

European Union Citizenship: The Hard Road Between a Promising Potential and Bitterness

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Abstract

At the outset, the paper briefly addresses European Union (EU) citizenship as enshrined in the Treaty on the European Union. Attention is paid on its transnational nature. The political symbolism attached to EU citizenship is also emphasised, as it tries to emulate national concepts of belonging at the EU level. Despite some achievements, flaws are nevertheless a major setback on the EU ambition for supranational citizenship's limited scope.

European Union citizenship is addressed through a twofold conceptual lens. On the one hand, it is measured in terms of the impact on citizens' loyalties. Eurobarometer and other statistical data are scrutinised to draw a picture on whether citizens drive their loyalties to the EU or to the national (or even regional) levels. Therefore, empirical data provide an assessment of EU citizenship outcomes. Sixteen years of EU citizenship is a considerable time span to make this assessment. On the other hand, the paper asks whether the attempt to forge a complementary citizenship is out of context, considering the common understanding that citizenship is connected with taxation and representation. Thus, a normative approach of EU citizenship is also a reason of concern. Liberal democracies are anchored (among other things) on the “no taxation without representation” principle. I draw an extension of the aforementioned principle and ask whether the absence of significant EU taxation powers is an obstacle to effective supranational citizenship. Thus, the research question is whether EU citizenship is credible and effective if citizens don't pay taxes to the EU?

Introduction

European Union (EU) citizenship was launched by the Treaty of Maastricht as a complementary layer of citizenship to be added to long-established national citizenships. Questions arise as to whether EU citizenship provides any effective linkage between citizens and the EU, to what extent citizens' rights and duties were bolstered, even if the introduction of supranational citizenship bears a political meaning for the European integration process (Close, 1994). Section one addresses the causal relationship between EU citizenship and European integration, trying to depict the scope of citizenship and whether it brought to the EU level additional inputs of political integration.

Frequently, legislative (in this case, constitutional) solutions only encompass projects full of symbolic meaning but deprived of practical effects. It is important to find out whether citizens of EU member states acknowledge the existence of EU citizenship, to what extent they feel this additional layer of citizenship has tangible effects. Section two focuses on empirical data, surveying Eurobarometer pools and other statistical data that specifically deal with the way citizens drive their loyalties. To know whether citizens attach themselves to the EU or to the national (or even regional) level might be a yardstick to assess the performance of EU citizenship throughout these years. If citizens keep attached mainly to the national level, does that evidence show that EU citizenship was not able to bridge the gap between the EU and citizens? On the contrary, if there is empirical evidence that citizens slowly started to move their loyalties to the supranational level, EU citizenship is more than just a bundle of fuzzy principles?

Research on statistical data provides an input to measure the performance of EU citizenship. However, this is a partial input since an additional exercise comes to the surface. According to conventional patterns of citizenship (established in liberal-democratic countries) citizens' rights and duties are connected with taxation. The long-established principle that states "no taxation without representation" brings another measure to assess EU citizenship. This is especially relevant considering the absence of EU taxing powers. Adding to the empirical dimension, section three asks whether the

absence of supranational tax competences is an obstacle to effective EU citizenship. If the answer is yes, then perhaps EU citizenship is a chimera (Hoffman, 2004: 126).

1. A brief overview on European Union citizenship

One of the innovations of the Maastricht Treaty was the introduction of EU citizenship. Despite some progress on persons' freedom of movement, which was assured through the jurisprudence of the Court of Justice (Meehan, 1997), citizenship was absent from the treaties that established the European Communities. Throughout the years, small steps were taken to ensure that workers (and later, persons in general) enjoyed freedom of movement within the European Communities (Chalmers *et al.*, 2006; Kivisto and Faist, 2007). At first, these rights were of an economic nature: only workers reaped the benefits of moving from member state to member state. To be economically active was a precondition to activate this right. Rights were gradually extended to the workers' family, as the Court of Justice paved the way to a broader interpretation. The full extension of the right to move from one country to another was accomplished in the early 90s, when several directives ensured that even non-economically active persons were entitled to freely move within the European Communities (Collins, 2001: 421-424).

This picture is instructive of how progress was supported on an economic rationale. People could freely move because they were workers. Subsequently this right was given to non-workers, pushing it ahead from a strictly economic standpoint. In any case, the right to freely move across the EU was granted as an implication of economic reasoning. There was no political rationale embedded (Shore, 2000). If it is true that the bundle of citizenship rights encompasses the right to freely move across the territory, citizenship goes well beyond that (Magnette, 2005a).

