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THE FEDERALISATION OF EU MEMBER STATES: THE IMPLICATIONS FOR POLAND'S ECONOMY AND INTERNATIONAL RELATIONS

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INTRODUCTION

Federalism refers to a spatial or territorial division of power between two or more levels of government in a given political system. The idea of federalism in Germany has a long history rooted in the activity of the chancellor of the North German Confederation Otto von Bismarck in 1871 (Gulyakov et al., 2018). The federalism model in Germany is based on the concept that power is distributed between the Bund (federation) and the Länder (member states) and has dual participation of the people (Bundestag) and member states (Bundesrat) at the federal level.

In the opinion of some authors due to the cultural and social differences among the member states of the EU, the German concept of federalism cannot serve as the model for the EU but rather as cooperative federalism. Besides that EU is currently facing a situation in which lacking input legitimacy can no longer be compensated by effective policy outcomes (Börzel, 2005).

Furthermore, the EU has two contradicting tendencies: building the union based on federalism and intergovernmental cooperation in foreign and internal policies. For many years the idea of federalisation was built on French-German

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relations to strengthen the institutional development, establishment of the European Government and enlargement of the EURO-zone supported by foreign and security policies.

Besides that, the German model of federalism stressed the principle of subsidiarity (with no transfer of the competencies to comparable levels) (Sidjanski, 2001). In this respect, EU federalism has a growing tendency to centralise power (the vision of a super-state) rather than delegate it to the member states. This concentration of power has given the European Commission significant influence over decisions regarding the eurozone's transition into an economic-political union, environmental protection, migration, and refugee policies. Federalisation needs to be addressed in the new treaty, but recent decisions by the European Commission regarding COVID-19 lockdowns and the relocation of immigrants to member states under penalty are questionable. The pressure on member states regarding immigrant relocations led to the collapse of the Dutch government on July 7, 2023. Other countries, such as Great Britain, exited the EU (Brexit) in 2020 to assert more sovereignty and reduce dependence on EU governance.

Besides that, the concept of EU federalism pushed by Germany is consistent with the doctrine of the communist Altiero Spinelli ("The Manifest of Federal Europe: Sovereign, Social and Ecological"), who believed it was necessary to abolish the law of unanimity. Not that extreme was Friedrich von Hayek who even was against the common currency because he did not accept the situation of the monopoly of the government on the currency. He even believed that the EU should not evolve into a centralised nation-state superpower organisation (Hayek, 1990).

Poland is against the EU's federalisation future because it means losing its sovereignty. Recent events described in the introduction put Poland in the position of a guilty member state which needs to be penalised financially. The idea of federalisation may require Poland to accept a specified number of immigrants from Africa and Asia, as well as to phase out coal-based power plants (e.g., the Turów plant). However, this expectation contrasts with Germany's decision to resume coal-based power production, following the breakdown of economic ties with Russia due to the ongoing war in Ukraine. What is worth underlining is that creating a common "climate change" policy in the EU considering the main interests of 27 EU member states is a huge challenge and is not possible (Kwaśniewski et al, 2024). The centralisation of the energy policy will lead to the closing down of the power plants in Poland and the need to buy energy from Germany or France.

Other consequences that federalism in the EU may bring to Poland include a decrease in the competitiveness of Polish transportation in Europe; the significant market power of Western multinational enterprises (MNEs) in Poland; a higher unemployment rate; increased dependency on EU funds; foreign trade policy approval, especially regarding goods that can be traded with Ukraine and those that can only be transited; and increasing economic influence from China due to the EU-China Comprehensive Investment

Agreement (CAI). From economic and social perspectives, the federalism of the EU will be harmful to Poland and will bring negative consequences.

FEDERALISM – THE THEORIES OVERVIEW

According to Kinskey (1979), there may be several ways of thinking about federalism. Firstly, it can describe the theory of integration, i.e., a model of maintaining peaceful relations among states. One of the examples of such a perception of federalism is Churchill's speech of 1949 about the need to create the United States of Europe. Secondly, federalism can be interpreted as a theory of decentralisation. Then, it contradicts the idea of an absolute and centralised state. Thirdly, it can present a certain social model reflecting an active participation of citizens in political life – the respect for a pluralistic society based on the subsidiarity principle, which refers to the German social and political thought of the 19th and 20th centuries. Finally, it may result from human nature, so-called integral federalism, according to which a human interacts with other people in the society, at the same time becoming responsible for its shaping. Dosenrode (2018), identifies two approaches to the concept of federalism: the politico-ideological theory of action and the academic theory of regional integration. The first theory propagated by writers such as Richard Coudenhove-Kalergi, Jean Monnet, and Altiero Spinelli, is of political rather than academic interest. In turn, federalism theory as a theory of regional integration provides scholarship with at least two tools. Firstly, the title “federation,” introduces a large number of theories, methods, and empirical studies on how to analyse the European Union (EU) and other regional integration projects. Secondly, as a federalism theory, especially in the realist version, it provides a theory of how countries may unite peacefully.

Federations and a federal system of government have existed in a modern form since the Constitution of the USA entered into force in 1789. Next, federalism, as a mode of political organisation, was embodied in the Constitutions of the Swiss Confederation (1848) and the Dominion of Canada (1867) as well as the Commonwealth of Australia (1900) (Rath, 1978). The term “federation” and thereby “federalism” originates from the Latin word – *foedus* and means covenant, contract or pact, which were concluded in ancient Rome between the allied states (*foederati*). The act of forming such covenants was rooted in key principles of equity, partnership, reciprocity, tolerance and respect. Davis (1978) also identified the term *fides* meaning faith and thrust and the fact that covenantal federalism evolved over the years to refer to a voluntary union of people, communities or states.

One of the fundamental functions of federalism focuses on establishing a clear vertical dividing line between authority and responsibility within particular levels of the country's governing. For example, Garran (1929) understood federalism as “a form of

government in which sovereignty or political power is divided between the central and the local governments so that each within its sphere is dependent on the other". Also, Bryce (1888) described the federal and state governments as "distinct and separate in their action". According to the author, the system was "like a great factory wherein two sets of machinery are at work, their revolving wheels intermixed, their bands crossing one another, yet each set doing its work without touching or hampering the other". Hence, such a system aims at integrating heterogeneous organisms while retaining their autonomy. The federal union is a union but of a specific type, based on the formal constitutional recognition of difference and diversity. Previously, distinct/independent entities merged to form a new whole in which certain parts of their autonomous selves were combined, while other powers, competencies and functions indispensable for the preservation and promotion of their cultures, identities, interests and a sense of self-definition were retained. Elazar (1987) referred to this phenomenon calling it a "self-rule and shared rule". Also, Burges (2009) argued that the federal union is believed to have "two faces": it is both a unifying force and a means to maintain "difference and diversity". Hence, scholarship uses the term federalism to describe the political unification process among sovereign states, i.e., the formation of a single state by aggregation – federation in which central and local governments cooperate, while retaining independence and the diffusion of power within this established state.

