European University Institute

DEPARTMENT OF LAW

EUI WORKING PAPERS

LAW 2015/10
Department of Law

The Deeper Euro-Crisis *or*: The Collapse of the EU Political Culture of Total Optimism

Giandomenico Majone

European University Institute
Department of Law

THE DEEPER EURO-CRISIS *OR*: THE COLLAPSE OF THE EU POLITICAL CULTURE OF TOTAL OPTIMISM

Giandomenico Majone

EUI Working Paper **LAW** 2015/10

ISSN 1725-6739

Printed in Italy
European University Institute
Badia Fiesolana
I-50014 San Domenico di Fiesole (FI)
Italy
www.eui.eu
cadmus.eui.eu

Euro-Crisis: Law and Interdisciplinarity

In December 2014 a conference "Euro-Crisis: Law and Interdisciplinarity" was held in the context of a three-year project "Constitutional Change through Euro-Crisis law" funded by the EUI Research Council. This project intends to provide a comprehensive study of the effect of the crisis of the euro on national constitutional orders. In turn this study aims to offer a basis for further, especially comparative, studies of the legal status and implementation of legislative responses to the crisis at national level, the interactions between national legal systems and euro-crisis law, and the constitutional challenges that have been faced. The December conference brought together legal scholars and political scientists to reflect on the scope and limits of the legal discipline in reacting to the management of the crisis of the euro. Contributions were made on three topics: (1) how legal scholars have reacted to euro-crisis and the reforms adopted in its wake, with particular analysis of the main themes within legal scholarship on the issue; (2) whether and how other disciplines can help to understand and situate legal debates on euro-crisis; and (3) the relevance of the legal dimension for scholars from related social science disciplines such as political economy for their own perspective on euro-crisis and its policy consequences.

Author's contact details

Giandomenico Majone

Professor of Public Policy, Emeritus
European University Institute

Giand.Majone@tin.it

Abstract

Although several dimensions of the present euro-crisis have been analysed by students of European integration, the impact of the crisis on the political culture of EU leaders has been largely overlooked. The political culture of a nation, a social class or, in case of the EU, an elite consists of a system of beliefs, symbols, and values – the latter including conceptions of purpose – that defines the situation in which political action takes place. One of the roots of the traditional political culture of EU leaders was the Monnet strategy of *fait accompli*, which consisted in pushing ahead with integration without worrying about either public support or democratic legitimation. This approach was supported by the prevailing emphasis on the process of integration rather than on the concrete results of specific collective decisions. The most serious consequence of the political culture shared by most EU leaders was the tendency to disregard both feasibility constraints and the limits of collective action. Under the impact of the euro-crisis total optimism has been replaced by panic-driven austerity. The paper concludes by calling attention to the fact that there are various alternative approaches to regional (in particular, European) integration. One approach deserving particular attention in the present situation is the functional – rather than territorial – approach advocated by David Mitrany in the 1940s and by Ralph Dahrendorf in the 1970s.

Keywords

Political cultures; collective action; feasibility constraints; process vs. outcomes; integration post-crisis

Table of Contents

INTRODUCTION: THE N+1 DIMENSIONS OF THE EURO-CRISIS 1

VARIETIES OF POLITICAL CULTURE 1

THE MAKING OF A SUPRANATIONAL POLITICAL CULTURE 2

IGNORING FEASIBILITY CONSTRAINTS 4

IGNORING THE LIMITS OF COLLECTIVE ACTION 6

PROCESS VS. OUTCOMES 7

FROM TOTAL OPTIMISM TO PANIC-DRIVEN AUSTERITY 10

BEYOND EXCESSIVE OPTIMISM AND ENFORCED AUSTERITY: RETHINKING THE UNION OF EUROPE POST-CRISIS 11

REFERENCES 15

Introduction: the n+1 dimensions of the euro-crisis

Since 2010 a growing number of students of European integration emphasize the multi-dimensional nature of the present euro-crisis. Thus Kaarlo Tuori (2014) notes that the crisis has affected all aspects of EU constitutional development: the economic constitution but also the juridical constitution, the political constitution, and even the security constitution – the latter represented by the Amsterdam Treaty provisions in the Area of Freedom, Security and Justice. These different constitutional dimensions are linked to each other but, naturally, the economic and the political dimensions have been most directly affected by the crisis. The various attempts to resolve the crisis have produced a far-reaching revision of the traditional paradigm of the EU economic constitution – a paradigm based on a combination of expected economic growth, explicit rejection of burden-sharing mechanisms, and respect of national fiscal sovereignty. The latest legal and institutional developments, however, "revise that construction to the extent that they envisage some forms of mutualisation of costs and a number of constraints on the fiscal sovereignty of the Member States in a hardened economic governance" (Chiti and Teixeira 2013: 700).

At the same time, the various responses to the crisis, while of doubtful effectiveness in policy terms, have succeeded in transforming the traditional democratic deficit of the EU into what may be more appropriately labelled as a democratic default (Majone 2014:196-202). Thus, the role of the national parliaments has been significantly constrained by the new regimes introduced by the 2012 Stability Treaty and related legislation. Now the Commission, not the national parliament, is the first institution where the proposed budget of a country in financial difficulties is examined. Moreover, the national legislature has only one month to adopt the budgetary law after the Commission opinion. The final outcome may well be that "[a] zone of influence dominated by the Commission and ECOFIN is established, with political conflicts taking place within these, but the atrophying of local democracy leads to a hollowing out of domestic processes so that these become little more than administrative containers" (Chalmers 2012: 693). This is precisely the point where the traditional democratic deficit of the EU turns into a democratic default. Unsurprisingly, by 2013 the distance between European citizens and EU institutions had reached a level unimaginable only a few years before, as made evident by massive anti-EU demonstrations in Athens, Lisbon, Madrid, and Barcelona. In Hungary burning the EU flag became a proper way of expressing deep dissatisfaction with the perceived indifference of "Europe" to the severe financial crisis of the country. Some analysts argue that what is happening in East Europe today is in many respects similar to the disenchantment with socialism of the 1970s and 1980s. This change of mood is explained by the fact that the great expectations which East Europeans had linked to the membership of their country in the EU have been largely disappointed.

The importance rightly attached to these developments, however, has tended to mask the significance of another, and potentially even more significant, consequence of the euro-crisis: the collapse of the EU's political culture of total optimism – a general attitude of the euro-elites that found its clearest expression in the Maastricht Treaty with its commitment to proceed with monetary union by a fixed date, notwithstanding the failure to reach agreement on some key aspects of monetary policy; despite the warning provided by the failure of the 1970 Werner Plan to achieve monetary union within ten years (!); and in total disregard of the deep concerns about the feasibility of the project, expressed by most of the world's top monetary experts.

