

The Durability of EU Federalism

R. Daniel Kelemen
Director, Center for European Studies
Rutgers University
dkelemen@polisci.rutgers.edu

Paper prepared for roundtable on:
"The Constitutionalization of the European Union."
University of Florida, March 20, 2010.

Abstract

Predictions of the EU's imminent demise are a staple of EU politics. The Greek financial crisis has occasioned the latest round of hysteria about whether the European Union can hold together. Most analysis of the durability of the European Union is based on little more than conjecture and intuition. This paper argues that rigorous analysis of durability of the European Union should be based on conceptual frameworks found in the literature on stability and instability in federal systems. Applying these analytic lenses to the EU we can see that – media hysterics notwithstanding – EU federalism is highly durable.

Many observers have predicted that the 2010 financial crisis in Greece may lead to the break-up of the Eurozone or of the European Union itself (Xydias 2010; Elliott 2010). Seasoned students of EU politics can only react to these alarmist predictions with exasperation or perhaps with a knowing chuckle: here they go again! Predictions of the EU's imminent demise are a staple of EU politics. In March 1982, on the occasion of the twenty-fifth anniversary of the Treaty of Rome, *The Economist* led with a cartoon of a tombstone dedicated to the European Economic Community (EEC) with the inscription “Born 25 March 1957, Moribund 25 March 1982 - *Capax imperii nisi imperasset*”¹ Citing the weakness of EEC institutions, growing disenchantment among European citizens, Greenland’s secession and the threat of UK secession, *The Economist* declared the EEC to be in a near-death coma. With hindsight we can see that this was the darkness before dawn. Three years later Jacques Delors became Commission President and

¹ It seemed capable of being a power, until it tried to be one.

launched the Single Market program that breathed new life into the EEC and paved the way for the Single European Act (SEA) and the Maastricht's Treaty on European Union. In the ensuing years, the EEC (later the EC and then the EU) both widened – adding seventeen new member states – and deepened – extending majority voting, enhancing the powers of the Parliament and the European Court of Justice (ECJ), gaining new powers in existing areas of economic policy-making and extending its authority to a host of new areas including policing, immigration, and foreign policy.

In 2005 and 2006, on the verge of the EU's fiftieth birthday, there was again much talk of crisis. Commission President Barosso declared that the EU was facing a 'permanent crisis'. The holder of the EU's rotating Presidency, Luxembourg Prime Minister Jean Claude Juncker, warned that the EU wasn't simply in crisis, but in a 'deep crisis'. Beginning with the French and Dutch 'No' votes on the European Constitution in May and June 2005, a series of unfortunate events including the stalled budget talks, signs of rising protectionism, and alleged strains that enlargement had placed on the EU's "absorption capacity" were depicted as threats to the very survival of the Union. National leaders glumly entered a 'period of reflection' on how to proceed with the rejected Constitutional Treaty, and many policy-makers and scholars worried that without significant reform, the EU's institutional machinery would grind to a halt.

By 2007, it was clear that the talk of existential crisis had been greatly exaggerated once again. The EU continued to operate effectively throughout 2005 and 2006 under the existing institutional arrangements, coping well with enlargement and agreeing to significant new policies in areas ranging from chemical regulation, to services liberalization, to telecommunications, to counterterrorism and policing (with the Data Retention Directive and the European Evidence Warrant). Meanwhile, the ECJ extended EU law into sensitive areas including health care policy

(*Yvonne Watts*, Case C-372/04) and taxation (*Marks & Spencer*, Case C-446/03). Moreover, European leaders broke their impasse over the rejected Constitutional Treaty in 2007, revising it slightly and repackaging it with the more modest label of ‘Reform Treaty’.

The EU supposedly plunged into crisis once again in June 2008, when Irish voters rejected the Lisbon Treaty in a referendum. However, after a second Referendum in Ireland and last minute histrionics from Czech President Vaclav Klaus and Polish President Lech Kaczynski, the Reform Treaty was finally ratified by all national governments and came into force on December 1, 2009. And yet even while the constitutional crisis was being resolved, other commentators on European affairs suggested that tensions among EU member states about how to react to the global financial crisis would create new fissures that would ultimately divide the European Union and threaten the integration project. On March 1st 2009, when German Chancellor Angela Merkel led a group of EU member states in rejecting a Hungarian proposal for broad-based bailout for struggling east European economies, major newspapers and commentators raised the specter of deep divisions emerging between EU member states. Hungarian Prime Minister Ferenc Gyurcsany warned of the possibility of a ‘new Iron Curtain’ – an economic one – emerging to divide Europe once again. For many EU observers, this episode only reaffirmed a more general sense that the financial crisis was sparking an existential political crisis for the EU (Erlanger 2009). Despite the dire warnings, the EU managed to agree on a range of coordinated responses to the financial crisis including a €50 billion Euro lending facility for East European members and a modest EU ‘stimulus package’. Moreover, the crisis in Eastern Europe and in Iceland demonstrated the risks of being on the ‘outside’ of the Eurozone and led many East European member states to call for an accelerated entry to the Eurozone. And finally, in 2010, just as the EU escaped its ‘Constitutional Crisis’ and had weathered what seemed to be

