization (or not) of their main federal bodies, the existence or not of common defense and security policy, common currency, incentives to participate in the federal structure such as single citizenship (Greek: *isopoliteia*.) and federal justice. Our results indicate that the Aetolian federation had practiced a series of institutional settlements, such as both direct and representative democracy, cohesion policies such

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as flexible federal taxation policies and basic economic freedoms and thus, it can serve as a benchmark for further EU integration.

**Keywords:** Federations, institutional organisation, federal criteria, Aetolian Federation, EU, Pakistan

**JEL Codes:** H56 • N43 • R11 • Z18

## 1. Introduction

Federalism tends to be understood as a phenomenon of the modern world, since federal states seem to be able to address better complex issues such as economic advantages arising out of monetary, economic and in some cases, fiscal unions, while preserving the cultural identity of population groups and bringing decision making on some issues closer to the citizens' concerns.

Currently, more than 25 states globally have a federal type of political structure, among them states with great geographic and population magnitude such as the US, Canada, Russia, India, Pakistan, Germany, Switzerland, Argentina, Australia etc. It is widely recognised that federations have their origins in Greek antiquity (Mackil, 2013, p. 1; Economou, Kyriazis and Metaxas, 2014).

What we will show at first, is that ancient Greek “proto-federations” were the first political entities that exercised the federal organization. Approximately 18 cases of ancient Greek federations are attested (Larsen, 1968; Mackil, 2013) of which the Boeotian, the Aetolian and the Achaean were the most well-known examples and (probably) the most advanced and well-organised. In this essay, we choose to analyse the Aetolian federation, where safer results, based on ancient sources (see Polybius, *Histories* and Livy, *History of Rome*) and modern literature can be traced.

What is new in our essay, is the comparative presentation of the Aetolian proto-federation with two modern cases, the European Union, and Pakistan and the evaluation we propose using a specific set of criteria: the existence or not of a democratic legitimization of the main federal bodies, common defence and security policy, common coinage, incentives to participate in the federal structures, such as single citizenship (Greek: *isopoliteia*, meaning the transfer of the political rights, of a citizen of a state, when he moves to another within the federation), civic and property rights (Greek: *enkteseis*) or the level of the federal budget as a mechanism of

implementing social welfare policies to the federal constituents.

We consider such an analysis not as an anachronism, since we don't argue that a federation that dates back in antiquity can be comparable with a modern state of today in all of its structures and ways of organization. What we wish to achieve through this analysis, through a subtractive approach, is to contribute to the international scholarship by finding out what lessons (if any) for our modern societies can be traced by the analysis of the organization and institutions of the first ever recorded functional federal political entities that can be found in the Greek antiquity.

Some could argue that even the two modern cases we compare here, the EU and Pakistan have many differences between each other. The EU is not even a federation yet. However, in this analysis we consider the EU as a federal entity "under construction" since it appears that after the 1992 Maastricht Treaty, the former European Economic Community (EEC) evolved towards a "European Union", otherwise, an entity which will be further integrated in political, economic and judicial issues towards the "United States of Europe" as a visionary, one of its founding fathers, Jean Monnet wished to be achieved in the long-term future. Thus, in this paper we see the EU as a "potential" federation. In our interactive analysis, we compare the Aetolian federation to the EU and Pakistan, under a very specific set of criteria, so that we can avoid any problems of either anachronism or problems that have to do with inefficiencies in comparison because of the different institutional structure of the three case studies.<sup>1</sup>

Our paper is organized as follows: in section 2 we offer a brief historical analysis of the Aetolian federation, in section 3 we proceed with an analysis concerning its political and economic organization. In section 4 we present a comparative analysis among the Aetolian federation, EU and Pakistan. Finally, in section 5 we offer our comments and suggestions.

## **2. The Aetolian federation's history in brief**

The Aetolian federation was established during the first half of the 4<sup>th</sup> century, with its primary purpose being defense mainly against Macedon of Philip II who

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<sup>1</sup> We do acknowledge that such an analysis we perform here must be very cautious. The same does apply not only to any comparison between Pakistan and the EU, but in any other federal case comparison, such as India and the EU.

reigned during 359-336 BC (Larsen, 1952; Grainger, 1999). However, Mackil, (2013, p. 9) argues that the Aetolian federation existed as early as, the early 5<sup>th</sup> century BCE, since ancient sources (Polyb. 2.41.7-8; Thuc. Hist. 3.102.5) and an epigraphic evidence found in the ancient state of Sparta, being codified as T(48), mention a recorder alliance between the Federation of the Aetolians and the ancient city-state of Sparta.

