

RECON Online Working Paper 2009/04

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May 2009

URL: www.reconproject.eu/projectweb/portalproject/RECONWorkingPapers.html

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RECON Online Working Paper Series | ISSN 1504-6907

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Issued by ARENA

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www.arena.uio.no

Abstract

The chasm separating elite and popular opinion on the achievements and finality of European integration was never so visible as after the negative referendums on the Constitutional and the Lisbon Treaties. The public attitude prevailing in the past has been characterized as one of “permissive consensus”, meaning that the integration project was seemingly taken for granted by European publics as an accepted part of the political landscape. The current stage of the integration process is best understood as the end of permissive consensus, but EU leaders do not seem to be sufficiently aware of the far-reaching consequences entailed by this change in public attitude. One important reason for this inability, or unwillingness, to assess realistically the new situation is the peculiar political culture grown up in more than half a century of intense, if not always productive, integrationist efforts. A striking demonstration of the hold of this political culture on the minds of Euro-leaders is the view of popular referendums as an unconscionable risk for the integration process – the “referendum roulette”. One of the favourite arguments against ratification of European treaties by popular referendum is that voters cannot be expected to read and evaluate technically and legally complex texts running into hundreds of pages. It will be shown, however, that this argument is flawed in several respects; carried to its logical conclusion, it would lead to severe restrictions of the franchise even at the national level. The reasons of the current discontent are to be found in the fear of a EU “without border and limits” and in the loss of confidence among significant parts of the electorate in the EU’s ability to deal with everyday issues. The Union may be entering an “age of diminished expectations”: leaders realize that the current approach to European integration no longer delivers very much, but there is little demand for an alternative approach that might do better. Some form of differentiated integration may offer the only possibility of avoiding the dilemma of dissolution or irrelevance.

Keywords

Constitution for Europe - Democracy - Differentiated Integration - Federalism - Political Culture - Referendum - Treaty Reform

The end of the permissive consensus¹

When the French farm minister and former EU Commissioner, Michel Barnier, said that the Irish vote on the Lisbon Treaty showed that Europeans are afraid of an EU "without borders and limits", he correctly identified one important cause of the current discontent. Another, equally important, cause was suggested by the EU foreign ministers at their meeting of 16 June 2008, when they expressed fears that the Irish referendum might show that the Union has become too elitist and technocratic, and is losing touch with citizens on concrete issues. Indeed, the concomitance of the Irish vote with protests across Europe against rising food and energy prices underlined a loss of confidence among significant parts of the electorate in the EU's ability to deal with everyday issues. Inflation and economic stagnation had hit hard the European economy also in the 1970s, yet few people at the time accused the EC of being unable to deal with everyday issues. The politically significant new factors in the present legitimacy crisis are: the end of what has been called "permissive consensus", when European voters took the integration project for granted, as part of the political landscape; the growing divergence between elite and popular estimations of the value added by integration; and, at the most basic level, the steady expansion of supranational competences without a corresponding growth either in problem-solving capacities, or in normative resources.

The interpretation of the Irish vote offered by M. Barnier, and the fears expressed by the EU foreign ministers indicate a new awareness of the severity of the problems facing the European project today. This awareness could be seen as the necessary first step in the search of adequate solutions, were it not for the tendency to focus on epiphenomena rather than going back to first principles. Take the fear of the EU foreign ministers that the Union may have become too elitist and technocratic. In fact, the idea of a deeply integrated Europe—a type of integration involving not only a customs union and free movement of the factors of production, but monetary union, and ultimately political union—was from the start, and continues to be, a project pursued by political, economic, and intellectual elites—largely "behind the backs of the population", as European Commissioner Guenther Verheugen allegedly said of monetary union. In the course of half a century a certain Europeanization of the elites has taken place, yet this process hardly touched the vast majority of citizens. All attempts to induce a transfer of loyalties from the national to the supranational level—by such measures as the direct election of the European Parliament, various social-policy measures, a common agricultural policy, or policies of regional aid and social cohesion—failed completely in this respect, when they did not increase the degree of conflict among the member states of the EU, as in the case of the CAP. Political symbolism—which was so important in rallying mass movements in support of the cause of national unification in the nineteenth century—did not help. A European logo and flag, an EU anthem, a standardized European passport and driver license, EU citizenship, Brussels-sponsored games and sport events, an official "Europe Day" public holiday: these and other "cultural actions", meant to create a new kind of European consciousness, do not appear to have achieved any measurable impact on European publics. In an opinion survey conducted in March 2007 by the German publicly-owned network, ZDF, on the occasion of the 50th anniversary of the

¹ Paper presented at the Twelfth Annual Conference of the Irish European Law Forum "Responses to the Lisbon Referendum: EU and National Perspectives", Dublin 23 January 2009.

signing of the Treaty of Rome, 60 per cent of respondents even doubted the existence of a common European culture (*SPIEGEL ONLINE* of 19 March 2007). In fact, such culture-building initiatives seem to echo many of the techniques and methods used in the past by nationalist elites to forge Europe's existing nation states—precisely the model that European integrationists seek to transcend (Shore 2006). In sum, no “Europeanization of the masses” has taken place even remotely comparable to the “nationalization of the masses” perceptively analyzed by George Mosse in the case of Germany, but which occurred in all countries of Western Europe during the nineteenth century. After the “war of liberation” against Napoleon in 1813-1814, what was before an elite movement in favour of German unification became “a mass movement and as such embraced many different classes in propagating a fervid belief which became a major force of its own” (Mosse 1975: 15).

Surprisingly, the implications of the failed Europeanization of the masses have always been minimized, even ignored, by students of European integration. The explanation of this insensitivity to such a significant and obvious phenomenon can only be the elitist bias of traditional European studies. The authors of the first social-scientific analyses of the integration process—Ernst Haas and his neofunctionalist school—argued that the bureaucratized nature of European states entailed that all crucial decisions are made by elites: public policymakers, as well as economic elites, trade unions, professional associations, business lobbies, etc. Public opinion at large, on the other hand, was deemed to be unimportant (Haas 1958: 17). These scholars thought that the basic problem was not how to “Europeanize the masses”; rather, the problem was how to make “Europe without Europeans” (Schmitter 2005). In the words of WTO's Director General Pascal Lamy, a former European Commissioner and lieutenant of Commission President Jacques Delors: “Europe was built in a St.Simonian [i.e., technocratic] way from the beginning, this was Monnet's approach: The people weren't ready to agree to integration, so you had to get on without telling them too much about what was happening” (cited in Ross 1995: 194).