the worst of the global financial crisis, the Greek crisis took center stage. Revelations that the previous Greek government had lied about its level of debt, violated the EU's Stability and Growth Pact and was at risk of defaulting on its debt have once again led many to question whether the EU can hold together.

Unfortunately, too many scholars and commentators address questions surrounding the EU's durability, or lack thereof, on the basis of intuition and conjecture, rather than theory and systematic comparative analysis. As in so many areas of EU studies, scholars and pundits treat the EU as a unique case, which by definition cannot be compared to other political systems. They develop a colorful vocabulary – with concepts such as the 'bicycle theory' (the idea that the EU must move forward or risk 'tipping over') and 'absorption capacity' (the notion that EU institutions, like a soggy paper towel, cannot absorb more new members). Reasoning through such ad hoc, under-theorized analogies is the wrong way forward. The literature on stability and instability in federal systems offers a well developed conceptual framework and abundant empirical referents that can be applied in analyzing the durability of EU institutions.

This paper explores the durability of the EU, asking what comparative federalism suggests about the prospects for the EU's survival. Drawing on recent work on self-enforcing federalism (de Figueiredo and Weingast 2005, Bednar 2008 and on institutionalist insights into 'self-reinforcing' institutions (Greif and Laitin 2004), the paper suggests that while the safeguards of EU federalism remain weak, they are strengthening with the ongoing operation of the EU. EU institutions will by no means remain static and will certainly be subject to stresses, but they are likely to prove durable.

The remainder of the paper is divided into three sections. The first section explains why federalism is inherently unstable, but not necessarily prone to collapse. The second section

identifies the safeguards of federalism that the literature on comparative federalism suggests are crucial for enabling federal systems to withstand centrifugal and centripetal pressures (Bednar 2006), and assesses the extent to which these safeguards can be found in the EU or appear to be emerging. The third section concludes.

Why Federalism is Unstable

Federalism is inherently unstable, and most federations fail (Lemco 1991). All federal systems (the EU included) face ‘two fundamental dilemmas’ (Riker 1964; Bednar, Ferejohn, and Eskridge 2001; DeFigueiredo and Weingast 2005) resulting from the powerful incentives the two levels of government (state and federal) have to undermine the federal system. The first dilemma is federal overreach. Federal governments may undermine federalism by aggrandizing their authority and usurping competences that the federal bargain had reserved for states. Taken to the extreme, this could lead to ‘implosion’, with the federal system transforming into a de facto unitary system. The second dilemma is state shirking. Constituent states may shirk on their commitments by refusing to comply with federal law, failing to contribute required resources to the center or infringing the rights of neighboring states. Taken to the extreme, such behavior could lead to the ‘explosion’ of the system, with state governments splitting apart to form entirely separate polities. Unfortunately, institutions that help to resolve one of the dilemmas of federalism often exacerbate the other.

In practice there is a continuous ‘ebb and flow’ of authority between states and the center (Filippov, Ordeshook and Shvetsova 2004; Donahue and Pollack 2001). The danger is that these ebbs and flows may quickly turn into torrents and healthy tensions may explode into hazardous conflict. To be durable, a federation must provide for a rigid enough division of authority to

prevent one level of government from usurping the authority of the other, while remaining flexible enough to allow for shifts in the division of authority in response to economic, technological, socio-cultural and political developments (Nicolaidis 2001). Ultimately the institutional arrangements that underpin federalism must provide state and federal political actors with incentives to abide by the rules of the federation.

