

7. As the authority of the Parliament has grown, so its internal operation has become more important. The norms that govern the EP's parliamentary procedures, its committee structure, the selection of candidates on party lists, and the development of transnational European party federations all lie outside the treaties.
8. These policy areas are summarized in table A1.1 in appendix 1.
9. The only exception was the European Defense Community, which was voted down in the French *Assemblée* in 1954. After that debacle, plans for the European Political Community were quietly dropped.
10. For Britain, the latter are a constitutional innovation with immense knock-on effects.
11. This refers to "EC pillar" issues, which encompass the bulk of EU initiatives. EC pillar, or pillar I, issues refer to economic integration, including economic and monetary union, and all policies areas; pillar II refers to common foreign and defense policy (CFSP); pillar III to cooperation on justice and home affairs (JHA).
12. The strongest proponents for a transfer of immigration and border control to pillar I were the Dutch, Belgian, Luxembourgian, German, Italian, Portuguese, and Austrian governments, while the French and Spanish governments were in favor of a partial transfer (den Boer and Wallace 2000).
13. During the transition period, the Commission shares its right of initiative with the member states, the EP is only consulted, and the Council of Ministers votes by unanimity.

2

A Historical Perspective

The creation of a European polity over the past half century has been an experiment in interstate coordination and supranational institution building. While the European Union is a new kind of polity, scholars have sought to gauge its particularities and understand its dynamics by comparison. This chapter lies squarely in that tradition, one that goes back to the earliest attempts to analyze European integration.

Comparison, but with what? Given the exceptional character of European integration, the question has no single answer. European integration does not fit neatly into any class of political phenomena, though it shares interesting commonalities with several.

Two lenses have been used to gain comparative insight. The first treats the European Union as an international regime. Like the United Nations, the General Agreement on Tariffs and Trade, or the North American Free Trade Association, the EU can be conceived as an organization created, sustained, and dominated by national governments. Conceptualizing the EU as an international regime focuses attention on intergovernmental bargaining and allows scholars to inquire into the factors that lead to coordination among national governments (Moravcsik 1991, 1994; for a critique, see Sandholtz 1996). Why do national governments create international regimes, and what functions does the European Union fulfill?

A second lens treats European integration as the development of a federal constitutional order—a *domestic* regime. From this standpoint, the European Union has been compared to a variety of existing federal regimes, including those in Switzerland, Canada, Germany, and the United States (Sbragia 1992; Cappelletti, Secombe, and Weiler 1986; Scharpf 1992).¹ Here the focus has been on institutional arrangements that link constituent governments to the center. What is the role of constituent territorial units in central decision making, and how are they constrained by the center? How are constituent territorial units represented in EU institutions?

In this chapter, we conceive of the EU as a domestic regime, but from a slightly different angle. Here, we understand the European Union as an emerging polity, as a set of institutions performing basic functions of governance, and compare it to the process of polity creation that preceded it, namely state building.² What is at stake in both episodes is the structuration of legitimate authority. Our concern is with underlying dynamics of political change. In what respects are state building and European integration intended or unintended outcomes of decision making? Are these processes driven by conceptions of how best to structure authority, or are they more oriented to particular policies? How can one characterize the distribution of authority as a result of state building and European integration? What, in short, does the experience of state building in Western Europe tell us about European integration?

THE STATE AND THE EUROPEAN UNION AS ARTIFACTS

The building of modern states in Western Europe took from two centuries to about seven centuries, depending on what features one includes under the process. For example, one might stick with a minimal definition focusing on monopoly of the legitimate means of coercion based in national court systems within a given territory. Thus, the formative period in which a pluralistic state system emerged from the variegated, multi-level, and multicephalous feudal order with its diffuse, overlapping secular and religious loyalties would be from the twelfth to the fourteenth centuries (Strayer 1970). At the other extreme, one might examine the consolidation of the state in its distinctive modern form, that is, one consolidated in a fixed territory; served by specialized personnel; organized along functionally differentiated lines; and based ideally, though infrequently in practice, on a common nationality. This would take us up to the eighteenth or even the nineteenth century (Finer 1975, 1990; Rokkan 1975; Tilly 1975b). By contrast, the period from the foundation of the European Coal and Steel Community to the present is barely fifty years, a fact that throws into sharp relief both the extraordinary pace of change in recent decades and the necessarily tentative nature of attempts to draw conclusions about a process that may well be in its infancy.

European integration has certainly been the result of self-conscious political creativity, and it could be argued that this lies at the root of the comparative speed with which a broad and diverse set of institutions has been put in place. But in this respect state building is no different. Gianfranco Poggi describes the modern state as “an artificial, engineered institutional complex rather than one that has developed spontaneously by accretion” (1990, 95). Along these lines, we speak of the process of state *building*, of “the will” to create the state, of the modern state as a “deliberately erected framework,” a “made” reality.