The Aetolian Federation expanded during the 3<sup>rd</sup> century to include more than 40 city-states in Central and Southern Greece, such as Corinth, an important trade center (Rahtjen, 1965; Larsen, 1972; Mackil, 2013). During the 3<sup>rd</sup> century BCE the Aetolian federation was one of the major military and geopolitical powers in ancient Greece competing with other major entities such as Thebes, Macedonia, the Aetolian Federation, Sparta, the Hellenistic kingdoms of Alexander the Great's generals in Asia Minor and Rome which was gradually rising as a geopolitical power at that era. In 279 BCE the federation verified its influence and strength by repelling a strong Gaul invasion near Delphi, the famous ancient sanctuary.<sup>2</sup>

Finally, the Aetolians were engaged in the war between the Hellenistic kingdom of Seleucids under Antiochus the 3<sup>rd</sup> and the Romans. When Antiochus was defeated in mainland Greece in 192 BCE<sup>3</sup>, gradually the Aetolian federal state was subjugated and after the defeat of the neighbouring Achaean federation by the Romans, Aetolia finally became a roman province.

### **3. The main political and economic institutions of the Aetolian federation**

The two main political institutions of the federation were the popular federal *Assembly* of citizens, where every citizen from each city-state that comprised the federation could participate in each of the gatherings of citizens and had the right to vote on a variety of issues.

At least two gatherings a year were taking place, one in the capital of the federation Thermos, which was the “centre” of the administration offices, the place where the assembly was taking place and the place which was used to host ritual festivals, as a sanctuary. This first pan-Aetolian gathering of all citizens throughout

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<sup>2</sup> It was an environment, strongly characterized by the harsh competition between those states struggling for power, what H. Morgenthau (1963, 1965) would have called a “power politics” environment. See among others, Fine (1940) and Grainger (1999).

<sup>3</sup> See Bringmann, K. (2007). *A history of the Roman republic*. Cambridge: Polity Press. p. 91.

the federal state called *Thermika*, was held in autumn. The other main meeting of the assembly was taking place in one of the other cities-states of the federation. This second gathering, which was called *Panetolika* was taking place sometime during spring (Mitsos, 1947; Larsen, 1952; Mackil, 2013).

The second main political body was the federation's *Council*, where the issues to be discussed in the Assembly were settled (by the Councilors). Members of the federal Council were elected in their city-states by their compatriots by local city-state assemblies (see Livy Hist. 35. 34. 2-4; 36. 28. 8.). This means that, their election and the formation of the Council was taking place through an indirect democracy procedure.

Concerning the government of the federation, the highest official from this government group was called *strategos*, literally meaning the general, who was both the supreme military commander, who combined also the office of "head of state", to use a modern terminology. Under him, served a 10-member Council of high-ranking officials called *apokletoi*, who were being elected through either during the workings of the first pan-Aetolian assembly, the *Thermika*, or through the workings of both the annual assemblies. This council was comprised by the cavalry commander (Greek: *hipparch*), the admiral, (Greek: *navarchos*)<sup>4</sup>, the "public secretary" and the "finance minister" called (in Greek) *tamias* (de Laix, 1973; Mackil, 2013).

So, by this short description it is evident that the Aetolian federation used a functional mixed political system with elements of both direct (the Assembly of citizens) and indirect democracy (the Council). Furthermore, the elected members of the government body could be anyone from every city-state throughout the federation. Thus they had a democratic legitimization in the eyes of their constituents.

The Aetolian state was organized on separate provincial levels, where both regional political and economic magistrates ran provincial policies, whereas the existence of a common federal army, common currency and federal budget to run state expenses were seen to be of major importance. To run the economy of the state, the Aetolian federation was based mainly on the crucial role of the seven economic administrators called *tamiai*. Each of the seven *tamiai* was responsible for supervising

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<sup>4</sup> As we notice in the hierarchy, they were some high-ranking officials with double responsibilities. Their responsibilities combined both general state and military. We guess that their military duties were practically exercised only when the federation was engaged in war campaigns. To achieve their dual duties they would probably have been aided by other officials, lower in the state hierarchy.

and implementing economic policy in each of the seven provinces of the federation. Thus, except for the political head of every province of the federation (like today's Governor of the federal 50 states in the USA) called *voularhos*, there were seven economic administrators and seven military commanders (called *hepilektarchoi*), each one of them responsible for the security in his region (Rzepka, 1999; Scholten, 2000). Actually, there was a "chief" federal *tamias* (one of the seven members) that could be more or less equated to a modern finance minister.