As noted above, federations that fail to provide the necessary mix of rigidity and flexibility can collapse in one of two ways: *implosion* or *explosion*. Implosion is not a threat to the EU. The notion that Brussels will usurp the authority of national governments and create a unitary European superstate may be the fear and rallying cry of Eurosceptics across Europe, but their vision is utterly implausible. The federal balance in the EU might in years to come tip further towards Brussels, but the EU could never become a unitary state.²

The more plausible routes to collapse would involve various forms of explosion. While there is much talk of ‘crisis’ in EU circles, commentators typically fail to specify what sort of breakdown scenarios they have in mind.³ What exactly would constitute a ‘breakdown’ of EU federalism? In practice, explosion can take many forms, from extreme varieties such as a complete dissolution of the federation, the secession of a subset of states or civil war, to more modest centrifugal tendencies, such as the gradual atrophy of federal institutions or the proliferation of ‘variable geometry’ (i.e. voluntary opt-in and opt-out) arrangements that diminish the meaning of membership. While it may be easy to dismiss suggestions that the EU is on the verge of total collapse, less catastrophic forms of ‘explosion’ are plausible. In order to better understand the prospects for the EU’s durability, we must first assess the strength of the

² Paradoxically, however, centralization might itself give rise to some form of ‘explosion’. If, for instance, the growing concentration of authority in Brussels leads one or more recalcitrant governments to exit the union. I return to this possibility below.

³ See Kelemen 2007, from which this paper draws some material, for a discussion of a range of potential EU breakdown scenarios.

‘safeguards’ of federalism in the EU and then explore whether and how failures of these safeguards might lead to some form of partial if not total collapse.

Federal Safeguards and Pitfalls

To understand whether the EU is likely to prove durable, we must first identify what holds it together and consider whether these sources of stability are strengthening or weakening over time. The literature on federalism explores the conditions under which federal institutions are likely to prove durable and identifies a number of sources of stability in federations, often termed *federal safeguards*.⁴ Federal safeguards are fixed in the short term but are subject to change in the long term. EU federalism can only be durable in the long term if its ongoing operations encourage behaviors that serve to strengthen its federal safeguards over time.⁵ In this section, I review the leading sources of institutional stability identified in the literature on comparative federalism—including structural safeguards, partisan safeguards, judicial safeguards and socio-cultural safeguards—and assess both what role they play in sustaining EU federalism and whether they are strengthening or weakening.

Structural Safeguards

As Madison recognized in the Federalist Papers (No. 45), participation of state governments in federal policy-making can provide an important structural safeguard against federal over-reach

⁴ It is important to distinguish such ongoing federal safeguards from the factors that provide the original motivation for the formation of a federal system. An extensive literature on comparative federalism has also examined the essential preconditions for the emergence of federalism (Deutsch 1957; Riker 1964; Wheare 1964) and some scholars have usefully applied this literature to the EU (Riker 1996; McKay 1999; Eilstrup-San Giovanni 2006). However, a federation can continue to thrive long after the initial conditions that gave rise to it have passed. For the purposes of this paper, our interest is to explore the sources of the EU’s ongoing stability (or instability) than to query its foundations.

⁵ In the language of institutional analysis, these dynamics are captured by the notion of self-reinforcement (Greif and Laitin 2004).

(see also Wechsler 1954; Bednar, Eskridge, and Ferejohn 2001). Giving state representatives a voice in the federal legislative process puts them in a position to defend state interests against self-aggrandizing federal authorities. The most powerful structural safeguard for state interests is the representation of state governments in a powerful (typically ‘upper’) legislative chamber. Other structural safeguards may involve giving states a role in the appointment of federal officials, such as federal judges or bureaucrats, or simply over-representing low population states in the lower legislative chamber.

The EU has extremely powerful structural safeguards. Member State governments are directly represented in the EU’s most powerful legislative chamber, the Council of Ministers. Member State governments appoint the European Commission President and the College of Commissioners (now subject to the approval of the European Parliament). Member State governments also appoint ECJ justices. Finally, Member State governments both monitor the implementation of EU policies by the Commission (through the comitology system) and control the implementation of most policies at the national level.

These powerful structural safeguards render Eurosceptic fears of a European superstate utterly implausible. However, the structural safeguards that limit federal overreach offer little protection against state shirking and the ‘explosion’ of the federation, which are more plausible threats to the EU. Structural safeguards may discourage fragmentation only in an indirect sense. If a Member State found itself repeatedly outvoted in the Council on issues of core national concern and was unable to block such decisions at the ECJ as violations of subsidiarity or to mitigate their impact through the implementation process, then one can imagine (however unlikely) scenarios in which a Member State would decide to quit the Union. Bednar, Eskridge, and Ferejohn (2001) saw this dynamic at work in Canada, where the weak structural safeguards

of Canadian federalism were blamed for stoking secessionist sentiments in Quebec. By contrast, the fact that member states in the EU enjoy such strong ‘voice’ at the federal level reduces the likelihood that any will feel compelled to ‘exit’ the federation.