Varieties of political culture

'The political culture of a society consists of the system of empirical beliefs, expressive symbols, and values which defines the situation in which political action takes place. It provides the subjective orientation in politics' (Verba 1965: 513). Thus defined, political culture is a collective property that can vary across nations, social classes, ethnic groups, elites, etc. In fact, many of the earlier and best known applications of the concept focused upon the unique configuration of values, beliefs, and practices that supposedly constituted a nation's culture. The significance of Almond and Verba's typology of parochial, subject, and participatory orientations to politics was that it offered a classificatory scheme that enabled scholars to make cross-national comparisons among what had hitherto been seen as totally unique political cultures. This contributed to making political cultures comparable, but the analytical focus largely remained at the level of the nation-state. Differences between nations, rather than differences within nations, remained the central focus of inquiry.

More recent research has shown that variation in political attitudes and values within countries are, in fact, often greater than those between countries. Thus it has been argued that there are more similarities in the beliefs of a French and a German social-democrat than between a French socialist and a French conservative or between a German social-democrat and a German Christian-democrat. Italy provides one of the clearest examples of the difficulties inherent in the concept of a "national political culture". The work of Robert Putnam (1983, 1988) provides the best demonstration of the importance of cultural variation within the same country. In 1970 Italy established fifteen regional governments, and Putnam and his colleagues followed for some years the development of six regional governments through an array of studies, from election results to survey of mass opinion to elite interviews to criteria of administrative effectiveness. They discovered substantial variation among regions in political attitudes, participation, associationism, governmental effectiveness, economic growth, and much else. In particular, they found that high levels of socioeconomic development were necessary for stable and effective government – but not sufficient. That something else, they argue, is political culture, more specifically, a tradition of civic involvement. Particularly among the more economically developed regions, political culture helps explain otherwise inexplicable differences in institutional performance. Even more striking, they show that past political culture is a powerful predictor of present levels of socioeconomic development, while past levels of socioeconomic development have no impact whatsoever on political culture. Moreover, past political culture is at least as good as – and often better than – past socioeconomic development as a predictor of present socioeconomic development. As Thompson, Ellis, and Wildavsky (1990: 250) conclude: "A more decisive vindication of the position that culture matters would be difficult to imagine".

If it is misleading to speak of *the* political culture of a country like Italy, it is quite impossible to speak of the political culture of an association of states with different histories and political systems and at very unequal levels of socioeconomic developments, such as the European Union. In case of the EU the concept of a political culture makes sense only if it is applied to the elites operating in the EU framework, both at the national and the supranational level. It is only with reference to such elites that this concept will be used in the following pages.

The making of a supranational political culture

According to the Treaty on European Union, Article 107 (1), "The ESCB [European System of Central Banks] shall be composed of the ECB and of the national central banks". This wording suggests that the authors of the treaty had assumed that *all* member states of the EU would join the monetary union – an overly optimistic assumption, as it turned out. Such a priori optimism is (or was until recently) a characteristic feature of the political culture of EU-style integration. It is also a major reason why crises always find EU leaders unprepared. Even Wim Duisenberg – who as (first) president of the ECB should have been better informed about the financial conditions of would-be members of the monetary union –was absolutely delighted when, in January 2001, Greece adopted the euro. Like many other Euro-enthusiasts the Dutch central banker was convinced that for the sake of European integration it was important to have as many countries as possible in the monetary union. Thus, possible risks were totally ignored. One could give a number of other examples of the unconcerned, not to say reckless, attitude which until recently prevailed among EU leaders – not just in monetary policy but in all areas of European competence. One of the roots of the EU political culture of total optimism is the Monnet strategy of fait accompli, which consists in pushing ahead with European integration without worrying too much about public support or democratic legitimacy. In a similar way Paul-Henry Spaak, one of the first "European saints", assumed that "everything which tends towards European organizations" was good, regardless of any other consideration (Majone 2014: 47-52).

Such views of European integration assumed that the success of a collective decision is determined by the decision makers themselves – by the very fact that they agreed on that particular decision – rather than by those who will be affected by the actual results it will eventually produce. This emphasis on the process of decision-making rather than on its outcomes excludes a priori the possibility of failure. "Technocratic" – the adjective often used with reference to decision-making in the EU – is the wrong label for such an attitude, since the first task of the expert consists in analysing the conditions under which a given task is feasible, and then determining whether the eventual obstacles – economic, political, or technological – may be removed, at acceptable costs, before the decision is implemented (Majone 1989:70-81). On the contrary, the question of feasibility has been systematically ignored by integrationist leaders. The so-called "bicycle theory" of European integration – according to which integration must keep moving forward, especially in a crisis, for the bicycle (that the EU is seen to be) not to fall – provides the conceptual justification of the strategy of fait accompli. Over the years systematic application of the Monnet-Spaak approach to integration has generated what may reasonably be called a political culture of total optimism. The basic features of this peculiar political culture emerged in the 1960s and early 1970s – the age of "permissive consensus", when the integration project, being taken for granted by the European publics, did not seem to require any justification in terms of results. Such a benign attitude was facilitated by the fact that most European policies were too remote from the daily problems of the people to seriously concern public opinion. True, policies such as the Common Agricultural Policy (CAP) or particular regulatory measures have been questioned and criticized often enough; but controversies and contestations always remained confined within fairly narrow political and academic circles, or within particular interest groups.

I borrowed the expression "political culture of total optimism" from the historian Geoffrey Parker, who used it in his discussion of the grand strategy of Philip II of Spain. According to this historian, "Spain's strategic culture absolutely demanded such total optimism: since it had to be assumed that God fought on Spain's side and would therefore send success, any attempt to plan for possible failure could be construed as either "tempting Providence" or "denoting a lack of faith". Of course, many other rulers of the past, as well as modern statesmen and strategists, also made the mistake of not taking the possibility of failure into account. "Philip II, however, left more to chance – or to "Providence" – than most statesmen, thanks to his complete confidence that God would make good any deficiencies and errors". The consequences of the king's total optimism were "a willingness to cast all caution to the winds and, equally dangerous, a failure to make contingency plans" (Parker 1998: 107-8).

Such a political culture could hardly survive in the conflictive politics of modern democracies, but it did take roots at the supranational level, where it facilitated collective decision-making by small elites. The total optimism of EU leaders does not spring from confidence in "Providence", but from two more worldly sources. On the one hand, federalists derive confidence in the final success of their cause from the conviction that the nation state is no longer viable, at least in Europe. Like some intellectual leaders of the 1930s, such as Ortega y Gassett and Julien Benda, latter-day federalists believe that only the political union of the continent – a nation-state "writ large"- can save Europe from becoming irrelevant in a world dominated by a few superpowers of continental dimension. Federalists are convinced that sooner or later European citizens will acknowledge the necessity of political union, and will also understand why in certain situations it is necessary to accept risks that would be considered unacceptable in different contexts. But EU leaders who are not in favour of full political union also find it convenient to display total optimism concerning the outcomes of the collective decisions taken at the supranational level. This is because they have a vested interest in the preservation of a system that, among other things, allows them to take unpopular measures *in camera* rather than in a direct confrontation with the opposition parties at home.