In coordination with the council of the other six *tamiai*, they were responsible for the economic management of each of the seven regions and the federation as a whole, whereas they also acted as the keepers of the federal treasury and served as monetary officials for the federal coinage as well as implementing public policy such as funding military expenditure (mainly paying the federal army, see Rzepka, 1999).

The Aetolian federation had utilized actually a parallel circulation of both federal and local coins being minted in both local and federal mints in city-states (De Laix, 1973, pp. 65-75; Mackil, 2013, pp. 251-254). This means that the federation was a monetary union, (resembling to some extent to today's *eurozone*). Although there is no specific information on banking in the federation we can speculate that the federation was using banks as banking activities were widespread in the Greek world from the mid-fifth century (Cohen, 1997).

In addition, we know from a series of inscriptions, such as the codified T(39) being found in the city-state of Arcadian Orchomenos, that the federation had established the right of citizens of one member city-state to own property in another member city-state, called *enkteseis*. Schwahn (1931) and Mackil (2013, p. 257, 261-262) argue that a clearly defined system of property and civic rights was in force and was a major prerequisite for the smooth functioning of the ancient Greek federal states as a whole, both democratic or not. This ability to buy land and other type of property everywhere in the federation or to move and stay in another city-state, by having also civic and political rights (to vote and being voted as a magistrate) an institutional practice called as *isopoliteia*, was a crucial element for the federation's success.

In order to make more clear what "vote and being voted" through *isopoliteia* meant, we offer to this point a paradigm of how *isopoliteia* would function if it was valid in the EU. For example, a French citizen who establishes himself in Spain does not automatically acquire the right to vote in the Spanish national elections, eg., for the Spanish prime minister or for the Spanish parliament elections.

As Mackil (2013, pp. 327-328) points out, these federal institutional settlements were very prodigal in boosting religious and economic interaction, pooling of resources, promotion of regional mobility and trade transactions. All these mechanisms were feasible to be achieved since the Aetolian federation was utilising federal common coins which were making the commercial transactions easier and faster. These coins, made of silver or copper, had an intrinsic value and the transactions were safe since there were federal economic supervisors in the market called *agoranomoi*, who i) were responsible for protecting the market against extortionate prices ii) adjusting disputes between the buyers and the sellers iii) protecting both buyers and sellers by inspecting the validity of the coins themselves in order to avoid any case of counterfeit (*ibid*, p. 266). Moreover, concerning judicial services, the Aetolian federation was utilizing both local and federal courts. (Polybius 2.37. 10.11; Ager, 1996).

From the overall analysis in this section, we can reach some important conclusions: First of all, that the Aetolian federation was utilizing an efficient system of both direct and representative democracy. Direct democracy is important for modern societies since i) citizens participating more actively in crucial matters which determine their future ii) the principal-agent problem between the voter and the parliamentary elected magistrate is faced in a more efficient way iii) econometric studies such as those of Voigt and Blume (2006) have shown that through direct democracy procedures, the public administration functions more properly and efficiently.

Second, through single citizenship (the free mobility of both capital and labour) as well as, the protection of civic, property and political rights, the economy functioned more properly and city-states willingly decided, through a bottom-up strategy, to participate in the federation (see also Mackil, 2013, p. 325). We argue, that a “dynamic culture of federal values and conscience”, was gradually emerging through the functioning of the Aetolian federal institutions, creating strong bonds between federal citizens.

#### **4. The comparison between the three cases**

Table 1 presents a general overview of a series of institutional settlements of the Aetolian federation in comparison to the EU and Pakistan, which we consider to be of major importance in order for a political entity to be characterized as a



federation.

It shows that the Greek proto-federation had established an institutional framework of values and principles (such as political democratic structures, a regime of equal political rights, common foreign policy, common currency and common federal justice). Furthermore, all three cases present democratic political structures, safeguarding political rights and justice. As we have already analysed in section 3, the Aetolian federation had established a harmonious and functional system of both direct and indirect democracy,

By contrast, in the EU, although the member-states practice representative democracies with some elements of direct democracy as far as national referendums are concerned, still the EU lacks in democratic procedures concerning the EU institutional bodies. Neither the European Commission members, nor the European President are being elected but appointed. Only the European parliament members are elected, but unfortunately, they still have limited capabilities, mainly of consultive character to the commission or approving the scanty EU annual budget (just 1% of the EU GDP as a whole).