The most important consequence of the permissive consensus of the past was the excision of politics from the integration project. But a policy of de-politicization was feasible only as long as European competences remained limited and precisely defined. To pursue a large political project by non-political means — Monnet's strategy — is bound to fail in the age of mass democracy, *unless* the project is so consistently successful that the peoples' loyalty gradually shifts from the old order to the new one. This is precisely what neofunctionalists expected to happen, but the evidence is by now overwhelming that such expectations were based, not on a serious analysis of supranational governance, and its limits, but on wishful thinking (Majone 2009). The growing alienation of the people, if not from the European “vision” then from the methods followed so far for its realization, is explained, as Michel Barnier correctly diagnosed, by the apparently unstoppable extension of Union powers, as well as by the vagueness of its geographical boundaries. It is a revealing fact that the issue of the democratic deficit was raised only after Community competences were significantly expanded by the Single European Act. The delegation of certain policymaking tasks to a non-elected body like the European Commission could be normatively justified as long as EC powers remained limited. Also at the national level, after all, certain technical tasks are delegated to non-elected bodies (“non-majoritarian” institutions) such as independent central banks and regulatory authorities. Delegation of policymaking powers to non-majoritarian institutions may be reconciled with the theory and practice of representative democracy as long as the

tasks of such institutions are clearly and narrowly defined, and policy discretion is strictly disciplined by means of efficient ex ante and ex post controls.

Now, most EU policies are regulatory in nature, and in this respect the Commission may be considered a sort of super-agency (Majone 1996). However, it has been assigned a variety of other executive, legislative, and quasi-judicial tasks. This variety of tasks, combined with the independence of the Commission "from any government [and] from any other body" makes it extremely difficult to implement effective controls. Even the EP's right of censuring the Commission on questions of policy is severely restricted by the procedural constraints on the exercise of this right. For a motion of censure to be adopted a double majority is required: at least half of the total number of members of the EP have to vote, and two-thirds of voting MEPs have to cast their vote in favour. Unsurprisingly, the Commission has never been forced to resign because of differences over policy directions, but only as a result of charges of incompetence and corruption – the case of the Santer Commission. Moreover, the variety of tasks assigned to the EU's "quasi-government" makes it difficult to sanction it even when there is deep dissatisfaction with the performance of a particular task. Little wonder that people do not know who is responsible for what in Brussels, and that European elections are "European" only in name. In modern democracies the main aims of the political struggle are the control of political power and the formulation and implementation of public policy. In the EU there is no central power to conquer in a competition among political parties, while Union policies are not decided upon by a majority government, but by political exchange between the three lawmaking institutions. In such a context, the language of democratic politics – government and opposition, party competition, accountability to the voters – is either inapplicable or highly misleading.

A serious confusion about the normative standards applicable to the EU explains why the limitation and more precise definition of the powers transferred to the European level are seldom mentioned among the possible solutions to the EU's legitimacy problem. An extensive body of academic literature on the democratic deficit has produced a number of possible remedies – greater transparency, more participation, better communication, a deeper "social dimension", but especially, more powers for the European Parliament – which so far have failed to improve the situation. In fact, the steady increase of the powers of the EP turns out to be perfectly correlated with the *decrease* of voters' turnout in EP elections. In 1979 – when the only significant competences of the EP were the right to reject the budget, to amend it within certain limits, and to approve (or not) the annual accounts – the turnout was 63 per cent. At the 1989 elections the turnout was 58.5 per cent. By then a legislative cooperation procedure had been introduced into various policy fields, with an enhanced consultative role for the Parliament. The Maastricht Treaty gave the EP a number of additional powers, including the right to vote on the Commission before it took office, and to invite the Commission to present legislative proposals, thus giving the Parliament a sort of indirect legislative initiative. Most important, Maastricht introduced the co-decision procedure, under which the EP and the Council became equal co-legislators in the 15 areas to which the procedure then applied. Also, majority voting replaced unanimity in a large number of treaty areas, and advocates of stronger EP powers, while admitting that with majority voting the position of national parliaments was further weakened, contended that a greater role for the EP would improve the democratic legitimacy of EU legislation. But at the 1994 European elections the turnout dropped to 56.8. Before the 1999 elections it was widely

anticipated that the EP-induced resignation of the Santer Commission would raise the profile of the EP among European voters and stimulate increased turnout at the June election (Judge and Earnshaw 2002: 358-9). Actually, voter participation declined for the first time below 50 per cent. New prerogatives for the EP were again added by the Amsterdam and Nice Treaties, but voter participation further declined: to 49.4 at the elections of 1999, and to 45.7 per cent at the 2004 elections. In sum, the hope that European elections could transform permissive consensus into a more positive stance towards the integration process has been bitterly disappointed. In spite of the evident failure of all attempts so far to strengthen the normative foundations of the EU, the idea of reducing the weight which those foundations must support is still taboo. As I wrote a few years ago: "The greatest threat to legitimacy [...] is not the peculiarity of the supranational institutions, but their unrelenting effort to expand their own competence, even at the risk of depleting their limited resources of legitimacy, and of a growing ineffectiveness of European policies" (Majone 2005:32). To understand the reluctance to go back to basic principles one has to understand a political culture which is as peculiar as the institutions that produced it.

A peculiar political culture

The methods of governance and the policies of the EU have been largely driven by relatively few operational principles that have remained mostly implicit but have, nevertheless, shaped a distinctive political culture. These principles – which taken together form what may be called the operational code of the EU – are not mentioned in official documents, nor discussed in the academic literature, but I submit that it is impossible to understand the current predicament of the European project without starting from them. Arguably the most important of these implicit operational principles says that integration has priority over all other competing values, including democracy. The Community Method provides the clearest illustration of how the integration/democracy dilemma was resolved according to this principle. From a normative point of view, the paramount feature of this method is the monopoly of agenda-setting enjoyed by the non-elected European Commission: where the method applies only the Commission can make legislative and policy proposals. This monopoly of legislative and policy initiative granted to a non-elected body represents a violation of fundamental democratic principles that is unique in modern constitutional history. Even the Constitution of the German Empire of 1871 granted no right (let alone a monopoly) of legislative initiative to the executive headed by Bismarck; only the two legislative branches, *Bundesrat* and *Reichstag*, could initiate legislation, at least formally.