As I show elsewhere (Majone 2014), this display of optimism regardless of actual results is facilitated by the fact that most decisions taken at the EU level must satisfy different, even conflicting, interests. For example, the decision to proceed with economic and monetary union was supported by leaders who saw EMU as a necessary step towards political union; by governments that wished to terminate the "tyranny of the German Mark"; and by national leaders who correctly assumed that membership in the euro zone would immediately improve the credit rating of their countries, allowing them to borrow at significantly lower rates of interest. A decision that has to satisfy many different interests must necessarily be ambiguous or incomplete or, most likely, both. A serious consequence of the political culture of EU elites is the fact that long-term consequences are heavily discounted or altogether ignored at the European level. This explains not only the absence of contingency plans and of any other instrument of crisis management, but also the willingness of European leaders to increase the risk of future failure for the sake of immediate advantages. It is indeed hard to find a better example of the willingness of EU leaders to compromise their collective credibility for the sake of short-term benefits than their decision to proceed with monetary union before there was any agreement on political union, and leaving a number of technical and institutional problems unresolved. But, to repeat, total optimism pervades every mode of decision- and policy-making at EU level. Its most serious consequences, to be discussed in the next two sections, are the refusal to assess the feasibility of even the most risky decisions; and the total disregard of the intrinsic limits of collective action.

Ignoring feasibility constraints

Total optimism implies a total disregard of the many constraint – technical, economic, political, institutional, and cultural – that even under the best conditions severely limit the range of possible choices in political and social life. As Michael Polanyi once observed:

> The existence of social tasks which appear both desirable and feasible and yet are in fact impracticable has set the stage throughout history for a wide range of human conflicts. All the battles of social reform were fought on these grounds, with conservatives often harshly overstating and progressives recklessly underestimating the limits of manageability (Polanyi 1951: 169).

Feasibility analysis – a core element of the theory and practice of policy analysis – was developed precisely to help policymakers avoid both harsh overstatements and reckless underestimation of the limits of manageability of political and social tasks. The aim of this branch of policy analysis is to identify the most important constraints, evaluate their significance for different implementation strategies, and estimate the costs and benefits of relaxing those constraints that are not absolutely binding. Good policy analysts know that it is a mistake to define feasibility only in terms of a few, easily quantifiable limitations, such as technical or budgetary constraints. Feasibility conditions have been generally ignored by EU policymakers, however. Their insouciance about the feasibility of even the most ambitious goals is evident not only in the case of monetary union, but also of the Single Market project: the much advertised "Europe '92" goal. The aim of this project was to open the internal borders of the EU to the free movement of goods, services, capital, and workers, as within a nation state – by 1992. This aim, writes Piris (2011: 15):

> is presented as having been more or less achieved, but the truth is that it is not complete, especially in the services sector. In many areas the Single Market exists in the books but, in practice, multiple barriers and regulatory obstacles fragment the intra-EU trade and hamper economic initiative and innovation.

Piris points out that "the development of a single market in services" was still one of the proposals made by Mario Monti in 2010 in a report commissioned by the President of the European

Commission. In fact, a single market in services may not be achievable because of deep-rooted differences of historical and cultural traditions in the member states, as well as wide differences in levels of economic development.

It is easy to provide additional evidence of the official insouciance about the feasibility of pet projects of EU leaders. Thus, at the summit held in the Portuguese capital in March 2000 the EU Council launched the so-called Lisbon Strategy for Growth and Jobs. On that occasion the European leaders promised that by the year 2010 the Union would become "the most competitive, knowledge-based economy in the world", leaving the U.S. economy lagging behind. In order to justify such an ambitious goal it was assumed that the EU would grow at an annual average rate of 3 per cent, so as to create 20 million new jobs; while maintaining a commitment to solidarity and equality and, of course, respecting the environment. The experts knew all along that the goal was in fact unfeasible, and the Lisbon Strategy was declared dead in 2011 by Commission President Barroso who, instead of explaining the reasons of the failure, used the occasion to announce the launching of a new "Europe 2020" project.

The large-scale enlargement of the years 2004-2007, with the consequent dramatic increase in socioeconomic heterogeneity within the EU, may be mentioned as yet another manifestation of the same lack of concern for potential problems. The original plans of opening accession negotiations with no more than five countries from Central and Eastern Europe (CEEC) – five being the number favoured by the Commission, while the government of Chancellor Kohl would have preferred to start with only Poland, the Czech Republic, and Hungary – were soon superseded by the decision to open formal accession negotiations with all ten CEEC candidates, plus Malta and Cyprus. The basic reason of the large-scale enlargement decided at the Luxembourg European Council of December 1997 was national or institutional self-interest, with each incumbent member state pushing for its own favoured candidates, and the Commission attempting to present enlargement as feasible without an increase of the EU budget, and without demanding too many sacrifices from the older member states. As Sedelmeier (2005: 453) writes, these assurances of the Commission "implied some very optimistic assumptions, notably real growth of the budget through annual growth in EU GDP of 2.5 per cent, but politically the important message was that the reforms needed for enlargement were 'yesable'." The point was that Eastern enlargement gave the Brussels bureaucracy an extraordinary opportunity to play, for the first time, a role of political leadership, and also, through the direct grants, the role of the patron vis-à-vis the CEEC. Hence the politically important message the Commission intended to convey was that the reforms needed for enlargement were feasible at no cost to the older member states. If the position of the Commission can be explained in terms of institutional self-interest, the acceptance by the member states of the "big bang" solution indicates a less rational attitude of the general lack of concern about possible future problems. Indeed it is difficult to see how, having already admitted ten countries from Central and Eastern Europe, the Union could refuse to admit, sooner or later, other South-Eastern countries, in addition to Croatia: Montenegro, Bosnia-Herzegovina, Serbia, Kosovo, Macedonia, and Albania, as well as Moldova, Ukraine and, possibly, Turkey and Georgia. Another "big bang" enlargement as in 2004-2007 is highly unlikely, but in the not too distant future the EU could comprise almost forty countries at vastly different levels of development, and with correspondingly different policy preferences and national priorities.

Lack of concern about future problems entails not only a lack of preparations to meet new situations but also a sense of shocked surprise when problems arise. Consider the surprise resulting in 2005 from the rejection of the draft Constitutional Treaty by impressive majorities of French and Dutch voters – 55 and 65.1 per cent, respectively. In an extraordinary meeting in Brussels in early June 2005 the Presidents of the Commission, of the European Parliament, and of the EU Council at first tried to minimize what had happened. They insisted that the ratification process should continue, so that at the end of 2006, when it was scheduled to be completed, a general reassessment of the situation could bemade. Their hopes were dashed by the British decision to postpone indefinitely the referendum originally planned for the first half of 2006. Denmark, the Czech Republic and Poland soon followed the British example, reinforcing the general impression that the Constitutional Treaty was effectively dead. According to informed observers, moreover, the draft Constitution would not have passed popular consultations, not only in euro-sceptic countries like the UK, Denmark, or the Czech Republic, but even in Germany. Yet the possibility of a rejection of the draft Constitution had never been seriously considered in Brussels: by explicit admission of the president of the European Commission, no “Plan B” existed.