The transition towards the European Union propelled by the Maastricht Treaty was the turning point on the absence of citizenship at the supranational level. Yet, the introduction of EU citizenship was not the driving force behind the Maastricht Treaty. It was an implication of the whole development of European integration agreed at Maastricht (Weiss and Wooldridge, 2007). EU citizenship was one of the ingredients of the deepening momentum the EU underwent with the Maastricht Treaty.

Nevertheless, the symbolism of EU citizenship cannot be disregarded. The negotiators of the treaty were aware that supranational citizenship should only accommodate a modest ambition. An ambitious, pretentious role was ruled out. It was not on their minds to replace national citizenship with EU citizenship, not even to scale down the former and provide the latter a major role (Meehan, 2000). Thus, EU citizenship was shaped as an *extra layer of citizenship* added to the long-established, untouchable national layer of citizenship. Supranational citizenship was not only a matter of rhetoric, though, since it included a bundle of rights (Bellamy and Warleigh, 2001; Dobson, 2006): the right to vote and to be elected in local and European Parliament elections in a country different of his/her nationality; the right of petition to the European Parliament; the creation of the EU Ombudsman to ensure that institutions' malfunctioning does not affect citizens' rights; and the right to diplomatic protection given by embassies from any EU member state in third countries. Nevertheless, the goal of EU citizenship is more of a symbolic nature: to take citizenship issues inside the EU was instrumental to bring citizens closer to the supranational polity. Or, alternatively, to bring the EU closer to citizens as a polity that ensures tangible effects and rights.

At the same time, the creation of EU citizenship cannot be separated from the timid steps towards political integration sealed by the Maastricht Treaty¹. Creeping competences afforded to the EU (Pollack, 2000), together with an ever growing visibility both at the domestic and the international arenas, paved the way to a political role for the EU. The assumption that the EU was increasingly a polity was not consistent with a divorce vis-à-vis citizens. The right of electing the members of the European Parliament was not enough to attract citizens to the EU (Shaw, 2007). All this provided the impetus for introducing citizenship. It was a side effect of the timid politicisation of the EU. A polity – a democratic polity – is based on citizens'

¹ Scholars are almost consensual about Maastricht as the hallmark for the transition between economic and political integration (Leslie (2000: 202-203) is one of the few exceptions). Despite Economic and Monetary Union is the culmination of economic integration, it nevertheless bears a political connotation. Furthermore, the EU took a crucial, but modest step towards political integration (Dinan, 2004: 257-258): common foreign and security policy (CFSP) and cooperation in the area of justice and home affairs (CJA), notwithstanding their intergovernmental nature, brought sensitive issues to national power (and even sovereignty) to the realm of cooperation within the EU; and, crucially for citizenship analysis, the subsequent design of the Charter of Fundamental Rights (Shaw *et al.*, 2003) (despite the aborted attempt to "constitutionalise" it, because it will not be included in the Lisbon Treaty as it was planned by the original version of the Constitutional Treaty, but only as an appendix).

knowledge of policies and decisions (*awareness*), on the scrutiny they are able to exert over political institutions (*control*), and on their active participation (*influence*).

To this extent, EU citizenship is ambivalent: it is both an outcome of the modest steps towards political integration within the EU and also an input of political integration itself. Nonetheless, some confusion arises when critically assessing Maastricht negotiators' ambition to bring citizenship to the EU, especially for the emulation of an imagery of belonging that makes sense within member states but is spurious at the supranational level. On the one hand, one must not ignore the "no demos" thesis (Weiler, 1999). The lessons of this thesis downplay the strategic move towards EU citizenship. An inconsistency emerges, for the additional layer of citizenship is granted to a group that is just a fiction. Europeans *as such* do not exist, it is claimed. The European people do not exist; instead, it makes sense to acknowledge European peoples – the peoples of EU member states. If this argument matches empirical data (see section two), the argument is reasoned. In this case an imbalance emerges. The ambitious clothing of supranational citizenship is geared to something that does not exist – the European people. Therefore, EU citizenship meets the glow of rhetoric, unable to provide an effective dimension of rights and duties because it is deprived of its natural public. Unless that EU citizenship addresses to national citizens; if this is the case, it might be EU's manifestation of ambition, wishing to leave an imprint full of political meaning.

