

Chapter 1

Introduction: Explaining the EU Political System

What Is the EU? A Political System but Not a State
The EU's Challenge: How to Govern a Diverse Continent
The Institutional and Policy Architecture of the EU
Two Theories of EU Politics
Structure of the Book

The European Union (EU) is a remarkable achievement. It is the result of a process of voluntary integration between the nation-states of Europe. The EU began in the 1950s with six states, grew to fifteen in the 1990s, enlarged to twenty-eight in the 2000s and may grow even further. The EU started out as a common market in coal and steel products and has evolved into an economic, social and political union. European integration has also produced a set of supranational executive, legislative and judicial institutions with significant authority over many areas of public policy.

Yet, the EU faces some deep systemic challenges. The instability of the global economy and the sovereign debt levels of several member states challenge the sustainability of the Euro. Waves of migrants from the Middle East and North Africa challenge whether the EU's internal open border policies are sustainable. Russia's actions in Ukraine, turmoil in the Middle East and North Africa, and growing Chinese geopolitical and economic confidence challenge whether the EU can have a genuinely 'common' foreign policy. Meanwhile, support for populist anti-European parties on the right and left continues to rise in national and European Parliament elections, and one of the 'big three' EU member states – the UK – left the EU in 2021.

So, this book is not about the history of 'European integration', as this story has been told at length elsewhere. Nor does it try to explain the process of European integration, as this too has been done many times before. Instead, the aim of our book is to understand and explain how the EU works, or does not work, today, and whether the EU can meet the challenges it faces.

Why are the EU's 'leaders' so ineffective? Does the EU legislative process produce too much or too little policy? Does the Court of Justice of the European Union favour some member states over others? Why do some people support the EU while others oppose it? Is the EU democratically accountable? Is EU policy-making captured by powerful interest groups? Does the EU single market create or restrict economic growth? Does the EU waste taxpayers' money? Is the Euro sustainable without major reform? Can the EU have a common migration policy? Can the EU be an effective global actor? And so on.

We could treat the EU as a unique experiment, which of course in many respects it is since no other continent has progressed so far in the process of supranational integration. However, the above questions could be asked of any 'political system', whether domestic or supranational, and political science has an array of theoretical tools to answer exactly these sorts of questions. Instead of a general theory of how political systems work, political science has a series of mid-level explanations of the processes that are common to all political systems, such as public opinion, interest group mobilization, legislative bargaining, delegation to executive and bureaucratic agents, economic policy-making, citizen-state relations, and international political and economic relations. Consequently, one of the arguments of this book is that to help us understand how the EU works, we should use the general tools, methods and theories from political science.

This introductory chapter sets the general context for this task. It explains how the EU can be a 'political system' without also having to be a 'state', provides some basic background information about the policy and institutional architecture of the EU, and considers the essential challenge facing the EU: how to collectively govern a diverse continental-scale polity.

What Is the EU? A Political System but Not a State

First off, what exactly is the EU? The EU is neither an international organization, like the United Nations or the World Trade Organization, nor a federal state, like the United States of America. Unlike international organizations, the EU has significant independent executive, legislative and judicial powers, rather like a state. However, unlike a federal 'state', the EU's member state governments remain the sovereign signatories of the EU treaty, the budget of the EU remains small, the EU relies on the voluntary compliance of the member states for the enforcement of EU law, the member states remain sovereign in many areas of policy (including the ability to sign international treaties) and an 'intergovernmental body' – the European Council, which brings together the heads of state and

government of the EU member states – has taken an increasingly central role in EU decision-making.

Thankfully, there is another category we can use to conceptualize the European Union: as a political system. Gabriel Almond (1956) and David Easton (1957) were the first to develop frameworks for defining and analysing political systems. They defined a political system as having four key characteristics:

- 1 There is a stable and clearly defined set of institutions for collective decision-making and a set of rules governing relations between and within these institutions.
- 2 Citizens seek to realize their political desires through the political system, either directly or through intermediary organizations such as interest groups and political parties.
- 3 Collective decisions in the political system have a significant impact on the distribution of economic resources and the allocation of values across the whole system.
- **4** There is continuous interaction between these political outputs, new demands on the system, new decisions and so on.

The EU possesses all these characteristics. First, the degree of institutional stability and complexity in the EU is far greater than in any other international regime.

Second, as the EU institutions have taken on executive, legislative and judicial powers of government, an increasing number of groups attempt to make demands on the system – ranging from individual corporations and business associations to trade unions, environmental and consumer groups and political parties. At face value, the centrality of the EU governments in the system makes the EU seem like other international organizations. However, the governments do not have a monopoly on political demands. As in all democratic polities, demands in the EU arise from a complex network of public and private groups, each competing to influence the EU policy process to protect their own interests.

Third, EU decisions are highly significant and are felt throughout the EU. EU policies cover an extremely wide range of areas, from market regulation to social and environment policies, agriculture, regional and research and development spending, policing and law and order, migration policies, and international trade, foreign and defence policies. Primary and secondary acts of the EU are part of the 'the law of the land' in the member states, and supranational EU law is supreme over national law. EU regulatory and monetary policies have direct and indirect impacts on the distribution of power and resources between individuals

and states in Europe, while the EU is gradually encroaching on the power of the domestic states to set their own rules in the highly contentious areas of taxation, immigration, policing, judicial affairs, and foreign and defence policy. In short, EU outputs have a significant impact on the 'authoritative allocation of values' (Easton, 1957) and also determine 'who gets what, when and how' in European society (Lasswell, 1936).