After the bad experience with the Constitutional Treaty, the Lisbon Treaty was carefully drafted to avoid any reference, however remote, to terms like constitution, federalism, or political integration – the new treaty even fails to mention rather innocuous symbols of statehood such as the European flag and anthem. The treaty framers have also been generous in granting opt-outs, in the hope of convincing the national governments that ratification by popular referendum was unnecessary. However, all these stratagems failed to impress the Irish voters, who used the chance offered to them to vent their dissatisfaction with the European project by voting against the treaty. Given such precedents and the present state of public opinion, popular referenda are now viewed as potential hazards for the integration process, not just in traditionally euro-sceptic countries but in most member states, as well as in Brussels. Some authors go as far as speaking of a “referendum roulette”, but it seems highly unlikely that in the future it will be possible to force the referendum genie back into the bottle (Majone 2014: 184-89).

After the first Irish vote against the Lisbon Treaty, demands for popular ratification of future European treaties have been advanced by leaders of different countries and political hues. In July 2008 Werner Faymann, then the social-democratic candidate for the Austrian federal election to take place the following September, came out in favour of popular referenda for all future treaty amendments and on other important EU issues. The Austrian Parliament had already ratified the Lisbon Treaty in April, but the social-democratic leader was obviously trying to improve his electoral chances by taking advantage of widespread EU-fatigue: at the time Eurobarometer data indicated that only 28 per cent of Austrian citizens still supported the EU, while in 1994 66.6 per cent had voted in favour of joining the Union. It remains to be seen how many national leaders will dare to submit to popular ratification the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union, signed in 2012 as an international (rather than European) treaty between all member states other than the United Kingdom and the Czech Republic.

Ignoring the limits of collective action

Collective actors face peculiar limitations, in addition to the various economic, political and social constraints limiting the freedom of choice of single decision makers. It is commonly assumed that if all the members of a group agree on some common interest, then there would be a tendency for the group to seek to further this interest. Mancur Olson’s important contribution to political economy has been his proof that this familiar assumption is basically wrong (Olson 1971). The proof depends on the argument that the members of a group will not provide as much of the collective good as it would be in their common interest to provide. Such tendency towards sub-optimality is due to the fact that a collective good, such as economic integration, is available to all members of a group once it has been provided. Since an individual member gets only part of the benefit of any expenditure she makes to obtain more of the collective good, she will discontinue her purchase of it before the optimal amount for the group as a whole has been obtained.

In some small groups (like the original Six of the 1951 Paris and 1957 Rome Treaties) one or two members may find that they would be better off if the collective good were provided – even if they had to pay the entire cost of providing it themselves – than they would be if it were not provided at all. In such situations there is a presumption that the collective good will be produced. Thus in small groups, where each member gets a substantial portion of the total gain simply because there are few others in the group, a collective good can often be produced by the voluntary, self-interested action of the members of the group. Actually, the greatest likelihood that a collective good will be provided occurs in the case of small groups of members of unequal size (again, the case of the original six members of the original European Communities); for the greater the interest of any single member in the collective good, the greater the likelihood that this member will get such a significant portion of the total benefit from the provision of the good that she will gain from seeing that the good is produced, even if she has to pay the entire cost herself. Even in the smallest groups, however, the members of the group will not provide as much of the good as it would be in their common interest to have.

The logic of collective action operates not only in groups of individuals but also in the case of organizations of states. An interesting example of this is provided by the well-known historian Heinrich August Winkler in the first volume of his *Geschichte des Westens* (2012: 760). According to the 1821 "federal war constitution" (*Bundeskriegsverfassung*) of the German confederation (*Bund*), no state was allowed to participate with more than three army corps to the confederate army. This rule was dictated by the desire to avoid even the appearance of the supremacy of one member state over the other members of the Bund. The Prussian state was a member of the Bund, but important Prussian territories – East and West Prussia, and Posen – were not part of the German confederation. For this reason Prussia was allowed to have nine, rather than three, army corps. Because of this, the other German states could assume that in case of a foreign threat Prussia would mobilize its entire military might. As a consequence they kept their contribution to the common defence well below the limit allowed by the constitution of the Bund.

In sum, the size of the group is a key element in the logic of collective action, and "*the larger the group, the further it will fall short of providing an optimal amount of a collective good"* (Olson 1971: 35; italics in the original). Olson concludes that if larger groups/organizations do in fact exist this is not because of the collective good they provide but because of the power of coercion they may enjoy (as in the case of a national government) or because of selective (positive or negative) incentives that voluntary organizations may provide. A selective incentive is one that applies selectively to the individuals (or subgroups) depending on whether they do or do not contribute to the provision of the collective good. A well-known example of selective incentive in the context of the EC/EU is the Common Agriculture Policy, a positive incentive originally offered to France for its support of European integration.

Unfortunately, the larger the group the more difficult it becomes to provide suitable selective incentives to all its members. In case of the EU the availability of such incentives is limited not only by the size of the group and the budget constraints, but also by the growing socioeconomic heterogeneity of its membership. An even more basic problem in organizing and maintaining socially and economically heterogeneous groups is due to the fact that the members are less likely to agree on the exact nature of whatever collective good is at issue, or on how much of it is worth "buying". In the EU context we have the traditional cleavage between countries that wish to limit integration to the economic sphere and those that support also political integration. Consensus on such matters is especially difficult because the defining characteristic of collective goods – that they go to everyone in the group if they are provided at all – entails that all the members of the group have to accept whatever level and type of the good is provided. The applicability of Mancur Olson's analysis to the case of European integration could be demonstrated by other significant examples, such as the inability to produce a collective foreign policy (see Majone 2014: 253-7). It is therefore rather surprising that the intrinsic limits of collective action have been generally ignored by political scientists, legal scholars and even by economists writing about the EU.

Process vs. outcomes

As the discussion of the preceding sections suggests, a culture of total optimism can only survive in a system of governance where process counts much more than concrete results. One of the major, but generally overlooked, consequences of the crisis of monetary union is the radical change in the criteria used to assess the performance of the EU. Traditionally, decisions and policies made at the European level have been discussed and assessed in terms of process – institution building; decision-making procedures; volume of legislation; expansion of competences; whether or not consensus was achieved on a particular Commission proposal, and so on – rather than in terms of results which the citizens could see and evaluate. In the Commission's 2001 White Paper on *European Governance,* for example, the good governance principles are largely concerned, not with the ultimate decision/policy to be adopted, much less with expected outcomes, but with the way in which decisions are reached (Smith 2012: 276; Shore 2006: 719). The primacy assigned to process has enabled political leaders, eurocrats, and most scholars, to depict European integration in the most optimistic terms – as a positive-sum game for everybody concerned. A good example is provided by the opening lines of the 2001 White Paper, claiming that European integration has delivered fifty years of stability, peace and economic prosperity. The same optimistic message has been sent by EU leaders on every possible occasion, at least before the beginning of the euro-crisis. Now we know that the truth is less rosy. In terms of such concrete results as faster growth, higher productivity, rising employment levels, or greater technological innovation the empirical evidence presents quite a different picture.

