

Leopold Kohr theorist of economic decentralisation

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Abstract

The work of Leopold Kohr has attracted attention from social scientists in the field of international political studies, but few political economists have studied his theoretical argument in detail. Few students have tried to unite economic and political arguments to understand his contribution in a more analytical way. We will argue that Kohr's principal theory (diseconomies of scale) was inherently economic, an attempt to elaborate on the concept of scale in a broader perspective and in a more complex way, including the idea of quality and, in particular, power relations. In this paper, we try to make sense of Kohr's idea of decentralisation by studying his contributions from a political economy perspective. Moreover, conclusions will be drawn that relate Kohr's view to present-day governance problems in the European Monetary Union, in which actual governance reflects all dangers that this scholar feared.

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Introduction

A certain scepticism on the European Union's actual institutional configuration and, specifically, that of the Eurozone has arisen in the past 10 years. This pessimism concerns the sustainability and beneficial effects from centralised monetary policies, as well as the limitation of fiscal policies in the context of enduring differences in national economic structures. Criticism also has been directed toward the European Commission's competence and, above all, to the actual way in which decisions are made (particularly the intergovernmental method). A frequent answer to these concerns is that implementation of the Maastricht Treaty should be completed, which would create a centralised political union. In allowing for a broader space of solidarity, the treat would create a different economic structure and more flexible adjustments. However, how to ensure non-costly economic adjustments in the absence of exchange rates remains difficult to conceive.

Solving centralisation problems with more centralisation certainly was not Leopold Kohr's (1909-1994) approach. He warned of the difficulties in organising a single European economic space since the early phases of the European Community (Kohr, 1960; 1965). Based on research that he conducted starting in the 1940s (Kohr 1941), Kohr's principal argument was that the economy can achieve its best results when organised in jurisdictions as small as possible and in small production units. The organisation of broader economic spaces requires a specific and articulated arrangement, in which smaller communities must be federated carefully according to a fundamental politico-economic principle: balancing of powers.

Kohr's work preceded and influenced E. F. Schumacher's *Small Is Beautiful* (1971), which acquired broader fame. Kohr's ideas have had a certain success, comprising the basis for both the green movement and some 'communitarian' right-wing conservatives. Despite his fundamental keeping on economic reasoning, his peculiar methodology has limited the diffusion of his ideas to the attention of a few sociologists and students of politics.

In this paper, we will present and analyse Kohr's principal ideas and methodology. We will supply some answers to some questions: Is Kohr worth considering for studies of political economy today, or should he be placed in the category of social philosophers? Are Kohr's arguments still relevant and tenable? Are they valid from a scientific perspective? Do they help us frame contemporary problems of European governance? His theoretical framework will be presented first, then his methodology will be analysed. We then will focus on diseconomies of scale, Kohr's fundamental concept. Finally, we will return to the European Union and its governance problems.

1. Kohr's intellectual trajectory

Kohr was born in Oberndorf, near Salzburg, Austria, in 1909 and died in 1994 in Gloucester, Wales. He studied jurisprudence in Innsbruck and earned a doctorate in state administration in Vienna.

He worked as a journalist, covering the Spanish Civil War in the 1930s, then in 1938, he migrated to Canada (where he briefly worked for a gold mine), then to the US as a consequence of *Anschluss*. From 1943 to 1955, he lectured on Political Economy and Political Philosophy at the Rutgers New Jersey University. He then accepted a chair at the University of Puerto Rico in San Juan, which lasted from 1955 to 1973, when he retired in Wales.

Kohr can be viewed as an anarchic-individualist with a social-democrat orientation¹, holding a critical and humanistic view of progress. During his work in Puerto Rico, he met Ivan Illich, who expressed a position remarkably compatible with Kohr's, but apparently, neither became deeply involved in each other's work.

Illich describes Kohr's position this way:

To place him among the champions of alternative economics would be a posthumous betrayal. Throughout his life, Kohr laboured to lay the foundations for an alternative *to* economics; he had no interest in seeking innovative ways to plan the allocation of scarce goods. He identified conditions under which the Good became mired down in things that are scarce. Therefore, he worked to subvert conventional economic wisdom, no matter how advanced (Illich 1996).