On the other hand, the emulation of national concepts of belonging seems harmful when the *sui generis* nature of European integration is addressed. Taking for granted that a statehood dimension of European integration is ruled out (Rumford, 2002: 6; Moravcsik, 2002: 606-7), the EU emerges as an alternative category of polity: more than an international organisation but less than a state (Wallace, 1983) is a testable hypothesis. When the EU anchors itself to politically embedded citizenship, its hands become tied to an operational concept traditionally connected with nation-states (Kivisto and Faist, 2007). The problem with the political ambition of supranational citizenship is that the EU is sending signals that might contribute to citizens' misconception of what European integration is becoming. This might happen especially if they connect citizenship to nation-states. In this case, they might wonder whether the EU is becoming a super-state on the making.

One might even ask whether, in these circumstances, the long-standing divorce between citizens and European integration bears a positive imprint: as much disconnected with EU citizenship persons are, the less they get disappointed by its promises. For those who become informed about EU citizenship, the problem is that conventional patterns might lead them to believe that European integration is on the track towards statehood, which is not the case, because

(t)he EU must be judged not in terms of its adherence to some ideal of national democracy but instead as a particular sort of limited, multi-level constitutional polity designed within a specific social and historical context. It follows that any legitimate normative criticism of European 'democratic deficit' must be grounded in a sophisticated analysis of how the EU system has emerged, how it actually works, and whose concrete interests it represents under specific circumstances. (Moravcsik 2001: 187)

2. Where are citizens' loyalties? A survey on statistical data

It is necessary to go outside the theoretical dimension examined in the previous section in order to assess the impact of EU citizenship. If persons are the locus of citizenship, it follows that an empirical exercise is required – one that looks at persons' loyalties that, at the end, might influence the judgement on EU citizenship.

The empirical analysis lays down on the following assumptions. First and foremost, the awareness that EU citizenship does not replace, not even becomes rival of, member states' citizenship. Hence, low expectations might emerge about peoples' perception on EU citizenship benefits. It is reasonable to expect that people are used to conventional parameters that still rely on national citizenship. Moreover, citizenship and nationhood are frequently taken as synonymous (Hoffman, 2004: 17-19), which further blurs the awareness of EU citizenship. Finally EU citizenship faces the challenge of acknowledgment by the people, who is perceived to be largely divorced from European integration (Bellamy and Castiglione, 2000: 68-69). One method of taking account of how EU citizenship is ingrained among citizens is to examine how they perceive European integration. Table 1 (see next page) provides a rough measure, giving information of where citizens look at when they seek solutions for their problems.

The examination of 1995 data shows that people were more concerned with local problems, turning the attention to the regional or the national level of decision-making. The attachment to domestic layers of government was significantly higher in all member states. For both layers the answers ranked near the higher code of attachment ("very attached"). This data contrasts with the way respondents feel attached to the EU:

the average was 2.4, somewhere in between the “not very attached to” and the “fairly attached to” categories. Interesting variations across member states were noticed. In some member states the degree of attachment towards the EU was closer to code 2 (Denmark, Finland, the Netherlands, Sweden, and the United Kingdom), meaning that they were not particularly committed to European integration. Conversely, only one member state (Italy) showed a result close to code 3, showing a commitment to the EU that almost ranks the level of “fairly attachment to”.

Table 1: Feeling attached to a place (1995/2005)

Member State	Region 1995/2005	Country 1995/2005	The EC/EU 1995/2005
Austria	3.7/92%	3.5/94%	2.3/66%
Belgium	3.5/84%	3.2/80%	2.5/72%
Czech Republic	---/81%	---/90%	---/74%
Cyprus	---/86%	---/97%	---/32%
Denmark	3.4/77%	3.7/97%	2.1/74%
Estonia	---/77%	---/92%	---/44%
Finland	3.2/90%	3.6/97%	2.0/74%
France	3.4/83%	3.4/93%	2.6/64%
Germany	3.6/88%	3.3/87%	2.3/66%
Greece	3.9/96%	3.9/97%	2.4/44%
Hungary	---/88%	---/96%	---/92%
Ireland	3.6/93%	3.7/96%	2.5/66%
Italy	3.4/89%	3.5/92%	2.7/75%
Latvia	---/84%	---/90%	---/56%
Lithuania	---/80%	---/90%	---/42%
Luxembourg	---/82%	---/91%	---/82%
Malta	---/76%	---/95%	---/62%
Netherlands	3.1/72%	3.1/83%	2.1/57%
Poland	---/92%	---/97%	---/83%
Portugal	3.7/94%	3.7/97%	2.5/55%
Spain	3.6/89%	3.5/90%	2.4/64%
Slovakia	---/84%	---/86%	---/67%
Slovenia	---/91%	---/95%	---/73%
Sweden	3.4/88%	3.6/93%	1.9/79%
United Kingdom	3.3/86%	3.4/88%	2.1/47%
EC/EU unweighted average	3.5/87%	3.4/91%	2.4/66%