It is certainly true that Europe experienced unprecedented prosperity in the decades immediately following the end of World War II, but economists and statisticians have shown that the influence of the integration process on the economic development of the continent has been minimal. If that causation cannot be clearly established – and most accurate quantitative studies indicate that the gains from the Common Market were very small in relation to the increases in income that the member states enjoyed in the 1950s and 1960s – then it must be admitted that the myth of fifty years of prosperity made possible by European integration rests on the *post hoc, ergo propter hoc* fallacy: inferring a causal connection from a mere sequence in time (Majone 2009: 81-87). After the phase of very rapid catch-up with the United States in the immediate post-war period – that is to say, even before the European Economic Community was established – convergence in the levels of per capita income stopped at the beginning of the 1980s and has remained unchanged since, at around 70 per cent of the US level. During the 1990s growth of EU GDP was disappointing both in absolute terms and with regard to the US; overall growth slowed from the 1980s, which itself had slowed from the 1970s. A common trade policy, the customs union, a supranational competition policy, extensive harmonization of national laws and regulations, the Single Market project, and finally a centralized monetary policy, apparently made no difference as far as the economic performance of the EC/EU, relative to its major competitors, was concerned. While the American economy was generating employment as well as maintaining working hours, Europe's employment performance was weak and working hours fell consistently (Sapir *et al.* 2004). As a matter of fact, not only are we still far from having a single European market, but the EU market is today even more segmented along national lines than it was a couple of decades ago. The main reason of this paradoxical state of affairs is that in all advanced economies the services sector has been continuously growing in terms of share of GDP. Today it represents more than seventy per cent of the GDP of the old EU-15, and services are still largely regulated at the national level.

Monetary union was also assessed in terms of process, at least in its early stages. The launch of the common currency in 1999, and the smooth introduction of euro notes and coins and phasing out of the national currencies in 2002 were taken, even by some experts, as more or less conclusive evidence of success of the most risky project in the history of European integration. Shortly after the introduction of the common currency a well-known monetary economist claimed that the launch of the euro had been not only a technical and economic, but "also and foremost" a political success The fact that "it took only a few weeks for the euro to become the single European currency used in daily transactions from Finland to Portugal and from Ireland to Greece" was seen as definite proof of the success of the single currency. Thus: "The euro is the most visible and practical symbol of the progress towards a political union in Europe" (De Grauwe 2004: 363). In this as in many other cases, the process was celebrated without waiting for the actual results. Some years later, Otmar Issing – a member of the executive board of the ECB from 1998 to 2006, who later became a severe critic of the Trichet presidency – would still write that "the common currency has become an irreversible reality…Over the nine years that have passed since its birthday on 1 January 1999, the euro has been a striking success" (Issing 2008:1-2). This is one more evaluation in terms of process: recent data show that per capita GDP in the euro zone, outside Germany, has actually declined since the beginning of monetary union. Empirical evidence only confirms what policy analysts have known for a long time; namely, that evaluation by process is quite different from evaluation by results; and that these two modes of policy evaluation serve different purposes and appeal to different publics.

The fact that until recently most EU policies were too remote from daily problems to seriously concern public opinion is the main reason why people did not notice for so long the gap between poor or mediocre results and official enthusiastic evaluations – in terms of process criteria. Moreover, it was difficult for ordinary citizens, and sometimes even for experts, to allocate responsibility for unsatisfactory outcomes as between "Brussels" and the national governments. Occasional complaints about the disappointing economic performance of the EU could be answered by reminding the critics that Community competences did not include macroeconomic policymaking. What makes the crisis of the euro zone so important also from the point of view of evaluation criteria is the fact that the actual consequences of decisions taken at the European level are now much more visible than they were in earlier stages of the integration process. As the buyers of finished products are typically interested in the quality of the product, not in the production process, so the "buyers" of public policy – voters and the citizens at large – are interested in the quality and tax-prices of specific policy outcomes, not in administrative procedures and inter-state bargaining. Thus, a crucially important, if paradoxical, consequence of the decision to proceed with monetary union is the possibility now offered to everybody to question the effectiveness of a key European policy. Unlike most policy decisions taken in Brussels, the decisions taken by the ECB are widely advertised, and their consequences have a direct impact on the welfare of all inhabitants of the euro zone, indeed of the entire EU. Since the beginning of the crisis of the euro zone, moreover, everybody realizes that integration entails costs as well as benefits, and that a positive net balance of benefits over costs can no longer be taken for granted. This new realism is likely to generate a much stronger demand of accountability by results – precisely what is foreign to the political culture of total optimism of EU leaders (Majone 2014: 58-62). Once results become visible, not only the political but also the normative consequences of failures to deliver the goods can be significant.

Legitimacy, writes Martin Lipset, involves the capacity of a political system to engender and maintain the belief that its institutions are capable of resolving the major problems facing society. He goes on to explain that while effectiveness is primarily instrumental, legitimacy is evaluative. Nevertheless, the two concepts are linked:

> After a new social structure is established, if the new system is unable to sustain the expectations of major groups (on the ground of "effectiveness") for a long enough period to develop legitimacy upon the new basis, a new crisis may develop…On the other hand, a breakdown of effectiveness, repeatedly or for a long period, will endanger even a legitimate systems stability (Lipset 1963: 65; 67-8).

It is this connection between effectiveness, legitimacy, and systemic stability which makes the unsatisfactory economic performance of the last decades so worrisome, and the present crisis of the euro zone in particular. Indeed, the basic reason why today public debate and hostile public reactions have replaced the permissive consensus of the past – when the integration project was seemingly taken for granted by European voters as part of the political landscape – is precisely the fact that monetary union has put an end to the primacy of process as *the* criterion of policy evaluation in the EU. As long as the permissive consensus lasted, the issue of the democratic deficit did not arise. The consensus began to erode as the EC/EU enlarged and acquired more powers, first with the Single European Act and later with the Maastricht Treaty. Indeed, the ratification crisis of this treaty – which led to the opt-outs of Great Britain and Denmark from monetary union – showed that by the early 1990s a permissive consensus no longer existed. This was the time when the democratic deficit became a serious issue.

Some EU leaders now argue that even if European integration has not delivered all the hoped-for economic benefits, at least it has delivered fifty years of peace and stability in Europe. It is certainly true that since the end of the World War II Western Europe has enjoyed over half a century of uninterrupted peace. What is doubtful, however, is the causal role of European integration in preserving peace in the old continent. A moment's reflection suggests that it is hardly believable that after the disastrous results of two world wars in fifty years, Europeans had either the resources or the will to use again military means to resolve their conflicts – a conclusion which the distinguished Princeton economist, Albert Hirschman, had already reached three decades ago:

> [T]he European Community arrived a bit late in history for its widely proclaimed mission, which was to avert further wars *between* the major Western European nations; even without the Community the time for such wars was past after the two exhausting world wars of the first half of the twentieth century" (Hirschman 1981: 281; emphasis in the original).