Perhaps even more revealing of the primacy of integration is the fact that the EP has never disputed the legitimacy of the Commission's monopoly of legislative initiative. The reluctance of this body to claim the basic right of true parliaments – half a century after ratification of the Rome Treaty, and in spite of all official declarations about the democratic nature of the EU – gives a fair idea of the gap separating the political culture of the EU from that of modern parliamentary systems. The sacrifice of democracy on the altar of European integration was of course quite acceptable to Jean Monnet – no great admirer of majoritarian politics – and is still acceptable to his followers today, as shown by the decision to give quasi-constitutional status to the independence of the European Central Bank. In modern democracies the

independence of national central banks has only a statutory basis, meaning that in principle national parliaments can always change the rules if they think the central bank is using its independence in a manner of which they do not approve. Before monetary union this was true of all national central banks, including the Bundesbank, and it is still true of the Bank of England and of the US Federal Reserve. Instead, to change the rules under which the ECB and its national counterparts, as members of the European System of Central Banks (ESCB), operate requires a treaty revision acceptable to all the member states—a complex and politically hazardous procedure. The net result is that the national parliaments of the members of the eurozone have lost any control over monetary policy, while the EP has no authority in this area. The ECB is free to operate in a political vacuum since there is no true European government to balance its powers, and even the institutions of economic governance are still poorly defined, see below.

A second operational principle enjoins EU decision-makers to follow, wherever possible, the strategy of the *fait accompli* – the accomplished fact which makes opposition and public debate useless. According to insiders, this was Jean Monnet's favourite strategy. An early application of this strategy, with its bias in favour of institution-building, is the establishment of the European Atomic Energy Community—the now almost forgotten though still surviving Euratom. The EEC Treaty covered in principle all sectors of the economy, hence there was no compelling reason why the development of nuclear energy for economic applications, required the institution of a separate Community. Nevertheless, the 1955 Spaak Report proposed that the two goals of sectorial integration (atomic energy) and general economic integration (the common market) be pursued by separate organizations, with separate treaties. We know now that the Euratom Treaty was drawn up to deal with a situation which never materialized, and the institution it established was never effective. But as a perceptive observer noted some three decades ago: "To some people to whom integration is a high priority the Euratom Treaty enshrines solid achievements which are too rare things to abandon. Obsession with details of an inappropriate Treaty setting up a largely defunct institution inhibits the creation of an appropriate policy for the present" (Lucas 1977: 104). In fact, the motives leading to Euratom were almost exclusively political. Among these motives was a conviction which Jean Monnet – paraphrasing Lenin's aphorism: "Communism is Soviet power plus electrification" (Carr 1966: 370) – expressed in the following terms: "The United States of Europe means: a federal power linked to the peaceful exploitation of Atomic Energy" (*Les Echos*, special end-of-the-year issue, 1955, cited in Lucas 1977: 11). Initially, the French government had strongly sponsored Euratom, which seemed to offer an opportunity to share the enormous costs of atomic energy research and development while enjoying most of the benefits. However, when it became clear that the other member states, and especially Germany, disliked the idea of a common nuclear project, France was instrumental in placing Euratom in a permanent state of hibernation (Tsoukalis 1993).

An even more striking, and certainly more important, application of *fait accompli* was the decision to proceed with monetary union before there was agreement on political union, on close coordination of national fiscal policies, or on basic issues of economic governance. The Maastricht Treaty provided a legal framework for monetary union, but left many basic institutional questions unresolved, especially in the design of the external monetary policymaking machinery. At Maastricht, governance issues and all remaining open questions were left to be settled in the future. The priority of the

Delors Commission, and of federalist and crypto-federalist leaders, was to make the integration process irreversible, while different national governments accepted monetary union for different reasons. The various national objectives were largely incompatible, but what was important to the practitioners of *fait accompli* was the fact that with monetary union the integration process had reached a point of no return—or so it was hoped. When the euro was introduced, an American political economist wrote: “Prudence might have counselled that the European Union take certain steps well before the creation of the euro area” (Henning 2000: 41). No significant innovation in economic governance has taken place since these lines were written, and the latest enlargements of the Union will further complicate the situation in the future. The truth is that prudential reasoning is foreign to the philosophy of *fait accompli*, and more generally to the political culture of the Union.

According to a third operational principle, ultimate ends are largely irrelevant: what counts are movement (the so-called bicycle theory of integration), procedures, the preservation of institutional balance, and the expansion of European competences. To appreciate the significance of the principle of the irrelevance of ultimate ends it may be helpful to consider the Monnet method of integration by stealth as a kind of federalist revisionism, or crypto-federalism (Majone 2009). The approach of the revisionists is quite different from the strategy of the orthodox federalists who openly worked for a constitution dividing the powers of government between a federal Europe and its member states, with democratic institutions at each level, and with federal powers in all fields of common interest, including foreign affairs, security, and defence. In the decade following the end of World War II federalism, although always an elite movement, was a non-negligible factor in European politics, especially in Germany, Italy and the Netherlands. Already by the mid-1950s, however, the federalist vision had lost its credibility and whatever popularity it had enjoyed for a few years after the end of the war. The reason is that the expectations and predictions inspired by that vision were largely disappointed. The rise of crypto-federalism can only be understood against a background of wishful conjectures and factual refutations. In this respect, there are some suggestive analogies between the federalist revisionism of the 1950s and the Marxist revisionism of the 1890s. A crucial factor in the former case was the realization that the nation state was not going to wither away; in the latter, the realization that Marx and Engels’ predictions of an impending collapse of capitalism and the inevitability of the socialist revolution were based not on fact, but on wishful thinking. Marxist revisionists “were not people who abandoned Marxism completely [...] but those who sought to modify the traditional doctrine [...] or who held that some of its essential features were no longer applicable in the present state of society” (Kolakowski 1978: 98). Similarly, crypto-federalists did not abandon orthodox federalism completely; on the contrary, they could legitimately claim that they were keeping alive its legacy and at least some of its intermediate aims in a hostile political environment. In both cases, however, the abandonment of the original vision had as a practical consequence a loss of interest in “ultimate goals” and a concentration on means. Eduard Bernstein, the founder of nineteenth-century German revisionism, summed up his attitude in a formula which became famous as the target of orthodox attacks: “What is generally called the ultimate goal of socialism is nothing to me; the movement is everything” (Kolakowski 1978: 108).

Also for Jean Monnet and for Paul-Henri Spaak, the other founder of crypto-federalism, the finality of European integration became increasingly unimportant; what mattered was the movement, the process — especially the creation of European

institutions. Lack of a serious interest in the finality of European integration, and fascination with the process of institution-building, were particularly pronounced in the case of Spaak. According to the Belgian statesman, "everything which tends toward European organizations" was good. In 1949 he commended a proposal for common European postage stamps as having equal value with any other proposal. In the words of historian Alan Milward: "Any form of integration, any form of common authority in Western Europe, had become the indispensable guarantee for post-war security, and he [Spaak] became increasingly indifferent to what that authority might be or do" (Milward 1992: 324). The crypto-federalist principle of irrelevance of ultimate ends explains the reluctance of pro-integration leaders to discuss the goal of the integration process, except as an open-ended commitment to "ever closer union". But it has been rightly remarked that the conception of politics as an infinite process is in the long run uncongenial or incomprehensible to the human mind: the leader who wishes to mobilize the people and push them to political action is inevitably led to posit finite goals (Carr 1964: 89). As some European leaders begin to realize, the current Euro-fatigue has one of its deeper roots in the indeterminacy of the final destination.