Judicial Safeguards

In federal systems, federal courts are relied on both to police the division of authority between the federal and state governments and to enforce state government compliance with federal law. In other words, they are expected to prevent both implosion and explosion. However, empirical studies (Bzdera 1993; Bednar, Eskridge, and Ferejohn 2001) have demonstrated that they are more effective in policing state cheating than in restraining federal overreach. In policing the division of authority, federal courts tend to be biased in the direction of the center, both because this is often in their institutional self-interest (if doing so expands the scope of federal law) and because the federal government will typically be in a stronger position to apply political pressure on a federal court than will states.

The EU has a powerful supreme court in the form of the ECJ, and most indications suggest that the ECJ is growing more powerful. The strength of the ECJ is rooted in the EU’s fragmented institutional structure. As in other political systems, the fragmentation of power between the political branches empowers the judiciary. Divisions between the Council, the Parliament and the Commission make it difficult for them to collaborate in reining in the ECJ. Therefore, the ECJ can take an assertive stance in enforcing EU law against non-compliant member states with little fear of backlash (Garrett, Kelemen, Schulz 1998; Alter 1998). The history of EU legal integration has witnessed a steady tightening of EU control over member state compliance. Though individual member states attempt to shirk in particular cases, the

member states acting collectively have encouraged the Commission to take a strict line with law-breakers. The Commission has strengthened its enforcement activities radically over the past twenty years and now makes frequent use of its power to impose financial penalties on member states that disregard EU rulings (Börzel 2001; Kelemen 2004, 2006).

Judicial safeguards against member state shirking have also been strengthened by the development of decentralized enforcement of EU law by private parties before national courts (Alter 2001, Kelemen 2006). Decentralized enforcement is based on the Article 234 preliminary ruling procedure, which provides that whenever a national court is hearing a case involving an unresolved question of EU law that court may refer the case to the ECJ to ask for the proper interpretation of the law. The procedure has encouraged the development of a dialogue between the ECJ and national courts that set in motion a self-reinforcing process that steadily strengthened the ECJ and EU law (Burley and Mattli 1993; Stone Sweet 2000; Alter 2001). By allowing national courts at all levels to refer cases to the ECJ, the procedure enlists national courts as partners and generates a steady flow of cases that has enabled the ECJ to build up a body of case law that it can then refer to in justifying subsequent judgments (Stone Sweet 2000). The key to this process has been that the preliminary ruling procedure allows the self-interested behaviors of the ECJ, national courts and private litigants to reinforce one another and to continually strengthen the EU legal system.

While the EU enjoys increasingly strong judicial safeguards, these cannot be taken for granted. Defenders of national sovereignty and economic protectionists regularly rail against the ECJ's intrusions into national affairs. This tendency has become more pronounced since the 2004 enlargement, with national politicians occasionally demonstrating brazen defiance of the Commission's efforts to enforce EU law in high profile cases and with many member states

persistently failing to implement rules relating to the single market (Kelemen and Menon 2006). National politicians of all varieties complain of ‘red tape’ emanating from Brussels, and EU policymakers increasingly profess commitment the use of flexible, non-binding ‘new modes of governance’ such as the Open Method of Coordination (see Kelemen and Idema 2006 for a critique of the OMC). Thus far, such methods have been limited to peripheral areas of policy-making such as social policy. However, if this soft law approach spills-over into core areas of EU competence, it could erode the EU’s judicial safeguards. Were the EU to travel too far down this path, it might atrophy into something like the OECD (Organization for Economic Cooperation and Development) —a weak international forum for the comparison of ‘best practices’ and the dissemination of policy ideas—a far cry from the powerful EU we observe today. In this scenario, EU institutions would continue to exist in more or less their current form, but would be increasingly ignored by governments and interest groups, who might instead turn their attention inward or to other supranational organizations. Likewise, in order to appease states who resist taking on binding EU legal commitments, the EU is increasingly turning to forms of ‘variable geometry’ such as voluntary opt-outs and opt-ins. Taken to the extreme, this could undermine the efficacy of the EU’s judicial safeguards. If voluntary opt-ins and opt-outs become the norm, then EU might come to constitute more of an inchoate assemblage of overlapping clubs than a formal federal-type organization with a legal order (Schmitter 1996).

