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978-1-107-50397-7 - Which European Union?: Europe after the Euro Crisis

Sergio Fabbrini

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Which European Union?

Sergio Fabbrini explains that the European Union (EU) is made up of member states pursuing different aims, rather than simply moving in the same direction at different speeds. He describes the alternative perspectives on the EU (an economic community, an intergovernmental union and a parliamentary union) that led to multiple compromises in its structure and shows how the euro crisis has called them into question. The book argues that a new European political order is necessary to deal with the consequences of the crisis. It should be based on an institutional differentiation between member states interested only in market cooperation and those advancing towards a genuine economic and monetary union. Such a differentiation would allow the latter group to recompose their (intergovernmental and parliamentary) perspectives into an original model of political union, here conceptualized as a compound union of states and citizens. At the same time, a revised framework of the single market, where all European states can participate, should be agreed.

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University Printing House, Cambridge CB2 8BS, United Kingdom

Cambridge University Press is part of the University of Cambridge.

It furthers the University's mission by disseminating knowledge in the pursuit of education, learning and research at the highest international levels of excellence.

www.cambridge.org

Information on this title: www.cambridge.org/9781107503977

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First published 2015

A catalogue record for this publication is available from the British Library

Library of Congress Cataloguing in Publication data

Fabbrini, Sergio.

Which European Union? : Europe after the Euro crisis / Sergio Fabbrini.

pages cm

Includes bibliographical references and index.

ISBN 978-1-107-10394-8 (hardback)

1. European Union. I. Title.

JN30.F32 2015

341.242 '2-dc23

2014043723

ISBN 978-1-107-10394-8 Hardback

ISBN 978-1-107-50397-7 Paperback

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Frontmatter

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Sergio Fabbrini

Frontmatter

[More information](#)

Contents

<i>List of boxes</i>	<i>page</i> x
<i>List of figures</i>	xi
<i>List of tables</i>	xii
<i>List of abbreviations</i>	xiii
<i>Preface – How many unions?</i>	xvii
<i>Acknowledgments</i>	xxxiv

Part I Institutionalization of multiple unions	1
1 From Rome to the Lisbon Treaty	3
1.1 Introduction	3
1.2 The institutionalization of the single market	5
1.3 Maastricht and the new critical juncture	14
1.4 Maastricht’s multiple compromises	21
1.5 Maastricht to the Lisbon Treaty	26
1.6 Conclusion	30
2 The Lisbon Treaty and the euro crisis	33
2.1 Introduction	33
2.2 The supranational Lisbon Treaty	34
2.3 The intergovernmental Lisbon Treaty: foreign policy	41
2.4 The intergovernmental Lisbon Treaty: economic policy	45
2.5 The euro crisis and the European Council	49
2.6 Conclusion	62
3 Institutionalization and constitutional divisions	64
3.1 Introduction	64
3.2 A constitutional regime without a constitution	65
3.3 Divisions on national sovereignty	70

viii	<i>Contents</i>
3.4	Divisions on democratic legitimacy 78
3.5	Divisions on interstate relations 82
3.6	Conclusion 87
	Part II Main perspectives on the European Union 91
4	The perspective of the economic community 93
4.1	Introduction 93
4.2	Regional economic organizations 96
4.3	Economic cooperation in the Asia-Pacific region 100
4.4	Economic cooperation in the Americas 107
4.5	Comparing regional economic organizations 115
4.6	Conclusion 122
5	The perspective of intergovernmental union 124
5.1	Introduction 124
5.2	Intergovernmentalism as a political system 126
5.3	The political constellation of intergovernmentalism 130
5.4	Dilemmas of the intergovernmental union 137
5.5	The post-euro crisis intergovernmental union 143
5.6	Conclusion 150
6	The perspective of parliamentary union 153
6.1	Introduction 153
6.2	The institutionalization of the EP: role and organization 156
6.3	Features supporting and contradicting parliamentarization 164
6.4	Parliamentary union and treaty change 172
6.5	The structural conditions of parliamentary federations 178
6.6	Conclusion 182
	Part III Towards the compound union perspective 185
7	Comparing democratic models 187
7.1	Introduction 187
7.2	Models of democracy: nation states 189
7.3	National competitive and consensus democracies 194
7.4	Models of democracy: unions of states 205

<i>Contents</i>	ix
7.5 Compound democracy for unions of states	211
7.6 Conclusion	216
8 Compound unions and the EU	219
8.1 Introduction	219
8.2 Systemic foundation of compound unions	221
8.3 Constitutional framework of compound unions	228
8.4 Institutional structure of compound unions	234
8.5 The institutional dilemmas of the EU	247
8.6 Conclusion	255
9 A new political order in Europe	257
9.1 Introduction	257
9.2 The ambiguity of the economic community	259
9.3 Beyond intergovernmental and parliamentary unions	264
9.4 A pluralist institutional order and the compound union	268
9.5 The act of forming a political union	278
9.6 Conclusion	286
<i>Appendix</i>	289
<i>Glossary</i>	295
<i>Bibliography</i>	299
<i>Index</i>	329