Sources:

1) Data for 1995 adapted from Hooghe and Marks (2001: 55), Table 3.1. (Methodological note: Question: People may feel different degrees of attachment to their region, to their country, or to the EC. Please tell how attached do you feel to...? The data were adjusted from a larger survey where different answers were envisaged for measuring how attached people felt to these three hypotheses: ‘very attached to’ (code 4), ‘fairly attached to’ (code 3), ‘not very attached to’ (code 2), and ‘not at all attached to’ (code 1)).

2) Data for 2005 in European Commission (2005a: 111-112).

The interesting finding here was that the lower level of enthusiasm and involvement with European integration was located at northern member states. Maybe this finding runs against conventional wisdom, since northern member states are usually at the

forefront in what concerns innovative political and decision-making solutions (Lagreid, Steinthorsson and Thorhallsson, 2004). On the other hand, the perception that these countries' citizens are generally happy with governance quality might be a persuasive explanation for their low degree of commitment with European integration (Lane and Ersson, 2008). Perhaps not that surprising is the fact that Italians were, on average, the most enthusiastic supporters of European integration. One possible explanation lies on domestic politics' idiosyncrasies, notably remarkable political instability, and Italians' generalised lack of trust on home-based politicians (Della Sala, 1997).

Data for 2005 did not follow the same methodology. They are presented as a country-by-country average attachment (per cent) to the several layers involved in EU politics. On the whole, the 2005 poll reproduced the long-lasting tendency of people being fundamentally attached to their member state, or even region, and not so much to the EU. The average of citizens' attachment towards the EU (66%) was much lower than citizens' attachment to their home countries (91%). Interestingly, heterogeneity emerged when data were examined across countries. The degree of attachment to the EU varied from 32% (Cyprus) to 92% (Hungary). Statistical dispersion increased by comparison with the 1995 poll. Only five member states presented a degree of attachment to the EU higher than 75% (Hungary, Poland, Luxembourg, Sweden, and Italy). To some extent, was bewildering that some of the newest member states ranked in the bottom five of the scale (Cyprus, Lithuania, and Estonia). Data are instructive of how their neighbours' problems are not among citizens' priorities.

Thus, it is not surprising that European integration deepening was not followed by the development of a common civic identity (Chryssochoou, 2003: 380). Moreover, Eurobarometer surveys show how citizens still prioritise national identity over some kind of (yet) uncertain European identity. Table 2 corroborates the aforementioned reasoning.

Table 2: European versus national identity 1992 to 2005, EC12/EU15/EU25

	EB 37 (Spring 1992)	EB 44 (Spring 1995)	EB 49 (Spring 1998)	EB 57 (Spring 2002)	EB 64 (Autumn 2005)
Only nationality	38	40	44	38	41
Nationality and European	48	46	41	48	48
European and nationality	7	6	6	7	7

Only European	4	5	5	4	2
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Sources:

1) Data from Eurobarometer 37, 44, and 49 in McKay (1999: 167). Data for 2002 in European Commission (2002), Table 4.5.

2) Data for 2005 in European Commission (2005b: 46).