Partisan Safeguards

Party systems affect the incentives of state and federal politicians in several ways that may work to sustain federal systems. Riker (1964) emphasized how the decentralized structure of political parties (as in the US) may play a vital role in defending state interests and maintaining

federalism in the face of great centralizing pressures. Bermeo (2002) highlights the opposite dynamic, whereby the incorporation of regional interests into national political parties can help maintain federalism in systems threatened by centrifugal pressures. Turning to the EU's fragmented polity, the relevant question is whether the emerging European level party system has the potential to safeguard EU federalism against centrifugal pressures?

A number of EU scholars have noted the growing power of party groups in the European Parliament (Kreppel 2002; Hix, Noury, and Roland 2006). Very recently, the EU adopted a regulation on financing of European political parties that promises to strengthen them⁶, and a number of reforms in the Treaty of Lisbon would serve to strengthen partisanship in the European Parliament.⁷ While MEPs increasingly toe the party line of their European party groups rather than voting along national lines, for the time being these nascent party groupings remain too weak to restrain behavior by national parties that might imperil the Union.

Party groups in the European Parliament do not yet provide an effective safeguard against explosion, but there are reasons to believe partisan safeguards will become more effective in years to come. In their historical, comparative study of federations, Kollman and Chhibber (2004) find that party systems track the shifting allocation of power in federations. Applying their insights to the EU, one would predict that the dramatic and ongoing transfer of policymaking authority from the national to the EU level will be accompanied by a strengthening of European level parties relative to their national counterparts. Indeed, Kreppel's (2002) work

⁶ Regulation (EC) No 1524/2007 of the European Parliament and of the Council of 18 December 2007 amending Regulation (EC) No 2004/2003 on the regulations governing political parties at European level and the rules regarding their funding. OJ L343, p. 5, 27 December 2007.

⁷ The Treaty states that the Council shall propose a candidate for Commission President, 'taking into account the elections to the European Parliament' and that the candidate must then be elected by a majority of MEPs. This procedure - taken together with ongoing strengthening of Party Groups in the European Parliament - is likely to turn the selection of the Commission President and the college of Commissioners into a partisan battle. The Parliament already had the power to approve (or disapprove) the Council's nominee for Commission President, and in 2004 the Parliament demanded that the nominee reflect the centre-right majority in Parliament. For the most part, the Treaty simply affirms this arrangement, but the new procedures will encourage a further politicization of the selection process.

indicates that the increasing legislative power of the European Parliament led to increased centralization of party groups in the European Parliament.

Socio-cultural Safeguards

The socio-cultural approach to federal durability suggests that the stability of federal institutions must be grounded in a shared sense of identity and political culture of federalism.

Conceptualizations of federal culture vary, with some scholars viewing it in terms of common identity at the level of mass publics (Riker 1964; Elazar 1987; Stepan 2001), others viewing it as a shared sense of commitment to the federal project among political leaders (Franck 1968; Friedrich 1969; Elazar 1987) and others viewing it more as a shared understanding—or focal point—concerning the division of authority between states and the federation (de Figueiredo and Weingast 2005).