Boxes

2.1 Fiscal Compact Treaty	<i>page 55</i>
7.1 Alternation in government in competitive democracies	198
7.2 Consociation in government in consensus democracies	203
7.3 The concept of compoundness	213
9.1 Basic law vs. political compact treaty	283

Figures

2.1 The supranational constitution: decision-making structure	<i>page 39</i>
2.2 The intergovernmental constitution: foreign policy-making structure	43
2.3 The intergovernmental constitution: economic policy-making structure	48
2.4 Budgetary policy-making cycle	61
4.1 ASEAN policy-making structure	104
4.2 APEC policy-making structure	106
4.3 MERCOSUR policy-making structure	111
4.4 NAFTA policy-making structure	114

Tables

2.1 The Six Pack	<i>page 52</i>
2.2 The Two Pack	60
4.1 ASEAN institutional structure	102
4.2 APEC institutional structure	103
4.3 MERCOSUR institutional structure	109
4.4 NAFTA institutional structure	113
4.5 Comparing regional organizations and the EU	116
6.1 Roll call vote (2004–2009) in the EP	163
7.1 National democracies: competitive vs. consensus	196
7.2 Models of democracy: nation states vs. unions of states	215
7.3 Democracies: competitive, consensual, compound	216
8.1 Compound unions: systemic foundation	222
8.2 Compound unions: constitutional framework	229
8.3 Compound unions: institutional structure	235
A.1 The Treaties of the European Union	289
A.2 The enlargement of the European Union	291
A.3 Council formations	291
A.4 Established democracies: constitutional developments	291
A.5 Competitive democracies: years of alternation in government (1945–2013)	293

Abbreviations

ABAC	APEC Business Advisory Committee
ALDE	Alliance of Liberals and Democrats for Europe
APEC	Asia-Pacific Economic Cooperation
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
Benelux	Belgium, the Netherlands and Luxembourg
BRD	Bundesrepublik Deutschland
BRRD	Bank Recovery and Resolution Directive
BVerfG	Bundesverfassungsgericht
CDU	Christian Democratic Union (Germany)
CENTO	Central Treaty Organization
CFSP	Common Foreign and Security Policy
CMC	Common Market Council (MERCOSUR)
CMG	Common Market Group (MERCOSUR)
COMECON	Council for Mutual Economic Assistance
COREPER	Committees of Permanent Representatives of the Member States
CP	comparative politics (approach)
CSU	Christian Social Union (Germany)
CT	Constitutional Treaty
CVP	Christian Democrats (Switzerland)
DDR	Deutsche Demokratische Republik
DGM	Deposit Guarantee Mechanism
EC	European Community
ECB	European Central Bank
ECJ	European Court of Justice
ECOFIN	The Council of the Economic and Financial Ministers
ECSC	European Coal and Steel Community
EDC	European Defence Community
EDP	Excessive Deficit Procedure
EEAS	European External Action Service

EEC	European Economic Community
EFSE	European Financial Stability Facility
EFSM	European Financial Stability Mechanism
EFTA	European Free Trade Association
EMS	European Monetary System
EMU	Economic and Monetary Union
EP	European Parliament
EPP	European People's Party
ESDP	European Security and Defence Policy
ESM	European Stability Mechanism
EU	European Union
EURATOM	European Atomic Energy Community
FDP	Free Democratic Party (Germany) or Free Democratic Party (Switzerland)
FTA	Free Trade Area
FTAA	Free Trade Area of the Americas
GDP	Gross Domestic Product
HR	High Representative of the Union for Foreign Affairs and Security Policy
IGA	intergovernmental agreement
IGC	intergovernmental conference
IR	international relations (approach)
JHA	Justice and Home Affairs
LAFTA/ALALC	Latin American Free Trade Association
LDP	Liberal Democratic Party (Japan)
MEPs	Members of the European Parliament
MERCOSUR	Mercado Común del Sur
MFF	Multiannual Financial Framework
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organization
NEG	Non Euro Group
PJCC	Police and Judicial Co-operation in Criminal Matters
PP	People's Party (Spain)
PS	Socialist Party (Portugal)
PSD	Social Democratic Party (Portugal)
PSOE	Socialist Party (Spain)
PR	proportional representation