Finally, the political process of the EU political system is a permanent feature of political life in Europe. The meetings of the European Council every two months may be the only feature of the system that is covered systematically by national media, and hence noticed by many citizens. This can give the impression that the EU mainly operates through periodic 'summitry', like other international organizations. However, the real essence of EU politics lies in the constant interactions within and between the EU institutions in Brussels, between national governments and Brussels, within the various departments in national governments, in bilateral meetings between governments, and between private interests and governmental officials in Brussels and at the national level.

What is interesting is that the EU does not have a 'monopoly on the legitimate use of coercion'. The EU is not a 'state' in the traditional Weberian meaning of the word. The power of coercion, through police and security forces, remains in the hands of the national governments of the EU member states. The early theorists of the political system believed that a political system could not exist without a state (e.g. Almond, 1956). However, many contemporary social theorists reject this conflation of the state and the political system. For example, Bertrand Badie and Pierre Birnbaum (1983: 135–7) argue that:

the state should rather be understood as a unique phenomenon, an innovation developed within a specific geographical and cultural context. Hence, it is wrong to look upon the state as the only way of governing societies at all times and all places.

In this view, the state is simply a product of a particular structure of political, economic and social relations in Western Europe between the sixteenth and mid-twentieth centuries, when a high degree of centralization, universality and institutionalization was necessary for government to be effective. In a different era and context, government and politics could be undertaken without the classic apparatus of a state. This is precisely the situation in twenty-first-century Europe. The EU political system is highly decentralized, is based on the voluntary commitment of the member states and its citizens, and relies on sub-organizations (the member states) to administer coercion and other forms of state power.

The EU's Challenge: How to Govern a Diverse Continent

So, why have the nation-states of Europe and their citizens decided to create a supranational political system in this corner of the Eurasian continent? The initial driving force in the 1950s was, of course, peace and reconciliation after two World Wars (which could be thought of as 'European civil wars'). Today, though, the EU is a response to two opposing logics in a globalizing world. On the one hand, an economic logic is pushing the world towards larger economies. A larger economic area allows for greater geographic and human diversity, greater specialization and economies of scale, a broader range of goods and services, lower per capita costs of public goods, higher productivity rates, and higher employment, growth and wealth, and so on. Small societies such as Switzerland or Singapore have had highly successful economies. However, they are rich, have had to specialize in a few key goods and services, and have had to adapt their domestic policies to fit standards set by larger economies. Larger societies, such as the United States, have not had to specialize on a few key products and services, and have been freer to set their own standards and make their own economic policy choices.

On the other hand, a *political logic* in a globalizing world is pushing societies towards more and more decentralized decision-making. Localism allows for greater direct participation in government and policy outcomes that are tailored to the preferences of the majority of citizens in a society, rather than lowest-common-denominator policies that are not supported much by anyone. Decentralization also allows for more ethnically, religiously, linguistically and/or culturally homogeneous societies to govern themselves democratically. This hence explains the demands for greater autonomy and devolution, from Scotland to Catalonia, from Flanders to Lombardy, and in many other regions and cities in the world.

Until the late twentieth century Europe struggled with these competing logics. With the development of industrial society and the resultant demands for raw materials and greater labour specialization, most European states were not economically viable. Britain and France responded to these pressures with overseas expansion, building colonial empires to fuel their domestic economies. Germany, meanwhile, sought expansion within Europe, by first creating a larger unified national economy and then seeking to capture the territories of neighbouring countries. The result of the competition between the states was two European wars, which dragged other parts of the world into the European power struggle.

From this perspective, the EU is an attempt to create a sustainable and accountable polity on a continental scale as a way of resolving these competing logics. On the economic side, the EU has a continental-scale single market, with huge geographic and human diversity, and with most economic activity occurring within this market rather than with the outside world. On the political side, the EU is a multi-level system of government, which allows for most decisions about the regulation of the continent-wide market to be made at the European level and most decisions over taxation and spending to be made at the national level. What is more, Europe has managed to build this new political system by a series of voluntary choices by political leaders and citizens.

As a result of this new political and economic architecture, the rest of the world is no longer plagued by Europe's failure to find an effective solution to its internal problems. The EU has also become a model for other regions in the world who are struggling with the same competing logics, such as Latin America, South East Asia, West Africa and the Caribbean. The EU model is far from perfect, but it is a considerable improvement on the alternatives: a continental-scale economy governed by an authoritarian regime, or a patchwork of small states that either are not economically viable or are economically integrated into a broader regional or global economic system with limited say over how market rules are set.

Governing a continental-scale polity is not an easy task, and this task is made all the more difficult by the huge social, economic and political diversity that exists within the EU. One way to think about this diversity is to compare it to the level of diversity in another continental-scale polity, the United States, as Table 1.1 shows. The United States is geographically larger than the EU, but the EU has a larger population than the United States. The EU and United States have similar sized economies (as measured by the gross domestic product (GDP)) and similar levels of internal economic activity relative to external activity (as measured by external trade in goods and services as a per cent of GDP). The United States has more states than the EU, but the difference in terms of population size and economic size of the states is greater in the EU than in the United States. Equally, the EU has greater economic inequality at the state level than the United States, but the United States has greater economic inequality at the individual level than the EU (as the GINI coefficients show). The United States is of course less linguistically diverse than the EU, but the EU and the United States have similar levels of religious diversity. Many other measures could be used, but these indicators suggest that while the EU is a socially and economically diverse polity, so is the United States.