The fact that an EU magistrate is appointed instead of being elected, perhaps by universal vote by the citizens throughout the EU, is an indication that democracy is still lacking in the EU. In short the EU institutional bodies, except the EU parliament have no democratic legitimization by the EU citizens. Thus, the EU can be seen as less democratic than the Aetolian federation.

As far as democratic procedures in Pakistan are concerned, according to the Pakistani Institute of Legislative Development and Transparency (2012 Report)<sup>5</sup> “after the 9<sup>th</sup> General Election in Pakistan (which took place in Feb 2008) democracy strengthened gradually. However *“still more attempts should be undertaken to improve democratic procedures in the centre and the provinces”*...*“systemic improvement will not change unless more and more people join and reform them, nor change in more and better representatives will be seen unless public fields and supports better electoral candidates and rigorously engage and oversea their performance”* (p.9).

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<sup>5</sup>[http://www.pildat.org/Publications/publication/SDR/AssessmentoftheQualityofDemocracyinPakistan\\_Year2012.pdf](http://www.pildat.org/Publications/publication/SDR/AssessmentoftheQualityofDemocracyinPakistan_Year2012.pdf).

Table 1: A comparative analysis of the institutional framework of the Aetolian federation in relation to Canada and the EU.

<i>State</i>	<i>Member states/provinces</i>	<i>Capital</i>	<i>Main institutional organs intended for taking political decision and executive power</i>	<i>Regime of equal political rights (isopoliteia)</i>	<i>Common Foreign and Defence Policy</i>	<i>Local and federal coins</i>	<i>Federal justice</i>
Aetolian Federation	?	Thermos	Local Assemblies + Federal Assembly (Thermika and Panaetolika) Federal Council and Apoklitoi Strategos (General) (Hipparch , Public Secreraty, 7 Tamiai]  7 Regional governors ( <i>boularchs</i> ) 7 regional economic managers ( <i>tamiai</i> ) 7 military commanders ( <i>hepilektarchs</i> )	▼	▼		▼
EU	28	Brussels	European Parliament Council of Ministers European Summit (heads of state and governments) European Commission	-	Weak CFSP  <i>EU Battlegroups</i>	▼ (ECB)	▼ Court of Justice of the EU
Pakistan	4*	Islamabad	Islamic Federal and Parliamentary Republic  Government – Prime Minister Parliament ( <i>Senate</i> and <i>National Assembly</i> of elected members) A federal capital territory and 4 main provinces  Regional and local organization of governance: [149 districts ( <i>zillahs</i> ), 558 sub-districts (tehsils) and several thousand union councils]	▼	▼ Pakistan Armed Forces  Musallah Afwaj-e-Pakistan	▼ The Pakistani rupee	▼ <i>Supreme Court of Pakistan</i>  <i>Federal Shariat Court</i>  <i>Five High Courts</i>

**Explanations:**

▼ : institution in force

\* : Pakistani provinces maybe considered as 7, by including the Federal capital territory and two autonomous and disputed territories, Gilgit–Baltistan and Azad Kashmir

*Source:* Interactive analysis based on the findings of Mitsos (1947), Larsen (1952), Granger (1999), Scholten (2000), Mackil (2013) and Economou, Kyriazis and Metaxas (2014) for the Aetolian federation, Moussis (2008) and Peterson and Shackleton (2012) for the EU, and Khan (2005) and Shaq (2014) for Pakistan.

Since 1947, the total number of days under democratic governance in Pakistani politics are 8781, while 8503 days of governance are related with military rule.<sup>6</sup> This is crucial, since it seems that both democratic governance and military rule seem to share approximately the same amount of time in Pakistani politics. However, Pakistan had established an innovative democratic constitution in 1973 formed by elected representatives. It was a parliamentary type of democracy in which the executive power was concentrated in the office of the prime minister. The parliament consisted of two houses, the national *assembly* and *the senate*. The Constitution also provided the institutional responsibilities of the four provincial governments and the distribution of legislative power between the federation and the provinces (<http://www.cfr.org/pakistan/pakistans-constitution/p15657#p6>).