List of abbreviations

xv

PSC	Political and Security Committee
QMV	qualified majority voting
RQMV	reverse qualified majority voting
S&D	European Socialists and Democrats
SEA	Single European Act
SEATO	South-East Asia Treaty Organization
SGP	Stability and Growth Pact
SPD	Social Democratic Party (Germany)
SPS	Social Democrats (Switzerland)
SRF	Single Resolution Fund
SRM	Single Resolution Mechanism
SSM	Single Supervisory Mechanism
SVP	People’s Party (Switzerland)
TEC	Treaty Establishing the European Community
TEU	Treaty on European Union
TFEU	Treaty on the Functioning of the European Union
UK	United Kingdom
UKIP	UK Independence Party
UN	United Nations
USA	United States of America
WTO	World Trade Organization

Cambridge University Press

978-1-107-50397-7 - Which European Union?: Europe after the Euro Crisis

Sergio Fabbrini

Frontmatter

[More information](#)

Cambridge University Press

978-1-107-50397-7 - Which European Union?: Europe after the Euro Crisis

Sergio Fabbrini

Frontmatter

[More information](#)

Preface – How many unions?

The book

Which European Union (EU)¹ is emerging from the euro crisis? The euro crisis has been a litmus test in terms of bringing the institutional properties of the EU to the surface. Those properties are the outcome of several compromises upon which the EU has been built. Those compromises reflected the different perspectives on the Union that have accompanied the latter's institutionalization as a political system. The EU has harbored more than one union within its legal and institutional order. The euro crisis has made the coexistence of those perspectives highly problematic, raising the necessity of thinking of a new political order in Europe.

The book is organized as follows. Part I identifies the institutional structure of the EU that has emerged from its multilinear institutionalization, showing how that structure reflects the interstate and political cleavages that have accompanied the formation of the EU as a political system. Part II discusses the different perspectives on the EU that have led to the numerous compromises upon which the EU has been built. I have defined them as the perspectives of *economic community*, *intergovernmental union* and *parliamentary union*. The euro crisis has shown their inadequacy both as descriptive and prescriptive interpretations of what the EU is and should become. Part III elaborates an alternative view on the EU's future through a comparative analysis of

¹ Even though the organization of the integration process has gone by different names over the years, as is customary in the international scientific debate, I use the terms European Union (EU) or Union to refer to its entire history, and not only to the period after the Treaty of Maastricht, which officially adopted the name. I use the lower case for “union” with reference to a given perspective. I have tried to make parsimonious use of capital letters, adopting them only for specific institutions and not for both their generic term or for the power holders exercising a specific role. I use the lower case also for “member state,” contrary to EU official documents, and capitalize the names of political parties.

Cambridge University Press

978-1-107-50397-7 - Which European Union?: Europe after the Euro Crisis

Sergio Fabbrini

Frontmatter

[More information](#)

xviii

Preface – How many unions?

the models of democracy of nation states (both unitary and federal) and unions of states (such as the United States of America [USA] and Switzerland). I define as compound democracy (S. Fabbrini 2010) the democratic model of unions of states, in order to distinguish it from the models of competitive democracy and consensus democracy that characterize the democratic functioning of nation states (both unitary and federal). I argue (through the comparison of the USA and Switzerland) that the model of compound democracy, organized in a system of separate institutions sharing decision-making power, is the only suitable model for those federations constituted through the aggregation of previously independent states and politically characterized by interstate cleavages. On these comparative bases, I identify the factors that have obstructed the EU from being a coherent compound union, concluding with the delineation of a strategy for promoting such a union in a European context of multiple unions. That strategy aims to create a political union around the euro-area member states, but keeping the single market as the inclusive framework for all the European states (both currently inside or outside the EU). In conclusion, the euro crisis has made dramatically manifest the paralyzing coexistence of the multiple perspectives within the same legal and institutional framework of the EU. To delineate a new political order for the multiplicity of perspectives on integration constitutes the historical challenge for European elites and citizens. The *Which European Union?* of the book's title alludes thus to both the plurality of perspectives that have accompanied the institutionalization of the EU and the challenge of finding a different institutional setting for organizing their relations in the post-euro crisis era.

The approach

The aims of the book will be pursued through a comparative institutional approach. I consider the EU a political system in its own right (Hix 2011; Hix and Hoyland 2011), comparable with established democratic political systems. The book adopts a comparative politics (CP) approach to the EU, rather than one of the mainstream approaches (neo-functionalism, liberal intergovernmentalism and constructivism: Leuffen, Rittberger and Schimmelfennig 2013) derived from the theories of international relations (IR). My research aims are not to explain the logic of integration, or to assess the role of national

Cambridge University Press

978-1-107-50397-7 - Which European Union?: Europe after the Euro Crisis

Sergio Fabbrini

Frontmatter

[More information](#)*Preface – How many unions?*

xix

or supranational actors in driving the process of integration, or to evaluate the impact of ideational projects in constructing the strategies of those actors. Where necessary, I will rely on one or other of the mainstream IR approaches to describe aspects of the process of institutionalization of the EU, combining them in a pluralist manner. To conceptualize the EU as a political system raises, in fact, different research questions and implies the application of different tools and methods, in my case those elaborated by the historical-institutionalist school of comparative politics (for an overview, see Mahoney and Villegas 2007). This is why my comparative approach will focus on institutions (considered as both independent and dependent variables), on political cleavages underpinning those institutions and on critical junctures when the power relations within a given institutional structure are or might be redefined. The EU is a political system whose institutional structure generates regular decisions (authoritatively allocates values: Easton 1971) on the basis of power relations reflecting the political development of its constitutive cleavages (Rokkan 1999).