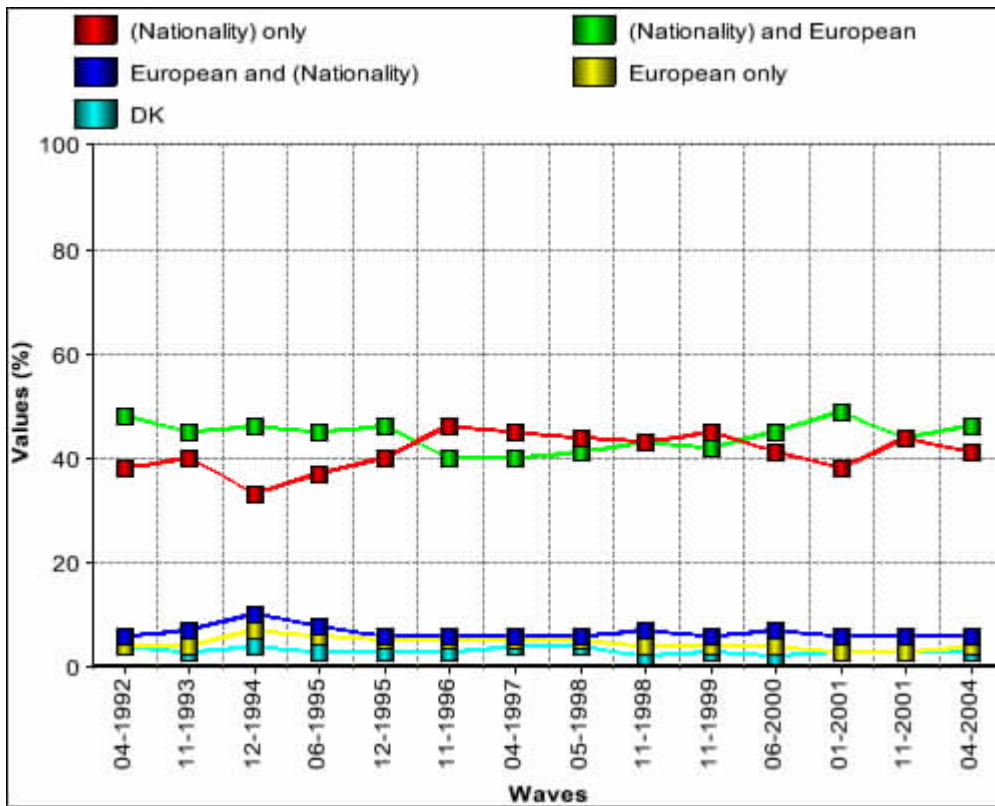
Without a healthy mixture of complementary identities, the routine infighting that is part and parcel of federal politics may degenerate into conflict that threatens the very survival of the polity (Franck 1968). Bednar (2008:147) captures the essence of the danger, explaining that, ‘If citizens identify primarily with one government then they may forgive or ignore (or even reward) opportunistic behavior, or be blind to it altogether.’ Similarly, Stepan (2001:326) emphasizes how the lack of a sufficient shared sense of identity can increase secessionist threats in fragmented polities. If one level of government senses that it will not be punished by voters for openly defying the other—and that it may in fact be rewarded—then it may have an incentive to do so.

Turning to the EU, we must ask whether EU mass publics and elites have a sense of common identity sufficient to hold together the Union. There is sharp disagreement among EU

scholars as to what degree of common European identity is necessary to support existing and future transfers of authority to the EU level, and whether such common identity exists or is emerging (Cederman 2000). Eurobarometer surveys suggest that while slightly more Europeans feel at least some sense of European identity mixed with their national identities,⁸ there has been no long term increase in European identity over the last thirty years (Duchesne and Frognier 1995). Figure 1, which presents some recent Euro-barometer data (for 1992-2004), shows great stability in respondents' senses of national and European identity:

Figure 1: Hybrid Identities

Replies to the question: In the near future do you see yourself as...?



Country: EU Period: From April 1992 (EB37.0) To April 2004 (EB61)

http://ec.europa.eu/public_opinion/cf/waveoutput_en.cfm

⁸ As in other federal polities, a sense of ‘Europeanness’ may be a complex hybrid mixed with national and subnational identities (Risse 2001; Choudhry 2001; Nicolaïdis 2004).

The most recent survey results show that 53% of citizens feel an attachment to the European Union, while 91% feel an attachment to their country (Eurobarometer 67, p.84).

Ultimately, whether or not the lack of a stronger common identity will threaten the durability of the EU depends on just how much common identity is actually necessary to underpin the EU. Unfortunately, we cannot answer that question with any precision. It is worth noting, however, that even with the modest levels of European identity that exist today, far more citizens across the EU think EU membership is a good thing than think it is a bad thing.

Eurobarometer surveys over the past decade - supposedly a period of public disenchantment with the Union - show that consistently, roughly fifty per cent of respondents felt that EU membership was 'a good thing' while less than fifteen per cent felt that it was 'a bad thing' (Eurobarometer 68). Even in the most Euroskeptic country, the UK, those who view EU membership as a good thing consistently outnumber those who view it as a bad thing (thirty-four per cent good vs twenty-eight per cent bad in the UK in 2007).⁹ In this climate of public opinion, it is difficult to imagine politicians aggressively pursuing moves to dissolve the EU, or to imagine publics supporting such moves, either directly in referenda or indirectly through elections.

Over the longer term, however, if increases in the EU's authority are not matched by some increases in common identity, this may become problematic. Over the last twenty years, EU power has expanded dramatically while levels of 'European identity' have remained static. Therefore, the EU must, necessarily, have moved closer to the point where its authority may exceed the shared sense of common identity needed to underpin it. Likewise, further EU enlargement could serve to undermine any sense of common European identity, in particular if the EU admits countries such as Turkey which many, rightly or wrongly, do not view as part of the common European socio-cultural space.