As Illich brilliantly understood, Kohr aimed to devise a theory of social and economic morphology comparable to that of D'Arcy Thompson and Haldane in biology. In the 1970s, Kohr met Schumacher and discovered wide convergences in their thought, but, Kohr's theoretical point cannot be resolved through the principle of 'small is beautiful'. His theory was much more elaborate and founded on the need to take man as the measure of social structures. His principal point was not about the advantages of being small, but about the study of proportionality and harmony of structures in a way that limits social costs.

His peculiar approach was first developed in his *The Breakdown of Nations* (1957) and improved in *The Overdeveloped Nations: The Diseconomies of Scale* (1962). These works critiqued the modern ideology of growth, introducing the idea that the form and size of human organisations should be based on the principle of proportionality. His criticism of unrestrained growth

¹ He took part in many struggles against fascism and Nazism.

is well-suited in the wake of the technological pessimism that characterised many German intellectuals² in the first part of the 20th century. In proposing some solid argumentation in such a social philosophy perspective, he elaborated on a series of concepts that typically are economic in nature: the *velocity theory of population* (derived from the quantity theory of money), *diseconomies of scale*, etc. Moreover, he maintained an individualistic perspective critical to large corporations and to managerialisation (Kohr 1974).

Together with Schumacher, he regularly published articles in John Papworth's reviews *Resurgence* and *Fourth World Review*. In 1983, he received the Alternative Nobel Prize in Stockholm, and today his ideas are alive at the *New Economic Institute* and in the *Leopold Kohr Akademie*³.

2. Reception of Kohr's idea

"I have written a certain number of books, but they all deal with the same topic" (1976). This statement from the opening of Kohr's *The City of Man* underlies that he developed a single idea throughout his career – that the right dimension exists for every economic organisation. Unfortunately, this kind of topic was not (and still is not) on economists' agenda, and his language and argumentative style were at odds with standards in the economics field. In fact, political scientists cite him more often than economists do. However, even the former do not always understand how he supported his ideas. Dahl and Tufte (1973) cited Kohr, but criticised him for being eccentric, e.g., presenting extremely ridiculous oversimplifications (concerning the theory of size, 1957).

His scholarship found some success in the 1990s and early 2000s. Colin Ward (1992) ascribed a certain relevance to his theory as one of anarchism. John Coleman (1999; 2005) often cited him in connection with the development of *New Regionalism* and the resurgence of *Europe of the Regions* (besides some new, specific conservative, movement ideals). Helleiner (1996) views Kohr as the father of green ideology⁴.

Political scientists such as Jörg Horn (2004) still refer to Kohr (1978) when discussing federated micro-regions' viability. We also can see some follow-up in discourse from McRobie (1981) in *Small Is Possible* and Harden (1985) in *Small Is Dangerous*. Benjamin Gussen (2013) wrote a

² We may cite Jaspers, Spengler, Heidegger, the early Frankfurt School.

³ This academy's web page is at <https://www.tauriska.at/kohr>.

⁴ However, Kohr said his ideas were ancient, referring to St. Augustine of Hippo.

brilliant article inspired by system science to develop the problem of scale in relation to symmetry breaking. Some other 'mainstream' studies on the relationship between the size of nations and democracy (Dahl and Tufte, 1973) could not avoid referring to his work. British conservatives who are opposed to the European Union, such as Richard Body, found inspiration in Kohr's ideas. Body's (1998) *Breakdown of Europe* clearly refers to his work as a fundamental inspiration.

On the other hand, economists' works on the size of nations totally have neglected his contributions. Charles Kindleberger (1983) is the only economist who has studied Kohr's work seriously, praising his view of positive effects from separating nations and small countries to weaken the excessively generalised role of Mancur Olson's concept of distributive coalitions in nations' decline.

3. The methodology based on scale variance and balance

Discussing Kohr's methodology is difficult, as he did not propose any insight or justification for his way of arguing or on the epistemic status of the evidence proposed to consolidate his statements. However, his style of argumentation is relatively straightforward and close to classical political economy.

First, his approach is based on broadening the view to provide a thick information on the object of study and its problems. Second, his view is based on an interdisciplinary perspective, integrating the political and social dimensions in economic problems. Third, his argumentation has a practical orientation that is not to be confused with ethics or normative approaches, but is simply action-oriented in the classical tradition. Fourth, his argumentation has no desire to consider the spiritual side of man, but rather remains centred around man's broadly conceived well-being.