What is different, however, is the diversity and sheer number of powerful actors who have to be mobilized, negotiated with, cajoled, or defeated in the process of power redistribution and institutional creation. Modern states were created by monarchs who had to struggle for predominance in societies in which loyalties were diffuse and coercive power was thinly spread among shifting coalitions of entrenched and geographically disparate baronies. Moreover, monarchs lacked effective means of interest aggregation and political coordination. Ratcheting up the state’s resource base, the perennial challenge of state builders, had to be pursued in a drawn-out struggle to build coalitions among diverse and independently powerful constituencies, which themselves bore the brunt of additional taxes.

The context of institution building is different today. States have dominated political life in Western Europe over the past several centuries, and it is difficult to escape the conclusion that they will play a vital role, though not necessarily a dominant one, in any hypothesized future political order. At the same time, however, states have introduced a capacity for dynamic institutional change that exceeds that available in previous centuries. European integration, and in particular the latest spurts of institutional creativity—the Single European Act (1986), the Maastricht Treaty (1993), and Amsterdam Treaty (1999)—were achieved because, not in spite, of the existence of national governments able to bargain authoritatively in international fora and set the terms of their respective domestic debates concerning ratification.

THE ABSENCE OF A MASTER PLAN

Given that the European Union is a consciously constructed set of institutions, it is tempting to draw a parallel between it and the creation of modern constitutional political systems, particularly federal systems such as the American or the German. But there is an essential difference. The European Union is not patterned on any blueprint for a workable system of government. Unlike the U.S. Constitution or the Basic Law, the Treaty of Rome did not try to settle fundamental questions of governance according to some overall plan based on principles such as protection of minorities, justice, equality, or political stability. This is not to deny that European integration has taken place within an ongoing debate among alternative conceptions of the European polity, encompassing, for example, a “Europe of the Regions” in which states would wither away, a federal Europe combining member states, or a free-trade Europe composed of sovereign states. But these conceptions have not dictated the process of integration. They are used as normative guidelines for future development or to describe what has already taken place. In its practice, European integration has been open-ended in a way that has escaped those who have thought in terms of grand architectural plans or final destinations.

The European Union is the outcome of formal treaties setting out institutional competencies in a legal framework. But such treaties are not like the founding constitutions of existing democracies. The treaties are simply agreements among member states to achieve specific ends by creating particular institutions at the European level. Instead of having a single, defining founding moment, the European Union has been created step by step in the same way that a building plan is revised by placing successive transparencies over an initial design. The result is a dense and convoluted polity in whose present structure one can still see the remains of past treaties.

This is nowhere more apparent than in the unsettled terminology of the European Union and its institutions. The current name for the European polity is just the most recent of some six names that have been adopted in official documents over the past twenty years: Common Market, European Economic Communities, European Economic Community, European Communities, and European Community. While the Maastricht Treaty created an entirely new term (the European Union), two previous terms (European Community and European Communities) are still used in formal legal parlance to refer to the prior structure that is nested inside the new one. There are corresponding nuances in the terminology of decision-making bodies. The body that is generally referred to as Council of Ministers is designated simply "the Council" in the Maastricht Treaty. From 1993, however, the Council began to describe itself as "the Council of the European Union." Of course, such nuances are lost on all but the most legally minded participants in the Euro-polity. In the absence of a constitution with a stable terminology, many active participants, to say nothing of mass publics, are confused about the formal designations of major European political institutions.³

European integration resembles state building in its lack of a master plan. As noted above, state building was a conscious process of political engineering. Yet the state was not engineered according to some external master plan. There was no attempt to set out a constitution specifying, once and for all, the scope and responsibilities of the state with respect to its monopoly of legitimate coercion, its centralization of territorial administration, and its extent of resource extraction. The features we associate with the state emerged out of a series of struggles, domestic and external, undertaken by state builders (usually, but not exclusively, monarchs) to expand their armies, extract more resources from their subject populations, develop new and more efficient administrations for this purpose, and find additional resources to undermine or repress the popular resistances that all of the above engendered (Tilly 1975a).

By and large, the state was created as an instrument for purposes that were not intrinsically state-oriented. If some other institutional mix available under the particular circumstances of European feudalism was better suited to the creation of larger and better-equipped armies and the capacity to fund them at short notice, it is quite likely (though not provable) that the modern state would never have been established.