Aspirations to enduring peace and "repudiation of war" expressed in the post-1945 constitutions of countries like Germany and Italy reveal the reluctance of the member states of the EU to engage in military actions – not only in distant theatres, but even in Europe's backyard. When the Yugoslav crisis broke out in June 1991, Jacques Poos, then foreign minister of Luxembourg and President of the European Council for the first six months of that year, declared: "This is the hour of Europe, not the hour of the Americans" (cited in Gordon and Shapiro 2004: 33). Unfortunately, the EU proved unable to enforce stability and peaceful coexistence among the peoples of the former federation, and had to appeal to the United States for help. The civil war in Bosnia was ended by the intervention of the American superpower, which then mediated and guaranteed the Dayton Agreement of November 1995 between Serbs, Croatians, and Moslems. Four years later, this time in Kosovo, the EU displayed again its inability to ensure peace and respect of basic human rights even in areas of clear European interest (Majone 2009: 87-90).

In sum, the times are past when integrationist leaders could focus on process, thus keeping European issues out of political controversy. The immediate consequence of the ongoing process of politicization is that political entrepreneurs now have the opportunity of differentiating themselves from more traditional parties in terms of European issues; so that bargains struck in Brussels and decisions taken in Frankfurt can now be contested at the national level. From Stockholm to Prague, from Berlin to Rome, the trend is becoming too visible to be ignored or dismissed as irrelevant for the future of European integration – witness the impressive growth of euro-sceptic parties at the last European elections.

From total optimism to panic-driven austerity

In January 2009 EU leaders celebrated the tenth anniversary of the successful launching of Economic and Monetary Union. This success, the euro-enthusiasts claimed, was not only technical and economic, but also, and foremost, political: the common currency was going to be the solid foundation of a politically united Europe. One year later, the same leaders were facing the possible bankruptcy of some members of the euro zone. Chancellor Angela Merkel, on the occasion of the Bundestag debate on financial help to Greece of 7 May 2010, went as far as asserting that the crisis of the common currency was nothing less than an existential threat for Germany and for Europe. The monetary union, she concluded, is a "community of destiny" (*Schicksalsgemeinschaft*): "if the euro fails then Europe fails". And Wolfgang Schaeuble, her Finance Minister, added: "We must defend this common European currency as a whole…By defending it we defend at the same time the European project" (citations in *Der Spiegel* of 17 May 2010: 80). How can we explain the switch from the traditional mood of total optimism to the catastrophism of the leaders of the largest European economy?

The most obvious explanation is that by insisting that the survival of the EU depends on the survival of monetary union, the German leaders were attempting, first of all, to impress their own voters with the exceptional gravity of the situation. At the same time they wanted to convince present and future euro-zone members of the need to accept tighter coordination and closer control of national economic and fiscal policies, as well as greater harmonization of important aspects of social policy. These ambitious objectives were clearly spelled out by the German chancellor when, at the end of January 2011, she advanced the idea of a "Pact for Competitiveness" as a first step towards a future economic government of the euro zone. The pact would have obligated all euro zone members to adhere to sound fiscal *and* social policies, including an age limit for pensions to reflect demographic developments, and modest wage increases that would no longer be adapted automatically to rising prices. Finance minister Schaeuble also expressed the hope that the sovereign-debt crisis of the euro zone could convince the other member states not only that a centralized monetary policy must be supported by the delegation of responsibility for macroeconomic policymaking to the supranational level, but also by far-reaching harmonization of domestic, and in particular social, policies. In this way the sovereign-debt crisis would actually help to achieve those quasi-federalist aims which after the rejection of the Constitutional Treaty and the difficult ratification of the Lisbon Treaty had seemed to recede into an ever more distant future. However, even leaders of countries that traditionally supported Germany's position, such as The Netherlands, Luxembourg and Austria, were severely critical of Merkel's Pact for Competitiveness.

The fact that only one year later most national leaders were prepared to accept even more stringent conditions than those foreseen by the Pact is a clear indication of the steady worsening of the crisis. A new, much stricter, regime of regulation and control of national budgetary and economic policymaking was established in 2012 by the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union ("Stability Treaty", signed as an international treaty by all EU member states other than the United Kingdom and the Czech Republic), together with a group of regulations, issued in 2011, concerning enforcement of budgetary surveillance in the euro zone; enforcement measures to correct excessive macroeconomic imbalances; strengthening of the surveillance and coordination of economic policies; and the prevention and correction of macroeconomic imbalances. The aim of the new regime is to ensure that the members of the euro zone fulfil three main duties: to achieve a balanced budget; to avoid an excessive government deficit; and to prevent or correct macroeconomic imbalances – the latter duty being in fact a general obligation of all member states, since it concerns general economic policy rather than monetary and fiscal policy. A political culture of total optimism could hardly survive in the new atmosphere of panic-driven austerity.

Beyond excessive optimism and enforced austerity: rethinking the union of Europe post-crisis

In his well-known work about the crisis of the 1920s and '30s E.H. Carr writes: "The conception of politics as an infinite process seems in the long run uncongenial or incomprehensible to the human mind. Every political leader who wishes to make an appeal to his contemporaries is consciously or unconsciously led to posit a finite goal" (Carr [1939] 1964:89). Carr's warning has been systematically ignored by the advocates of EU-style integration. Thus the Preamble of the 1997 consolidated version of the Treaty on European Union reaffirms the resolution of the member states "to continue the process of ever closer union among the peoples of Europe". The obvious problem with this and equivalent statements is that the expression "ever closer union" is meaningless as a goal until the nature of the sought union is specified. To some of the early and most vocal advocates of European integration "union" simply meant "political" or, more precisely, "federal" union. However, contemporary federal states tend to be centralized – to a degree that is simply unthinkable in case of the European Union. Thus James Buchanan, the Nobel-Prize winner economist, writes: "It is mockery to use 'federalism' or 'federal union' in descriptive reference to the United States of 1990, which is, of course, simply a very large nation-state" (Buchanan 1990: 6). Even a "good European" like Juergen

Habermas admits that the dream of a "federal Europe" is just that: a fanciful vision. At the same time, Habermas keeps stressing the need "to begin the process of moving towards political union, beginning with the core Europe of the 17 EMU member countries". "Only a politically united core Europe", he and his co-authors argue, "offers any hope of reversing the process – already far advanced – of transforming a citizens' democracy built on the idea of the social state into a sham democracy governed by market principles". What they advocate is a treaty change:

> designed to bring about the establishment of a politically unified European currency area, which other countries – in particular Poland – would be allowed to join. This calls for clear thinking about the political make-up of a supra-national democracy that would allow collective government without assuming the form of a federal state. The European federal state is the wrong model, demanding more solidarity than the historically autonomous European nations are willing to contemplate.

They conclude:

> The peoples of Europe must learn that they can only preserve their welfare-state model of society and the diversity of their nation-state culture by joining forces and working together. They must pool their resources – if they want to exert any kind of influence on the international political agenda and the solution of global problems. To abandon European unification now would be to quit the world stage for good (Bofinger, Habermas, and Nida-Ruemelin 2012).