 Table 1.1 Diversity in the European Union and the United States

**	European Union	United States of America
Area	4.233 mil.km ²	9.525 mil.km ²
Population	448 mil.	331 mil.
Total GDP (nominal, \$)	\$14,926 bn	\$21,433 bn
GDP per capita (PPP, \$)	\$46,565	\$65,298
External trade as % of GDP	43%	26%
Number of states	27	50
State populations:		
Largest	83.1 mil. (Germany)	39.4 mil. (California)
Smallest	0.4 mil. (Malta)	0.6 mil. (Wyoming)
Average	16.6 mil.	6.6 mil.
Standard deviation	23.3 mil.	7.4 mil.
State economies:		
Richest (GDP/capita, \$)	\$112,875 (Luxemb.)	\$88,180 (New York)
Poorest (GDP/capita, \$)	\$23,741 (Bulgaria)	\$39,065 (Mississippi)
Standard deviation	\$14,588	\$11,520
Inequality:		
Gini, before taxes	0.35	0.51
Gini, after taxes	0.30	0.39
Languages (mainly spoken)	16% German	82% English
	13% English	11% Spanish
	13% Italian	1% Chinese
	12% French	
	8% Spanish	
Religions	41% Catholic	37% Protestant
	27% no religion	22% Catholic
	10% Orthodox	20% no religion
	9% Protestant	9% other Christian
	4% other Christian	2% Jewish
	2% Muslim	1% Muslim

Sources

Population: US Census Population Clock, 2021; Eurostat, 2021

Gross Domestic Product (GDP) and GDP/Capita (PPP, USD): World Bank, 2019

Trade: Eurostat, 2019 GINI: Eurostat, 2019

US languages: US Census, 2000

US religions: Gallup, 2020

EU languages and religions: Eurobarometer, 2019

One hugely significant difference between the EU and the United States, of course, is that while Americans share a single national identity, Europeans are divided into more than thirty such identities: the member states that are nation-states (such as Italy, the Netherlands, Poland, Hungary, Sweden, Estonia and Greece) as well as the 'nations' that make up the multi-national member states (in Spain and Belgium). Nationalism may be a fluid and largely 'constructed' identity (e.g. Anderson, 1983). Nevertheless, national identity is a powerful motivating force when it comes to taking sides in political arguments. Whereas a US president can appeal to 'American' identity to mobilize support for policy reform against a reluctant Congress, any appeal by the presidents of the European Commission and European Council to 'European' identity would be far weaker than the national identities the leaders of the EU member states could use against them. Given a choice between the Union and their State, most Americans would choose the Union, whereas most Europeans would choose their State. It has taken America a long time to get to this point, though, including a terrible civil war fought over exactly this issue.

Nonetheless, despite different national identities in Europe, EU citizens actually share many political and social values, as the data from the World Values Survey and the European Values Survey show (Welzel, 2013). Europe is a post-industrial society, with a low and declining level of religiosity, a high level of wealth and urbanization, and a large public sector. Unsurprisingly, Europeans have similar attitudes towards the role of the governments in the economy, to protect the weakest members of society and to provide public services like education and health care. Europeans also have rather similar attitudes towards gender equality and the rights of women, gun control, the death penalty, protection of the environment and even gay marriage. European societies may still have quite different attitudes towards racial and ethnic minorities, with Western Europeans generally more tolerant than Eastern Europeans. But, most of the less tolerant European countries have only recently become multi-racial societies. And, while the United States is on average more tolerant of racial diversity, Americans are more divided than Europeans in their attitudes towards the role of the state in the economy, gun control and even environmental protection. These common values in Europe are important because a prerequisite for governing a market is a shared set of assumptions about what minimum standards and rules to apply.

Governing a continental-scale market is inherently a political project. To understand why consider two issues: (1) how decisions should be made to govern a market, and (2) what the policy consequences are of creating such a market. On the first of these issues, decisions could be made by unanimous agreement between the governments of the states. This would ensure that each state's interests would be protected. On the flip side, of course, unanimous agreement

would allow each state a veto, which would make policy change difficult, and hence 'lock in' sub-optimal policies (e.g. Scharpf, 1988). It could also lead to perverse policy outcomes, as each state could demand a 'side payment' in return for their support for a proposal. Hence, in terms of the quality and speed of decision-making, majority rule of some sort is more desirable. However, the challenge for a diverse polity of deciding by majority rule is how to legitimize decisions for states and citizens on the losing side: what political scientists call 'losers' consent' (e.g. Anderson et al., 2005).

In most democratic systems, losers' consent is guaranteed through competitive elections, the clear identification of winners, the potential ability to remove winners at the next election, for those on the losing side to be on the winning side in the not-too-distant future, and the ability of election 'losers' to still influence policy via other institutions (such as second chambers, courts or lower levels of government). The problem for the EU, then, is how to legitimize majority rule without a strong democratic mandate, or what many people call a 'democratic deficit'. Also, the 'losers' of European integration are not particular member states, whose interests could be appeased through flanking policies (side payments), but rather particular social groups – such as lower skilled citizens in Western Europe, who face downward pressure on wages (as a result of increased competition between firms in the single market), increased competition for jobs (as a result of EU migration) and cuts in public services (as a result of austerity measures 'imposed' by Brussels). Not surprisingly, these marginalized groups are prone to support anti-European populist parties on the radical right and radical left.