Having the above in mind, it appears that the Pakistani policymakers need to coordinate their attempts for achieving a more efficient and functional democratic regime.<sup>7</sup> However, what is very encouraging for Pakistan, is that since April 2010, it adopted comprehensive reforms which restored many of the provisions of the Constitutions of 1973. It limited the powers of the president and restored power to the provinces. According again to the Pakistani Institute of Legislative Development and Transparency 2014 Report<sup>8</sup>, 71% of the Pakistani people consider holding Local Government elections nationwide in contrast to the 27% who think that these elections are not very important or not important at all.

Moreover, 65% of Pakistanis believe that elected Local Governments are very

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<sup>6</sup> <http://www.dawn.com/news/1132128>.

<sup>7</sup> Based on archival materials, internal military documents, and interviews with politicians, civil servants, and Pakistani officers, Aqil Shah (2014) argues that, “*democracy failed exceptionally quickly after independence because Pakistan possessed a weak and fragmented political party that was unable to resolve key governing conflicts*”. Pakistan's democratic system has fluctuated between civilian and military governments at various times throughout its political history, mainly due to political instability, civil-military conflicts, political corruption, and the periodic coup d'états by the military establishment against weak civilian governments, resulting in the enforcement of martial law across the country (occurring in 1958, 1977 and 1999, and the last led by General Pervez Musharraf). Shaq adds that since Pakistan gained independence in 1947, it has been ruled by its military for over three decades. Even when they were not directly in control of the government, the armed forces maintained a firm grip on national politics.

<sup>8</sup> [http://www.pildat.org/Publications/Publication/SDR/PublicOpinionOnQualityofDemocracyInPakistan\\_June2013ToMay2013.pdf](http://www.pildat.org/Publications/Publication/SDR/PublicOpinionOnQualityofDemocracyInPakistan_June2013ToMay2013.pdf).

important in solving the problems faced by Pakistani Citizens, in contrast to 32% of Pakistanis who asserted that elected Local Governments are not important in resolving the problems faced by citizens. According to our view these majorities of the Pakistani people, who are in favour of democratic procedures are very positive signs that in Pakistan a dynamic emerging democratic conscience is gradually developed.

As far as the other criteria are concerned, except Pakistan, which has one federal currency, the Pakistani *rupee*, the other two cases possess a “mixed” system of usage of both local and federal coins. When it comes to the EU, the *euro*, which is under the aegis of the European Union Central Bank (ECB) cannot be considered yet a “federal currency”. It is in usage only by the 19 *Eurozone* member-states. In the issue of single citizenship both the Aetolian federation and Pakistan, as true federations utilize single citizenship. However, single citizenship is not the case in the EU, at least yet. Citizens in the EU still don’t have the right to move out from one member state to another, say citizens from the UK who move to Letonia, they can stay there but they don’t have political rights to vote and being voted in national elections whenever they are to take place.<sup>9</sup>

Furthermore, concerning the issue of federal courts and justice, it appears that our three cases have managed to utilize an efficient system of justice. The Aetolian federation had both local and federal courts (Ager, 1996). Pakistani Judicial system is comprised by an hierarchical system: First of all the higher level of judiciary, the *Supreme Court of Pakistan*, the *Federal Shariat Court* and the *Five High Courts*, with (4 High Courts, each for one province and a High Court for the Islamabad Capital Territory). The lower level of judiciary consists of civil and criminal district courts, and numerous specialised courts covering banking, insurance, customs and excise, smuggling, drugs, terrorism, taxation, the environment, consumer protection, and corruption (see Yasin and Banuri, 2004).

Finally, the Aetolian federation and Pakistan may be regarded as superior to the EU as far as foreign policy and defence issues are concerned, going further than today’s EU with its Common Foreign and Security Policy (CFSP) and the “tools” of achieving this, the *Eurocorps* and the *EU Battlegroups*.

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<sup>9</sup> However, citizens in the EU have the right to acquire property in another member state. They also have civic rights when being there for a period (these two privileges called *enkteseis* as we said in the Aetolian federation), and they can participate in electoral procedures, but only those related to local elections.

Except for these basic criteria, to this point, we are going to mention in brief another aspect which seems to us crucial for a federal entity to continue to function properly. A basic element for a federation is to have a legitimacy in the eyes of its constituents. Federal policymakers must act in concert to their constituent's wishes. As Mackil (2013, p. 330) argues, a functional federation needs to have a bottom-up legitimization by its constituents. In other words, federal citizens must willingly wish to "defend the system" according to Weingast (1997).