The main problem with the argument of these distinguished German scholars is their assumption that there is only one type of European integration – an assumption that is logically and historically false. The variety of modes of integration and interstate cooperation was always the distinguishing feature of the European polity – a variety which has made Europe different from, and more dynamic than, the centralized empires of the past. As Eric Jones has stressed, for most of its history Europe formed a cultural, economic, even a political unity. Of course, it was a special type of unity that did not exclude frequent, if limited, wars: unity in diversity, embodied in a system of states competing and cooperating with each other. Such a system realized the benefits of competitive decision-making and the economies of scale of the centralized empire, giving Europe some of the best of both worlds. In the words of the British historian:

> This picture of a Europe which shared in salient respects a common culture…and formed something of a single market demonstrates that political decentralisation did not mean a fatal loss of economies of scale in production and distribution. The states system did not thwart the flow of capital and labour to the constituent states offering the highest marginal return" (Jones 1987: 117).

The system of European states always opposed any attempt to unify the continent under the leadership of a great power that would pre-empt the sovereignty of the other members of the system. Even at the peak of their power neither Spain nor France or Germany succeeded in establishing a European empire. Each time the freedom of the European system of states hung precariously in the balance. Yet each time, the forces seeking to preserve the balance in the system were victorious over those that would upset it (Dehio 1962). The member states of the EU are also extremely reluctant to accept the leadership of one member of their group; indeed, even the largest and economically most powerful member of the Union is extremely reluctant to assume such a role. This reluctance is rooted in history, but also in the contemporary ideology of European integration. A key element of this ideology is the basic equality and equal dignity of all the member states, from the smallest to the largest: no leader but a "collective leadership" as the principle of equality of all member states has been characterized. A direct consequence of this principle is the fact that nobody can claim to govern the Union – hence the absence of the traditional government-opposition dialectic. The European Commission, which many Euro-enthusiasts used to see as the kernel of the future government of a federal Europe, in fact looks more and more like an international bureaucracy and less and less like a proto-government. Knowledgeable observers of the European scene have recently noted that even the European Council – the most likely candidate to provide leadership at the supranational level – is only able to achieve what the member states want it to achieve, with agreements hammered out, often bilaterally, beyond its walls. What most students of European integration have failed to analyze, however, are the limits of what a polity based on collective leadership may be expected to achieve (Majone 2014: 14-9).

The alleged comparative advantage of the EU model with respect to other regional organizations has usually been attributed to the extent of the powers delegated to the supranational institutions. What is seldom mentioned, however, is that a high level of supranational institutionalization entails considerable transaction costs, so that in terms of the *net* benefits of integration the superiority of the European model is far from being obvious. The results achieved by regional organizations such as the North American Free Trade Agreement (NAFTA) or the Australian-New Zealand Trade Agreement (ANZCERTA) show that extensive economic integration is possible without elaborate institutional and legal superstructures. Harry Johnson and other distinguished economists had argued the same point in the early days of the European Economic Community, without however influencing the public discourse (Majone 2009: 185-6). Unless we are willing to assume that the founding fathers of communitarian Europe were either naïve or uninformed we must conclude that the rationale behind the unique development of the EU's supranational institutions is political rather than economic.

The problem is that a politically integrated Europe, in the sense in which "political integration" is commonly understood today, was and continues to be an elitist project. In the course of more than half a century of integration efforts a certain Europeanization of intellectual, economic, and political elites has taken place, yet this process has hardly touched the vast majority of European citizens. All attempts to induce a transfer of loyalties from the national to the supranational level – not only by propaganda and cultural actions but, more concretely, by such measures as the direct election of the European Parliament, various social-policy measures, including the "welfare state for farmers" represented by the Common Agricultural Policy, and policies of regional aid – failed completely. In the early stages of integration the reaction of the Euro-elites to this unsatisfactory situation was to claim that popular support was not necessary, after all. Thus Ernst Haas and his neo-functionalist school argued that the bureaucratized nature of European states implies that all crucial decisions are made by elites: public policymakers, as well as economic elites, trade unions, professional associations, business lobbies, and so on. Public opinion, on the other hand, was deemed to be unimportant.

Unfortunately, neofunctionalist scholars and integrationist leaders alike overestimated the effectiveness of supranational institutions. The superior problem-solving capacity of these institutions – a superiority assumed a priori rather than supported by concrete evidence – was supposed to produce a sufficient normative basis for the integration project by inducing the progressive transfer of the loyalties and political demands of social groups from the national to the European level. Since the late 1970s, however, the effectiveness of the supranational institutions has been increasingly questioned. Recent developments support a growing conviction that an ever widening and deepening integration process has proved impotent to arrest the decline of Europe's economy relative to its major international competitors. What is increasingly questioned is less the general idea of integration than the particular integration method followed so far. It is time, therefore, to consider more carefully alternative approaches suggested in the past by a few critics of the prevailing orthodoxy.

An alternative approach to regional integration, advocated by David Mitrany in the 1940s and by Ralph Dahrendorf in the 1970s, is based on a *functional*, rather than territorial, view of integration. A territorial union, according to Mitrany, binds together some interests which are not of common concern to the group, while it inevitably "cuts asunder some interests of common concern to the group and those outside it". To avoid such "twice-arbitrary surgery" it is necessary to proceed by "binding together those interests which are common, where they are common, and to the extent to which they are common". Thus the essential principle of a functional organization of international activities "is that activities would be selected specifically and organized separately, each according to its nature, to the conditions under which it has to operate, and to the needs of the moment" (citations in Eilstrup-San Giovanni 2006: 47). At the same time, Mitrany was sceptical about the advantages of political union. His main objection to schemes for continental unions was that the closer the union the more inevitably would it be dominated by the most powerful member. Dahrendorf's notion of integration à la carte also led to the conclusion that there should be common European policies only in areas where the member states have a common interest. While not excluding a priori the possibility of a European political union, eventually, the future Lord Dahrendorf maintained that no country should be forced to participate in everything. Integration à la carte was not ideal, but it was much better than "avoiding anything that cannot be cooked in a single pot".

Neither these nor other ideas of differentiated integration were based on, or inspired by, any formal theory. In fact, James Buchanan's economic theory of clubs can provide a robust conceptual basis for the analysis of integration à la carte and other forms of functional integration. According to Buchanan's theory, a "club good" is a collective good from whose benefits individuals may be (or may choose to be) excluded; an association established to provide an excludable public good is a "club" (Buchanan 1965). The same definitions apply if instead of individuals we consider independent states. Associations of independent states, such as alliances or leagues, are typically voluntary, and their members are exclusively entitled to enjoy certain benefits produced by the association. The club goods in question could be collective security, policy coordination, common technical standards – or a monetary union limited to a subset of members of the association. In these as in many other cases, countries unwilling or unable to share the costs are usually excluded from the benefits of inter-state cooperation in a particular project. The important point is that as an association of states expands, becoming more diverse in its preferences and its socioeconomic conditions, the cost of uniformity in the provision of collective goods can escalate dramatically. The economic theory of clubs predicts an increase in the number of voluntary associations to meet the increased demand of goods more precisely tailored to the different requirements of various subsets of more homogeneous states. Aggregate welfare is maximized when the variety in preferences is matched by a corresponding variety of institutional arrangements. It follows that top-down harmonization may be desirable when the market is relatively small and homogeneous. In a large market, on the other hand, harmonization tends to be brought about by the recognition of similar demands, rather than by a policy imposed from the top. Hence a multiplicity of club goods replaces policy harmonization.