Federalism in the context of the European Union (EU), is understood as the "application of federal principles to the process of European integration where the term integration refers to the sense of a coming together of previously separate or independent parts to form a new whole" (Burgess, 2009). In this sense two main visions (strands) of federalism after World War II can be distinguished, represented by Monnet and Spinelli. In principle, the main idea behind the theory of federalism was the assumption of the existence of an unavoidable conflict in society (Burges, 1998). Hence, the appeal of the federal idea to many Europeans resulted from both the threat of war and the practical experience of World War II. It was largely directed to the members of anti-fascist resistance movements in Europe since the federal idea was initially elaborated as an answer to Europe's post-war reality. One of the most famous Federalist documents elaborated during World War II was the Ventotene Manifesto of 1944, one of the first Resistance declarations dedicated to European integration (Lipgens, 1982; Pinder, 1998). The role of federalism in post-war European integration was emphasised in various plans for the European Union that were developed in the period between 1939 and 1945 (Wilkinson, 1981; Lipgens, 1985).

The difference between Monnet's and Spinelli's approaches was that the former argued that the ultimate goal of political integration was implicit and should be realised through gradual integration, whereas the latter wished Europe to become federalised as soon as possible. Monnet believed in the "political strategy of small concrete, economic steps, which

would culminate in a federal Europe". In contrast, Spinelli supported the radical strategy of "starting with the political institutions and a popularly endorsed treaty that would be quickly translated into the familiar statist language of a constitution" (Burgess 2009). It was the fundamental difference between these two rivalling concepts of a federal Europe that characterised the theory and the practice of European integration (Burgess 2000).

In addition to Monnet's "federalism by instalments" and Spinelli's "democratic radicalism", Roemheld (1990) and Burgess (2009) also distinguish a third strand of federalism about European integration, referred to as "integral", "personalist" or "Proudhonian" federalism, which embraces a wide range of political and sociological ideas based on the notion of European society and the dissemination of federalist principles and values across the delimited boundaries of European states. The discussed three strands of federalism emphasize the rich tradition of philosophical, ideological and empirical ideas and strategies that have been elaborated in response to the phenomenon of integrating European countries. Although Monnet's approach to Europe's building has become the most popular and successful of these political conceptions, it does not mean that the others have become useless and redundant.

It should be emphasized that in literature two terms are distinguished – federalism and federation. There is a consensus in scholarship that federalism leads to federation, i.e., the creation of a federation (Dosenrode, 2010). However, it should be emphasized that there is a firm distinction between these two concepts, originally introduced into the mainstream literature by King (1982). Namely, the former is identified as the original and driving force of the latter. The major debate revolves around the character of federalism – whether it has a normative, prescriptive nature or simply describes the emergence of a federation. Federalism can be constructed as a political ideology and/or political philosophy, comprising a wide range of different interests and identities that are arranged around different factors (e.g., historical, cultural, social, economic, ideological, philosophical) which are original reasons standing behind federation. King (1982) defined federation as an "institutional agreement, taking the form of a sovereign state and distinguished from other states solely by the fact that its central government incorporates regional units in its decision procedure on some constitutionally entrenched basis". The author further argued that while it is possible to have federalism without federation, "there can be no federation without some matching variety of federalism" King (1982).

Konopacki (2006) claimed that the differentiation between these two concepts may result from the way how federalism is realized – either bottom-up or top-down. The first approach also referred to as the minimalistic concept or moderate, evolutionary federalism (Garlińska-Bielawska, 2004), is based on the conclusion of a federal agreement among governments to establish gradually a common political system in which federalism is not a tool, but a result of establishing a new organism. Moderate/evolutionary federalists

undermine the maintenance of state sovereignty, perceiving nationalism as a factor impeding the development of international cooperation. According to them, integration is a distinctive capability of a system to function in the face of internal and external factors. There is an assumption of a self-driving process of integration embracing new areas and cooperation beginning from the sphere of economics. In this approach, the need to establish appropriate institutions is also emphasized. In turn, according to the second approach, often called the maximalist concept or radical, revolutionary, constitutionalist federalism, the establishment of a European federation is recommended, which exercises supranational power using a constitutional assembly emerged in common democratic elections or appointed by legislative bodies of states. Thus, federation is not a remote objective of integration, but a starting point. Their ultimate aim was to develop and implement a federal constitution, which would ensure the possibility of conducting an effective policy by the federal government. Radical/revolutionary federalists seeing little chance to establish the federation of West Europe postulated the necessity to diminish the state sovereignty by appointing a great number of democratic supranational institutions equipped with certain autonomy (Mally, 1973; Miklaszewski, 1991).

In consideration of federalism and federation it is also worth mentioning confederation since it is conceptually distinct from the two other concepts. However, as Burges (2009) argues the concept of confederation is often ignored or overlooked in the mainstream literature on the federal idea and European integration, which is believed to be a mistake since confederation is indispensable for a better understanding of what is meant by federal Europe. Forsyth (1981) defined confederation as a union of states in a body politic in contrast to a federation which is a union of individuals in a body politic, suggesting the unity of people (or nation). Whereas the federal concept of integration entails the abandonment of sovereign national entitlements, the opposite is in the case of confederalism. Both theories – federalism and confederalism emphasise the primacy of political over economic integration, whereas the latter excludes the supranational character of this integration. In confederalism, international institutions can operate only as a prolongation of sovereign national governments, serving as supportive, counselling and technical entities. Hence, sovereignty results from the citizens' acceptance and the community of values, beliefs and attitudes are its foundation. However, the conceptual matter is not as simple and as straightforward as the abovementioned assumptions might imply as the distinction between these two concepts – federalism and confederalism may be, in practice, blurred and imprecise.

The theory of centralism in the form of the European Union is unique and it is created by the governing institution of the EU in a democratic way through the voting of the changes of the Treaties in the European Parliament. Some discussion in the literature regarding centralism is related to the Westminster model which is not the theoretical base for the planned EU centralism (Gerring et al., 2004). An interesting

fact is that the EU member states do not raise openly the issue of their sovereignty by accepting the 245 amendments to the treaties. During the voting, 291 MEPs voted for the changes on this matter, 274 were against, with 44 abstentions. The entire concept of the changes was approved with a small number of supporters, but the economic and political consequences are for all member states in the long run.

THE EU ECONOMIC ARCHITECTURE OF INTEGRATION IN THE CONTEXT OF CENTRALISM

The international economic architecture adopted after World War II is outdated and a “concert of powers for the Global Era” is needed through world leadership, i.e. the creation of an informal central centre of power by the strongest economies in the world will restore harmony in economic development according to the Council on Foreign Relations an influential think tank -Rockefeller tank (Haas and Kupchan, 2021). Similar ideas were expressed in 2020 by former British president David Brown, who called on world leaders to create an interim world government to fight the COVID-19 coronavirus pandemic (Elliot, 2020). The idea of creating a new world government is not new. During the World Federal Movement conference in Montreux in 1947 a declaration of intention to establish a world government was signed by 50 organisations from 24 countries. A completely different concept of a “Europe of Nations” preserving the full sovereignty of member states and based on peaceful coexistence was promoted in 1950 in cooperation with Jean Monnet by Robert Schuman, the architect of European integration and the “Father of Europe”. In his declaration of May 9, 1950 Schuman proposed placing Franco-German coal and steel production under the control of a common High Authority. This organisation was to remain open to other European countries. The development of this plan was guided by the idea that waging war is not possible without controlling coal mining and steel production.