If the EU is a political system, then what kind of political system is it? I will argue that the EU that emerged from a long process of institutionalization belongs to the genus of federal political systems, representing, however, a specific species of the latter. My approach is based on the analytical distinction between federal states and federal unions, as the two main species of the genus of democratic federal political systems. I will conceptualize the EU as a *union of states and citizens* in order to stress its properties as a federal union, rather than as a federal state. Unions of states display basic properties that distinguish them from federal states: (1) they aggregate states that were previously independent for a sufficient period of time to develop distinct cultural attitudes, economic patterns and institutional settings; (2) they aggregate states that are asymmetrically correlated, where asymmetry concerns population size and material capability, but also culturally differentiated, where differentiation concerns a distinction of values, attitudes or languages; (3) they aggregate states that shared an experience of insecurity or a perception of an external or internal threat; (4) the aggregation implies the setting up of a center with delimited and controlled powers, to which significant decision-making autonomy recognized by each of the aggregated states corresponds. The USA and Switzerland are the only cases, within established democratic political systems, that were formed through the aggregation of previously independent states

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Sergio Fabbrini

Frontmatter

[More information](#)

or cantons, respecting those properties and functioning (for a long time, in the case of the former) as federal unions.

These properties are foreign to federal states. In fact: (1) such states derive from the disaggregation of a previously unitary unit and tend to share a common political experience; (2) they are designed by a central political authority that tried to keep asymmetry and differentiation under control; (3) they result from the need to decentralize the exercise of power and not from the necessity to face an external or internal threat; (4) they retain significant decision-making resources in the center, since the latter is the institutional level where decentralization is negotiated and promoted. Once institutionalized, federal unions are driven by a political logic based on interstate, and not only partisan, cleavages, whereas federal states are mainly characterized by relations between established political parties representing economic or cultural cleavages. Both species of federal political system have required the existence of a constitution or fundamental law as a formal document for regulating the relations between the center and the units of the federal compact and between them and citizens. If the EU has structural similarities with federal unions (Nicolaidis and Howse 2001), its lack of such a document has given rise to important dissimilarities, however.

Assuming the EU to be a federal union makes it possible to innovate the comparative analytical framework elaborated by several scholars (from Hans Daalder to Arendt Lijphart) for classifying established political systems. That typology is based on analytical units corresponding to nation states. It must therefore be redefined in order to also classify the democratic model of unions of states. Finally, this comparative approach necessarily calls into question the *sui generis* interpretation or perception of the EU, as an idea of some kind of European exceptionalism, shared by functionaries and politicians operating in Brussels. In a speech given at the Humboldt University of Berlin on May 9, 2011, Michel Barnier, then European commissioner for the internal market and services, echoed this view, asserting that the EU “is unique in history and in the world.” The view that the EU is an exceptional political system, unprecedented due to “its unique institutional nature” (Orbie 2009: 2), “different to pre-existing political forms (because of) its historical context, hybrid polity and political-legal constitution” (Manners 2002: 240–2), is also shared by scholars and not only practitioners. The EU model “is acknowledged to be *sui generis*, a product of the historical, political, and social conditions of a

Cambridge University Press

978-1-107-50397-7 - Which European Union?: Europe after the Euro Crisis

Sergio Fabbrini

Frontmatter

[More information](#)*Preface – How many unions?*

xxi

time and a place” (Farrell 2007: 305). It is certainly true that there are no other experiences of deep-rooted nation states deciding to aggregate around a common project, as happens in post-Second World War Europe (Weiler 2000). Analytically, however, the aggregation of previously independent territorial units is not only an EU experience. In short, considering the EU as a political system, with properties of a federal union, makes it not only possible to understand its structure and logic of functioning, but also to identify testable hypotheses on its future.

The concept

In the EU experience, the very concept of *union* was formally used for the first time in the preamble of the 1957 Rome Treaty establishing the European Economic Community (EEC), when the signatory states expressed their determination “to lay the foundations of an ever-closer union among the peoples of Europe.” This concept was then strengthened in the 1992 Maastricht Treaty or Treaty on European Union (TEU), when the signatory states reaffirmed in the Treaty’s preamble their resolution “to continue the process of creating an ever closer union among the peoples of Europe.” Since then, union is the term used to conceptualize the organizational form assumed by the changing outcome of the European integration process.