A Europe of clubs organized around functional tasks would not exclude the possibility of large projects supported by all the member states – as long as there is clear evidence (through referenda, supermajorities in national parliaments, and so on) of sufficient popular support. This is precisely the point Ralph Dahrendorf emphasized in the 1970s. The Single Market project, unlike monetary union, seems to enjoy broad support even in so-called euro-sceptic countries. Hence, it would be a natural starting point for assessing the extent of popular support in favour of further movement in the direction of closer integration. Once decisions about the extent of integration are no longer taken *in camera* but are submitted to the decision of the voters, however, the provision of correct information – about the expected benefits and costs of new advances, and about successes and failures of past policies – becomes truly indispensable. Even in case of a project like the Single Market, for example, the general public should know that the promise of reaching that goal by 1992 is still far from being fulfilled even today; and they should also be informed about the reasons for the delay (Majone 2014: 320-1).

In sum, both history and logic tell us that there are different possible modes of European integration. The depth of the present crisis strongly suggests that the approach followed since the 1957 Rome Treaty has reached, if not overstepped, its limits. Only a political culture of total optimism could induce European leaders to confuse process with actual results. What is needed today is more modesty, greater realism and, especially, clearly defined and popularly supported goals.

References

1. Bofinger, P., J. Habermas, J. Nida-Ruemelin (2012) „Einspruch gegen die Fassandendemokratie“ (Protest against a would-be democracy), *Frankfurter Allgemeine Zeitung* of 4 August 2012.
2. Buchanan, J.M. (1965) “An Economic Theory of Clubs”. *Economica,* Vol. 32, No. 1, pp. 1-14.
3. Buchanan, J.M. (1990) “Europe’s Constitutional Opportunity”, in Institute of Economic Affairs *Europe’s Constitutional Future.* London: IEA,1990, pp.120.
4. Carr, E.H. (1964 [1939]) *The Twenty Years’ Crisis, 1919-1939.* New York: Harper &Row.
5. Chalmers, D. (2012) “The European Redistributive State and a European Law of Struggle” *European Law Journal*, Vol.18, No.5, pp.667-93.
6. Chiti, E and Teixeira, P.G. (2013) “The Constitutional Implications of the European Responses to the Financial and Public Debt Crisis”. *Common Market Law Review*, 50: 683-708.
7. De Grauwe, P. (2004) Challenges for Monetary Policy in Euroland“, in Torres, F., Verdun, A., Zilioli, C. and Zimmerman, H. (editors) *Governing EMU*. Florence: European University Institute, pp. 363-88.
8. Dehio. L. (1962) *The Precarious Balance.* New York: Vintage Books
9. Eilstrup-Sangiovanni, M. (2006) *Debates On European Integration.* New York: Palgrave
10. Gordon, P.H. and Shapiro, J. (2004) *Allies At War*. New York: McGraw-Hill.
11. Hirschman, A.O. (1981) “Three uses of political economy in analyzing European integration”, in Hirschman, A.O., *Essays in Trespassing*. Cambridge: Cambridge University Press, pp.266-84.
12. Issing, O. (2008) *The Birth of the Euro*. Cambridge: Cambridge University Press.
13. Jones, E.L. (1987) *The European Miracle: Environments, economies and geopolitics in the history of Europe and Asia* (2nd edition.). New York: Cambridge University Press.
14. Lipset, S.M. (1963) *Political Man*. Garden City, N.Y.: Anchor Books.
15. Majone, G. (1989) *Evidence, Argument &Persuasion In The Policy Process.* New Haven, CT.: Yale University Press.
16. Majone, G. (2009) *Europe As The Would-Be World Power: The EU At Fifty*. Cambridge: Cambridge University Press.
17. Majone, G. (2014) *Rethinking the Union of Europe Post-Crisis.* Cambridge: Cambridge University Press.
18. Olson, M. (1971) *The Logic of Collective Action*. Cambridge, MA.: Harvard University Press.
19. Parker, G. (1998) *The Grand Strategy of Philip II*. New Haven and London: Yale University Press.
20. Piris, J.-C. (2011) *It is Time for the Euro Area to Develop Further Closer Cooperation Among its Members*. New York: Jean Monnet Working Paper 05/11, NYU School of Law, The Jean Monnet Center for International and Regional Economic Law & Justice.
21. Polanyi, M. (1951) *The Logic Of Liberty*. London: Routledge and Kegan Paul.
22. Putnam,R.D.(1983) “Explaining Institutional Success: The Case of Italian Regional Governments”, *American Political Science Review* 77 (1983): 55-74.
23. Putnam,R.D.(1988) “Institutional Performance and Political Culture: Some Puzzles About the Power of the Past”, *Governance,* 1, 3 (July 1988): 221-42.
24. Ross, G. (1995) *Jacques Delors and European Integration*. London: Polity Press.

25. Sapir, A., Aghion, P., Bertola, G., Hellwig, M., Pisani-Ferry, J., Rosati, D., Vinals, J. and Wallace, H. (2004) *An Agenda for a Growing Europe*. Oxford: Oxford University Press.
26. Sedelmeier, U. (2005) "Eastern Enlargement: Towards a European EU", in Wallace, H., Wallace, W. and Pollack, M.A. (eds.) *Policy-Making in the European Union*. Oxford: Oxford University Press, fifth edition, pp.401-28.
27. Shore, C. (2006) "Government Without Statehood? Anthropological Perspectives on Governance and Sovereignty in the European Union", *European Law Journal*, Vol. 12, No. 6, pp.709-24.
28. Smith, M. (2012) „Developing Administrative Principles in the EU: A Foundational Model of Legitimacy?". *European Law Journal,* Vol.18, Issue 2, pp.269-88.
29. Thompson, M., Ellis, R., Wildavsky, A. (1990) *Cultural Theory.* Boulder, San Francisco &Oxford: Westview Press.
30. Tuori K. (2014) "The Eurozone Crisis as a Constitutional Crisis", in M. Fichera, S. Haenninen, K. Tuori (editors) *Polity and Crisis.* ASHGATE, pp.3-40.
31. Verba, S. (1965) "Comparative political culture" in L. Pye and S. Verba (editors) *Political Culture and Political Development*. Princeton: Princeton University Press, 512-60.
32. Wallace, W. (2005) "Foreign and Security Policy", in Wallace, H., Wallace, W. and Pollack, M.A. editors *Policy-Making in the European Union*, fifth edition. Oxford: Oxford University Press, pp.429-56.
33. Winkler, H.A. (2012) *Geschicte Des Westens*. Munich: C.H.Beck, volume 1, third edition.
34. Wolf, M. (2011) "Managing the eurozone fragility", *Financial Times,* May 3, 2011, p.5.