Altiero Spinelli, a member of the Italian communist party, was also concerned with the vision of the unification of the European Union, and through his Ventotene manifesto of 1941 and the so-called “Spinelli Plan” of 1984 promoted the federalist concept of EU integration, which assumed the creation of a superstate in which the sovereignty of individual countries entering and later belonging to the European Union would be limited due to the risk of internal conflicts (Menedez, 2007). Similar beliefs were held by the head of the European Commission Jean Claude Juncker, who in 2018, during his annual speech on the state of the European Union, reminded the member states to implement the provisions of the UN 2030 Agenda, including the Paris Agreement on climate protection, and to give up certain areas of sovereignty to strengthen the EU’s position in the world (SOTEU, 2018). Such concepts of European

Union integration by Altiero Spinelli and Jean Claude Juncker differ significantly from the previously described concept of its founder Robert Schuman from 1950. The fundamental difference results from shaping the integration processes, its economic effects, and the promotion of Christian values. None of the superpower countries can solve global economic and political problems on their own, such as the COVID-19 pandemic, energy transformation (decarbonization), or the implementation of the 2030 Agenda. The proposed centralism of the EU in the opinion of the author can be in some of its theory elements similar to the centralism model in China, where the ruling Communist party has the solemn power over everything doing and executing. This is an interesting comparison requiring additional research regarding the similarity between the Chinese and the EU centralization models. The more important item from the perspective of this article is to analyze the proposal of the European Parliament for the amendment of the Treaties.

Proposals of the European Parliament for the amendment of the Treaties

The proposal of the European Parliament for the amendment of the Treaties is enclosed in the European Parliament resolution of 22 November 2023 on proposals of the European Parliament (2023) for the amendment of the Treaties (2022/2051(INL)). This proposal numbered as P9_TA(2023)0427 was accepted by 291 MEPs voted for the report on this matter, 274 against, with 44 abstentions. The proposal introduced important changes to the institutional reforms based on the Qualified Majority Voting eliminating the “veto” option¹ and competencies of the European Commission (which changed its name to *The Member of the Executive*) granting its exclusivity to the environment and biodiversity as well as negotiations on climate change. There are also changes of replacement of the High Representative of the Union for Foreign Policy Affairs and Security by *the Union Secretary* for Foreign Affairs and Security. In that case, there are *The Union Secretaries* function for different areas replacing the High Representatives of the Union for designated areas. It is not clear yet from the proposal how the shared competencies between the Executive and the member states regarding energy, foreign affairs, external security and defence, external border policy in the area of freedom, security and justice and cross-border infrastructure will be split. There are 245 amendments and only the chosen ones are presented in Table 1. These amendments in the opinion of the authors have a direct impact on Polish economic development and international relations.

¹ Meaning: 55% of member states vote in favour – 15 out of 27 and a proposal is supported by member states representing at least 65% of the total EU population. No „veto”.

Table 1.
The chosen amendments from 245 changes to the EU Treaties

Amendment number	Description
7	The currency of the Union is the EUR
8	Qualified Majority Voting (QMV). No „veto” option
12	In case of breaching the Treaty regulations access to EU funds can be put on hold
24-25	The President of the EC is changed to the President of the EU
36	European Council is changed to The Executives
51	Military and defence policy is the competence of The European Parliament.
52	The Union establishes the Defence Union
70	One-Health approach
101	Common immigration policy
106	Introducing environmental crime and gender-based violence
118	Each member state's Economic development is assessed by the EU
159	The obligation of the EU to limit the global temperature increase and achieve a negative emission
167	The right to determine the conditions for exploiting its energy resources, its choice between different energy sources and the general structure of its energy supply by the member state (was deleted)
177	A permanent mechanism to monitor and examine foreign direct investment in the Union shall be established
184	A replacement of the High Representative of the Union for Foreign Policy Affairs and Security by the Union Secretary for Foreign Affairs and Security
245	Establishing rights for bodily autonomy and legal abortion

Source: Based on the accepted proposal P9_TA(2023)0427.

The chosen amendments presented in Table 1 introduced the tool for shifting the ruling power from EU member states to The Executives, the EU government soon. Another significant aspect is the rule of law and its superiority regarding the EU countries' constitutions and laws. In the opinion of the authors it is more related to centralism than to federalism itself. This opinion is also based on the fact that those changes were made under the influence of the neo-Marxist ideology of Altiero Spinelli

and the Spinelli Group. In Manifesto The Spinelli Group recommended concentrating EU executive powers in the hands of the European Commission. The Spinelli Group's manifesto also recommended a return to the Convention method from 2002-2003 for revising the existing Treaty framework (Kaiser, 2024).

The idea of centralism was also promoted by Daniel Cohn Bendit and Guy Verhofstadt (2012) in their manifesto. They announced in their book that a radical revolution needs to be done regarding the EU unification as a wake-up call to each EU citizen. They wanted the institutions which execute the law and the member states would not manage to stop them. This is their dream of centralism fully controlled by the EU institutions and Executives. The model of centralization of the EU has economic and political implications for the Polish economy and international relations. It is worth mentioning that some of the acts against Poland taken by the European Commission were taken in advance of future centralism so the current European Commission acted as the planned Executives. It was the case of the Rule of Law in Poland and as a consequence, funds for the National Reconstruction Plan (KPO) were blocked until there was a change in political power in Poland in October 2023. Another example can be the sending back of immigrants from Germany to Poland by the German police car to Osinowo Dolne in Poland in June 2024 without agreement with the Polish authority. The incident was discussed at a meeting between the Polish Interior Minister and his German counterpart (AFP, 2024). These events do not help international relations, especially between Poland and Germany.

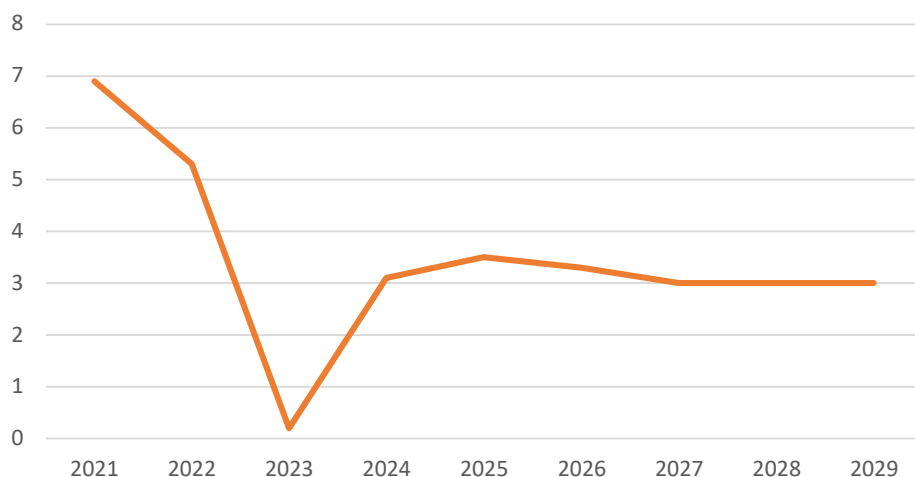
THE IMPLICATIONS FOR THE POLISH ECONOMY AND INTERNATIONAL RELATIONS

The main implication of the approved changes to the EU Treaties for Poland is that Polish economic development will be in the shadow and pulled down by Germany's dominant position in the EU. The supportive aspect is that the current Polish government is in line with the political will of Germany to secure satisfied German-Polish relations even though the recent very disputable actions from the German side such as sending back the immigrants to Poland without consultations with the Polish authorities or illegal dumping the toxic waste in Poland. According to Poland's climate ministry, a total of 35,000 tonnes of waste entered Poland between 2015 and 2018, ending up mostly in southwestern provinces. Poland has repeatedly intervened with Germany at the state and federal level, calling for its removal (Pyka, 2023). Another example could be the impact of Germany not developing the sea container port of Świnoujście, which can take over some of the traffic from Germany or resign from the investment of the Central Communication Port (CPK) in Baranów. The further

EU centralization with the dominant position of Germany will bring more problems to the economic development of Poland which is not ready for such revolutionary changes, especially in the energy transformation.