On the second issue, creating a single market cannot be isolated from other policy domains: what political and economic theorists call 'spill-overs' (e.g. Haas, 1958; Belassa, 1962). Once barriers to the free movement of goods, services, capital and people have been removed, there is pressure for a common currency, common economic policies, common policies on migration and policing, and common external economic and security policies. These spill-over pressures have gradually ratcheted the EU towards further political integration, admittedly with faster steps forward in some periods than others. And, now, following the current economic, migration and external security crises, the EU faces the ultimate spill-over test: will the EU build a genuine 'economic union', with a common treasury and finance ministry; a common immigration system, with a single border force and interior ministry; a common foreign policy, with a European military capacity; and ultimately a genuine political union, with a single elected president? But, returning to the issue above, can the EU take these steps without greater democratic legitimacy and support from the potential 'losers' from this deeper political integration?

The Institutional and Policy Architecture of the EU

Before getting to this, though, we need to understand how the EU works. Boxes 1.1 and 1.2 describe the current policy competences and the main institutions of the EU. The EU does not have a 'constitution' in the traditional meaning of this term: a single document setting out the basic rules and principles of the organization. A 'Constitutional Treaty' was agreed in 2004, but was rejected in referendums in France and the Netherlands. Even without the Constitutional Treaty, though, the EU Treaty, and the practices and norms that have evolved around how the EU works, can be thought of as the basic 'constitutional architecture' determining the policy competences and institutional powers in the EU.

Box 1.1. Policy Competences of the EU

Exclusive EU Competences

Regulation of the single market, including removing barriers and competition policy

Customs union and external trade policies

Monetary policy for the member states whose currency is the Euro

Price setting and subsidy of production under the Common Agricultural Policy Common Fisheries Policy

Shared EU and Member State Competences

Social regulation, such as health and safety at work, gender equality and non-discrimination

Environmental regulation

Consumer protection and common public health concerns, such as food safety Economic, social and territorial cohesion

Free movement of persons, including policies towards third-country nationals (e.g. asylum)

Transport

Energy

Co-ordinated Competences

(were member states co-ordinate their domestic policies at the EU level because of the effects on each other of conducting separate policies)

Macro-economic policies

Foreign and defence policies

Policing and criminal justice policies

Health, cultural, education, tourism, youth, sport and vocational training policies

Exclusive Member State Competences

All other policies, for example most areas of taxation and public spending

Box 1.2. Main Institutions of the EU

European Council (Brussels)

The European Council is an *executive body* – in a sense, the collective 'presidency' of the EU. The European Council brings together the twenty-seven heads of state and government of the EU member states and meets at least six times a year. The European Council sets the overall policy agenda of the EU, such as the multi-annual budget and treaty reforms, and resolves disputes. The European Council is chaired by a full-time president.

European Commission (Brussels)

The Commission is also an executive body and is composed of one member from each member state. The Commission is responsible for proposing EU legislation, the annual budget, managing and implementing EU policies and the budget, enforcing EU law (jointly with the CJEU) and representing the EU on the international stage (e.g. in the WTO). The Commission is divided into Directorates-General (DGs), each of which is responsible for a different area of policy. Following each European Parliament election, the Commission president is nominated by a *qualified majority vote* in the European Council and elected or rejected by an absolute majority in the European Parliament.

Council of the European Union (Brussels)

The Council of the EU is composed of ministers from the member states' governments and is one half of the EU's *legislative authority*. The Council also has some *executive powers*, such as co-ordinating the economic policies of the member states, developing the common foreign and security policy, co-ordinating co-operation between national courts and police forces, and reforming the EU treaties. The Council meets in ten configurations: general affairs; foreign affairs; economic and financial affairs; justice and home affairs; employment, social policy, health and consumer affairs; competitiveness; transport, telecommunications and energy; agriculture and fisheries; environment; and education, youth, culture and sport. The Council is aided by the Committee of Permanent Representatives of the EU (COREPER), which is composed of the ambassadors of the member states to the EU. The presidency of Council rotates between the member states every six months.

European Parliament (Brussels, Strasbourg and Luxembourg)

There are 751 MEPs, who are elected every five years by the EU citizens, and organize together in transnational political groups. The Parliament is the other half of the EU's *legislative authority*. The Parliament amends and adopts EU legislation and the budget, and monitors the work of the other EU institutions. The Parliament formally 'elects' the Commission president and the team of commissioners and also has the right to censure the Commission as a whole (by a two-thirds majority vote).

Court of Justice of the European Union (Luxembourg)

The CJEU is the *judicial authority* of the EU. The CJEU ensures that EU legislation is interpreted and applied in the same way in all member states and undertakes judicial review of the Treaties, the secondary legislation and the tertiary instruments of the EU. The CJEU is composed of one judge per member state. The Court is assisted by eleven advocates-general. To help the CJEU with the large number of cases, the CJEU is assisted by the General Court.

Other Institutions

The **European Central Bank** (Frankfurt) is responsible for monetary policy, including setting interest rates for the European single currency (the Euro).

The **European Court of Auditors** (Luxembourg) checks that EU funds are properly collected and spent legally, economically and for their intended purpose.

The **Committee of the Regions** (Brussels) represents regions and local authorities in the member states in the EU policy-making process.