The union concept derives from a well-established theoretical tradition. According to the classic definition by Forsyth (1981:1), a union of states might be considered a genus to which belong or belonged different species of relationships that states establish or established among themselves, such as: “confederacy, confederation, union, federal union, federal government, system of states, community, perpetual league, *république fédérative*, *Staatenbund* *Bund*, *Eidgenossenschaft*” (Forsyth 1981:1, original emphasis). These species have in common two properties. First, they fall “short of a complete fusion or incorporation in which one or all the members lose their identity as states.” Second, they represent “a union which is specifically ‘federal’ in nature. This means that it is based on a *foedus* or treaty between states and not on a purely one-sided assertion of will.” For Elazar (1987), the union of states is instead a species of a genus conceptualized as a federal political system. The latter is a form of political organization encompassing a variety of species, such as

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Sergio Fabbrini

Frontmatter

[More information](#)

unions, constitutionally decentralized unions, federations, confederations, federacies, associated states, condominiums, leagues and joint functional authorities. However, in the European context, where federalism has been traditionally associated with stateness, the distinctive types of organization connected to the concept of federal political system are missing. If federalism is a territorial system for organizing public authority combining “shared government (for specified common purposes) with autonomous action by constituent units of government that maintain their identity and distinctiveness” (Watts 1998: 118), that is a system combining shared rule and self-rule, then not only can that combination take on different vertical arrangements that are not necessarily coherent with the idea of stateness (as argued by the above literature), but it also says nothing regarding the specific governmental organization of the horizontal level of the federal system. Those differences have to do with the genesis of the federal political system and the consequential path-dependence logic that has come to be institutionalized.

This is why, simplifying the typologies elaborated by the scholars of federalism, one can conceptualize two basic species of *democratic* federal political system: federal political systems formed through the *aggregation* of previously independent states and federal political systems formed through the disaggregation of a previously unitary or centralized state. The former started as *federal unions* and the latter as *federal states*. Although the historical process has made them somehow convergent, in federal unions the institutional arrangements for self-rule (confederacy) are as significant as those for shared rule (federacy), whereas in federal states the latter are much stronger than the former (McKay 2001). This means that in federal unions, at the vertical level, territorial units enjoy much more autonomy from the center than in federal states. At the same time, at the horizontal level federal unions, contrary to federal states, have tried to prevent the centralization of power by adopting a governmental model that disperses decision-making resources.

As the comparative analysis indicates, two different arrangements for organizing the governmental level of the federal center have been pursued in democracies, one based on the *fusion of powers* and the other on their *separation*. Interestingly enough, the former has been adopted by all the federal states, that is federations formed through the disaggregation of a previously unitary or centralized state, besides

Cambridge University Press

978-1-107-50397-7 - Which European Union?: Europe after the Euro Crisis

Sergio Fabbrini

Frontmatter

[More information](#)*Preface – How many unions?*

xxiii

the other unitary states, whereas the latter has been adopted by the two empirical federal unions in the democratic world, the USA and Switzerland, that is federations formed through the aggregation of previously independent states or cantons (Sbragia 1992). Thus federations as federal unions have not only preserved powerful confederal properties at the vertical level, they have also separated the governmental power at the horizontal level in order to prevent the formation of a powerful or unchecked federal center. The opposite has happened in federations as federal states: here the confederal properties are weak at the vertical level, and a fused structure supports the decision-making power at the horizontal level. If what Habermas (2012a: 32, author's emphasis) argued is true, namely that "today all federations have adapted themselves *more or less* to the nation state model; the United States, too, has become a federal state at the latest since the end of the Second World War," it is also true that such adaptation has varied significantly ("more or less"). Since federalism concerns the distribution of powers between the center and the units of the system, and within each of them, then the logic of forming the federation has had an inevitable impact on the distribution of those decision-making powers or policy competences.

The main impact has been at the horizontal level. If federal states *have a government as a single institution* monopolizing the ultimate decision-making power, federal unions *do not have a government as a single institution*, but take decisions through separate institutions sharing power, each one having a voice in the decision-making process. The latter's very complex system is the outcome of a systemic need unknown to the federal states that emerge from the disaggregation of previously unitary nation states (as is the case of all other democratic federalisms), namely to keep on board or to aggregate states of different sizes, with different cultural identities and distinct democratic expectations. This is why federal unions combine federal and confederal relations at the territorial (vertical) level and separation of powers at the governmental (horizontal) level. They are open systems based (institutionally) on multiple (horizontal and vertical) separations of powers and (politically) by interstate cleavages and rivalries (although intertwined with partisan divisions). It is thus analytically necessary not to confuse the two types of federal political systems.