THE STATE AND THE EUROPEAN UNION AS MEANS- RATHER THAN ENDS-ORIENTED

A corollary of this is that both the state and the European Union are goal-oriented institutions rather than ends in themselves. This is perhaps the main reason why it is so difficult to describe the outcome of either state building or European integration as a static system organized around some coherent set of political principles. The conventional defining characteristic of the state, its monopoly of legitimate coercion within a fixed territory, does not tell us much about what the state really is or what it does. When one goes beyond this elemental characteristic to other features relating to the degree of centralization and the type and scope of state regulation or of resource extraction, one finds wide variations across states and across policy areas within states. In explaining such variations, political scientists analyze such factors as technocratic influences on decision making across policy areas, patterns of contestation among policy actors, class relations, and social democratic participation in government, rather than the essential character of the state or its formal political goals.

The European Union, conceived in terms of its essential political structure or its final destination, is similarly elusive. Notions of federalism, intergovernmentalism, and so forth have influenced the development of the EU, but they have not determined it. In practice, the institutions of the EU have been created to achieve discrete, diverse, contested, and contingent goals (Lindberg and Scheingold 1970; chapter 4).⁴ The result is an immensely complex and variegated structure, or (more precisely) set of structures, which reflect the logics of individual policy arenas and the consequences of their intricate connections. When one describes these structures from the standpoint of governance, one finds an impressive scope of variation, ranging from a European superstate in trade-barrier regulation or competition to weakly coordinated intergovernmentalism in most areas of foreign policy.

In recent years, there have been some interesting attempts to apply the concept of federalism to the European Union, highlighting national governments as decisive actors in determining the composition of the major decision-making bodies at the European level (Burgess 1999; Sbragia 1993a). As in the German federal system (but not in the American), the member states are represented as autonomous institutions (rather than territorial constituencies) at the heart of the European polity. As in other federal systems, territorially defined political units structure the European polity. But federalism has not served as the architectural principle of the EU. National governments in the member states have greater powers of self-determination than constituent units in any existing federal state, and while the territorial units within a federal regime tend to have similar subnational political systems, the domestic political systems of the member states vary greatly. The territorial units of the European Union are more heterogeneous than in any federal polity.

The institutional structure of provision in each policy area within the EU reflects the character of individual beliefs and the distribution of power more than it

reflects the EU's constitutional structure. The overall shape of the European Union is the result of the accretion of numerous bargains about specific policies and their institutional frameworks. Hence, one can say that the EU, like the modern state, has been created self-consciously with respect to its *paris*, but not to its *whole*.

The development of the European Union as a result of the Single European Act (SEA) and the Maastricht Treaty can be conceived of as an interstitial process (Mann 1986, 436). It has taken place largely as a by-product of goals that had little to do with the uniting of Europe itself (Sandholtz and Zysman 1989; Moravcsik 1991). The critical lowest common denominator in the negotiations leading up to the SEA was the desire to create a more integrated European market in the expectation that this would tap unexploited sources of economic productivity. The growth and reorganization of the EU-administered cohesion policy were, as we have argued elsewhere, a by-product of this initiative (Marks 1992, 1993; Pollock 1995a). Key actors, including Prime Minister Thatcher, embraced the SEA because it was an obvious and effective means toward limited goals, not because they favored the creation of a European polity *per se* as an outcome.

The Maastricht Treaty set out a detailed plan to deepen and extend coordination in monetary policy and in several other areas, including the environment, social policy, cohesion and structural policy, trans-European transport and communications networks, national borders, immigration, voting at the local and European levels, educational and cultural exchange, research and technological development, law enforcement, and foreign policy (Schmitter 1996b). While institutional reform of the four major institutions of the European polity (particularly the European Parliament and European Court of Justice) was featured in the treaty, the relevant provisions specify incremental reforms based on existing competencies. The logic of the treaty is that of policy-oriented problem solving in which institutions are means to solve problems rather than goals in themselves.

Similarly with state building. While some actors, including monarchs and state officeholders, actively favored centralizing the capacity for resource extraction, most other actors, including powerful segments of the landed aristocracy, merchants, and clerics, found themselves going along for diverse reasons that had little to do with any desire to build the state as an intrinsic goal. And if they did resist the centralizing impetus, they were drawn into the political arena of the territorial state to fight the process. Centralized states arose because they served the interests of powerful actors who wished to wage war more effectively, consolidate their authority, and reduce transaction costs of economic exchange.

STATE BUILDING AND EUROPEAN INTEGRATION AS PERVERSE PROCESSES

Neither the development of the state nor that of the EU is driven by abstract conceptions of how best to organize decision making. Indeed, one might make a case

for a perverse theory positing that state building and European integration have taken place *despite* the doctrines of those in power, rather than *because* of them. Monarchs often saw themselves as defending the feudal order and traditional local privileges that were being undermined in the process of state building and of the imposition of centralized authority. In the nineteenth and twentieth centuries, many influential supporters of particular pieces of labor market and welfare regulation—on the left as well as the right—did so despite their basic belief that state regulation was inferior to either communal self-regulation or the market. In many instances, the state's role grew not because those in power thought this to be an intrinsic good but because ruling groups set aside their opposition to the principle of state regulation for ad hoc reasons. For example, the extension of state responsibility for welfare in Victorian England clearly contravened the dominant dogma of *laissez-faire*. Many steps toward the modern state were taken not because they led in that direction but despite the fact that they did so.