Now, it is not difficult to deduce these and other operational principles from the record of fifty years of European integration. The question, therefore, is why scholars have been reluctant to discuss the operational code of European decision-makers, and the peculiar political culture of the EU. The reason, I believe, is that most students of the EU are less detached observers than convinced supporters of European integration. As such they are afraid that fundamental criticism would jeopardize the attainment of the goals they support by sowing the seeds of discontent towards the Union in the minds of ordinary citizens. Any serious attempt to reform the present system, however, must go back to first principles and hence cannot fail to examine critically the political culture and operational principles which have guided the integration process for half a century.

Popular referendums and the process of becoming informed

The current controversy about the best (in the sense of safest) method of treaty ratification is another reminder of the importance of political culture for understanding the nature of the EU's responses to crisis situations. The growing difficulty of treaty ratification by popular vote has made more evident the elitist ethos of pro-integration leaders, who increasingly perceive public opinion as the main obstacle to what they take to be an ongoing federalization process. As *The Economist* of 28 June 2008 put it, "Devout federalists have their answer to the question [whether the machinery of Europe can cope if a no vote is allowed to stand]: unanimity is the enemy of progress in an EU of 27 countries". Actually, doubts about the wisdom of consulting public opinion have been voiced long before the French, Dutch and Irish referendums, for example by former Commission President Romano Prodi. In an interview given to the American journalist Alan Friedman, and published in *The Wall Street Journal* of 30 April 2000, Mr. Prodi expressed deep scepticism about the usefulness of holding popular referendums on European issues especially, he pointed out, when all opinion surveys indicate growing opposition to the EU. Prodi's scepticism was revealed even more clearly when he rebuked the Commissioner for Enlargement—that same Guenther Verheugen who had once admitted that the euro

had been introduced “behind the backs of the population” –for saying that Germany (Verheugen’s own country) should hold a referendum on future enlargements of the EU.

About the time of the French and Dutch referendums some scholars began to speak of a “referendum threat”, and of a “federalist deficit” –i.e., a slowing down or reversal of the federalization process caused by popular votes on European issues. The argument is that in an association of twenty-seven member states whose political, socioeconomic, religious, and cultural heterogeneity is probably greater than in any free association of states which ever came together to form an “ever closer union”, the probability of a negative vote is high. The risks of deadlock, the argument continues, are not as high at the level of the EU’s summit diplomacy, where Euro-elites are able to deliberate, bargain, trade votes, and coordinate their moves. Also parliamentary ratification does not pose a serious risk: in parliamentary systems majority parties usually support the decisions of their government leaders. The real threat to European integration comes from the direct expression of voters’ preferences. Given the high risk that the popular vote may block the federalization process, “[r]educing or even fully overcoming the federalist deficit might [...] become of the utmost importance to the future process of European integration” (Trechsler 2005: 410). To reduce this deficit, it is suggested, federalists should be prepared to accept even a worsening of the Union’s democratic deficit. These, or similar, arguments have also been used by some political leaders. Hence the angry accusations that Ireland is taking the other 26 members of the EU “hostage” by blocking Lisbon. But what could be done, in practice, to meet the referendum threat? The answer favoured by federalists is suggested by a superficial analogy with a crucial moment in American history: eliminate the requirement that all member states must approve a European treaty and subsequent amendments.

A “federalist deficit”, precisely in the sense defined above, was the problem facing American federalists in the summer of 1787, when they were attempting to amend the Articles of Confederation in the direction of a more centralized federation—something which would have required the assent of all the thirteen former colonies. Unfortunately some states opposed ratification of the text prepared by the federalists in the Constitutional Convention. The way to get around this obstacle was found by James Madison. The Preamble to the US Constitution of 1787 opens with the celebrated lines: “We the People of the United States, in Order to form a more perfect Union [...] do ordain and establish this *Constitution* for the United States of America”. Actually, at that time the vast majority of the inhabitants of the former colonies considered themselves, first and foremost, Virginians, Pennsylvanians, New Yorkers, New Englanders, etc. James Madison’s “invention” of an American People, distinct from, and superior to, the peoples of the thirteen separate states, was a conceptual innovation with far-reaching political consequences. The direct appeal to the sovereign people of America was meant to discredit the states’ pretensions of sovereignty, and their insistence on the unanimity rule for all decisions affecting their sovereignty. The fact remains that the practical implications of Madison’s innovation violated an agreement that had been freely accepted by all the states. In the words of Yale’s Bruce Ackerman:

Modern lawyers are perfectly prepared to admit that the Constitutional Convention was acting illegally in proposing its new document in the name of We the People. The Founding Federalists, after all, were not prepared to follow the ratification procedures set out in the Articles of Confederation that had been solemnly accepted by all thirteen states only a few years before. The Articles required the unanimous consent of all thirteen state legislatures before any new amendment could come into effect. In contrast, the Federalists blandly excluded state legislatures from *any* role in ratification, and went on to assert that the approval of special constitutional conventions meeting in only nine of the thirteen states would suffice to validate the Convention's effort to speak for the People.

(Ackerman 1991: 41; emphasis in the original)

To many of Madison's contemporaries, and also to later political leaders like John Calhoun, the idea of an American People to whom the constituent power belonged, appeared a myth contrived for political purposes. Nevertheless, the myth had some plausibility: a common language; legal systems derived from, and still very much influenced by, English common law; similar political and administrative systems at state level; a fairly homogeneous population, largely of English, Scottish, or Irish stock; above all, a war fought together for eight years against the former colonial power. The thirteen states "were not forming an altogether unprecedented union, they were perpetuating and perfecting a union which had always existed since the plantation of the British colonies of North America" (Lippmann 1943: 73). None of these conditions is even remotely approached in contemporary Europe, so that the Madisonian remedy for the "federalist deficit" is simply unavailable to the integrationist elites.

As a variant of the Madisonian remedy, it has been suggested that future treaties could be submitted to Europe-wide referendums held on a single day. A treaty would be ratified if approved by a double majority of EU citizens, living in a majority of the member states. However, this would simply mean overturning the principle that European treaties are agreements between sovereign states – a principle which has never been revoked. On the contrary, it has been re-affirmed on a number of occasions since the difficult ratification of the Maastricht Treaty, when it became clear that most European governments and national public opinions are wary of further devolution of sovereignty to the supranational level. Thus, the ECJ's Opinion 1/94 confirming that the EC/EU had sole competence to conclude international agreements on trade in goods, but not on new trade issues such as intellectual property and services, reflected a change in the Court's assessment of the weight given by the member states to sovereignty concerns. After all, the Opinion came shortly after the *Maastricht-Urteil* in which the German Constitutional Court pointed to an inviolable core of the German constitution, to permanent limits on European integration, and even to the possibility of unilateral withdrawal. Germany, the Constitutional Court stated with utmost clarity, remains a sovereign state, and the EU has no competence to determine its own competences (*Kompetenz-Kompetenz*).