In his argumentation, we find the idea of complexity, intended as the necessity and difficulty in controlling a wide set of variables, while keeping man as a reference. Taking into account a large variety of factors, he seldom turns to a *ceteris paribus* method of reasoning. He also does not turn to ideal types as an analytical strategy. He just provides a variety of examples taken from history, which are used abductively to show a recurring model of relevant factors' interactions that can frame present problems.

As a consequence, Kohr always considers a wide set of variables, considering those usually adopted by economists as too narrow for understanding complex phenomena. The reason for widening the focus is to

detect and understand the reasons for side effects and counter-intuitive reactions within the studied systems. Moreover, this approach is framed by a classical conception of human nature – at least from St. Augustine onward. On the other hand, his approach can be best understood through system thinking (Jackson 2002).

As Illich (1994) stressed, Kohr denounced the economic ideology of bigness by focussing mainly on economic concepts. The only departure from standard economics is the attention paid to side variables, feedback, and the strict reference to the ‘human measure’ in the evaluation of facts. But individual subjective evaluation remains the same as in standard economics. No explicit connection is made with US institutionalism or to the European (Kapp can be viewed as being close to some of Kohr’s views on business, but is never cited).

4. The idea of diseconomies of scale

Kohr’s most well-known work, *The Breakdown of Nations* (1957), builds on an early paper provocatively titled “Disunion Now” (1941), which was published in *Commonweal*, a New York Catholic weekly. It argues that oversized nations cause most international political troubles. In this work, we found several basic concepts that will be developed further in other publications. Kohr actually loves presenting nearly paradoxical principles, as well as surprising the reader with strange statements that, nevertheless, are backed by historical examples and scientific reasoning.

The first point concerns what he calls the ‘power theory of social misery’. His thesis is that social brutality depends on size. Nonetheless, the scientific point is that a *critical size* for a social system always exists. Generally, such a critical size is reached when some part of the system can reach a power level at which it becomes immune to retaliation from other members. In this way, power’s value is tied to reaching immunity from control. Therefore, a fundamental starting point for Kohr is the *principle of countervailing power*, which makes a socioeconomic system viable by keeping economic interactions balanced (a balance of powers, p. 102). An economic system cannot grow indefinitely without abandoning the equilibrium of powers. An economic example of this can be seen in firms growing beyond a limit that is not internal, but socially defined, because firms’ optimal size depends on other firms’ characteristics (competitors, as well as suppliers and clients).

The economic argument is inspired by the ‘small cell principle’, which asserts that the biological cell is efficient because it has a size in harmony

with its function. At this point, Kohr loves citing Aristotle: “To the size of states there is a limit, as there is to other things, plants, animals, ...” (p. 84). A system is the right size when it supplies necessary services. Three elements can be observed to study the correct size of a system: A) size; B) density; C) population velocity. The latter is called *theory of effective population*, based on the ‘speed of population’ (Kohr, 1958). The higher the speed that a population moves or interacts, the more likely it is to reach critical size soon. Kohr proposes a geometric relationship of the kind $D = (PV)/L$, in which (D) is density, determined by both the population size (P) and the pace at which people interact (V) relative to available living space (L). Overpopulation problems, which increase social costs that lead to ineffectiveness, also are determined by population velocity (Kohr 1958, p. 179). Generally, technology worsens problems because it normally is oriented toward increasing interaction speed. The example of traffic jams is well-g geared toward supporting his view⁵.

On the other hand, a social system’s optimal size also is connected to production, education and organisation:

If capitalism has had such stunning success in its earlier stages, it was not because of the incentive effect of private property relationships. Stalin medals produce the same result. It was because of its embodiment of the competitive principle whose most fundamental prerequisite is the side-by-side existence not of a few large, but of many small facilities requiring not the waste of extensive, but the economy of intensive operation. And if it developed cracks in its later stages, it was not because (of) its social shortcomings, but because of its infection with large-scale organisms, such as monopolies or unsurvayably huge market areas, which, far from being responsible for economic progress, seem to be its principal obstacle (1957, p. 144).

The controls applied to the system should preserve the human element, instead of using mechanical market reactions. However, nearly all problems dissolve into non-problematic proportions if the organism to be controlled is reduced in size. Consequently, Kohr frequently cites the Augustinian ideal of small-state arrangement and the principle that in large sizes, politics are incompatible with *summum bonum*.