There are over fifty other EU **Agencies**, such as the European Border and Coast Guard Agency-FRONTEX (Warsaw), European Centre for Disease Prevention and Control (Stockholm), European Chemicals Agency (Helsinki), European Defence Agency (Brussels), European Environment Agency (Copenhagen), European Food Safety Authority (Parma), European Institute for Gender Equality (Vilnius), European Maritime Safety Agency (Lisbon), European Medicines Agency (Amsterdam), European Monitoring Centre on Racism and Xenophobia (Vienna), European Police Office-EUROPOL (the Hague), European Securities and Markets Authority (Paris), European Union Agency for Criminal Justice Co-operation-EUROJUST (The Hague) and European Union Satellite Centre-SATCEN (Madrid).

There are five main types of EU policy:

- Regulatory policies: these are rules on the free movement of goods, services, capital and persons in the single market, and involve the harmonization of many national production standards, such as environmental and social policies, and common competition policies.
- Expenditure policies: these policies involve the transfer of resources through the EU budget, and include the Common Agricultural Policy, socioeconomic and regional cohesion policies, and research and development policies.
- Macro-economic policies: these policies are pursued in EMU, where the European Central Bank (ECB) manages the money supply and interest rate

policy, while the Council pursues exchange rate policy and the co-ordination and scrutiny of national tax and employment policies.

- Interior policies: these are rules to extend and protect the economic, political and social rights of the EU citizens and include common asylum and immigration policies, police and judicial co-operation and the provisions for 'EU citizenship'.
- Foreign policies: these are aimed at ensuring that the EU speaks with a single voice on the world stage, and include trade policies, external economic relations, the Common Foreign and Security Policy, and the European Security and Defence Policy.

The EU level has exclusive responsibility for creating and regulating the single market, and for managing the competition, external customs and trade policies that derive from this task. The EU level is also responsible for the monetary policies of the member states whose currency is the Euro, the Common Agricultural Policy and the Common Fisheries Policy. In these areas, the EU governments no longer have power to make policy at the national level.

Next, a range of policies are 'shared' between the European and national levels, where EU policies generally supplement existing or ongoing policies at the national level, for example in the areas of labour market regulation, regional spending or immigration and asylum. The third area of policies is best described as the 'co-ordinated competences', in that these are policies where primary competence remains at the national level, but the national governments have accepted that they need to co-ordinate their domestic policies collectively at the European level because there are spill-over effects on each other from keeping these policies at the national level. For example, for the states with a single currency there is a need to co-ordinate macro-economic policies, and with the freedom of movement of persons there is a need to co-ordinate some policing and criminal justice policies. Finally, all the major areas of taxation and public spending such as health care, housing, welfare provision and pensions remain the exclusive preserve of the member states, with very little EU interference in how these policies are managed.

Where the institutions are concerned, the EU has two parallel policy-making processes: supranational and intergovernmental. Most regulatory policies as well as some expenditure policies, macro-economic policies and interior policies (on asylum and immigration) are adopted through *supranational processes*: where the Commission is the executive (with a monopoly on policy initiative); legislation is adopted through a bicameral procedure (the ordinary legislative procedure) between the Council and the European Parliament (and the Council

usually acts by a form of majority voting rather than by unanimity); and law is directly effective and supreme over national law and the Court of Justice of the EU (CJEU) has full powers of judicial review and legal adjudication. Meanwhile, most macro-economic policies and foreign policies and some expenditure policies (the multiannual framework programme) and interior policies (on police and judicial co-operation) are adopted through *intergovernmental processes*: where the Council is the main executive and legislative body (and the Council usually acts by unanimity); the Commission can generate policy ideas but its agenda-setting powers are limited; the European Parliament only has the right to be consulted by the Council; and the CJEU's powers of judicial review are restricted.

Turning to politics in the EU, there are two main types of intermediary associations connecting the public to the EU policy process. First, political parties are the central political organizations in all modern democratic systems. Parties are organizations of like-minded political leaders, who join forces to promote a particular policy agenda, seek public support for this agenda and capture political office in order to implement this agenda. Political parties have influence in each of the EU institutions. National parties compete for national governmental office, and the winners of this competition are represented in the Council. European commissioners are also partisan politicians: they have spent their careers in national party organizations, owe their positions to nomination by and the support of national party leaders, and usually seek to return to the party political fray. Members of the European Parliament (MEPs) are elected every five years in 'direct' elections to the European Parliament. Once elected, the MEPs sit as transnational 'political groups' in the European Parliament, which promotes political organization and competition in the EU legislative process.

Second, interest groups are voluntary associations of individual citizens, such as trade unions, business associations, consumer groups and environmental groups. These organizations are formed to promote or protect the interest of their members in the political process. This is the same in the EU as in any democratic system. National interest groups lobby national governments or approach the EU institutions directly, and like-minded interest groups from different member states join forces to lobby the Commission, Council working groups and MEPs. Interest groups also give funds to political parties to represent their views in national and EU politics. In each policy area, public office holders and representatives from interest groups form 'policy networks' to thrash out policy compromises. And, by taking legal actions to national courts and the CJEU, interest groups influence the application of EU law.