Poland is the front country of the war in Ukraine and currently allocates more than 2% of its GDP for military security. The European Commission disregarded this fact and started to execute the excessive deficit procedure (EDP) against Poland and the other six countries. The solution for excessive deficit can be a high GDP growth which in the current political situation of Poland is not possible. The GDP growth of Poland in 2023 in real terms was just 0,2% yoy while in 2022 was 5,3% (GUS, 2024; IMF, 2024). It is presented in Figure 1. It was the worst result since 2004. The decrease in individual consumption had the biggest impact on that situation reaching a negative -1% change in 2023 according to GUS (2024). According to the IMF, the forecast of GDP growth in Poland is optimistic and will need to be revised as the economic situation of Poland will be affected by the fiscal decisions of the Polish government and further EU centralization.

Figure 1.
Real GDP growth (annual % change), Poland 2021-2029



Source: IMF, 2024.

The political decision regarding the further economic development of Poland together with the unclear end of the war in Ukraine made the foreign capital outflow from Poland. According to the EY report the number of FDI projects in Poland decreased by 3% year-over-year (Teigland et al 2024). It is presented in Table 2.

Table 2.
The change in the number of FDI projects in 2022-2023

Country	# Projects 2023	# Projects 2022	Change in %
Germany	733	832	-12%
Poland	229	237	-3%
France	1 194	1 259	- 5%
Hungary	77	50	54%
Switzerland	89	58	53%
Netherlands	157	147	7%
Serbia	76	74	3%

Source: The number of the FDI projects, EY report 02 May 2024.

Germany and France had several times more FDI projects than Poland even though the decrease in the number of projects was higher than in Poland. The biggest share in 2022 of the FDI in Poland belonged to The Netherlands, Germany and France. German direct investors achieved in Poland, according to the latest available National Bank of Poland data, income of PLN 23,9 billion per year (2022) which constituted 18,5% total income of direct foreign investors and was only inferior to the income of Dutch investors (PLN 31,9 billion; 24,8%) and French ones (PLN 10,1 billion; 7,8%). The return on foreign direct investment in Poland was lower in 2022 by 0,9% compared to 2021 and it was 11,7% (Hałka et al., 2024).

It still puts Germany and France in a much better investment position. In case of the execution of EDP Poland will be forced to cut the social costs and expenditures, delaying the decision to implement the tax-free level of 60 000 PLN (approx. 14 000 EUR) and limiting the eligible group of people to receive a social transfer for each kid called “+800” which is nominal 800 PLN (186 EUR) received monthly for each kid in the family. As the comparison from 2024 in Germany a similar transfer called *das Kindergeld* is 250 EUR for each kid. These social transfers helped to trigger personal spending and consumption in Poland which was an important determinant together with FDI of GDP growth. Poland since its accession to the EU decreased the gap with the EU Western countries reaching 80% of the average GDP per capita and the average individual consumption (AIC) in the EU in 2023 (Statista, 2023). The coming social expenditure cuts due to the procedure of EDP and crawling centralism may cause Poland to increase that gap again.

Polish government nowadays tries to make the bilateral relations with Germany and other countries in Europe work positively even for the price of the Polish economic

situation and position. Germany allied with Maersk and cut the transoceanic shipment from the Polish port of Gdansk and redirected it to Hamburg in Germany. In 2023, the largest Polish port of Gdansk was the second largest port on the Baltic Sea in terms of transshipment handling a total of 81 million tons of cargo, including just over 2 million TEU (twenty-foot equivalent unit) containers (Pakulniewicz, 2024). According to Central Statistic Office (GUS) data in the first quarter of 2024, Germany's share in exports decreased by 1.5 % compared to the same period in 2023 and amounted to 27.2%, and in imports, it increased by 0.3% and accounted for 20.3%. The positive balance amounted to PLN 29.0 billion (EUR 6.7 billion) compared to PLN 40.4 billion (EUR 8.6 billion EUR) in the same period of 2023 (Adach-Stankiewicz, 2024). In 2024 Poland imported more from Germany than from China. An important fact is that Germany as a practice redirected its exports of the goods imported from China to Poland. Surprisingly Polish government agreed in July 2024 to pump the Russian gasoline to the German Schwedt refinery risking the decrease of the profits of its state-owned oil and gas company Orlen SA. Germany planned to nationalise Russian energy group Rosneft including its 54.17% stake in the Schwedt refinery (Reuters, 2024). It was not clear what the economic benefits for Poland were from this agreement.

Another change in the EU Treaties which is important not only for Poland is the obligation of the member state to adopt the EUR currency. In the case of Poland, the lack of monetary sovereignty and the transfer of several competencies of the National Bank of Poland to the ECB expands the space for EU institutions to exert pressure and blackmail against the Polish state. An example could be the suspension of the National Reconstruction Plan funds (KPO) for Poland in 2023 due to the accusations of constant breach of the Rule of Law. Another case of suspending funds from the ECB could be Ireland, and Italy where the ECB stopped buying back Italian government bonds in 2011 (Kwaśniewski et al., 2024). The Polish Złoty as the national currency besides its stabilization tool function has *the national emblem* which directly links the history and culture of the Polish people with the sovereignty. EUR currency is also problematic from the perspective of national identity. The European Union is not the country so the EUR currency has only political roots and centralizes the member states more deeply so there is no way out in case of the exit.

Context of Poland's relations with Germany, USA and Russia in the current geopolitical situation

Poland's geopolitical situation is often described as dire, particularly by Polish authors. While this perspective can be debated, there is no doubt that Poland is situated between two countries – Germany and Russia – that have been exceptionally active on the

international stage. Historically, the geopolitics of these nations have been confrontational toward the Polish state. Both countries have frequently collaborated to subjugate Poland or even divide it, as seen during the 123 years of Poland's partitions and World War II, exemplified by the Ribbentrop-Molotov Pact of August 23, 1939.

From Poland's perspective, it is also concerning that until the outbreak of the war in Ukraine in February 2022 (the war started in 2014), successive German governments, regardless of their political orientation, prioritized Russia's interests over those of their direct neighbor and NATO and EU partner, Poland.

In the case of Germany – except for Emperor Otto III over a thousand years ago – no other ruler or government has regarded Poland as a partner worth cooperating with. Instead, Poland has been perceived more as an adversary or, at the very least, a competitor hindering Germany's economic and territorial development. Notably, even long before Adolf Hitler's rise to power, in the so-called Weimar Republic, the very existence of Poland as a national entity after 123 years of partitions was widely and unanimously perceived as a threat to Germany (Winkler, 2007).