⁹ See Eurobarometer 68, UK Executive Summary, p.4

The experience of other multi-national federations suggests caution. While multi-national federations can prove robust (e.g. Switzerland, Canada, and, so far at least, Belgium), most have proven unsuccessful.¹⁰ Where mass publics lack adequate commitment to federalism, the system will be prone to fragmentation. For the EU to resist centrifugal pressures over the long run, the EU citizens and leaders may need to develop a stronger sense of common, albeit hybrid, identity.

Conclusion

For many observers of European affairs, the EU is a source of considerable ‘cognitive dissonance’. The continued success of the EU challenges the theoretical priors and the paradigms of those whose understanding of the world is rooted in traditional categories – nation state vs. international organization, domestic politics vs. international politics. We can pity them their cognitive dissonance and understand why they attempt to resolve it by interpreting any major political conflict within the EU as a crisis that threatens the very survival of the Union. After all, the breakup of the EU would restore order to their mental maps of the world. Understanding why ‘crisis talk’ is such a staple of discussions of EU politics helps us avoid the mistake of believing any of it. Instead, we should turn to the literature on stability and instability in federal systems to frame a sober, rigorous analysis of the durability of EU federalism.

The EU has survived its latest supposed crisis, and its institutions appear durable. The Lisbon Treaty has introduced a number of significant reforms, such as the extension of the co-decision procedure, the creation of a new, longer term position of President of the European Council and introduction of procedures to enhance the oversight role of national parliaments in

¹⁰ However, as Bermeo (2002) notes, all the failed federations of the twentieth century have been ones imposed by an outside power.

EU decision making. However, none of the Lisbon reforms will alter the basic quasi-federal character of the EU. Judicial and partisan safeguards of EU federalism appear to be strengthening over time, despite occasional challenges. Socio-cultural safeguards have proven adequate to date, but the failure of European integration to stimulate gradual increases in common European identity may prove problematic in the future as the EU's authority extends further into sensitive policy areas.

REFERENCES

Amoretti, Ugo and Nancy Bermeo, eds. 2004. *Federalism and Territorial Cleavages*. Baltimore: Johns Hopkins University Press.

Ansell, Christopher and Giuseppe Di Palma. 2004. *Restructuring Territoriality: Europe and the United States Compared*. New York: Cambridge University Press.

Bednar, Jenna, Eskridge, William, & Ferejohn, John. (2001). A political theory of federalism. In John Ferejohn, Jack N. Rakove, & Jonathan Riley (Eds.), *Constitutional culture and democratic rule*. New York: Cambridge University Press.

Bednar, Jenna, Ferejohn, John, & Garrett, Geoffrey. (1996). The politics of European federalism. *International Review of Law and Economics*, 16, 279-294.

Bednar, Jenna. 2008. *The Robust Federation*. MS, University of Michigan. Available at: <http://www-personal.umich.edu/~jbednar/>

Bermeo, Nancy. 2002. A New Look at Federalism: The Import of Institutions. *Journal of Democracy* 13(2):96-110.

Börzel, Tanja and Madeleine Hosli. 2003. Brussels Between Bern and Berlin: Comparative Federalism Meets the European Union. *Governance* 16(2):179-202.

Cappelletti, M., Seccombe, Monica, and Weiler, Joseph (eds) (1986). *Integration Through Law: Europe and the American Federal Experience, Volume 1*. Berlin and New York: Walter de Gruyter.

Cederman, Lars-Erik. (2000). Nationalism and bounded integration: What it would take to construct a European demos. EUI working article, RSC No. 2000/34. Fiesole, Italy: European University Institute.

Chhibber, Pradeep and Ken Kollman. 2004. *The Formation of National Party Systems*. Princeton: Princeton University Press.

Choudhry, Sujit. 2001. "Citizenship and Federations: Some Preliminary Reflections," in Kalypso Nicolaidis & Robert Howse (Eds.), *The Federal Vision*. Oxford, UK: Oxford University Press.

De Figueiredo, Rui and Barry Weingast. 2005. Self-enforcing Federalism. *Journal of Law, Economics and Organization* 21(1):103-135

Deutsch, Karl W. 1957. *Political Community and the North Atlantic Area* (Princeton, NJ: Princeton University Press.

Donahue, John, & Pollack, Mark. (2001). Centralization and its discontents: The rhythms of federalism in the United States and the European Union. In Kalypso Nicolaidis & Robert Howse (Eds.), *The Federal Vision*. (pp. 73-117). Oxford: Oxford University Press

Elazar, Daniel. 1987. *Exploring Federalism*. Tuscaloosa: University of Alabama Press.