A sharp difference between two broad categories of behaviour comes out of the data: on the one hand, persons who find themselves only national or recognise their nationality comes before European identity; on the other hand, those who put “Europeaness” above nationality, or even the more radical ones who consider themselves only Europeans. Polls show a stable pattern over time when both categories are compared. Throughout the years the “pro-European identity” peaked 11 points at best. Instead of finding out a growing perception of “pro-European identity”, recent data shows the opposite: in 2005 it decreased from 11 to 9 points, which breaks the stable pattern observed across the time series. Conversely, “national identity” ranked on unprecedented levels (89 points). From this perspective, it stands clear that national identity comes before European identity (and for a large distance). Accordingly, it probably makes sense to raise doubts on the desirability of EU citizenship. Only a minority puts “European identity” above “national identity”. Since the gap between both groups is huge, the question is whether it is necessary to lay down the foundations of EU citizenship if people at large drive their loyalties to the national level. Viewed from this perspective, EU citizenship might be challenged. It might be useless, because the vast majority of citizens keep on attached to national loyalties.

Nevertheless, the interpretation of data is different if the answers undergo an alternative aggregation. Even within the “pro-national identity” group, many acknowledge that “European identity” plays a role. This methodology isolates the “pro-European identity” radical extreme (those who only acknowledge nationality). A possible interpretation is that this group feeds the opposition to EU citizenship, considering that nationality is the only thing that counts for them. Numbers in the first line give the overall rejection of EU citizenship. It ranked between 38 and 44 points across the time series.

Therefore, EU citizenship is acceptable for the majority of the respondents (between 56 and 62 points throughout the years). This heterogeneous group differs on the priority given to European identity. Those of put European identity before national identity are

still a minority (fairly stable around 9 to 11 points). The largest group still attaches more value to national identity. However, they recognise a place to European identity. To this extent, it makes sense to include the three groups among those who understand and therefore validate EU citizenship. According to this alternative aggregation of data, the obstacles on the necessity of EU citizenship are overcome. If this methodology is consistent, and the statistical data are considered reliable, EU citizenship should not be challenged.

3. “No taxation without representation”: a knife on European Union citizenship’s heart?

Among liberal democracies the “no taxation without representation” principle is axiomatic (Ross, 2004). It lies at the core of the traditional parliamentary prerogative of levying taxes. Without peoples’ representatives consent the government is not legitimate to force citizens to pay taxes. Thus, the connection between parliamentary representation and taxation is one of citizenship guarantees (Menéndez, 2001). On the one hand, for its rights dimension because citizens are sheltered from governments’ taxation not agreed by their parliamentary representatives. On the other hand, paying taxes is a conventional yardstick of citizenship duties. In this context, “no taxation without representation” provides a clear picture of the double face of citizenship: rights and duties.

The problem with EU citizenship is that the supranational level has no power to raise taxes. Looking to the EU catalogue of competences, income taxation is absent (Alesina and Spolaore, 2003). Furthermore, the EU has a moderate power for harmonising consumption taxes and the largest share of revenue collected stays within member states’ budgets (El-Agraa, 2001). Income taxes and consumption (and special) taxes are a crucial source of revenue of EU member states’ budgets: according to data in table 3 (see next page), the sum of income and consumption taxes represents more than 50% of the total of tax revenues in all member states except France. Significantly, the EU average is 63.5%. In addition, income taxes (as per cent of total taxes) represent a higher share than taxes on goods and services in eight countries (Austria, Belgium, Denmark, Finland, Italy, Luxembourg, Sweden, and the United Kingdom), while the EU average shows how these taxes’ burden is heavier than indirect taxes.

The fact that EU citizens do not pay income and consumption taxes to the EU shows how incoherent EU citizenship might be when the approach takes stock of the connection between citizenship and the obligation to pay taxes. Standing alongside the conventional approach that ties citizenship to the “no taxation without representation” principle, EU citizenship is flawed for the absence of EU taxation powers.

Table 3: EU member states tax structure (2003)

Member state	Tax structure (% of total taxes)		
	Total tax receipts (% of GDP)	Income tax (personal and corporations)	Taxes on goods and services
Austria	43.1	28.6	28.2
Belgium	45.4	38.8	24.6
Czech Republic	37.7	25.3	29.7
Denmark	48.3	60.0	33.0
Finland	44.8	38.7	32.0
France	43.4	23.2	25.5
Germany	35.5	27.4	29.4
Greece	35.7	22.9	35.8
Hungary	38.5	24.7	39.4
Ireland	29.7	37.4	38.4
Italy	43.1	31.7	25.7
Luxembourg	41.3	36.2	28.1
Netherlands	38.8	25.5	31.8
Poland	34.2	18.1	35.8
Portugal	37.1	24.5	36.7
Slovakia	31.1	19.9	36.2
Spain	34.9	27.6	28.2
Sweden	50.6	36.3	26.3
United Kingdom	35.6	36.5	32.7
EU average	40.5	33.1	30.4

Source: adapted from OECD (2006: 60-61). Data were absent for Estonia, Lithuania, Latvia, Slovenia, Malta, Cyprus, Romania and Bulgaria.