The same may be said of European integration. One of the puzzles of the EU is to explain its emergence and consolidation in the absence of widespread support for shifting authority to the European level. While some influential political leaders such as Jean Monnet or Walter Hallstein favored creating a supranational polity, they realized that they were in a minority and could not achieve their goals by appealing to an emergent European identity. Their challenge was to create a European polity in the absence of "Europeans." Their strategy, and the strategy of integrationists who followed them, was to mobilize support for specific projects. Integrationists downplayed the decisional implications of their proposals and emphasized, instead, the substantive (usually economic) benefits of particular proposals that had as their by-product the piecemeal creation of a European polity (Wallace 1982, 64–65). The key for integrationists was not to convince opponents of the virtues of creating a European polity but to shift the debate to practical matters having to do with reaping collective benefits. Before the Maastricht era, integrationists' main opposition came from recalcitrant political leaders, above all de Gaulle in the mid-1960s and Thatcher in the late 1980s, whose commitment to national sovereignty trumped the political benefits of further integration.

Episodes of retrenchment notwithstanding, the consolidation of the EU across wide policy spaces in the absence of support for a supranational Euro-polity testifies to the primacy of policy making over institutional choice. But this primacy is not written in stone. In recent years, institutional choice has itself become the subject of intense debate, and in the wake of the Maastricht Treaty, substantive policy issues no longer determine political institutions.

This is a fundamental change. The Maastricht Treaty itself provided few clues to the response it generated. Like the Single European Act, the Maastricht Treaty is a shopping list of ad hoc substantive provisions that happen to coexist within the same document. The logic of these reforms is one of incremental political negotiation rather than constitution building. They bear the mark of bargaining among twelve national governments under the decision rule of unanimity. The

Treaty provided for: (1) policy initiatives at the European level (monetary union, plus new competencies in several other areas, including the environment, social policy, communications, and law enforcement); (2) a series of ad hoc institutional reforms designed to facilitate these new policy-making responsibilities (e.g., a higher threshold for blocking certain types of legislation in the Council of Ministers, the creation of a European Monetary Institute, followed by a European central bank); (3) side payments to gain the acquiescence of recalcitrant national governments (e.g., a further large increase in the structural funds, a new cohesion fund, and a variety of derogations exempting states from certain provisions of the treaty); and (4) a set of institutional reforms to put the side payments into effect (e.g., reform of the structural funds, a new cohesion fund administration). In this complex and dense mélange of specific proposals, one finds only the barest mention of principles of decision making. The Maastricht Treaty refers to the concept of “subsidiarity” just three times, and each reference is vague enough to allow for competing interpretations.⁵

The reception to this agreement opened a new era for the EU, for instead of technocratic discussion of policy outcomes, the debate over ratification turned on issues of decision making: the desirability of shifting authority to Brussels; whether national sovereignty was at risk and what to do about it; or how democratic decision making in the European Union is, and should be. Previously, state retrenchment had taken place under the temporary influence of rogue leaders. In the post-Maastricht era, the fate of the European Union has become subject to a far-reaching and highly politicized debate in the member states. Discussion of European issues has become more widely disseminated to the popular press and among political parties, particularly when at least one party in a country believes it may gain electoral support by raising the salience of European issues (Steenbergen and Scott 2000). In some countries, European integration has become a vital issue in party competition (see chapters 8 and 10). The issue features particularly strongly among a variety of extreme right-wing parties across Western Europe (Taggart 1998; Hooghe, Marks, and Wilson 2000). No longer can national governments determine institutional reform as a technocratic by-product of limited policy objectives.

THE DEMOCRATIC DEFICIT

The EU is not a constitutionally constructed polity. It has been assembled piecemeal to facilitate particular policies. Democracy, the master principle of constitutional creation in the twentieth century, has remained in the background. Nevertheless, most EU institutions are based on some form of representation: direct representation in the European Parliament, functional interest representation in the Economic and Social Committee, and regional (and local) government representation in the Committee of the Regions. But up to the present, by far the most

influential has been indirect state-based territorial representation in the Council of Ministers and the European Council (Sbragia 1993a). It is noteworthy that after the Council of Ministers, the two most important decision-making institutions are the European Commission and the European Court, neither of which has representational legitimacy. The EU is a labyrinthine polity with multiple principles of governance. In no other Western polity is the principle of direct representation so weakly articulated.

