

## Which European Union? Europe after the Euro Crisis

## Sergio Fabbrini

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Since the start of the euro crisis, several observers and scholars have focused on the problems of effectiveness and legitimacy that characterize the European Union (EU). Competing narratives of "debtor" and "creditor" states have occupied the public debate by creating a series of divides between "northern" and "southern" states or "fiscally responsible" and "profligate" states, with serious political consequences for an organization that aims to be a Union of States. According to Sergio Fabbrini, the main reason for this situation has to be found in the coexistence across the Union of different views on how the EU should redefine the sovereignty of member states and on the types of institutional mechanisms required to ensure its successful functioning. Fabbrini is a comparatist political scientist who uses the method of historical institutionalism (Skocpol, 1979; Tilly, 1992) to explore the evolution of international institutions. In this sense, the key concepts of Fabbrini's analysis are "path dependence" and "critical juncture". Processes of institutional integration among states can progress or stagnate, depending on how actors perceive opportunities and costs of actions. The euro crisis, with its capacity to question traditional institutional solutions, could potentially represent one of those "junctures" in which "actors with decision-making power can pursue potentially alternative courses of action because of the de-structuring of the previous context" (p. xxv).

In line with the institutionalist literature on the process of European integration (Sbragia, 1994; Caporaso, 2006; Hix & Hoyland 2011), Fabbrini studies the EU as an "internally highly differentiated political system" (p. 32), which must continually accommodate the different ways in which member states perceive the pace and goal of integration. After analyzing the institutional history of the EU up until the Lisbon Treaty and the euro crisis (chapters 1-3), Fabbrini critically discusses the three main perspectives of the EU – the economic community (chapter 4), the intergovernmental union (chapter 5), and the parliamentary union (chapter 6). He concludes that none of these represents the ideal solution to the problems of governance that exist in the Union. This is because the EU is a specific type of federal experiment that differs from most others - such as Germany and Canada - but which have similarities to at least two unions: the United States and Switzerland. The main feature of these two federal systems is that they evolved historically from a process of integration of units that were previously independent and sovereign. As such, these two states are examples of what Fabbrini defines as "compound polity" (Fabbrini, 2010), a complex institutional system in which territorial and historical reasons necessitate a double separation of power, one among institutions (executive, legislative, and judiciary) and one between the federal center and member states. The configuration of the EU as a Union of previously independent states makes it impossible to imagine the EU as a parliamentary federation, for example, because small states would feel inadequately protected and represented in such an institutional scheme. Moreover, the European demos lacks the essential characteristics of a national electorate. Nevertheless, the EU cannot merely be compared to a simple economic union either (as *Brexiters* and euro sceptics wish to believe), given the complexity and density of its policy-making system.

For Fabbrini, the Union should embrace the future by completing the development of its political system, which needs to be equipped with a clearer separation of powers and functions among its different institutional and political levels. Something that can only be achieved by a constitutional text, or at least a serious revision of the founding Treaties. In fact, in the midst of the financial crisis, member states largely favored the "intergovernmental method" by creating institutions (e.g. the Fiscal Compact), which pool key aspects of state sovereignty, such as in financial and fiscal policies. Nevertheless, states did not transfer these competencies to supranational institutions, based on the participation of the European Parliament and the Court of Justice in the decision-making process. Instead, these competencies have been transferred to intergovernmental institutions, which resemble more traditional mechanisms of international law rather than institutions of EU law. As a consequence, the majority of institutional actions taken by the EU reflect the preferences of the most powerful states, reintroducing a dynamic of competition among member states, which is not conducive to the sound working of the Union. In the confusion of functions and levels of power (who is responsible for what?), too many decisions have been delegated to institutions such as the Ecofin and the Council. For Fabbrini, the only solution is to revise the Treaties so as to integrate into EU legislation the instruments of international law created to tackle the crisis and, above all, to clarify the separation among different levels of political and territorial responsibility. In the absence of clear rules, competition and jealousy among asymmetric and highly differentiated states will become the rule.

The book makes a fundamental contribution to enabling internationalist and comparative political scientists alike to understand the institutional and political gridlocks exposed by the crisis. The reader may sometimes be under the impression that the author remains at a very institutional level of analysis. For example, the different political and democratic identities that characterize member states are mentioned only briefly. The analysis deals primarily with their institutional visions of how the EU should work, without adding to the debate on how transnational institutions are perceived in democratic societies in an epoch of relative discontent with globalization. Nevertheless, this reads more like a work for social constructivist scholars who are keen to include in their theoretical frameworks variables such as identities, ideologies, and perceptions. From an institutionalist viewpoint, Fabbrini's book effectively explains the dynamics of negotiation and coordination that led to the management of the euro crisis. The proposed solution does not always take into account the substantial lack of political consensus for a revision of the EU Treaties, especially at the national level. However, it provides a theoretically sound and empirically accurate account of the institutional nature of the EU. In this sense, Fabbrini's explanations of why no credibility should be given to the transformation of the EU into a parliamentary federation or the return to a simple economic union of sovereign states are particularly insightful. The ability to evaluate competing and alternative policy scenarios will be the main goal of any politician and scholar interested in "repairing Europe".