The reason why Kohr introduces the notion of (dis)economies of scale is that the optimal size is related to the concept of productivity. However, this

⁵ In this case, Kohr was more oriented toward restoring a ‘largely pedestrian mode of life’, rather than finding an optimal proportion (Kohr 1958, p. 181). We may also note that these relations could be valuable to study the diffusion and impact of the COVID epidemics, which certainly is related to the level of human density (I thank an anonymous referee for suggesting this remark).

is not a productivity study that isolates the relationship between an input and a product. This is comprehensive productivity, which entails a wide set of factors that normally are out of focus for economists. This means that scholars should pay attention to a whole set of factors linked to the size of production or agglomeration, which usually displays negative returns (as in the theory of social costs by Kapp, 1963). We can summarise Kohr's diseconomies of scale theory by noting that while unit monetary production costs often decrease with production size, such a size increase produces a more-than-proportional set of negative side effects that usually are weeded out of economic models. Small firms suffer from low productivity, but they also display low management costs and less social impact from their activities. However, the issue not only concerns smallness, but also the pretence of rationalistic planning. Regarding this issue, Kohr advances some arguments against planning that are similar to Hayek's.

Kohr's idea of human measure-made concerns also finds some application in urban planning, which can be seen in some papers collected in the *City of Man* (1976). Starting from the presupposition that speed incurs costs and that people's personal interactions are the measure of a good town, he proposed the 'square-based theory of location'. From such a perspective, the best town should be an aggregation of squares. In the latter, human life finds the right form of velocity and interactions. For this reason, he cited Edward Wakefield, arguing that 80-85% of a town's income is determined by internal activities, not external relations (at least at that time). Self-sufficiency is used as a partial goal in his argument. To further support his argument, he cited Henry Charles Carey (from the first US independentist school), distinguishing between commerce (within the community) and trade (external). Like Thomas Aquinas, Carey condemned the latter as relenting development due to transport costs (transformed here into social costs). Unfortunately, Kohr concludes, people are instead attracted by a metropolis through a direct proportion of its extent and by the inverse-squared distance.

On the same topic, he refers to Raoul Prebisch's 'law of peripheral abandonment' in connected territories, as well as Gunnar Myrdal's 'cumulative causation' for the tendency toward increased depression of peripheral lands. Unification, also for a town, is problematic and a source of diseconomies. However, decentralisation is not enough, in fact, it took two centuries for Scotland to recover from the unification with England: Dependence, integration and union mean increased poverty.

A different facet of the same problem is analysed in the article "Size Cycles" (1992), which apparently could be considered odd, but instead contains interesting insights on present-day financial instability. The principal

point in this work is that during the economic growth in the second half of the 20th century, cyclical forces pressing downward were not abolished, but merely held in check by compensatory government action whenever they threatened to assert themselves. As a consequence, this argument goes against Keynesian macroeconomic management because it turns visible cycles into hidden ones (p. 56). Effective control requires visibility of problems. Safety margins are compatible with the consequences of errors and miscalculations without distorting the anticipated results. The large scale makes this activity impossible.

A subsequent point is that the fluctuation entity is due to, and more than proportional with, the scale that modern activities have reached. Similar to water basins, the larger the size of the basin, the taller the waves. Scale or size cycles take their amplitude not from any particular economic system, but from the size of the body politic through which they pass. Wave size depends on the absence of obstacles or other naturally regulating mechanisms. Cycles are magnified by economic integration, and attempts at government control have expanding effects (1992, p. 57). What should not be done is increase government controls until they match the devastating scale of the new type of economic fluctuations, nor will their dismantling produce any results. What must be done is a reduction in the body politic's size. It is the latter that gives them their devastating scale. Size should be reduced until instability can be matched once again by the limited talent available to the ordinary mortals of which governments are composed:

Let us replace the oceanic dimensions of integrated big powers and common markets by a devolved dyke system of inter-connected, but highly self-sufficient local markets and small states, in which economic fluctuations can be controlled not because our leaders have Yale degrees, but because the ripples of a pond, however animated, can never assume the scale of the huge swells passing through the united water masses of the open seas (Kohr 1992, p. 58).

Obviously, these statements pleased conservatives and greens.

Dean C. Ludwig (1994) took inspiration from Kohr in his management studies, arguing that economic theory is full of hidden assumptions about the desirability of size. The need for growth is embedded deeply in organisational theory: the correlation between size and age; desirability of large size; and the idea that growth is synonymous with efficacy. Moreover,

the widespread idea exists that large scale brings stability by diluting problems.⁶ However, Kohr argues otherwise.