The impossibility of reproducing the "Madisonian moment" in a European context is made even more evident by an obvious but often overlooked difference between the EU and democratic polities, namely the absence of the traditional government-opposition dialectic at the supranational level. Having been denied an appropriate political arena in which to hold European policymakers accountable, voters are

almost forced to transform popular referendums into contests for or against the EU. In his speech to the EP of 23 June 2005, Tony Blair expressed his conviction that the most likely explanation of the rejection of the Constitutional Treaty was that the referendum “became merely the vehicle for the people to register a wider and deeper discontent with the state of affairs in Europe”. This being the state of public opinion, popular referendums are indeed risky, not just in traditionally euro-sceptic countries but in all member states. Given the absence of democratic means for sanctioning EU policymakers, however, it seems unlikely that it will be possible to force the referendum genie back into the bottle. After the Irish No, demands for popular ratification of future European treaties have been advanced by leaders of different countries and political hues.

In July 2008 Werner Faymann, the social-democratic candidate for the Austrian federal election to take place the following September, came out in favour of popular referendums for all future treaty amendments, as well as 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: according to recent Eurobarometer data, only 28 per cent of Austrian citizens still support the EU; in 1994, 66.6 per cent had voted in favour of joining the Union. In Italy support for future referendums on Europe was expressed in the national parliament by the spokesman of the populist Northern League, just as that body was ratifying the Lisbon Treaty. More recently, Horst Seehofer, the prime minister of Bavaria, discussed the possibility of having popular referendums on important European issues – a possibility so far excluded by the two major national parties, CDU and SPD. According to the Bavarian leader, German voters should be consulted whenever important decisions, such as further transfers of sovereignty to the European level or Turkey’s membership, are being considered. At the time of this writing, Seehofer’s party, the Christian-Social Union (CSU), is discussing whether such ideas should be included in the party platform for the European elections in June 2009 (*Spiegel Online* of 9 January 2009). The CSU lost the absolute majority at the last regional elections, so it is reasonable to suppose that the CSU leader, like his social-democratic colleague in Austria, was trying to improve the electoral chances of his party by taking advantage of EU-fatigue, which is as widespread in Germany as in Austria.

One of the favourite arguments against ratification of EU treaties by popular referendum is that voters cannot be expected to read and evaluate technically and legally complex texts running into hundreds of pages – 346 pages in case of the Lisbon Treaty. This argument is flawed in several respects. First, it is not only the average voter who does not have the time, or the motivation, to peruse such documents. The Irish prime minister admitted he had not read the Lisbon Treaty, and Ireland’s EU Commissioner, Charlie McCreevy, added that “no sane person” would. Justice Iarhlaithe O’Neill, the High Court judge appointed by the Irish government to provide an impartial treaty analysis, admitted that parts of the text are difficult to understand (Murray Brown 2008: 3). It is reasonable to assume that not only the average citizen but also the average member of a national parliament – the body which would have to ratify a new treaty in the absence of popular referendum – would find it hard to understand what was unclear to a High Court judge. The difference is that the average parliamentarian is likely to vote according to party discipline, while the average voter uses the referendum as a rare occasion to express his or her assessment of the European project – voters’ turnouts at referendums are

typically higher than at elections for the European Parliament. In sum, it is far from clear why parliamentary ratification of European treaties should be preferable to ratification by popular vote: it is certainly not more democratic, nor is it somehow more rational, or better informed.

According to an influential theory of democracy even in national elections it is rational for the average voter *not* to become fully knowledgeable about public affairs. Anthony Downs was the first scholar to give serious attention to the problem of political information in modern mass democracies. Downs' argument is that the cost of becoming informed about the details of political issues generally outweighs the relative benefits to be derived from voting on an informed basis. The costs of becoming informed – the costs of gathering and selecting data; of undertaking a factual analysis of the data; and of evaluating specific goals in light of the factual analysis – are too high for most voters rationally to invest the time, attention, and resources needed to become politically informed. Rather, rational voters have strong incentives to develop methods of avoiding the high costs of information acquisition. They do so by developing a variety of principles of selection: rules employed to determine what to make use of and what not to. These rules allow voters to make political decisions and form political preferences without becoming fully informed about the content and details of political issues: they focus their attention upon only the most relevant data. This "will allow them to avoid the staggering difficulty of knowing everything the government has done during the election period and everything its opponents would have done were they in office" (Downs 1957: 217).

In particular, "political entrepreneurs" can expend the resources needed to acquire information and then transmit it to the voters. As a matter of fact, political entrepreneurs, such as Mr. Declan Ganley and his *Libertas* movement in Ireland, seem to have played an increasingly important role in recent referendums. Their importance is enhanced by the fact that the political and economic establishment generally support treaty ratification. All the major political parties – on the left and on the right, in government and in opposition--the vast majority of members of the national parliaments, economic leaders (in the Netherlands, also trade union leaders), major newspapers and other media, the European Parliament and Commission – all supported ratification of the Constitutional and of the Lisbon Treaties. In the Netherlands, for example, two thirds of members of parliament voted for the Constitution, almost exactly the same proportion of voters rejected it. Also the vast majority of the Irish establishment was on the side of the Yes campaign. According to polls, 22 per cent of No voters did so because they rejected the claim of the elites that the Lisbon Treaty was complicated, but in the best interest of the people. For many other No voters, their lack of understanding of the Treaty was a sufficient reason to reject it.

Be that as it may, after the rise of mass democracy no political leader has seriously proposed to use the "ignorance" of the voters, any more than their level of education or the lack of taxable property, as excuses to restrict the right to vote at national and local elections. Also from the viewpoint of democratic theory, therefore, the arguments of integrationist leaders and their academic supporters, against treaty ratification by referendum are flawed. In refusing to meet the requirements of modern mass democracy, pro-integration leaders are conditioned by a political culture in many respects similar to that prevailing before the great reforms of the franchise in the 19th century, when policy was considered a virtual monopoly of cabinets,

diplomats and top bureaucrats: the political culture of old-regime Europe still influences the supposedly post-modern system of governance of the EU.