The international activity of Germany and Russia stems not only from their political and economic significance (in the case of Germany) and military power (in the case of Russia) but also from their strategic geopolitical ambitions. These ambitions are particularly evident in the case of Russia, which – significantly – is the largest country in the world by territory, not by coincidence. A statement by Russian President Vladimir Putin on April 25, 2005, during his annual State of the Nation address to the joint chambers of the Russian Federation's parliament, is symptomatic of the mindset of the Russian political elite. He declared "Above all, we should acknowledge that the collapse of the Soviet Union was a major geopolitical disaster of the century. As for the Russian nation, it became a genuine drama" (Toal, 2017).

Regarding Germany, the situation is somewhat more complex. While Russia, especially under the rule of Vladimir Putin, does not shy away from its imperialism – albeit presenting it as great-power status – Germany due to its ignominious past during World War II, acts more subtly. On the one hand, Germany adheres to an unwritten rule of restraint in public life, particularly in international relations, which involves avoiding overt expressions of national pride. In this spirit, even the lyrics of the national anthem were altered with the first verse containing the phrase "Deutschland, Deutschland über alles, über alles in der Welt!" ("Germany, Germany above all, above all in the world!") being omitted.

However, when observing public debate in Germany and interacting with the German academic community, particularly in the social sciences, one cannot help but sense that not only nationalist circles, but also moderate, centrist, and leftist groups struggle to resist the temptation of viewing themselves and their country as exceptional, better organized, more knowledgeable, or more mature than the rest of the world.

Unlike during the Nazi era, the temptation to be the best does not this time pertain to the military sphere and Germany, at least in the current generation, cannot be accused of a desire to use military force against any of its neighbors.

However, the belief in their superiority and exceptionalism is manifested in the cult of German entrepreneurship, innovation, and the ability to generate trade surpluses. These three economic aspects are also crucial to understanding the current ruling coalition's interest in transforming the EU into a European federal state, as outlined in the coalition agreement between the SPD, FDP, and Bündnis 90/Die Grünen (SPD et al. 2022).

One might assume that the leftist forces in Germany (SPD and Bündnis 90/Die Grünen), due to their pacifist slogans and desire to oppose their country's imperialist and Nazi past, would be more inclined to restrain Germany from foreign expansion. Unfortunately, this is not the case. This stems from another ideological premise – beyond pacifism – the desire to “save the world” at least in socio-cultural and ecological dimensions. German political circles, except the party labeled as extremist Alternative für Deutschland (AfD), generally argue that, because of their experience with Nazism, Germany should assume responsibility for Europe and lead the transformation of the EU into the most socially just, inclusive, ideologically tolerant, open to diversity (including LGBTQ+ aspects), environmentally friendly, climate-neutral, technologically innovative, and economically competitive region in the world.

This stance is particularly surprising because it does not involve assuming responsibility in the sense of bearing the negative consequences of World War II (such as war reparations), but rather political leadership and setting the direction for the EU's development.

As experience shows (e.g. relations with Russia, the USA and China, or the transformation of the EU's energy system), these directions align with the current German political and economic state of interest as well as Germany's broader national interests and are contrary to Poland's national interest. For example, Poland has traditionally taken a much more critical stance towards Russia's international policy than Germany and, on the other hand, has placed greater emphasis on political and military cooperation with the United States than Germany. In recent years, these differences have been most evident in the context of the construction of the joint Russian-German Nord Stream gas pipeline and the response to Russia's military aggression against Ukraine. Another good example is Poland's decision to select American companies as the primary suppliers of arms for the Polish military and to choose American Boeing over European Airbus as the supplier of passenger aircraft for the national Polish airline, PLL LOT.

It is worth emphasizing that since the unification of Germany at the end of the 19th century, economic statecraft has always held paramount importance for the country, intricately intertwining with its domestic and foreign policies. For instance,

Otto von Bismarck was the first in the world to introduce social security measures aimed at preventing unrest among workers in the emerging industrial sector. During his rule, ensuring social peace was crucial for consolidating the German state, which had emerged from the unification of various state entities (4 kingdoms, 18 principalities, and 3 free cities) and was embroiled in international disputes with France and Austria. Moreover, a strong industrial sector not only created jobs for the emerging working class but also ensured the supply of modern armaments for the Prussian army. Its technological superiority (modern artillery with rifled barrels loaded from the rear, breech-loading rifles, and telegraphic communication) was a key factor in defeating Austria first, and then France (Notkowski, 2024), which ultimately led to the proclamation of the German Empire (i.e., the Second Reich) on January 18, 1871 (Notkowski, 2024; Blume, 2012).

The situation did not change significantly in the 20th century. After World War II, ordoliberals came to prominence in West Germany and decided to implement the concept of the so-called social market economy (German: *die Soziale Marktwirtschaft*). One of its fundamental principles was to orient the economy towards exports, along with an increased emphasis on the middle class, both in terms of domestic consumption and production (German: *der Mittelstand*). The importance of large, traditional German conglomerates (German: *der Konzern*) was intended to be reduced – according to the ordoliberals, not only had these conglomerates often been involved in collaboration with the Nazis, but their market power (German: *die Marktmacht*) also stifled competition which is the primary driver of innovation in industry and commerce.

Although the market position of German conglomerates was not successfully weakened, it can be confidently stated that a strong middle class emerged in Germany, modeled after the American example, encompassing both consumers and producers. However, the key difference lies in the fact that in many industries domestic demand (the internal market) in the USA is sufficient to absorb national production, whereas Germany – even with the numerical growth of its middle class and its purchasing power – must export a significant portion of its production because its production capacity exceeds domestic demand.

Except for certain niche markets, German producers – even those without ambitions to conquer the world with their products – cannot limit themselves solely to serving the domestic market and this is not only due to insufficient domestic demand. This necessity is closely tied to the liberalization and globalization of international trade. Globally operating producers can leverage economies of scale in production and sales to reduce unit production costs making their products more price-competitive. Since the largest global producers (known as “global players”) are also present in the German market, German producers must similarly increase the scale of their production and sales effectively compelling them to engage in foreign expansion.

As can be seen, the ideological foundations of the German social market economy and practical reasons (the need to compete in the global market) make exports the backbone of the German economy. This dependence on exports is further reinforced by the existence of large German conglomerates which, contrary to the ordoliberals' intentions, were not dismantled and whose market power and production capacity grew steadily in the second half of the 20th century. It could even be said that Germany is not a country with a strong industrial sector; rather, it is industrial conglomerates that possess their own country. This is, of course, a paraphrase of the famous assertion about Prussia which was said not to be a country with a strong army, but rather an army with its own country.

This is not merely a clever rhetorical phrase or hyperbole. Indeed, in German literature there is a thesis that in the second half of the 20th century the country was effectively governed by a group of several dozen of the wealthiest industrial families. The term "Deutschland AG" (literally "Germany Inc.") was even introduced to describe the close-knit business, financial and social connections between German industrial conglomerates, banks, insurers and public authorities. These connections were aimed at reducing domestic competition (economic cannibalism) and strengthening the market power of German companies both nationally and internationally.