The concept of union of states and citizens seems appropriate for the conceptualization of the EU because, being the outcome of the

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978-1-107-50397-7 - Which European Union?: Europe after the Euro Crisis

Sergio Fabbrini

Frontmatter

[More information](#)

xxiv

Preface – How many unions?

aggregation of previously separated states, it is closer to a federal union than to a federal state. The concept of a union of states not only corresponds to the self-definition of the EU, but it also captures the latter's unresolved nature. The EU is a union because it has the basic properties of a federation formed through the aggregation of previously independent states, but at the same time it differs from the other federal unions because it operates according to a plurality of different decision-making regimes that would be unlikely in those federal unions. In fact, if the latter has a formal constitution that gives order to the functioning of their political system, in the EU, on the contrary, the aggregation has been empirically constitutionalized by the decisions of the European Court of Justice (ECJ). To be sure, the process of constitutionalization has transformed European nation states (with a few exceptions among established democracies, such as Norway and Switzerland) into *member states* of the EU (Sbragia 1994). However, that process of constitutionalization has not led those member states to share a common sense of the finality of the Union. Under the shadow of the process of material constitutionalization, deep constitutional divisions between member states and their citizens have continued to emerge.

Indeed, I conceptualize those divisions in terms of alternative perspectives on the EU, each one based on a reading of *what the EU is* and/or reflecting a view of *what the EU should become*. By perspective I mean a general outlook, utilized by groups of member states and citizens, on the current functioning or future development (*finalité*) of the union, a view that necessarily combines description and prescription. The process of integration has been based on *more than one union*, rather than on *more than one speed*. This book shows that different perspectives on the EU have accompanied the latter's process of institutionalization, a coexistence then destabilized by the euro crisis. The crisis of the euro has indeed become the crisis of the Union. After all, comparative analysis indicates that unions of states can deal with internal or external threats only by relying on a formal constitutional document congealing shared preferences on how to regulate relations between states and citizens – a possibility excluded in the case of the EU. Having defined the structure, the approach and the concept, let us now consider the book's organization in more detail.

Cambridge University Press

978-1-107-50397-7 - Which European Union?: Europe after the Euro Crisis

Sergio Fabbrini

Frontmatter

[More information](#)*Preface – How many unions?*

xxv

The political system

Part I starts from the reconstruction of the process of institutionalization that transformed the European Economic Community (EEC) set up by the 1957 Rome Treaty into a European Union through the 1992 Maastricht Treaty (Chapter 1). Although the story is known, the conceptualization is not. I look at the institutional outcomes of the institutionalization process, not at its logic. And I interpret those outcomes as compromises through which the political system of the EU has been institutionalized. At the origins of the integration process there was the critical juncture that started with the post-Second World War radical redefinition of power relations between nation states on the European continent. A critical juncture is a historical moment when actors with decision-making power can pursue potentially alternative courses of action because of the de-structuring of the previous context. The post-war critical juncture was initially used by the governmental leaders of the main European continental countries (France and Germany in particular) to promote a federal project through the setting up of two highly supranational organizations, the European Coal and Steel Community or ECSC and the European Defence Community or EDC. Both Treaties were signed in Paris, the first in 1951 (thus approved in 1952 by the signatory states' legislatures) and the second in 1952, by the six states that were at the origin of the process of integration (France, Germany, Italy, Belgium, the Netherlands and Luxembourg).

The failure of the EDC to be approved by the French legislature in 1954 led the governmental leaders of those states to pursue the integration of the continent through economic means – the formation of a common market, of which the EEC Treaty was the epitome. That decision closed the long post-war reassessment of power between European states, inaugurating a new institutional path. The long process of institutionalization from 1957 to 1992 led to the formation of a supranational organization dealing with common and then (with the Single European Act or SEA of 1986) single market policies. The ECJ gradually constitutionalized the common market, creating a *de facto* supranational constitution out of the EEC and SEA Treaties, defining the powers of member states' governments and the Union's institutions and their reciprocal relations. The supranational evolution of the Union has been the outcome of the combination of both inter-governmental decisions (as conceptualized by the intergovernmental

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Sergio Fabbrini

Frontmatter

[More information](#)

school: Moravcsik 1998) and the behavior of the Union's actors in dealing with the contradictions and spillovers of collective action (as conceptualized by the neo-functional school: Borzel 2006; Haas 1958), under the impulse of specific actors and their ideas (as conceptualized by the constructivist school: Parsons 2003). In Maastricht, however, this process was substantially altered.