Since 1999, the European Parliament (EP) has greatly extended its formal power over the Commission, though it does not come near to the position of national parliaments, where the executive is based on a parliamentary majority. The European Parliament now has some say over the composition of the political executive, but commissioners are still selected by national governments. The Commission president is nominated by national governments, but he must gain the approval of Parliament before going on to select, in negotiation with national governments, individual commissioners. The European Parliament does not have the power to reject individual commissioners, though it does vote on the Commission as a whole. Much has been made of this power, but it remains a blunt instrument. Yet in spring 1999, the European Parliament came very near to doing precisely that and was prevented only by the preemptive resignation of Jacques Santer and his entire Commission.

The European Parliament's legislative power is more limited than that of its national counterparts. The EP cannot initiate legislation (though it can request the Commission to initiate legislation), and it has only a consultative vote on justice and home affairs, foreign policy, and agriculture, which absorb around half of the EU budget. Furthermore, EU treaties, the EU's equivalent to constitutional revisions, do not need to be ratified by the EP.

The formal powers of the EP are relatively weak by comparison to national legislatures. This reflects the contrasting logics of European integration and state building. The liberal democratic state is an *outcome* of state building, but it is the point of *departure* for European integration. Liberal democratic states—above all, national governments legitimated by directly elected national legislatures—are the prime actors in the development of the Euro-polity. In its origins, the EU was an international organization and therefore not subject to constitutional principles that apply to its constituent polities. If member states are democratic and the EU is the creature of the member states, why, it was asked, should the EU replicate direct democratic channels that already exist in individual countries? So the debate about democracy in the EU has turned on conflicting conceptions of the Euro-polity rather than the intrinsic merits of democracy. The democratic deficit—that is, the weakness of representative democracy in the EU—is rooted in the institutional genesis of the EU as an offspring of national institutions that claim sovereignty in their respective territories.

The European Union was never intended to be a polity resembling existing liberal democracies, but as it takes over competencies that were once performed

exclusively by national governments, demands for direct democratic accountability have intensified. The EP is no national parliament, but its political role has grown since 1976, when the direct election of members of the European Parliament was introduced. Over the last two decades, the most important extensions of direct democracy in the EU have been the introduction of the cooperation procedure as part of the Single European Act, giving the Parliament significant agenda-setting powers; the move toward a codecision procedure under the Maastricht Treaty, giving the Parliament an absolute veto over important areas of legislation; and the extension of codecision under the Amsterdam Treaty (Tsebelis 1994; Jacobs and Corbett 1990; Westlake 1994; Falkner and Nentwich 1999).

Every reform that has touched on the European Parliament and citizenship in the EU has strengthened the principle of direct representation. One might say, then, that democratization in the EU, like that in national states, is a ratchet-like process. Representative democracy has been progressively deepened, and one must search to find legislation that narrowed the suffrage or cut back direct parliamentary representation. Perhaps this is another instance in which European integration extends a unidirectional development long evident at the national level.

But there are two profound differences in the experience of democratization in the EU and in national states. First, the pressures for democratization are dissimilar. The struggle for democracy in Western European states mobilized millions of people in trade unions and political parties. Democracy was the outcome of protracted political struggle among entrenched groups and classes. In the EU, by contrast, there has been little social mobilization on this issue and no struggle. The principle of democracy is conceded by all sides; disagreement has hinged on how this principle should apply to the European Union.

Second, democratization in the EU is paradoxical in a way that democratization in national states was not. European integration has shifted decision making away from national arenas, where direct representation is strong, to the European Union, where direct representation is weak. So, an overall evaluation of democracy in the EU must, like the oracle at Delphi, make two seemingly contradictory statements. Direct representation has been strengthened in the EU over the past quarter century. But, over the same period, integration has weakened democracy in Europe as a whole. This is the paradox of democracy in the European Union, and it arises because the Union is built on preexisting liberal democratic states.

FROM EXCLUSIVE TO MULTIPLE IDENTITY

The development of the modern state over the last two centuries is interwoven with nationalism and attempts to assimilate ethno-territorial minorities by imposing national symbols, language, culture, and a national education system. The identification of state and nation was reinforced by recurrent international conflict. In the first half of the twentieth century, war making pitted entire societies against each other

and led to ever more intense mobilization of mutually exclusive communal solidarities. National identity became an all-or-nothing phenomenon. Exclusive, beligerent nationalism consumed every part of a citizen's being, including his or her identity, and, in time of war, made absolute claims on the lives of citizens.