Legitimacy and effectiveness

Comparative research has identified three questions as central to the understanding of different political cultures: the identity of the political system; its legitimacy; and the question of *anomie* – the estrangement of the citizens from their political institutions. The difficulty of defining the identity of the EU, not only politically or geostrategically but even geographically, has already been mentioned in section 2. Several references have also been made in the preceding pages to the legitimacy problem, as well as to the growing estrangement of the citizens of the EU from the European institutions, and in particular to one revealing indication of *anomie* -- the fear of popular referendums. The purpose of the present section is to call attention to the importance of problem-solving effectiveness as the link between legitimacy and *anomie* in case of a new political order such as the EU. The American political sociologist Martin Lipset defines legitimacy as “the capacity of [a] system to engender and maintain the belief that the existing political institutions are the most appropriate ones for the society” (Lipset 1963: 64). The extent to which contemporary democratic political systems are legitimate (he adds) depends in large measure upon the ways in which the key issues which historically divided a given society have been resolved. This does not mean that the normative concept of legitimacy can be reduced to the instrumental notion of problem-solving effectiveness. What *is* true is that after a political system 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 will develop” (ib.:65). On the other hand, “prolonged effectiveness over a number of generations may give legitimacy to a political system. In the modern world, such effectiveness means primarily constant economic development” (ib.:70).

The appeal of the federalist vision in the early post-war period depended to a large extent on the promise that the new political order, a politically integrated Europe, could solve all the problems – political and geopolitical, economic, social – which the nation state, it was claimed, could no longer solve. In fact, federalists (as well as neofunctionalists) grossly underestimated the resilience of the nation state (Majone 2009) History has shown that despite two disastrous world wars in fifty years, the national governments were able to reconstruct the continent, launch the welfare state, integrate Germany, build a reasonably effective system of alliances, and reach an unprecedented level of affluence. Today, in an international context that is vastly different from that of fifty years ago, it is rather the new political order which has to prove that its institutions are able to solve the major problems facing European society. Since its beginnings, the process of European integration has been driven essentially by economics – this at least has been the popular perception. Indeed, the essence of the Monnet method consists in pursuing political integration by economic means. The risk inherent in such a roundabout strategy is that poor economic performance over a period of years may impede the emergence of new sources of legitimacy, and thus undermine the normative foundations of the elite-driven integration project.

In the early stages of integration this risk was not sufficiently appreciated because the foundational period of the European Communities largely overlapped with the three "glorious decades" 1945-1975, when Europe experienced an unprecedented period of growth, macroeconomic stability, and high levels of social protection. Labour productivity was at or above US levels, and most countries reached a situation of full, or nearly full, employment. Although these results had little to do with the establishment of the Common Market (see Majone 2009, chapter 3, for relevant historical and statistical evidence) the impression was created that the same approach could be used to pursue two different objectives: more integration for the Euro-elites, and greater prosperity for the masses. This optimistic view was shattered when the "economic miracle" came to an end. After the phase of very rapid catching-up with the United States, 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. 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). Given such disappointing results, it is not surprising that the desire to improve poor economic performance has driven EU policy for more than twenty years: from the Single Market Programme, which was meant to provide a response to perceived "Euro-sclerosis" in the mid-1980s, to EMU in the 1990s; and, at the beginning of the new century, the Lisbon Strategy, which was supposed to boost growth and employment, and make the EU "the most advanced, knowledge-based economy in the world" – just as the budgetary restrictions imposed by EMU reduced the resources available for research and development.

Rather than opening a public debate on the reasons why the Union as a whole seems to be unable to match the economic performance of its major competitors, EU leaders prefer to repeat slogans which are at best half-truths. "European integration has delivered 50 years of economic prosperity, stability and peace. It has helped to raise standards of living, built an internal market and strengthened the Union's voice in the world." These opening lines of the Commission's White Paper on *European Governance* (Commission 2001: 9) were repeated almost verbatim by Chancellor Angela Merkel, as rotating president of the European Council, on the occasion of the 50th anniversary celebrations of the signing of the Treaty of Rome. As I show elsewhere, such official slogans are egregious examples of the post hoc ergo propter hoc fallacy (Majone 2009).

In the age of permissive consensus it was possible for official rhetoric to go unchallenged because of the veil of ignorance covering European policies. While the implications of domestic policies are reasonably understood by the affected citizens, until recently most EU policies were too technical, too uncertain in their actual outcomes (in part because of their dependence on national implementation), too remote from the daily problems of people, to seriously concern public opinion. True, policies such as the CAP, or particular regulatory measures, have been questioned and criticized often enough, but controversies and contestations always remained confined within fairly narrow academic and political circles, or within particular interest groups. EMU and eastern enlargement have changed all of this. Unlike most policy decisions taken in Brussels, the decisions taken by the ECB in Frankfurt are immediately effective and widely advertised, and their consequences, whether on home mortgages, on consumer credit, or on the availability of publicly-financed social services, have a direct impact on the welfare of all inhabitants of the eurozone, in fact of the entire EU. Similarly, the implications, true or presumed, of the Union's recent

enlargements on jobs, wages, social standards, and law and order have become part of the daily concerns of West European citizens.

This public awareness of the consequences of European integration is not only a new, but also an ominous development. For half a century Euro-elites could present integration as a positive-sum game. Now everybody can see that surrendering monetary sovereignty and losing control of the national borders entail costs as well as benefits. This realization is bound to induce greater popular resistance to future transfers of powers to the European level, and a much stronger demand of accountability by results – precisely what is foreign to the political culture of the EU, which as we know emphasizes process over outcome. Future European policies will be evaluated not primarily in terms of their contribution to the integration process, but by their capacity to improve the welfare of the average citizen. This implies that poor performance will pose a much more serious threat to the credibility and legitimacy of the EU – a system-threatening increase of *anomie*. Unless the EU can demonstrate (by deeds, not by words) that it can add value to what individual member states, or subsets of member states, can achieve on their own, it will be impossible to resolve the legitimacy crisis threatening the Union's stability. A long series of *in camera* agreements among Euro-elites were sufficient to expand European competences well beyond the limits envisaged by the founding fathers; they are not sufficient to provide a normative basis robust enough to support the imposing structure erected in half a century of integrationist efforts.

An age of diminished expectations?