The problem is not so much the distribution of competences between the national and the supranational level. The problem unveils a symbolic dimension: if citizenship includes – among other aspects – a connection with the polity where persons pay taxes, no such linkage exists at the EU level. People are told they are also EU citizens, but they keep on paying taxes at the national level. Taxes paid are part of the social contract that brings rights and duties to taxpayers. Tax revenues are the cement of society building. The material dimension of citizenship is emphasised by the obligation of paying taxes as taxpayers’ contribution to society building (Scholz and Lubell, 1998). At the same time, it is complemented by the outcome of tax collection: services and

goods delivered by the government (Musgrave, 1997). The outcome of this inconsistent path is the likelihood that EU citizenship is just a matter of rhetoric, and that by no means it can be compared to conventional, state-centric citizenship. If the material dimension of citizenship is labelled “fiscal citizenship”, such ingredient is absent in the EU.

European integration is a paradoxical example. It already encompasses rules of representation: members of the European Parliament are elected; they have democratic legitimacy. For the issue under discussion, the paradox stands on the fact that EU meets the representation standard² but fails the taxation condition. It is a paradoxical case of absent (conventional, state-centric) citizenship for the lack of significant fiscal powers. At the supranational level, fiscal citizenship is not an operational concept. While for conventional, democratic-liberal patterns taxation is forbidden if the representation standard fails, at the EU the independent variable is met (representation) but not the dependent variable (taxation). It seems that the EU accomplished the most difficult requirement (representation) but misses the logical implication of it – taxation. Contrary to nation-states, the EU standard is *representation without taxation*.

To what extent does this unconventional pattern affect EU citizenship is the question at stake. First, it should not be ignored that EU citizenship is different from member states’ citizenship. The context and the ambitions of EU citizenship stand outside the usual parameters of national citizenship. Some of the criticisms against EU citizenship start from the assumption that citizenship is a homogeneous, all-encompassing concept. Hofmann (2004) emphasised that the flaw is to consider citizenship (in general) linked to statehood. Experts on citizenship already showed how this reasoning is flawed (Bellamy, Castiglione and Shaw, 2006; Dobson, 2006). Citizenship – as it happens with sovereignty – faces ongoing evolution and should accordingly accommodate to changes.

² This is not consensual. Amidst doubts on the democratic legitimacy of European integration, because only the European Parliament reflects citizens’ choices, critics add that the parliamentary institution is not a key player in shaping European integration, which further heightens EU’s democratic deficit (Schmidt, 2001: 340). I will skip this discussion, since the paper’s goal is not to conclude whether the EU faces a democratic deficit. For the issue under discussion, what matters is the analogy between member states and the EU as far as the parliamentary institution is concerned. In other words, the “no taxation, no representation” principle at the national level is deeply rooted on the parliament’s dignity. At this level, the analogy is perfect because the European Parliament is elected and owns important fiscal powers in the EU budgetary bargaining process.

While in the past citizenship belonged exclusively to nation-states, nowadays these are increasingly losing ground in the international arena, as they are unable to domesticate intense international economic interdependence (Siedentop, 2000). Nation-states no longer hold the monopoly of power. New polities emerged, feeding a wave of regional integration. Together with these polities new forms of legitimacy, decision-making, institutional building, transnational socialisation emerged (Mény, 2002). All this puts new challenges for citizenship, as increasingly peoples' welfare depends on the interaction of governments at the supranational level, not to mention international markets' influence. Although centralisation is ruled out, decisions are increasingly the outcome of supranational institutions' decision-making or, at least, intergovernmental cooperation (Magnette, 2005b). For these reasons, scholars point to the emergence of post-national citizenship within a context of post-national sovereignty (Shaw, 2000).