European integration, by contrast, has been accompanied by a weakening of exclusive nationalism and by what might be described as multiple identity, that is, the coexistence of identities to local, regional, and supranational territorial communities, alongside an identity with the nation (see chapter 3 for an extended discussion of multiple identities). Surveys reveal an increasing number of individuals who simultaneously maintain strong attachments to more than one level of community. A *Eurobarometer* survey of 1995 finds that individuals, on average, report as strong an attachment to regional and local communities as to their country. Only in Denmark, Finland, Ireland, Italy, and the United Kingdom is attachment to country stronger than attachment to region, while the two are evenly matched in France, Greece, the Netherlands, Portugal, and Sweden. Around 30 percent of those surveyed profess their attachment to the European Union to be as strong as (or stronger than) attachment to their country. In general, multiple identities are stronger among younger Europeans, among the more educated, and among those who have more positive attitudes toward the European Union.

The shift from exclusive nationalism to multiple identities has lowered the heat of national rivalries, but it has actually enhanced the role of territory in policy making. The cleavages that have structured European politics for many decades—based on social class, religion, and environmental/lifestyle issues—are present at the EU level, but they are accompanied by a new and potent cleavage based on territoriality. A French automobile worker, for example, may feel himself to be a worker in the context of French politics, but he may identify himself as a Frenchman in the context of Europe. In 2000, eight transnational political parties were represented in the European Parliament, but they are not cohesive. Members of the EP inject their regional and national standpoints into many of the issues that face them. Instead of melding particular identities in a new European mold, the EU internalizes territorial differences that were once played out in relations among national governments.

CENTRIPETAL STATE BUILDING VERSUS CENTRIFUGAL EUROPEAN INTEGRATION

From the thirteenth to the twentieth centuries, state building centralized authority at the national level. The monopolization of legitimate authority, the creation of a secular hierarchical system of justice, the deepening and widening of taxation—all pressed decision making toward the central state. This development was intensified as nationalism rose across Europe and as the welfare state and state intervention in the economy came to be identified with the interest of the nation.

After fifty years of European integration, scholars dispute the underlying direction in which the European Union has developed. In part, this controversy reflects the wide variations that exist across policy areas and the aconstitutional character of European integration. Three alternative outcomes have been hypothesized: a European superstate; an intergovernmental regime in which national states are preeminent; and a polity characterized by multi-level governance in which authority is diffused across subnational, national, and supranational levels of government.

Does the telescopic vantage point of this chapter help one come to grips with this basic question? It is worth stressing that state building and European integration are successive historical episodes and so cannot be viewed as independent cases. It would be impossible to conceive of European integration without the prior establishment of states, for national governments have played a decisive role in European integration. While states developed in a context of dispersed authority and diffuse loyalties, the EU was created in a context of state authority and national identity. National states continue to have considerable reserves of loyalty, along with extensive organizational and financial resources, and they monopolize legitimate coercion within their respective territories (Hoffmann 1966). Moreover, national governments are powerfully positioned in the decision-making process of the European Union. National governments dominate the Council of Ministers, and they determine the composition of the most important supranational institutions, the European Commission and the European Court. National governments shape the outlines of the European polity through the European Council and through intergovernmental treaties (Moravcsik 1994, 1998).

This supports the thesis that the EU consolidates national governments. However, the prominence of national governments can be interpreted as revealing the point of institutional departure for the European Union rather than its dynamic properties. Given the strength of states after World War II, any major restructuring of European political life would, presumably, have to give existing states pride of place even if it transformed authority over time.⁶

When one examines the practice of policy making as distinct from the high politics of treaty making, there are many signs of such change. National government domination of policy is diluted in several policy areas, as table A1.1 in appendix 1 illustrates.

The conception of the European Union as a multi-level polity is consistent with the empowerment of subnational government in several European countries since World War II. The spin-off of decision making away from the state over the past decades has been just as visible in the shift down to the subnational level as in that up to the European level (Rosenau 1990; Goldsmith and Klausen 1997; Goldsmith 1993).⁷ As is evident from table A2.1 in appendix 2, governments across Western Europe have experimented with ways to decentralize administration and decentralize decision making to mollify ethno-linguistic minorities, to bring policy provision closer to policy receivers, to cushion demands on the state,

and to reduce the central tax burden (Keating 1988; Sharpe 1988, 1989). Over the last three decades, Belgium has been transformed from a unitary into a federal polity and Italy, France, and Spain, previously highly centralized political systems, have created a comprehensive layer of regional governments. In the United Kingdom, a major constitutional reform has provided Scotland and, to a lesser extent, Wales with regional government, and there are plans for regional reform in England. Greece and, to a more limited extent, Portugal have moved tentatively in the same direction, partly in response to the financial advantages of participation in the EU's structural policy. Ireland remains highly centralized, though there are pressures for the creation of regional government. Only Germany has arguably moved in the opposite direction.