The Aetolian federation had a monetary union (federal coins), a type of fiscal union, through single citizenship and regional mobility of both capital and labour being combined by an effective system of protection of both property rights. According to Mackil, (2013, ch. 5) and Economou, Kyriazis and Metaxas (2014) it had introduced also a big annual budget intended mainly for common defense, although extant ancient sources do not allow us to give exact numbers. Turning back to our modern cases, Pakistan had for the 2014-2015 period total federal expenditures as high as 3.937 Rs (39.3 billion of dollars). Federal Pakistani GDP for 2014 is at about \$237 billion. Thus we can deduce that Pakistani federal budget for 2014 was approximately 16.5% of the annual GDP, which is a considerable sum but certainly much higher than the €124 billion for the EU budget in 2014, which is analogous to only 1% of the EU GDP as a whole.<sup>10</sup>

And not only that, but also that the EU policymakers have introduced during the last years harsh taxation/austerity policies. The perception of citizens of constituent EU states that they are being imposed with harmful regulation by distant non-elected bureaucrats or politicians undermines the prestige and legitimacy of the EU. This again seems to be happening in many European member-states, especially, but not only, those where the so-called "memoranda" have been introduced after 2010. (Greece, Portugal, Ireland, Cyprus). In these countries many citizens have the impression that the EU/EMU is responsible for the imposition of unnecessary harsh austerity measures, about which they had no say, that decreased their individual incomes and prosperity.<sup>11</sup>

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<sup>10</sup> For all these statistical data we offer here, see

<http://webcache.googleusercontent.com/search?q=cache:fRB2S15AF2YJ:www.dawn.com/news/1110324+&cd=2&hl=en&ct=clnk&gl=us; http://data.worldbank.org/country/pakistan>  
[http://europa.eu/pol/financ/index\\_en.htm](http://europa.eu/pol/financ/index_en.htm) .

<sup>11</sup> The IMF itself, as well as the other members of the so called "troika" (IMF, European Commission

## 5. Conclusions

The idea of a voluntary participation in a federal political entity as a means of promoting prosperity in each national member, is analyzed by Musgrave (1961, 1988), Pauly (1973, 1998), and Oates (1998), known as *economic federalism* and it seems that this theory can explain the motives of the creation of the EU in 1992 and its gradual expansion as for example, that of 2004, where 10 new members from eastern Europe voluntarily decided to become members of the EU, thus acting similarly to what the Greek Aetolian region city-states decided to do 2400 years ago, by forming a federation.

However, if the EU wishes to evolve into a real and functional federal state, it needs to have its main institutional mechanisms such as the EU Commission and the President of the EU elected by universal vote by the EU constituents as a whole. The EU should also establish a more efficient and bigger “federal” budget for introducing compensatory social policies in favour of its citizens and perhaps, to abandon austerity measures as a means of implementing economic policy, because under them its cohesion is diminished and its prestige is gradually being eroded.

Pakistan needs to further strengthen its democratic cohesion. To achieve this it might also be beneficial if sometime in the near future, Pakistani policymakers should attempt to introduce bottom-up referendums for every aspect of social life, with a binding character and nature or enact citizens’ *initiatives*<sup>12</sup>, meaning proposals by a group of citizens to be introduced by the government. Pakistan may also need to increase its federal budgetary programming in favour of social compensatory measures, that, we think, will increase democracy’s prestige in the eyes of Pakistani citizens. These measures we propose here come out as a modern interpretation of the institutional arrangements that the ancient Aetolian people had introduced: to share

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and European Central Bank) has accepted that it terribly mis-estimated the so called fiscal (negative) multiplier for the austerity package for Greece. They estimated it as being at about -1, while ex-post it was nearer -2, which led to a much deeper recession and unemployment than estimated. Since the beginning of the depression in 2008, Greece’s GDP has been reduced by 25% and unemployment has reached almost 28% by the end of 2013.

<sup>12</sup> A version of initiatives have already been introduced in the EU, and more commonly in the US and Switzerland. In the EU, according to the Nice Treaty, a European referendum (but not binding) can be held after gathering of 1 million of citizen’s signatures.

their fruits of collaboration by improving their standards of living.

We hope that this paper will contribute to the international dialogue for making our societies more prosperous and efficient by making our modern democracies working more properly, “flexibly” and cleverly.

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