The result of this reasoning on diseconomies of scale is the introduction of the notion of *density costs*. Such costs (1) make the organism/organisation/jurisdiction less effective; (2) create the need for management at a costly non-productive level; (3) have undesirable systemic ramifications. The consequence is that the right proportion must be found in each society. Then, as a consequence, the end should be to link, not fuse, units to adjust, not unite.

5. Towards a new measurement of living standards

We have argued that, from a strictly microeconomic perspective, Kohr's *density costs* mainly are social costs in the broadest sense and can assume many forms. For this reason, early in 1955, he proposed an initial tentative framework that can distinguish real quality of life from side costs (which are a positive component of GDP). Kohr anticipated the research in this field well before the principle of *limits to growth* was popularised by the Meadows report.

He argued that the rise in living standards generally is overestimated. To explain this statement's rationale, he separated a substantial consumption level, called a subsistence level, and consumption in excess of an essential level, defined as 'luxuries'. Real well-being is defined as the value of *luxuries* in excess of *essential* consumer goods. In fact, development makes an increasing quantity of costs mandatory to people just to be able to adhere to required interaction standards (e.g., cars, clothes, portable phones). Therefore, what has happened in our development process is a rise in *necessary goods* and producer goods:

Instead of growth serving life, life must now serve growth, perverting the very purpose of existence. Economically speaking, this means that once a society outgrows its proper size, a size determined by its function of providing the individual with the greatest possible benefits, an ever-increasing portion of its increasing product and productivity must be used to (raise) not the personal standard of its members, but the social standard of the community as such (1955, p. 155).

⁶ We (including the ECB) often value positively banks' mergers. But the increased stability and efficiency of large banks is due to their power, which is usually a bad effect for the citizen as well as for small firms.

In *Overdeveloped Nations: The Diseconomies of Scale* (1962), Kohr reframes this view a bit, arguing that social goods and infrastructure, on one hand, and personal consumer goods, on the other, pose different problems. Consequently, he distinguished between different kinds of goods: subsistence; density commodities; luxuries; and power commodities. So, we should separate positional goods (power goods) from luxury goods to calculate real surplus. Moreover, density goods represent the whole expenditure for goods used to cope with the increased speed and wide scale of society (e.g., transportation).

Kohr notes that we are consuming an unprecedented mass of ‘new essentials’. As social, technical and economic development proceeds, many ‘above-subsistence-level commodities’ of yesteryear have become necessities today (1962, p. 95):

As society expands, the increased coordination of its productive forces, now both possible and necessary as a result of specialisation, at first benefits its individual members so that a greater output automatically means a greater share in essential, as well as non-essential, consumer goods for each (1962, p. 95).

But then the pool of goods necessary for subsistence rises, decreasing the margin of luxuries and lowering the standard of living. The more society gains in density and coordination, the more consumption becomes necessary. Such *density commodities* cannot increase happiness, as they are expenses for the individual without real benefit. On the other hand, Kohr defines *progress commodities* as those necessary to maintain interaction standards (cell phones and the Internet today).

So, as society and the economy grow, some inflationary tendencies in subsistence-essential goods have taken place, which is one reason for societal diseconomies of scale. This determines the law of diminishing productivity as applied to the growth of social organisms, such as cities or nations (1962, p. 101). The consequence is that something has become too big, e.g., production area, market etc.

6. Organisation of the European Economic Union: The form and the size

So far, we have considered the different theoretical points that are the basis of Kohr’s analysis, but some of his writings have been dedicated

explicitly to federalism, custom unions and the birth of the European Community as a project for a federation.

His first published paper dealt specifically with this issue, describing the *virtue of smallness*. “Disunion Now” (1941) was published in *Commonweal* (reprinted in Kohr, 1992) and makes some provocative, but clear, political arguments derived from his idea of balanced interactions. Here, we can find the principle that the US cannot be a model for Europe, as it is a rather fragmented state, rather than a united federation. The culture and language are the same; therefore, differences are made artificially and not historically grown. Nonetheless, the US is made of nearly equal-size states. Switzerland is also not a good analogy, as it also is a fragmented state (p. 22) that is not made of nations.