Although national governments remain deeply entrenched in the EU and play the major role in determining the basic institutional setup, there are some strong reasons for believing that the trend over the past several years is toward a multi-level polity in which competencies are shared across institutions stretching both above and below the state (Leibfried and Pierson 1996; Scharpf 1994; Marks 1993). In some respects, the structuration of authority in this polity has more in common with feudalism than with the state system. Both the feudal and the European political orders are characterized by multiple spheres of legitimate authority and by a corresponding propensity for individuals to have multiple, rather than exclusive, political identities. Table 2.1 summarizes basic characteristics of the feudal political order, the state order that followed it, and an emergent post-state order exemplified in the Euro-polity.

There is nothing inexorable about the development of a post-state order in Europe. European integration is not an objective process divorced from the political projects of the participants, and the future of the EU is now widely debated. Because it is the project of creative political actors, the EU is liable to be reformed in unanticipated ways. State building was constrained by the systemic, often coercive, competition among the states; the development of the EU, as we argue in the next section, does not appear to be so tightly coupled to its international environment.

THE SYSTEMIC CONTEXT OF STATE BUILDING AND EUROPEAN INTEGRATION

State building and European integration are driven by competition and learning. Both are, in part, responses to international pressures. The state developed in an international system of competing national states, city-states, and city-empires. Violent conflict among these units constrained the kinds of political structures that could feasibly be sustained. In this scenario, institutional development can be understood in terms of Darwinian political-economic competition, enhanced by learning oriented to economic efficiency (Spruyt 1994) and war making (Tilly

Table 2.1 Typology of Political Orders in Western Europe

	Feudal Order	State Order	Post-State Order
Constituent Units	multiple, overlapping kingdoms, fiefdoms, duchies, city states, principalities, etc., alongside universalistic church	limited number of sovereign states containing nested layers of territorially differentiated, non-overlapping subnational governments	limited number of states alongside a variety of overlapping supranational and international organizations formed by national and subnational groups
Principles of Integration	multiple secular obligations alongside transterritorial loyalty to church	exclusive, territorially defined identities oriented around individual nations	multiple identities to communities at diverse territorial levels
Decisional Locus	multiple autonomous spheres of secular and ecumenical competencies alongside traditional rights and immunities	singular hierarchical structure of decision making within each sovereign state, modified in some cases by federalism	multiple shared competencies among national, subnational, and supranational governments

1989, 1990). The state did not develop autonomously in each political unit, but as a result of the interaction of those units.

European integration has also been profoundly influenced by its international context. The European Union originated in the 1950s in a window of opportunity created by the absence of Great Power rivalries among Western European countries, the Cold War, and the horrendous experience of World War II. The 1992 market-opening reforms were a response to the weakening competitive position of strategic Western European industries and the rise of East Asian economies, particularly that of Japan. But the development of the EU appears far less tightly coupled to its international environment than was that of the state. Rulers who failed to meet the demands of war making and resource extraction faced coercive removal from office.⁸ European integration appears less constrained. The institutional form of the EU has been determined neither by violent confrontation nor by the pressures of adopting lessons from struggles among other similar regimes. European integration is an open-ended, noncoercive process that, unlike state building, lacks unambiguous criteria of success and failure.

In the last two decades, the EU seems to have precipitated regional regimes in North America (NAFTA), South America (MERCOSUR), Asia (ASEAN, APEC), and Africa (ECOWAS). There are now around fifty regional regimes of one kind or another. The European Union has several facets that can be emulated. As a supranational polity, it diminishes the likelihood of war among its constituent units; as an integrated market, it enhances economic welfare; as a regional trading block, it can influence trade negotiations; and as a monetary, political, and defense union, it has Great Power ambitions. To the extent that other regional regimes are set up to emulate or counter the power potential of the EU, so the logics of European integration and state building may not be so dissimilar after all: both may be driven by competitive mobilization, by an attempt to increase relative political power vis-à-vis competing political units.

STATES WERE CREATED IN WAR—THE EUROPEAN UNION IN PEACE

The most important sources of state building have to do with funding and conducting war. The coalescence of states in the critical fourteenth century was a direct response to the changing scale of warfare. Innovative organization and the drilling of infantry reduced the effectiveness of traditional heavy cavalry and greatly increased economies of scale in conducting war. Siege cannons diminished the defensive capability of the castle and opened up additional economies of scale. Armies became larger, feudal barons were denied the possibility of effective resistance behind the walls of their castles unless they made huge new investments, and the invention of new intensive and extensive sources of taxation became a matter of survival in relations among increasingly centralized monarchies (Bean 1973).