There is, however, an even more serious threat to the very idea of European integration than the *anomie* of the masses, and that is the elites' resigned acceptance of the limitations of the present system. Most pro-integration leaders know that the current methods no longer deliver very much, but they are reluctant to probe into the underlying causes, searching for alternative approaches that might do better. Borrowing the title of a well-known book by Paul Krugman, one could speak of an age of diminished expectations – a kind of permissive consensus of the elites, by now resigned to accept the fragility of the EU's institutional arrangements, and the limited effectiveness of its policies, as fixed features of the political landscape. The distance separating the Community Method from “new” governance methods such as the so-called Open Method of Coordination (see below) provides a convenient rod by which to measure the drop in the level of expectations. The arguments against ratification by popular referendum are another manifestation of the same spirit of resignation. Gone are the days when federalists hoped to mobilize the masses in support of a politically united Europe. It is perhaps worthwhile to recall that after the failure of the European Defence Community and the abortion of the Political Community, leaders of the movement such as Altiero Spinelli had concluded that it was necessary to abandon the approach that had been followed until then – namely, trying to advance the federalist cause by relying on cooperation with the national governments, on the one hand, and on persuasion of the economic and intellectual elites, on the other. What was needed, instead, was a mobilization of the peoples, which federalists thought could be achieved by means of a popularly elected constituent assembly with the task of drafting a new European Constitution. The draft Constitution would be approved, not by parliamentary ratification but by popular referendums to be held in all the

member states. After fifty years of integration the threat to the federalist vision seems to come, not from the national governments or parliamentary ratification, but from the popular vote.

The reason why the diminished expectations of the elites may be an even more serious threat to the integrationist cause than the discontent of the masses is that it could gradually lead to a situation where "EU institutions would continue to exist in more or less their current form, but would be increasingly ignored by governments and interest groups, who might instead turn their attention inward or to other supranational organizations." (Kelemen 2007: 63). Institutional responses to the current global financial and economic crisis are one example of the attitude of resignation prevailing today among the political elites. On 25 November 2008, the Commission presented a huge stimulus package to meet the economic downturn – 200 billion euros, or about 1.5 per cent of Union GDP, but every policymaker knew that Brussels has neither the money nor the expertise to shape such big EU-wide economic programmes. In fact, of the total sum 80 per cent was supposed to come from the individual national governments, and the remaining 20 per cent from a reallocation of funds already contributed by the same governments to the EU budget. In sum, money and expertise lie with the member states which, however, cannot agree on a common strategy. The result is that each government meets the crisis as it sees fit, and the Commission's plan is essentially the sum of previously announced national measures. On the occasion of the presentation by the president of the Commission of the "European" stimulus package, Elmar Brock, a German member of the EP, spoke of "false labelling" in Brussels. In fact, Brussels had no illusions about what it could achieve; the presentation of the plan was nothing more than a nostalgic tribute to the old notion of the Commission as the "engine of European integration". In announcing the package, Mr. Barroso said that it was based on a "groundwork of coordinated measures by member states, which are tailored to each specific situation" – practically the same language of the corresponding passage in the declaration issued by the G-20 at the end of their meeting in Washington on 15 November 2008. The leader of the EU's largest economy, chancellor Angela Merkel, was satisfied with the language. Having previously rejected any idea of a common emergency fund, she proceeded to do just what Germany's "specific situation" demanded. France and other countries that had supported the idea of the common fund had no alternative but to pretend that they, too, were satisfied. At any rate, financial experts expect only a modest impact of the plan on the GDP of the EU because of poor coordination and implementation problems.

The latest developments in the Middle East provide another striking demonstration of the resigned attitude of European leaders toward the inability of the EU to reach even a minimum level of coordination. In the first days of January 2009 President Sarkozy visited the region's capitals to continue the talks he had initiated as rotating president of the EU Council. However, Vaclav Klaus, president of the Czech Republic, the country then holding the rotating presidency, did not agree with Sarkozy's position. In the same days the troika of EU foreign ministers, headed by the Czech minister Karel Schwarzenberg, was going to the capitals already visited by Sarkozy, but apparently promoting still another approach. It was not clear whether the French member of the troika, Bernard Kouchner, was there to defend the position of his own president or to support the EU's "common" position. In the meanwhile, the High Representative for the Common Foreign and Security Policy, Javier Solana, was hardly visible and did not give the impression of having substantive proposals to

make. It should be noted the EU is by far the largest donor of humanitarian aid to the region. Public opinion is more or less accustomed to see the Union badly split on foreign policy issues, but what is truly disturbing is the growing indifference of European leaders to this state of affairs. At the time of the Iraq war, for example, the split between “old” and “new” Europe was accompanied by heated arguments, recriminations, and even veiled threats. By now everybody seems to accept the situation as regrettable but unavoidable.

From the viewpoint of coordination the situation is not much better in more traditional areas of EU policymaking. As suggested above, the “Lisbon Strategy”, and the policy instruments on which it relies, may be taken as an indication of the gap separating the ambitions of the past from today’s modest expectations. At the summit held in the Portuguese capital in March 2000 the EU Council announced extremely ambitious objectives, including the surpassing of the US economy by 2010. In order to achieve these objectives, it was assumed that the Union 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 respect of the environment. Progress was to be evaluated yearly by the Commission with a report presented to the Spring European Council. Unfortunately, Commission data kept showing that, far from closing the gap and then overtaking the US economy, the EU as a whole continued to lag behind in terms of growth rates, employment and, especially, productivity. The 2010 target had been set by the EU leaders in 2000, when the European economy was booming – while its basic structural problems remained unresolved. The experts knew all along that the goal was in fact infeasible – it would have required an annual growth rate of productivity of about 4 per cent. Instead, in recent years productivity in Europe has been growing at about 0.5 to 1 per cent, while in the US productivity growth has been about 2 per cent per annum. The disappointing results finally convinced EU leaders that it was wiser to drop the target date of 2010, which they quietly did on the occasion of the 2005 Spring European Council. By then businesses and economists were pronouncing the Lisbon economic reform process comatose, if not quite dead. In particular, the three largest economies of the eurozone – France, Germany, and Italy – had made little attempt to fulfil their Lisbon promises.

In his speech to the EP of 23 June 2005, Tony Blair posed the rhetorical question: “The Lisbon agenda was launched in the year 2000 with the ambition of making Europe ‘the most competitive place to do business in the world by 2010’. Has it succeeded?”. The British leader warned that “It is time to give ourselves a reality check”, but his appeal fell on deaf ears. Two years later, the press releases following the Spring 2007 meeting of the European Council reported that the heads of state or government of all 27 member states “acknowledged the success of the Lisbon Strategy for Growth and Jobs, reflected in higher growth and falling unemployment figures”. What the Council celebrated was only a cyclical upswing, not structural growth, as was shown by the data released by the European Statistical Office in August of the same year: the Union was still dragging behind the US on practically all indicators. What had happened was simply that after years of stagnation – and an unusually long economic downturn between 2001 and the end of 2003 – in 2006 the European economy started to grow again. A reality check would have shown that the Lisbon Strategy had nothing to do with these developments. If the strategy means anything, it is as an attempt to coordinate, in a flexible, non-binding way, the economic and social policies of the member states. But policy coordination is precisely what has *not* happened. Since the launch of the Lisbon Strategy, the governments of the major continental

economies have each attempted to solve their structural problems in a different way. The economic policies of these countries, and specifically of France and Germany, still diverged widely in 2007, leading to large differences in key economic indicators. In sum, the Lisbon Strategy – like president Barroso's plan to meet the global crisis – seems to be largely irrelevant to economic policymaking by the national governments, which increasingly ignore the European institutions.