The Maastricht Treaty of 1992 constitutes a crucial turning point in the institutional trajectory of the integration process. With the end of the Cold War and the reunification of Germany between 1989 and 1991, the project of integration faced a second critical juncture, because of the formation of a new scenario that raised unexpected challenges. In the Union's case, those challenges consisted in the necessity to also extend the integration process to policies that were traditionally at the core of national sovereignty, such as (inter alia) foreign and security policies and economic and monetary policies. The new critical juncture opened up the possibility, for national government leaders participating in the debate and drafting the new Treaty, to bring those policies either within the supranational framework that had emerged since the Rome Treaty or to devise a brand new framework to Europeanize them. At the end, the latter institutional path was taken, with the formalization of an intergovernmental constitution, alongside the supranational one, to deal with nationally sensitive policies. In particular, in Maastricht it was decided to set up the Economic and Monetary Union (EMU – see Chapter 1).

In the Treaty's preamble, the signatory states assert their resolution "to achieve the strengthening and the convergence of their economies and to establish an economic and monetary union including, in accordance with the provisions of this Treaty, a single and stable currency." The EMU was based on the combination of a supranational institution (the European Central Bank or ECB) exclusively in charge of monetary policy and intergovernmental institutions (the Council of the Economic and Financial Ministers or ECOFIN and the informal European Council of the heads of state and government of the member states) coordinating nationally decentralized economic policies. At the same time, the policies of the common and then single market continued to be managed through the supranational framework (inclusive of both supranational institutions such as the Commission and the European Parliament or EP

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978-1-107-50397-7 - Which European Union?: Europe after the Euro Crisis

Sergio Fabbrini

Frontmatter

[More information](#)*Preface – How many unions?*

xxvii

and intergovernmental institutions such as the Council of Ministers). This was the main Maastricht compromise, which was confirmed through the Lisbon Treaty. The latter has thus formalized that compromise, creating a dual constitution, one intergovernmental and the other supranational.

When the euro crisis exploded, therefore, there was already in place an intergovernmental constitution to frame the policies for dealing with it. Although the euro crisis opened a third critical juncture where it was possible to redefine the institutional and policy features of the EU, its dramatic and accelerated impact has ended up reinforcing the path-dependence logic generated by the previous constitutional settlement. Indeed, the Lisbon Treaty's allocation of economic policy responsibility favored institutional and policy answers to the crisis that have increased the decision-making power of national governments coordinating within the intergovernmental institutions (of the European Council and the Council of Ministers), to the detriment of the Union's actors operating in the supranational institutions (such as the Commission and the EP). Chapter 2 shows the dramatic institutional transformation of the EU induced by the euro crisis. During the crisis the supranational constitution has not been marginalized. Important legislative measures have been taken through the co-decision of the Council and the European Parliament, with an important role played by the Commission. However, the crisis has led to a strengthening of the intergovernmental institutions, in particular through the approval of new intergovernmental treaties and interstate pacts. This has led to an alteration of the constitutional equilibrium formalized in the Lisbon Treaty.

The euro crisis has called into question the multiple compromises that have tried to accommodate the various perspectives on the Union within the same legal and institutional framework. It has not only increased the distance, as in the past, between euro-area member states and those outside it, but it has also deepened the differences of perspective among the euro-area member states. In short, the euro crisis has brought to the surface the divisions that emerged during the process of institutionalizing the EU, and that exploded in the constitutional decade of the 2000s (as discussed in Chapter 3) concerning what the EU *has become* and/or *should become*. Those divisions can be conceptualized in competing perspectives on the EU that have come to clash during the euro crisis.

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978-1-107-50397-7 - Which European Union?: Europe after the Euro Crisis

Sergio Fabbrini

Frontmatter

[More information](#)

xxviii

Preface – How many unions?

The perspectives

Part II reconstructs and then critically discusses the main perspectives on the EU. Chapter 4 deals with the view held by a small number of member states (such as the United Kingdom or UK in particular) that interpret the EU as an *economic community*. Although the concept of the EU as a *political union* started to be formally used only at the end of the 1980s, the promise of pursuing an “ever-closer union” is at the origins of the integration process.

The view of the EU as an *economic community* has, nevertheless, accompanied the process of integration, in particular since the first enlargement of 1973. Indeed, the supporters of the economic community perspective have managed to carve out their view within the various treaties, through effective devices such as opt-outs from basic policy frameworks and institutional regimes. Chapter 4 critically tests the interpretation of the EU as an economic community through a comparison with the main regional economic organizations operating on the global market (Asia-Pacific Economic Cooperation or APEC, Association of Southeast Asian Nations or ASEAN, Mercado Común del Sur or MERCOSUR, North American Free Trade Agreement or NAFTA). The comparison shows, first, that the EU, also as a single market, has reached a level of integration that makes it qualitatively different from the other regional economic organizations; and, second, that the EU, also in its intergovernmental aspect, cannot be equated to any of those regional economic organizations. Concerning both its nature and its structure, therefore, the EU cannot be considered part of a continuum with those regional organizations of economic cooperation. Whatever aspect is considered, the EU is at odds with the economic community perspective entertained by some member states and citizens. But if the EU is more than an economic community, what kind of union is it or might it become?