Box 1.3. Key Da Union	ates in the Development of the European
18 February 1951	Belgium, France, Germany, Italy, Luxembourg and
	the Netherlands sign Treaty of Paris, launching the
	European Coal and Steel Community
23 July 1952	Treaty of Paris enters into force
1 January 1958	Treaties of Rome enter into force, establishing the
	European Economic Community and the European
	Atomic Energy Community (Euratom)
30 July 1962	Common Agricultural Policy starts
5 February 1963	Van Gend en Loos ruling of the CJEU, establishes the
	'direct effect' of EEC law
15 July 1964	Costa v. ENEL ruling of the CJEU, establishes the 'supremacy' of EEC law
29 January 1966	Luxembourg compromise, which effectively means
	Council must decide unanimously
1 July 1967	Merger Treaty, establishes a single set of institutions for
	the three communities
1 July 1968	EEC 'customs union' starts
1–2 December 1969	Hague Summit, governments agree to push for further
	economic and political integration
27 October 1970	Governments start foreign policy co-operation
	(European Political Co-operation)
1 January 1973	Denmark, Ireland and the UK join
10 February 1979	Cassis de Dijon ruling of the CJEU, establishes 'mutual
	recognition' in the provision of goods and services in
10.1411070	the common market
13 March 1979	European Monetary System begins
7–10 June 1979	First 'direct' elections of the European Parliament
1 January 1981	Greece joins
26 June 1984	Margaret Thatcher negotiates the 'British rebate' from
1 January 1005	the annual budget First 'European Communities' passports are issued
1 January 1985 14 June 1985	, .
14 June 1965	Schengen Accord (for open borders) signed by five of the ten member states
1 January 1986	Portugal and Spain join
19 May 1986	European flag used for the first time
1 July 1987	Single European Act enters into force, launching the
1 July 1307	single market programme
13 February 1988	First multi-annual framework for the EU budget agreed
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9 November 1989	Berlin Wall falls
1 January 1993	Single Market starts
1 November 1993	Maastricht Treaty enters into force, launching the EU
	and the plan for EMU
21 July 1994	European Parliament rejects a piece of EU legislation
a second	for the first time
1 January 1995	Austria, Finland and Sweden join
1 January 1999	Economic and Monetary Union starts
1 May 1999	Amsterdam Treaty enters into force, starting the 'area
45 Marrah 1000	of freedom, security and justice'
15 March 1999	Santer Commission resigns before a censure vote is held in the European Parliament
1 January 2002	Euro notes and coins replace national notes and coins
,	for ten member states
1 February 2003	Nice Treaty enters into force, launching defence
	co-operation and reforming the institutions in prepara-
	tion for enlargement
1 May 2004	Cyprus, Czech Republic, Estonia, Hungary, Latvia,
	Lithuania, Malta, Poland, Slovakia and Slovenia join
26 October 2004	European Parliament blocks the election of a new
	Commission
29 October 2004	Treaty establishing a Constitution for Europe signed
2 December 2004	First EU military operation, in Bosnia and Herzegovina
29 May and 1 June 2005	Constitutional Treaty rejected in referendums in France
	and the Netherlands
1 January 2007	Bulgaria and Romania join
2008–11	Eurozone sovereign debt crisis
1 December 2009	Lisbon Treaty enters into force, establishes inter alia a
	permanent president of the European Council
27 September 2012	European Stability Mechanism becomes effective
12 October 2012	EU wins Nobel Peace Prize
1 January 2013	'Fiscal Compact' Treaty between twenty-six member states (EU27 minus UK)
1 July 2013	Croatia joins
22-25 May 2014	First European Parliament elections with 'lead candi-
ý	dates' (Spitzenkandidaten)
1 January 2015	Lithuania becomes nineteenth member of the Eurozone
2015–16	Migration crisis
23 June 2016	UK public votes to the leave the EU in a referendum
31 January 2020	UK leaves the EU
21 July 2020	EU adopts Next Generation EU recovery fund

This quasi-constitutional architecture was built in a series of steps. Box 1.3 lists the key dates in the development of the EU. One way of understanding the evolution of the EU is to consider how each major treaty change has affected the degree of policy integration, in terms of the number and significance of the policy competences that have been handed to the European level, and the extent of supranational decision-making, in terms of the proportion of EU policy competences that are governed by supranational decision-making procedures, where the Commission is the agenda-setter, the Council decides by QMV, the Council shares legislative authority with the European Parliament and the Court of Justice of the EU has jurisdiction.

Introduction: Explaining the EU Political System

To start with, the Treaty of Rome aimed to be a highly supranational treaty: setting up a 'common market' amongst six European states, adding a series of flanking policies (such as agriculture spending) and establishing a set of supranational institutions (the European Commission, the Council, the Court of Justice of the EU and decisions by qualified-majority votes) to implement this common market. However, an agreement between the heads of government of the six states in 1966 – known as the 'Luxembourg compromise' – meant that in practice decisions could only be made by unanimous agreement between the heads of government rather than by supranational decision-making (by majority voting amongst the governments). In practice, then, until the 1980s, the European Economic Communities had a range of policy competences but operated more by intergovernmental than supranational procedures.

In contrast, the Single European Act (SEA) was then a major step in a supranational direction. The SEA contained some new policy competences, but the main innovations were on the institutional side: delegating new agenda-setting powers to the Commission, to initiate over 300 pieces of legislation to complete the single market, extending the use of qualified-majority voting in the Council (for passing legislation to implement the single market); and granting new powers to the European Parliament to amend EU laws (under the new 'co-operation procedure').

The Treaty on European Union (the Maastricht Treaty) then consolidated the SEA. The new policy competences in the treaty included a three-stage plan for Economic and Monetary Union, and new frameworks for policies on Justice and Home Affairs (JHA) and Common Foreign and Security Policy (CFSP). However, this time, the institutional rules in these new policy areas were predominantly intergovernmental, with weak agenda-setting powers for the Commission, decision-making by unanimity in the Council, consultation rather than legislative powers for the European Parliament and weak or no judicial review powers for the CJEU. The Maastricht Treaty also replaced the co-operation procedure with

the 'co-decision procedure', which further increased the powers of the European Parliament.