The Lisbon European Council of March 2000 also endorsed the Open Method of Coordination (OMC), which employs non-binding objectives and guidelines, commonly agreed indicators, benchmarking, and persuasion, in an effort to bring about change in such areas as employment, health, migration, and pension reform, where the Community has limited or no competence. The philosophy underlying the OMC and related "soft law" methods is that each state should be encouraged to experiment on its own, and to craft solutions fit to its national context. Advocates of the new approach argue that the OMC can be effective in spite of—or perhaps because of – its open-ended, non-binding, non-justiciable qualities (Trubek and Trubek 2005). Unfortunately, the OMC seems to have fallen far short of expectations even in areas where one might have presumed it to have yielded the most significant results, such as the European Employment Strategy. Because member states use the method in areas where it matches domestic policy priorities, but ignore it in areas where it conflicts with these priorities, the critics say that the OMC is at best a method of national, rather than European, policymaking. Also these disappointing results have been received with resignation in Brussels and in the national capitals.

The question now is why EU leaders, realizing that the traditional methods no longer deliver very much, while the newer ones are disappointing, do not go back to first principles in order to identify the basic flaws of the system. To deal with this question adequately would require a separate paper, but an important part of the answer is suggested by a remark made by Otto von Bismarck in 1876. The Iron Chancellor, reflecting on a long diplomatic experience which included his own role as Prussia's representative, at a time when political unification was the major issue confronting the representatives of the German states assembled in Frankfurt, said: "I have found that the word 'Europe' was always in the mouth of those politicians who pretended from other states what they did not dare to pretend [...] in their own name" (cited in Gall 1981:93, my translation). The cynical comment of the first German chancellor on the use of "Europe" to obtain advantages not available otherwise, may be applied also to the method of bargaining in the EU. According to one of the best-known historians of European integration, for French leaders "integration was an attempt to restore France as a major national force by creating an integrated area in Western Europe which France would dominate politically and economically" (Milward 1992: 17). Thus, De Gaulle viewed common European programmes in atomic and space research as convenient ways to tap foreign contributions for the improvement of French national competitiveness rather than as ways for France to contribute to European unity. He also insisted on farm subsidies as a non-negotiable condition for accepting the EEC. Thanks to the CAP, the citizens of other member states help support the income of French farmers by paying higher prices than they would pay otherwise. For his part, Adenauer eagerly accepted De Gaulle's leadership in order to complete Germany's post-war rehabilitation and retain the common market for the booming German industries. Again, in the bargaining for the formation of the Coal and Steel Community the Belgian government was able to use European integration to protect its coal industry not only from competition external to the ECSC, but from

competition within the common market as well. It has been calculated that the cost of preserving employment in Belgian coal mining, in subsidies alone, was 141.42 million dollar between 1953 and 1958, of which slightly more than 50 million dollar was contributed by other Community members, mainly by Germany. Milward and Sørensen (1994: 11) conclude that “[t]he integration solution was used to sustain levels of welfare and employment in Belgium which would have been much less easily sustainable [without European integration]”.

Such instrumental use of “Europe” for national purposes is by no means limited to the early history of communitarian Europe. While EMU was seen by federalist leaders like Jacques Delors as the point of no return on the road to political integration, many member states supported the idea mainly because of their dissatisfaction with the dominant role of the German central bank in the European Monetary System. In particular, France’s call in 1987 for the creation of a European central bank and a single European currency was an attempt to recapture some of the influence lost to the Bundesbank. Countries like Italy and Portugal, on the other hand, were mostly interested in reducing the costs of servicing their huge public debts. By joining the euro-zone – with the help of a flexible interpretation of the Maastricht criteria, and some assistance from the European Statistical Office – they expected to borrow financial credibility from the more fiscally virtuous members, and thus pay lower interest rates on the international financial markets. Finally, Germany secured the full inclusion of the former German Democratic Republic in the EU in exchange for its agreement to give up the D-mark in favour of the common currency.

In order to be conducted in the name of Europe, such complex interstate bargains must involve the whole membership of the Union. Moreover, it is easier to put together attractive package deals if there are more possibilities of political exchange, more potential quid pro quos, than in a thin political market. Also blame avoidance, in case something goes wrong, is much easier when the decision-making group is large. There are thus several reasons why EU leaders insist that all members of the EU should advance together – even at the cost of slowing down the march. A system of interstate bargaining that manages to give, or at least to promise, something to everybody should be quite stable. In fact, those scholars who praise the stability of the EU base their arguments on the capacity of the system to satisfy a variety of demands through a series of package deals both within and across issue areas. It has also been pointed out that since not all demands can be satisfied simultaneously, an agreement on *x* today may be exchanged for the promise to discuss *y* tomorrow. The participants who receive such IOUs acquire an interest in the maintenance of the bargaining forum itself; they become “locked in, and socialized by, the intensity and rewards of their interactions” (Hayes-Renshaw and Wallace 1997: 254-5).

Despite its obvious attraction for the political elites, however, this method of bargaining in the name of Europe cannot be expected to continue indefinitely because of the growing politicization of the integration process. Politicization means the end of the permissive consensus of the masses, and growing resistance to deals made in camera, often for the benefit of narrow interest groups. It has already been suggested that as European integration becomes politicized, political entrepreneurs seize the opportunity to differentiate themselves from other parties in EU terms, so that bargains struck in Brussels may now be contested at national level. On the other hand, the scenario sketched above of a progressive atrophy of the EU is both more likely and more serious in its implications than a revolt of the masses. A popular revolt

against the present approach to integration could at least force European leaders to try again, starting with a clean slate; while a condition of progressive atrophy would in the end make the very idea of European integration unpopular for generations. In recent publications (Majone 2008, 2009) I argue that some form of differentiated integration, perhaps along the lines suggested by the economic theory of clubs, offers the only possibility of escaping the dilemma of dissolution or irrelevance—with the EU surviving as a larger and a good deal more expensive version of Euratom.

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2009/04

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RECON is an Integrated Project financed by the European Commission's Sixth Framework Programme for Research, Priority 7 – Citizens and Governance in a Knowledge-based Society. Project No.: CIT4-CT-2006-028698.

Coordinator: ARENA – Centre for European Studies, University of Oslo.

Project website: www.reconproject.eu

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