Although it is claimed that "Deutschland AG" disintegrated at the beginning of the 21st century (Pollert et al. 2013), the authors argue that this is not entirely true. Indeed, changes in German economic law and the acquisition of shares in German conglomerates by foreign entities have loosened the traditional intra-German economic ties. However, these connections still exist. This is evidenced by the pursuit of so-called "national solutions" (German: *Nationale Lösung*) in cases where companies of significant importance to Germany face bankruptcy (e.g. the rescue of the Meyer Werft shipyard from insolvency in August 2024 (Greive, 2024) or in addressing serious problems in the German economy. The search for national solutions reflects the prioritization of national economic interests over international cooperation. In practice, this means striving to maintain German capital's control over German enterprises and safeguarding the so-called Wirtschaftsstandort Deutschland which refers to the competitiveness of the German market and Germany's competitiveness as a location for conducting business.

The transformation of the EU into a federal state with a dominant presence of German officials in its central structures would likely enable German conglomerates to indirectly gain control over the productive resources (factors of production) in other member states. This could be achieved by shaping EU legislation and conducting economic policy, as well as other sectoral policies that impact economic activity (including climate and energy policies) in a way that primarily considers Germany's national interests and the interests of the most influential groups within Germany. In this way, Germany could attain a level of industrial capacity and domestic demand (in

this case the equivalent of internal EU demand) that would place it on par with the much larger populations and economies of the United States and China.

From Poland's perspective geopolitics is the greatest threat in this context. This is where the most significant differences in interests between Poland and other EU countries, particularly Germany, become apparent. These differences primarily concern varying perceptions of security – military, energy, and supply chains – and international relations, for example, with the United States and Russia.

In the realm of military security, it must be emphasized that this factor has an exceptionally strong impact on Poland's economy, given its geopolitical situation. Poland's proximity to an imperialist-minded Russia has for centuries posed a strategic threat to the country's economic interests. This is largely due to the high risk of armed conflicts, as well as Russia's political tradition of seeking to politically and economically subordinate neighboring countries and destabilize them what naturally discourages investors from engaging in cooperation with these regions.

Therefore, membership in the North Atlantic Treaty Organization (NATO) should be regarded as one of the most critical factors determining Poland's international competitiveness. This is so evident to Poles that, while membership in the European Union may be contested by certain groups and political forces membership in the defence alliance is universally considered a paramount Polish *raison d'état*.

Given this situation, Poland cannot accept any questioning of its membership in NATO, which, however, is being challenged by some segments of the German political class ranging from the far left to the far right. Even if the membership itself is not questioned the nature of that membership is.

Firstly, Germany argues that the expansion of NATO to include Central and Eastern European countries was contrary to agreements with Russia, according to which, in exchange for Russia's consent to the reunification of West and East Germany, NATO would not expand eastward. Secondly, they assert that the presence of NATO troops on the territory of former Warsaw Pact members raises legitimate concerns for Russia about its security. Thirdly, they argue that Russia made the greatest contribution to defeating Nazism during World War II and thus it is immoral to threaten Russia militarily and there should always be an understanding of the "soul of the Russian nation". Fourthly, they warn that no war can be won against Russia due to the country's possession of the largest nuclear arsenal in the world.

Germany's reaction to Russia's aggression against Ukraine in 2014 starkly illustrated these views. The German government, especially in the early stages, was very restrained both in commenting on Russia's actions and in providing political and military assistance to the attacked Ukrainians. In official statements as well as in the German media, there was an evident avoidance of labeling Russia's actions as criminal, terrorist, or murderous. Each time, for example, when Russian forces violated the airspace of NATO

countries or when military actions or their effects (such as bombings) directly impacted the territory of one of NATO's eastern flank countries, German politicians – including the Minister of Defence and the Chancellor – categorically opposed any decisive NATO response suggesting that it would lead to unnecessary escalation of the conflict. It was even argued that during a war it is always possible that missiles might unintentionally fall on neighboring countries.

All German political forces, except a few politicians, particularly from the CDU opposed sending heavy and long-range German weapons to the Ukrainians who had been attacked by Russia. Once again, the argument of avoiding escalation at all costs was raised.

It is important to emphasize that in the German perception of the geopolitical situation the national interests and security of the NATO eastern flank countries hold marginal significance. This approach is not new. In this context, it is worth recalling the opinion of the late German Chancellor Helmut Schmidt who served from 1974 to 1982 and is still highly respected by the German political and intellectual elites. He was categorically opposed to NATO's eastward expansion arguing that it could unnecessarily provoke Russia. While serving as Federal Chancellor he was also an advocate of not supporting the struggles of Polish workers associated with the NSZZ "Solidarity" movement again due to concerns about Russia's reaction. Interestingly, at that time, the German public in a somewhat grassroots manner, provided spiritual and material support to the Poles, but notably without the top-down backing of the federal authorities (Rydel, 2022).

While Germany's (previously West Germany's) efforts to maintain friendly relations with Russia (formerly the Soviet Union) during the Cold War could be explained by the desire to secure Kremlin approval for the reunification of West and East Germany the situation is now less clear-cut given that the Central and Eastern European countries (CEE) are partners with Germany in both the EU and NATO. It appears that Germany's certain deference toward Russia, at the expense of its CEE partners stems from a combination of factors: a historical institutional arrogance towards smaller nations ingrained in German political culture, partly corruption (as evidenced by the case of former German Chancellor Gerhard Schröder) and most importantly national interest. Germany relies on cheap Russian resources, including energy supplies, to effectively compete in the global industrial goods market.

Moreover, as previously mentioned, Germany asserts itself as the leader of the EU. However, this goal is more challenging to achieve due to the strong transatlantic ties and close political, military and economic relations that countries like Poland maintain with the United States. For Poland the United States serves as an alternative source for military technology and energy supplies, among other needs, compared to Germany. Therefore, by strengthening ties with Russia or China, Germany attempts to counterbalance the influence of the United States in Europe.

The creation of a European federal state with exclusive competencies in international relations, dominated by German officials, aligns with the ambitions of the German political and economic elites to strengthen Germany's geopolitical position. The importance of this goal for Germany is underscored by its long-standing efforts to secure a permanent seat on the United Nations Security Council. Currently, the Council comprises five permanent members (China, France, Russia, the United States, and the United Kingdom) and ten non-permanent members elected for two-year terms.

Membership in the most important body of the United Nations would not only enhance Germany's prestige on the global stage but also strengthen its negotiating position in international economic relations. This would particularly bolster Germany's political role within the EU, especially since after Brexit, France is the only EU member state with a permanent seat on the UN Security Council. It is worth noting that only the permanent members of the Council have the right to veto.

German representatives argue that their country deserves a permanent seat on the UN Security Council due to Germany's significant involvement in the functioning of the UN, particularly in terms of financial contributions (Handelsblatt, 2023).

From a historical perspective it appears that Germany's rise in the international hierarchy could be risky for Poland in certain circumstances. It is important to remember that the predecessor of the UN, the League of Nations played a significant role in resolving border disputes between Poland and Germany after World War I. It cannot be ruled out that in the future similar disputes could arise between the two countries with international organizations such as the UN acting as mediators. Potential disputes might involve war reparations from Germany to Poland, the delineation of mutual borders, the treatment of national minorities or economic issues including the development of economic infrastructure.

