

Conclusion

What changes are necessary in the policy and institutional spheres for a political system to be characterized as a federal system?

The concluding chapter is highly comparative in nature and it looks at how the European Union, as an example of a “composite” form of federalism, has evolved in response to the challenges of globalization and the need of nation-states in Europe and elsewhere to respond to an increasingly differentiated set of demands concerning economic growth, democratization, and reformed welfare state systems. The systemic responses are then used to analyze economic and social policies and the methods used to govern these areas. With regard to the European Union the argument is made that in terms of economic policy regarding the single market, the single currency, cohesion policy, external trade and competition the mode selected to manage the policy is a quasi-federal one while in relation to social policy – training, education, health, and pensions – the approach is much more intergovernmental in nature. The question raised is whether these forms of policy governance structures are stable over time or whether they tend to change in response to: (1) changes in the treaties empowering the EU to assume policy initiatives; (2) the challenges emerging from the global system, and (3) the nature of the Union. As has been made evident during the last three enlargements – 1986, 1996 and 2004 –, the entry of new member states has the effect of widening the policy areas necessary to be addressed by the EU rather than watering down the commitments and activities of the Commission and the Council of Ministers. Therefore, an interesting interaction has been created by the intergovernmental and communitarian approaches to policy-making that has led over time for policies to shift from intergovernmental to communitarian and for the communitarian policies to assume federalist characteristics.