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The Amsterdam Treaty focussed on institutional rather than policy reform: extending supranational decision-making in the new 'area of freedom security and justice', which covered many of the policies on the free movement of persons that were under the intergovernmental JHA pillar in the Maastricht Treaty: and reforming and extending the co-decision procedure, which significantly increased the legislative powers of the European Parliament.

The main objective of the Nice Treaty was to reform the EU institutions in preparation for the accession of twelve new member states from Central, Eastern and Southern Europe. Nevertheless, the institutional changes in the Nice Treaty were relatively modest, relating mainly to how qualified-majority voting worked in the Council. Meanwhile, on the policy side, the Nice Treaty added defence policy as an EU competence for the first time, as part of the new European Security and Defence Policy (ESDP). As with the CFSP provisions, however, decision-making in this area remained intergovernmental.

Finally, the Lisbon Treaty was more significant in terms of institutional change than policy integration. On the institutional side, the Lisbon Treaty simplified the voting system in the Council, introduced a new permanent president of the European Council and created a new position of High Representative for the Union in Foreign Affairs and Security Policy. The Lisbon Treaty also made the co-decision procedure (formally called the 'ordinary legislative procedure') the main procedure for adopting EU laws. On the policy side, the Lisbon Treaty incorporated the Charter of Fundamental Rights into the EU treaty for the first time and extended supranational decision-making in external trade policy and interior policies, mainly on asylum and immigration. The Lisbon Treaty also established an EU diplomatic service: the European External Action Service. However, these policy reforms were relatively modest compared to the SEA, the Maastricht Treaty and the Amsterdam Treaty, as the EU treaty did not extend the policy competences of the EU into any major areas of public policy.

In sum, every time the EU embarked on a new set of treaty reforms, there were expectations (or fears) that a new agreement would be a major step towards further European integration. The truth is rather different. Broadly speaking, every new treaty has ended up being less ambitious than the previous one. The reason for this is guite simple: the EU has gradually got closer towards a 'constitutional equilibrium'. As new member states have joined the EU it has become more and more difficult to reach unanimous agreement on what new policies should be added to the EU or how the balance of power between the EU institutions should be changed. However, even if there were fewer member states, the new

institutional and policy architecture would be reasonably stable, as almost no member state wished to change the basic balance of power between the EU and the member states or between the EU institutions in any major way.

But, the economic and migration crises, the rise of populist anti-EU sentiment and the Covid pandemic have challenged this constitutional equilibrium. Will these new pressures lead the EU to make a major new integrationist step, towards deeper economic and political union, or will it lead to a break-up of the Union as we know it, with some states choosing to go forward and others choosing to take a step backwards: a two-tier union, perhaps? We return to this question in the Conclusion.

Theories of EU Politics

To help answer this question, and to understand how EU politics works more generally, there are two broad theoretical frameworks in the EU politics literature. The first is known as intergovernmentalism (especially Hoffmann, 1966, 1982; Moravcsik, 1991, 1993, 1998; Moravcsik and Nicolaïdis, 1998). The core assumption of this framework is that intergovernmentalism is the dominant mode of decision-making in the EU, even when the EU decides policies through its supranational mechanisms. From this perspective, EU politics is dominated by the member state governments, and especially the 'big' member states. The member states have clear 'preferences' about what they want from the EU in each main policy area. In the 'liberal intergovernmental' version, developed by Andrew Moravcsik (1991, 1998), these preferences can vary across policy areas and over time: for example, a member state can be in favour of more EU policy in one area in one period, yet opposed to more EU policy in another area in the same period, or in the same area in a different period. Since the member state governments are accountable, and responsive, to their citizens, they usually articulate the preferences of the majority of citizens in their state. The governments also have substantial resources at their disposal, via their large domestic bureaucracies, and so have good information about the positions of the other actors in EU politics and also what is likely to happen as a result of a particular EU decision.

One of the main propositions of intergovernmentalism is that the member states are careful in what they delegate to the 'supranational' institutions: the Commission, the European Parliament, and the Court. Delegation only occurs to further the collective interests of the governments. For example, the governments delegate agenda-setting to the Commission to resolve co-ordination problems in the adoption of policy, legislative power to the European Parliament to improve the legitimacy of EU decisions or to present a check on the Commission, and adjudication power to the CJEU to resolve a collective action problem in the implementation of EU law. Moreover, because delegation is a conscious and careful process, the supranational institutions are in effect 'agents' of the EU governments rather than powerful independent actors.

Another proposition is that every member state is broadly a winner from the process of European integration and EU politics. This does not mean that every member state does equally as well out of the EU. Power balances between the member states are asymmetric, and the member state with the most to lose on a particular issue tends to get what it wants, as the other member states are willing to compromise more to secure a particular policy outcome. However, this proposition does suggest that if a member state expects to lose from a treaty reform or a policy decision it would either not agree to that decision or would demand compensation (a side-payment) through some other EU policy, such as the EU budget.

The second theoretical framework is perhaps best labelled the supranational politics approach (cf. Marks et al., 1996; Stone Sweet and Sandholtz, 1998; Kohler-Koch and Eising, 1999; Stone Sweet et al., 2001; Hooghe and Marks, 2009). This approach encompasses a wide variety of theoretical traditions and ideas in the study of European integration and EU politics, all of which share a central proposition which pits these ideas collectively against intergovernmentalism: that the governments of the member states do not have it all their own way in the EU, even when they take action via the intergovernmental mechanisms.