In recent years, Germany has already used EU institutions to exert influence over Poland. For example, under the pretext of Poland not adhering to the rule of law standards access to EU funds was restricted. These funds were unfrozen after the 2023 parliamentary elections in Poland when political groups favourable to Germany won the elections.

Germany also supports non-governmental organizations that undermine Poland's sovereignty. This support is provided under noble banners such as environmental protection, minority rights and sexual rights. One such organization is the Silesian Autonomy Movement (RAŚ) which advocates for the recognition of Silesia's autonomy and the recognition of Silesians as a distinct nation with their language. This organization receives moral, political and financial support from various German circles (e.g. the so-called expellees from Silesia and Prussia organized in the Bund der Vertriebenen which is visited annually by successive German chancellors) with at least the tacit approval of the federal government.

If a federal European state were to be established which would assume most of the sovereign competencies from EU member states Germany could exert influence over countries like Poland through an entire system of interconnected organizations: federal European, international (e.g. the UN) and non-governmental (e.g. RAŚ). Unfortunately, one could envision a grim scenario in which Poles lacking full state sovereignty within the framework of a European federal state are deprived of regions such as Silesia, Pomerania and Masuria. This could occur if the authorities of the European federal state were to conclude that these regions would be better managed if granted independence from the Polish local administration. It is further conceivable that these now-autonomous regions might decide to join regions administered by Germany. In this way another partition of Poland could occur without the use of military force.

The idea of uniting 27 countries into a single state is, one might say, extraordinary, but so too has been Germany's situation at the turn of the 21st century and in the present. Germany began to be referred to as the "sick man of Europe" (Erencin et al., 2024). From being the "world export champion" and a leading country in terms of innovation Germany transformed into a nation with rapidly rising production costs, increasing bureaucratization of economic life, growing old population and a hedonistic youth lacking the traditional German work ethic.

The outbreak of the war in Ukraine also abruptly shattered the comfortable and low-cost geopolitical arrangement from Germany's perspective. In this arrangement, Germany effectively outsourced its national responsibilities for ensuring military, energy, environmental and economic security to foreign countries. Military security was transferred to the United States, energy security to Russia, and environmental and cost security to China. One could say that Germany, as a state, engaged in the offshoring of fundamental state functions related to broad national security.

As a result of Russia's open military aggression against Ukraine this geopolitical arrangement has rapidly unraveled. Most notably, the supply of energy resources from Russia to Germany has been drastically reduced. At the time of writing it is difficult to definitively state whether these supplies have been entirely cut off since gas and oil from Russia may still be reaching Germany unofficially through third countries not involved in the mutual trade sanctions between the EU and Russia. Nevertheless, it can be said that the traditional supply channels for gas and oil from Russia to Germany, including the most well-known German-Russian energy project – the Nord Stream pipeline which lies on the Baltic Sea floor – are no longer functioning. As a result, Germany has had to source natural gas and oil from other, more expensive suppliers. This led to a sharp increase in energy prices in the country during 2022 and 2023. At the peak of these increases, around the end of 2022, the price of imported natural gas in Germany reached ten times the average price level of this energy carrier in 2021 (Chen et al., 2023). Although energy prices have since stabilized at a lower level they

remain high enough to significantly reduce the price competitiveness of German exports particularly when compared to the United States.

The war in Ukraine has also complicated Germany's political and economic relations with China, as the People's Republic – albeit with some restraint – supports Russia. Considering this, as well as China's diplomatic and military provocations against Taiwan and the experiences drawn from the Covid-19 pandemic (such as the frequent and unannounced disruptions of supply chains between China and Europe due to so-called lockdowns in Chinese factories and seaports) China is no longer regarded as a reliable and predictable trading partner. Consequently, in Germany, as well as in other EU countries, the possibility of gradually reducing dependency on goods from Asia is being explored by relocating production facilities to Europe. Particular emphasis is being placed on products having economic and military significance what was highlighted by the coronavirus pandemic and the war in Ukraine. One such product is semiconductor chips which are essential for the functioning of most modern consumer goods and military equipment that contain electronic systems.

However, the physical relocation of production from Asia to Europe faces significant obstacles, primarily related to the pro-environmental energy transition, stringent EU environmental protection standards (including CO₂ emission limits), a shortage of skilled workers, the potential for a sharp increase in road transport and likely retaliatory measures from China. China is the world's largest recipient of European (including German) industrial investments and simultaneously the largest market for many EU producers.

If, however, large-scale reindustrialization were to occur within the EU the question would arise as to where specifically within the EU new industrial plants would be established and under what conditions. As noted, EU regulations concerning environmental protection, particularly climate-related standards, have become so stringent that increasingly fewer EU enterprises can comply with them.

In terms of its transit location, economic infrastructure (including transportation), access to a skilled workforce and the ability to supply energy to industry Poland is well-positioned to attract new industrial investments. However, the federalization of the EU could change this situation. Already, the EU's climate policy (the Fit for 55 program, the EU Emissions Trading System), protests from neighboring countries and actions by environmental activists supported by EU institutions, including the CJEU are gradually turning Poland into a barren land. This is evidenced by the case of the Turów lignite mine and power plant in southwestern Poland which faces the threat of closure mainly due to protests from Czechs but also from Germans and environmental groups, backed by court rulings, including those of the CJEU. Another example is the Oder River waterway and the seaport in Świnoujście. Planned investments there,

including the construction of a deep-water container terminal in Świnoujście are facing opposition from Germany and environmentalists.

Unfortunately, as much evidence suggests, environmental issues are not always the true reason behind the blocking of Poland's economic development. In the case of Turów it should be noted that similar industrial installations operate on the Czech and German sides of the border. In the case of the Oder River waterway and the port in Świnoujście it can be assumed that Germany's actions play a behind-the-scenes role related to its efforts to maintain a strong competitive position for German seaports on the European maritime freight market, particularly the port of Hamburg. For clarification, it should be added that the development of seaports on the Gulf of Gdańsk has contributed to a significant decline in demand for services at the port of Hamburg. Consequently Germany, unfortunately from the Polish perspective successfully persuaded the world's second-largest Danish container operator A.P. Møller-Mærsk A/S, in 2024 to end direct transoceanic routes between Poland and China entering into cooperation with the German container operator Hapag-Lloyd AG as part of the so-called Gemini Cooperation resulting in the transfer of operations from Poland to German ports.

Interestingly, one of the reasons cited for bypassing Poland in the transoceanic connection network was lower CO2 emissions (Ciszak, 2024). Starting in 2025 containers transported by ships belonging to the Gemini Cooperation destined for Poland will first be transhipped at German ports before being delivered to the port of Gdańsk using shuttle feeder ships.

It is noteworthy in this context that ecology does not play the same role when it comes to the distribution of Chinese goods within the EU via the New Silk Road railway. Some containers from China destined for Poland first transit through Poland to the western German transshipment hub in Duisburg only to return to Poland along the same route. Poland has been unable to change this situation because it benefits Germany – despite the increased CO2 emissions – to participate in the customs and logistical handling of goods involved in Poland's foreign trade.