If the context is different, expectations should be shaped accordingly. It is wrong to examine EU citizenship using the analytical framework that is suited to conventional, state-centric citizenship. The inconsistency between EU citizenship and the "no taxation without representation" principle is not a sword hanging over. There are powerful reasons that explain why taxation is a matter of national governments' judgement. These explanations borrow from European integration developments. To begin with, the EU is not a state and is not becoming one (Burgess, 2000: 41), despite European integration deepening achieved in consecutive treaty amendments. Since Economic and Monetary Union (EMU) introduced a single monetary policy, national fiscal policy is member states governments' only macroeconomic adjustment tool. Therefore, national governments' autonomy is crucial when it comes to fiscal policy design. Furthermore, unity within diversity is still the leading force behind European integration. Member states tax traditions are still divergent. Crucially, the power to levy income and indirect taxes is still envisaged as a sovereignty prerogative (Genschel, 2005). All this contributes to understand how in the EU taxes remain largely within national powers.

In this context, paying taxes to the EU is meaningless. At the same time, it strengthens the innovative nature of EU citizenship as a concept that stands outside the gridlock of conventional citizenship and, therefore, rules out "fiscal citizenship" as a necessary ingredient. After all, EU citizenship does not impose a duty dimension to EU citizens.

By conventional standards, EU citizenship's absent dimension of obligations would be enough to challenge it.

Secondly, if one realises that "fiscal citizenship" is indeed necessary to make EU citizenship credible, maybe the astonishing finding is that citizens already pay taxes to the EU. To that purpose, a careful overview on EU budgetary dynamics comes to the surface. The EU budget relies on several sources of revenue (Laffan, 1997: 36-61): tariffs, agricultural levies, the Value Added Tax (VAT) contribution, and the Gross National Income (GNI) resource. Without going into further details, at the outset (early 80s') it was expected that tariffs, agricultural levies and a maximum 1% VAT contribution would be enough to achieve balanced supranational budget (a constitutional constraint). This expectation was short-lived. VAT input was raised to 1.4% in 1986. Yet it was not enough to balance the supranational budget. At that time a further obstacle emerged: concerns of inter-regional equity, because VAT contribution faced inequity. In relative terms, it imposed a heavier burden to poorer member states that had recently joined the European Communities (ECs) (Tsoukalis, 1997). In 1988 member states agreed on an extra source of revenue to the EC budget: the GNI contribution. The goal was twofold: to avoid budgetary problems of the recent past, and to introduce equity on ECs' financing. The GNI contribution is directly made by national governments, based on a complex formula that estimates income necessities after computing the other three sources of income and expenditures planned. At the beginning this contribution was capped to 1.2% of ECs' GNI, with a proportional contribution made by all member states. Subsequently it was timidly raised to 1.27% of EU gross income (El-Agraa, 2001). Currently, an inter-institutional agreement capped EU budget revenue to a maximum of 1,24% of the Union gross income.

These innuendos of EU budgetary policy show how the solution to the lack of resources was another source of revenue that, at the end, represents a clear "renationalisation" of the EU budget (Enderlein *et al.*, 2005). GNI resource is currently the most important, not only for its balancing effect but also for introducing a measure of inter-member state equity. It represents 76% of the total revenue. However, the way it is collected – a direct transfer from national treasuries to the EU budget – implies the "renationalisation" effect. More important that the changing nature of EU budgetary policy is the awareness

that *a share of citizens' taxes go to the EU budget*. Constitutionally speaking, they do not pay taxes at the EU level. Indirectly, they do it.

Conclusion

Empirical data are instructive of how the EU lags behind member states when the direction of citizens' loyalties is examined. Nevertheless, they are instructive of citizens' expectations vis-à-vis the EU. Paying attention to table 1, data show that the EU is not unimportant for citizens. In 1995 the average degree of commitment was halfway between the "not very attached to" and the "fairly attached to" codes. Significantly, 2005 data reveal that 66% of persons acknowledge they are attached to the supranational level. The data reveal that two out of three respondents understand the EU is important. It is reasonable to expect their expectations should be met by EU institutions. In this context, perhaps there is room for EU citizenship. Otherwise the gap between the polity and citizens is a huge bridge that tears them apart from the EU.

Furthermore, the fact that a share of citizens' taxes accrues to the EU budget plays a role in capturing the relevance of EU citizenship. Not only for the linkage between taxpayers and EU finances, but also because the EU budget performs a rather timid redistributive function (both in sectoral and in geographical terms). Contrary to conventional expectations (based on a conventional approach of citizenship), the "no representation, no taxation" principle is already met at the EU. Therefore, EU citizenship is not only rhetoric.

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