There are four inter-related reasons why the governments are not all powerful. First, as the early neo-functionalists argued (e.g. Haas, 1958; Lindberg, 1963), the supranational institutions are not simple passive 'agents' of the governments. Instead, the Commission, the European Parliament and the Court have their own institutional interests, policy preferences, and resources and powers. Private interest groups also play a role in shaping the EU policy agenda, by-passing national governments and going straight to Brussels to provide vital information and support to commissioners, MEPs and judges (e.g. Sandholtz and Zysman, 1989).

Second, derived from the rational choice institutionalist approach in political science, 'institutions matter' (e.g. Garrett and Tsebelis, 1996; Tsebelis and Garrett, 2001; Pollack, 2003; Jupille, 2004; Franchino, 2007). What this means is that the rules governing decision-making in the EU shape policy outcomes, sometimes in the way governments can predict and at other times in ways they cannot predict as easily. For example, if qualified-majority voting is introduced in a particular policy area, the set of policies that can be adopted is increased significantly, and governments can then find themselves unexpectedly on the losing side on a key issue. Similarly, extending the legislative powers of the

European Parliament under the co-decision/ordinary legislative procedure gives new veto- and agenda-setting power to a majority in the European Parliament. This majority may sometimes support the Commission against the governments, at other times might support the governments against the Commission, and at other times still oppose both the Commission and the governments.

Third, actors' positions and the nature of the bargaining space can vary issue by issue, even within the same policy area (Thomson et al., 2006; Thomson, 2011). For example, all the actors in EU decision-making – whether governments in the Council or political parties in the European Parliament – not only have preferences over the speed and nature of European integration but also have views about the political direction of EU policy outcomes. And these political views are perhaps better captured by the 'left-right' dimension of politics than the standard 'national sovereignty vs. European integration' dimension of the traditional intergovernmentalist approach (cf. Hix, 1994).

Fourth, with the growing political salience of European integration and of issues on the EU policy agenda, European-level decisions can no longer be isolated from domestic public opinion and party competition. Hooghe and Marks (2009) characterize EU politics as 'post-functionalist', in that the 'functionalist' stage of integration – where decisions were made by national governments and supranational elites beyond the attention of mass publics – has now ended. As a result, politics in the EU is much like politics in any other democratic political system, in that politicians are bound by the preferences of mass publics. In intergovernmentalist theory, governments are constrained when issues become salient. However, a difference now is that almost all issues are salient and mass publics in different countries have divergent preferences, which can then produce policy gridlock (cf. Hix, 2018b).

Putting these ideas together, a key proposition of the supranational politics framework is that (as a result of actions by the Commission, the Parliament and the Court, decision-making rules and unexpected public reactions to EU policies), policy outcomes from the EU system are often different from the original intentions of the governments. Put another way, the supranational politics approach predicts that a range of factors produce 'unintended consequences' from the delegation of powers to the EU institutions or from the adoption of new policies at the European level (e.g. Pierson, 1996).

A second proposition deriving from these ideas is that the EU has a 'democratic deficit' (e.g. Føllesdal and Hix, 2006). This deficit results from the fact that as the governments have delegated powers to the European level, or have tried to isolate decisions in Brussels from domestic public opinion, there has been a degree of 'policy drift' away from the preferences of the average European

citizen. This proposition is disputed by intergovernmentalists, who argue that there is a close connection between the preferences of citizens and EU policy outcomes because the governments are elected by their citizens, and governments are highly responsive to their voters when making decisions in Brussels, especially now that EU issues have become highly salient (e.g. Moravscik, 2002; Schneider, 2019).

The differences between these two approaches to EU politics can easily be overemphasized. Both approaches borrow assumptions and arguments from the general study of political science. Both also share a common research method: the use of theoretical assumptions to generate propositions, which are then tested empirically. As a result, deciding which theory is 'right' is not a case of deciding which approaches' assumptions about actors, institutions and information are closest to reality. How good a theory is depends on how much and how efficiently it can explain a particular set of facts. Some theories are more efficient, some are more extensive, and all tend to be good at explaining different things. For example, intergovernmentalism uses some simple assumptions, and from these assumptions produces a rather persuasive explanation of the major treaty bargains. But, this theory seems less able to explain the more complex environment of day-to-day politics in the EU. Meanwhile, supranational politics uses a more complex set of assumptions and seems more able to explain specific political or policy outcomes. Consequently, the power of the theories can only really be judged where they produce clearly identifiable and opposing sets of predictions about the same empirical phenomenon.

Structure of the Book

The rest of this book introduces and analyses the various aspects of the EU political system. Part I looks at EU government: the structure and politics of the executive (Chapter 2), political organization and bargaining in the EU legislative process (Chapter 3), and judicial politics and the development of an EU constitution (Chapter 4). Part II turns to politics: public opinion (Chapter 5), the role of elections, political parties and the question of the 'democratic deficit' (Chapter 6), and interest representation (Chapter 7). Part III focuses on policy-making: regulatory policies (Chapter 8), expenditure policies (Chapter 9), economic and monetary union (Chapter 10), interior policies (Chapter 11) and foreign policies (Chapter 12). To create a link with the rest of the discipline, each chapter begins with a review of the general political science literature on the subject of that chapter. Finally, in Chapter 13 we discuss whether the political system of the EU is in crisis.