It must be emphasized that under the current legal framework Poland can compete with Germany in the EU transport market and, despite obstruction from EU institutions or Germany itself, can relatively independently make investment decisions (as evidenced by the development of the deep-water container terminal in Świnoujście or the Central Communication Port which is intended to facilitate trade along the New Silk Road). However, if a federal state were to replace the current EU, decisions regarding strategic investments in Poland could be made without any influence from Poland or the Polish people. In effect, the decisions would be made by those nations whose representatives hold the most key positions in the new state entity. Currently the majority of EU officials come from Germany and France and these member states also

set the direction for the development of the EU. Since Poland's geopolitical interests diverge significantly from those of these countries it is not in Poland's national interest to support the transformation of the EU into a federal state.

To illustrate the geopolitical relations between Poland and Germany more vividly a few historical examples can be cited. In the 10th century AD, Poland had the option to accept Christianity from either Germany or the Czechs; it chose the Czechs. In the 1930s, Poland could have chosen an alliance with Hitler or with France and England; it chose France and England. Today, Poland can choose the American offer to build nuclear power plants or purchase wind turbines from Germany's Siemens.

From a scientific perspective these relations are perhaps best described by the "dictator's dilemma" from the game theory. Germany and France are presenting the rest of the EU member states with the following choice: either a federal European state is created or there will be a two-speed union, or even a dissolution of the current grouping. The problem for Germany and France is that they desire as much power as possible in the new formula for European integration without veto rights for smaller states. However, for now, they not only have to consider the opinions of these smaller states but also the existing EU policies on climate, energy and migration which are causing social unrest in many parts of the old EU-15.

The {decision-making} decision taking dilemma for Poland, on the other hand, lies in the fact that uncritically accepting increasingly controversial proposals for the development of the EU – mainly in the areas of transport, energy, climate and migration policies – threatens the deindustrialization of the country and the impoverishment of its society. Conversely the potential exit from the EU – due to the extensive network of mutual economic ties and the militaristic stance of the Russian Federation – poses the same risks, although the scale of negative outcomes may vary.

CONCLUSIONS

Having in mind that the European Parliament approved the proceeding regarding the proposal of the 245 changes to the EU Treaties Poland will be one of the EU lands fully controlled in the economic and political sense by a self-called leader of the EU – Germany. The centralization is a significant risk to the loss of the sovereignty of Poland and also building its economic competitive position in the EU market managed by the EU leaders. The further process of the proposed changes to the EU Treaties continues and it can take a couple of years more to be fully accepted. The result of the latest EP elections on the 9th of June 2024 enforced the EPP party which together with Spinelli Group will be the main supporter of accepting these changes. Polish-German relations are crucial for building up mutual partnership relations but the decisions of Germany

are not supporting this partnership. In the 30 years, Poland managed to reach 80% of the average annual GDP per capita level but the centralization process and the Excessive Deficit Procedure (EDP) against Poland without the possibility of strong GDP growth can widen the gap of the GDP per capita among Poland and the Western EU countries. It also relates to other countries which joined the EU after 2004. Poland will have very limited influence on the defense policy regarding the war in Ukraine even as the east EU frontier country and will have to respect the decisions of Germany and France in the international relations with Ukraine, the USA, China, India and Russia. The coming year 2025 is important as Poland will take the mandate after Hungary for leadership of the EU. Poland would not have any executive power during that time but rather a more representative one and could initiate some new ideas and develop its international relations. When the centralisation happens the area of foreign affairs will become one of the shared competencies with the Executive of the EU. This fact may have an impact on international trade and free trade agreements which will be controlled by the Executive of the EU.

The proposed centralism of the EU in the opinion of the authors can be in some of its theory elements similar to the centralism model in China, where the ruling Communist party has the solemn power over everything doing and executing. This is an interesting comparison (which requires} requiring additional research regarding the similarity between the Chinese and the EU centralization models.

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THE FEDERALISATION OF EU MEMBER STATES: THE IMPLICATIONS FOR POLAND'S ECONOMY AND INTERNATIONAL RELATIONS

Abstract

This article aims to assess the potential impact of the envisaged European Union (EU) federalisation on Poland's economy and its international relations. The authors explore Poland's readiness for this change and employ various research methods, including a review of existing literature, analysis of documents and reports from the European Commission, as well as political discourse analysis. Additionally, the authors delve into Germany's perspective on EU federalisation and its influencing factors, providing illustrative examples throughout. The current situation in the European Union requires a retrospective view of the important events to better understand Poland's economic and political situation. The Maastricht Treaty from 1992 abandoned the concept of economic cooperation of the independent countries which was stated under The Treaty of Rome in 1957 and introduced the idea of unification of the countries in economic, political and cultural dimensions to put a political integration forward. The value of this article is the evaluation of the federalisation impact on Poland's further economic and political development. In the opinion of some authors due to the cultural and social differences among the member states of the EU, the German concept of federalism cannot serve as the model for the EU but rather as cooperative federalism. The evaluation of approved 245 changes to the Treaties, in the opinion of the authors, is rather centralism than federalism, where the power and the strategic competence are shifted from the EU member states to *the Executive* (currently: the European Commission).

Keywords: Federalisation, Poland, Germany, The European Government, Altiero Spinelli

JEL: P00, P11

FEDERALIZACJA PAŃSTW CZŁONKOWSKICH UE – IMPLIKACJE DLA GOSPODARKI POLSKI I STOSUNKÓW MIĘDZYNARODOWYCH

Streszczenie

Niniejszy artykuł ma na celu ocenę potencjalnego wpływu planowanej federalizacji Unii Europejskiej (UE) na gospodarkę Polski i jej stosunki międzynarodowe. Autorzy

badają gotowość Polski do tej zmiany i stosują różne metody badawcze, w tym przegląd istniejącej literatury, analizę dokumentów i raportów Komisji Europejskiej, a także analizę dyskursu politycznego. Ponadto autorzy zagłębiają się w perspektywę Niemiec na federalizację UE i jej czynniki wpływające, podając ilustrujące przykłady. Obecna sytuacja w Unii Europejskiej wymaga retrospektywnego spojrzenia na ważne wydarzenia, aby lepiej zrozumieć sytuację gospodarczą i polityczną Polski. Traktat z Maastricht z 1992 r. porzucił koncepcję współpracy gospodarczej niepodległych krajów, która została zawarta w Traktacie Rzymskim z 1957 r., i wprowadził ideę zjednoczenia krajów w wymiarze gospodarczym, politycznym i kulturowym, aby wysunąć na pierwszy plan integrację polityczną. Wartość tego artykułu polega na ocenie wpływu federalizacji na dalszy rozwój gospodarczy i polityczny Polski. Zdaniem niektórych autorów ze względu na różnice kulturowe i społeczne między państwami członkowskimi UE niemiecka koncepcja federalizmu nie może służyć jako model dla UE, ale raczej jako federalizm kooperacyjny. Ocena zatwierdzonych 245 zmian w traktatach, zdaniem autorów, jest raczej centralizacją niż federalizmem, w którym władza i kompetencje strategiczne są przeniesione z państw członkowskich UE na władzę wykonawczą (obecnie: Komisję Europejską).

Słowa kluczowe: federalizacja, Polska, Niemcy, rząd europejski, Altiero Spinelli

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