A federal EU would require 40 or 50 equally small states to function well. A European federation with 80 million Germans ‘would end up in a German hegemony’. To support this statement, Kohr proposes the example of the nineteenth century union of Germany, which was unbalanced and dominated by the Prussians. This led to the Prussianisation of German states, not a balanced federation. Thus, the consequences are known. This issue was re-elaborated in *The Breakdown of Nations* (1957) when Kohr restated that:

Only *small* states can be united into healthier larger organisms. Only *small* states are federable. Wherever a large state participates in a federal union, the federation cannot last’ (1957, p. 177).

‘In their present shape, Germany, France and Italy can never be successfully joined together. Nor could be France and Great Britain, as was demonstrated in the case of Western Union. But Alsace, Burgundy, Navarre, Bavaria, Saxony, Wales, Cornwall, Scotland, Lombardy and Parma can (1957, p. 188).

As a consequence, regions are federable because they have a ‘federable size’. Moreover, they enjoy a civil history free from the mortgage of far-flung perpetual hostility, e.g., France, Germany and Great Britain. So, “If regions containing great powers *want* to unite, they *must* divide these powers” (1957, p. 193). Therefore, Kohr’s idea is a division of national states through proportional representation (regardless of size) in the federated unit. There should be some regional representation in Europe. Moreover, he proposes the restoration of Europe’s old nations (Wales, Venetian Republic, Normandy, etc.) to have more solid compositional units.

These ideas also are based on a study on custom unions worldwide. Some results of that study have been published as “History of the Common Market” (1960), which is a detailed history of free-trade agreements, custom unions, unions and political unions from the nineteenth century to that time. The

conclusion is that only custom unions combine the advantages of continued sovereignty and intimacy of economic association.

Kohr also had an opinion on the European Community's creation. In 1965, he published "To join or not to join", in which he analysed the opportunities represented by the Community for Britain. He re-proposed his pessimism concerning big economic systems and pointed to income distribution. Thus, his advice was not to join, but instead divide the United Kingdom itself into manageable states of 3 million to 5 million inhabitants each. He noted that a larger share of the working class was in a state of destitution during the British empire compared with 1951:

the greater the power of Britain, the worse the destitution she suffered. The more she lost in area overseas, the higher became her living standard at home. The more she shrank, the easier it was to divert her resources from the power to the welfare state, and turn destitution to affluence (1965, p. 41).

Smallness does not cause poverty or underdevelopment. On the contrary, states such as Sweden and Switzerland are some of the best in terms of wealth. Both Sweden and Norway benefitted from their separation. The smaller the country, the more easily it can be managed and, thus, economically efficient.

After all, it was not (a) union, but a continuous process of dismemberment, division, separation or, as Julian Huxley would call it, adaptive radiation, which has created the most flexible economies and caused the most spectacular advances (1965, p. 43).

Underdeveloped regions within the Common Market...are characteristically located not in its small member states... but in integrated and long-united large territorial powers such as Italy and France, whose dishevelled governments have never managed to pay proper attention to their Calabrias and Brittanias (1965, p. 44).

He accuses both practitioners and theorists of being obsessed with growth. Instead, "what really counts in our time is the economics of size, of shape, of form" (1965, p. 44). As a consequence, his advice to Europe was not to call for a union, but rather a general dismemberment.

7. Conclusion: The Europe of regions

These early ideas developed by Kohr should not be used to argue in favour of a dis-union of Europe today. On the contrary, they help understand the

deadlock that makes the European Union insufficiently reactive to many challenges. What can be derived from Kohr's study is the idea of a greater harmony from a Europe made of regions, as developed in the early 1990s (Borrás-Alomar, Christiansen, Rodríguez-Pose 1994). John Coleman was a pessimist concerning the Franco-German axis early in 1989. Marcello de Cecco also was a pessimist on the Maastricht Treaty built around the Franco-German compromise (de Cecco 1996). In a certain sense, Kohr contributed to the development of the 'new localism', which dissolved after the turn of the millennium.

His set of concepts included a theory of size inclusive of a wide set of factors that can describe the effects from size on the whole social system. A second step concerns the distributive effects and the instabilities of wide systems, which also related to centre-periphery theory from the 1950s. Consequently, his theoretical arguments are more solid than usually thought, although expressed unconventionally.

Today, we can experiment with some of the wide-system effects predicted by Kohr: financial disturbances (size cycles) and distributive effects within the Eurozone (e.g., imbalances between Germany and the Southern and Eastern periphery). Kohr's suggestion would be to dismantle Germany and other big states and create a federated Europe of regions.

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