Two other alternative perspectives have continued to emerge from the debate. Both claim to have a political view on the EU, although of a significantly different nature. Since the negotiations that led to the 1992 Maastricht Treaty, those two perspectives have contrasted each other. One is the perspective of *intergovernmental union* and the other of *parliamentary union*. As discussed in Chapter 5, for the supporters of intergovernmental union, the EU is not simply an organization constituted by several single national governments and functioning

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978-1-107-50397-7 - Which European Union?: Europe after the Euro Crisis

Sergio Fabbrini

Frontmatter

[More information](#)*Preface – How many unions?*

xxix

according to their will, but it is an organization structured around the intergovernmental institutions (of the European Council and the Council) representing national governments as a collective. It is these intergovernmental institutions, not the single national governments, that constitute the engine and the rudder of the integration process. This perspective on the EU was first officialized in the 1992 Maastricht Treaty and became politically important after the failure of the Constitutional Treaty (CT) in popular referenda in France and the Netherlands in 2005, to then become predominant during the post-2009 euro crisis. The intergovernmental union should not be confused with the economic community perspective. Whereas the latter's supporters have called for national control of policies traditionally at the core of member states' sovereignty (such as foreign and defense policies or economic and financial policies), the former's supporters have accepted bringing coordination on those policies to Brussels, on the condition, however, that they remain under their collective control as exercised through the intergovernmental institutions of the EU. Indeed, they have even agreed to give control of monetary policy over the common currency to a supranational (although technocratic) institution such as the ECB. It is certainly true that occasionally supporters of the economic community have come to coalesce with those promoting the intergovernmental union, thus presenting a common front against the backers of an EU that should become a parliamentary federation. However, it would be best not to confuse the two perspectives, because they differ on the finality of the Union and on the institutional arrangements for achieving it. Contrary to the supporters of the EU as a market regime based on *interstate cooperation*, the intergovernmental union is a political project based on *institutionalized coordination* of national governments. Having a common enemy does not mean they are friends.

The supporters of intergovernmental union, contrary to those favoring the economic community perspective, have thus recognized the necessity to increase the coordination of (and not just cooperation on) crucial policies in Brussels. In the case of the EU, the conceptual distinction between cooperation and coordination is crucial for understanding the two different perspectives. Cooperation represents a loose, flexible and unconstrained form of collective action, as aimed at by the supporters of the economic community view, in order to deal with selected problems. Coordination, on the contrary,

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978-1-107-50397-7 - Which European Union?: Europe after the Euro Crisis

Sergio Fabbrini

Frontmatter

[More information](#)

xxx

Preface – How many unions?

implies an institutionalized form of interaction between governments in order to decide collectively on a growing range of policies. Indeed, institutionalized coordination constitutes the organizational form of the constitutional principle implicit in the intergovernmental union view, namely the *pooling of national sovereignties* (as a distinct principle from the *sharing of national sovereignties* inspiring the common market policies of the supranational constitution). Chapter 5 reconstructs the response to the euro crisis provided by the intergovernmental union. When the crisis exploded, the EU had just put the Lisbon Treaty into force with its dual constitution. The dual constitution provided the intergovernmental union with the rationale and institutions to handle economic policy. Although the EU has had to deal with financial turmoil of unprecedented magnitude that might have justified new institutional directions, the intergovernmental constitution has been reinforced, notwithstanding its unsatisfactory performance. The euro crisis, in fact, has falsified the intergovernmental decision-making regime in economic policy, showing its systemic difficulty in solving basic problems of collective action (a difficulty not experienced by the supranational but technocratic ECB in monetary policy) and to meet basic criteria of democratic legitimacy (that the ECB is not required to respect). Over the course of the crisis, the intergovernmental union has been transformed so deeply that a highly centralized, intrusive and convoluted organization has grown up in the euro-area, with no counterpart in other federal unions. The basic vulnerability of the intergovernmental union has been in the assumption that the EU can do without a distinction between institutions and functions, so as to make the process of government comply with the basic democratic criteria, as at the national level. The euro crisis has unmasked the idea of an intergovernmental union legitimized mainly by its policy capabilities.

Chapter 6 addresses the alternative political view, the *parliamentary union* perspective. The latter's supporters aim to transform the EU into a coherent parliamentary federation, an organization centered on the decision-making role of the EP and the Commission. As in national parliamentary systems, here the effectiveness and legitimacy of the union are ensured through the activation of a political relationship between the executive and the popular legislature. Chapter 6 discusses this perspective critically. Politically, the euro crisis has shown the persistence and importance of the interstate cleavages