Elliott, Larry. 2010. Greece's financial crisis puts the future of the euro in question. Observer, 7 February. Available at www.guardian.co.uk

Erlanger, Steven. 2009. Growing Economic Crisis Threatens the Idea of One Europe. New York Times, 1 March.

Filippov, Mikhail, Peter C. Ordeshook, Olga Shvetsova. 2004. *Designing Federalism: A Theory of Self-Sustainable Federal Institutions*. New York: Cambridge University Press.

Franck, Thomas, (ed). 1968. *Why Federations Fail*. NY, New York University Press.

Greif, Avner and David Laitin. 2004. A Theory of Endogenous Institutional Change. *American Political Science Review* 98, p.633-652.

Kelemen. R. Daniel. 2003. *The Structure and Dynamics of EU Federalism*. Comparative Political Studies. 36(1-2):184-208.

----. 2004. *The Rules of Federalism: Institutions and Regulatory Politics in the EU and Beyond*. Cambridge: Harvard University Press.

----. 2006. "Suing for Europe: Adversarial Legalism and European Governance." *Comparative Political Studies*, 39, 1, pp.101-127.

----.2007. "Built to Last? The Durability of EU Federalism." In *Making History: State of the European Union*, Vol. 8, edited by Sophie Meunier and Kate McNamara, Oxford University Press.

- Kelemen, R. Daniel and Anand Menon. "Crisis? What Crisis?" *Public Policy Research* (Journal of the Institute for Public Policy Research, London), June-August 2006, pp.71-77.
- Lemco, Jonathan. 1991. *Political Stability in Federal Governments*. New York: Praeger.
- Leslie, Peter. 2000. Abuses of Asymmetry: Privilege and Exclusion. In Neunreither and Wiener (eds.) *European Integration After Amsterdam*
- Mattli, Walter. 1999. *The Logic of Regional Integration: Europe and Beyond*. Cambridge: Cambridge University Press.
- McKay, David. 1999. *Federalism and European Union: A Political Economy Perspective*. Oxford: Oxford University Press.
- . 2001. *Designing Europe: Comparative Lessons from the Federal Experience*. Oxford: Oxford University Press.
- Menon, Anand and Martin Schain. 2006. *The US and the EU in Comparative Perspective*. Oxford: Oxford University Press.
- Moravcsik, Andrew. 2001. Federalism in the European Union: Rhetoric and Reality. In Nicolaidis and Howse, *The Federal Vision*. Oxford: Oxford University Press.
- . 2005. The European Constitutional Compromise and the neofunctionalist legacy. *Journal of European Public Policy* 12(2):349-386.
- Nicolaidis, Kalypso 2001. "Conclusion: The Federal Vision Beyond the Federal State" in Nicolaidis and Howse. *The Federal Vision: Legitimacy and Levels of Governance in the United States and the European Union*. Oxford: Oxford University Press.
- Nicolaidis, Kalypso. 2004. We the Peoples of Europe. *Foreign Affairs*, 83/6: 97-110.
- Nicolaidis, Kalypso and Robert Howse. 2001. *The Federal Vision: Legitimacy and Levels of Governance in the United States and the European Union*. Oxford: Oxford University Press.
- Riker, William H. 1964. *Federalism: Origin, operation, significance*. Boston: Little Brown.
- Sbragia, Alberta. 2004. Territory, Representation, and Policy Outcome: The United States and the European Union Compared. In Christopher Ansell and Giuseppe Di Palma (eds.) *On Restructuring Territoriality: Europe and North America*. Cambridge: Cambridge University Press.
- Schmitter, Philippe. 2000. Federalism and the Euro-Polity. *Journal of Democracy* 11(1):40-47.
- Swenden, Wilfried. 2004. Is the EU in need of a competence catalogue? *Journal of Common Market Studies* Vol. 42 (2):pp. 371 – 92.

Thorlakson, Lori. 2005. Federalism and the European party system. *Journal of European Public Policy* 12(3): 468-487.

Trechsel, Alexander, ed. 2005. Special Issue on EU Federalism. *Journal of European Public Policy* 12(3).

Wheare, K.C. 1964. *Federal Government*, 4th Edition. Oxford: Oxford University Press.

Wechsler, Herbert. 1954. The Political Safeguards of Federalism. *Columbia Law Review* 54:543-560.

Xydias, Alexis. 2010. Euro Area Headed for Break-Up, SocGen's Edwards Says. 12 February.

Businessweek. Available at www.businessweek.com