One can see a similar causal dynamic in the development of the modern state as a response to total war in the twentieth century. The first such total war, World War I, involved an unprecedented mobilization of human and material resources. Recruitment of millions of soldiers, provision of arms and munitions on a vast scale, rationing of scarce commodities, and an intensified need for legitimacy and cooperation of organized labor—all led national governments to assume direct control of key sectors of industry, to regulate the labor market as never before, and to set up an array of authoritative decision-making institutions to bring diverse areas of the economy and society under centralized control. The terms used to describe this situation usually referred to some form of socialism ("state socialism," "war socialism," "wartime collectivism"). But the dynamic of change was not class conflict or social democratic rule but total warfare. Although much of the apparatus of wartime control was eventually dismantled in peacetime, the experience of total war reinforced the identification of state and nation, ratcheted up permissible limits of taxation, revealed new possibilities for state intervention in diverse fields of human affairs, and decisively broadened conceptions of the proper responsibilities of the state (Hobsbawm 1992).

Given the powerful impetus toward the centralization of decision making in the state as a consequence of war, it is not surprising that European integration and the general process of diffusion away from the national state has taken place during a period of extended peace in Europe. A dominant characteristic of European integration has been diversity of levels, styles, and arenas of decision making.

On the basis of past experience with war, one may wonder if this mosaic is a peacetime luxury that would be compressed into a new centralized state order under wartime conditions. The question is, of course, a matter of speculation, but it is possible to imagine a potential reimposition of national state domination in the efforts of some governments to defend their "sovereignty" by framing issues in sharply nationalistic terms, or even to imagine a world divided into a limited number of mutually exclusive, intensely competitive, and potentially combative spheres of influence of which the European Union would be one. One may gain a taste of the latter possibility in the competitive creation of trading blocks in Europe, North America, and Asia and the mobilization of national xenophobic in the process. Under this scenario European integration would no longer be a misnomer; integration would take place in the historical mold of state building, guided by the centripetal logic of war and taxation and by the solidification of new identities in the process.

NOTES

1. Peter Katzenstein's conceptualization (1987, 1997) of Germany as a "semi-sovereign state" provides an interesting point of departure for comparisons with the EU.
2. James Caporaso (1996a) has written a suggestive article that captures differences between the EU and the Westphalian state.
3. See Kennedy 1999, and correspondence with Neill Nugent. This is a recipe for confusion and cannot help the EU's quest for legitimacy. In the matter of names, constancy is itself a virtue, and after the response to Maastricht, it may safely be predicted that intangible as well as financial costs of terminological change will be factored more fully into treaty proposals. Experts themselves are liable to slip up. We cannot resist recounting that at a conference a prominent scholar tried to update terms in mid-sentence and found himself referring to the European "Communion."
4. In this context Ernest Haas speaks of the "autonomy of functional contexts" (1961, 376) and "asymmetrical overlapping" (1971, 31).
5. The cases are the following (our italics):
Article 1 TEU (ex-A): This Treaty marks a new state in the process creating an ever-closer union among the peoples of Europe, *where decisions are taken as closely as possible to the citizen.*
Article 2 TEU (ex-B): The objectives of the Union shall be achieved as provided in this Treaty and in accordance with the conditions and the timetable set out therein *while respecting the principle of subsidiarity as defined in Article 3b of the Treaty establishing the European Community.*

Article 5 TEU (ex-3b): The Community shall act within the limits of the powers conferred upon it by this Treaty and of the objectives assigned to it therein. *In areas which do not fall within its exclusive jurisdiction, the Community shall take action, in accordance with the principle of subsidiarity, only if and insofar as the objectives of the proposed action cannot be sufficiently achieved by the Member States and can therefore, by reason of the scale or effects of proposed action, be better achieved by the Community.*

6. Alan Milward (1992, 4) takes a different view. He points out that most states in Europe collapsed under German aggression between 1938 and 1940 and claims that "the rescue of the nation state from this collapse, which appeared to mark the end of its long domination of European history, is the most salient aspect of Europe's post-war history." However, the collapse of states in Europe only lasted as long as the coercive domination of the Third Reich, and as soon as Germany had been defeated, political life once again was organized in states. Hitler swept individual states away but did little to delegitimize the idea of the nation-state as the ultimate form of political organization. The rescue of individual states was achieved by Allied force of arms between 1940 and 1945. The exceptions were Eastern Europe, where German hegemony was replaced by forty-four years of Soviet hegemony, and West Germany, where a state built on a divided nation initially suffered from a deficit of legitimacy.

7. This is the point of sharpest disagreement between the view developed here and that of Michael Mann, who claims that "even if [the state] were declining in the face of . . . supranational forces . . . it is still gaining at the expense of the local, the regional, and especially the private forces" (1993, 118).

8. The contrast we are drawing between state building and European integration does not rest on an assumption that states were uniquely determined by the logic of their interaction. Even if one were to apply a framework of biological evolution to the development of the state, it would not be possible to predict institutional outcomes from initial conditions, just as it would not be possible to predict the course of biological adaptation from knowledge of the species and its environment.