



Europe as a Political Entity

The European Union (EU) is a remarkable result of a process of voluntary economic and political integration between nation states in Europe. In the last half-century, Europe has liberalized trade, coordinated macroeconomic policies, and created a centralized set of governing institutions with significant authority in most areas of public policy. In the process, it has increased its size from 6 to 25 member states. Scholars and politicians have struggled to define this political entity, consisting of member states that pool their sovereignty at the European level, yet retain distinct identities as independent states. The EU cannot be described simply as cooperation between independent national governments, like the United Nations. Nor can it be depicted as a federal state, like the United States.

The History of European Integration at a Glance

The aim of the European integration project, in the aftermath of the Second World War, was to secure peace between Europe's victorious and vanquished nations by bringing them together as equals, cooperating within shared institutions. The first step in European integration was taken when six countries (Belgium, Germany, France, Italy, Luxembourg and the Netherlands) set up a European Coal and Steel Community (ECSC) in 1951. The six ECSC countries remained the pillars of the European integration project for the next twenty years. The Treaty of Rome established the European Economic Community (EEC) in 1957 based on a common market of goods and services. The founders of the EEC did not envisage a truly federal structure and the EEC was set up primarily as an economic organization with no direct link between citizens and institutions. Nevertheless, European institutions have always contained federal elements. The preparation of Community legislation was in the hands of the supranational authority, the Commission, while sole decision-making authority rested with the Council of Ministers that represented the interests of the national governments. In addition, representatives of the national parliaments met in a European Assembly (that later became the European Parliament when the first direct elections were held in 1979), while the Court of Justice served as an arbiter of conflicts between different levels of government.

The 1970s were characterized by a period of “eurosclerosis” both in terms of economic development and political integration in Europe. Problems with integration were exacerbated by the unanimity rule in the Council. An important step in overcoming this stagnation was the Single European Act, signed in 1986. Its main objectives were the progressive implementation of the European Single Market (free movement of persons, goods, services and capital) by early 1993 and an improvement in the workings of the

Community institutions. The Single Act led to qualified majority voting on all decisions necessary to implement the Single Market.

The political transformation of Europe after 1989 provided the impetus for further economic and political integration. In 1992, the “Treaty on European Union” (Maastricht Treaty) created the European Union. This treaty set new ambitious goals for the member states: monetary union, European citizenship, common foreign and security policy (CFSP) and arrangements for internal security.

The European Union is not an organization with fixed territorial boundaries, and it has grown exponentially with successive waves of accessions. Most recently, the EU became a Union of 25 when it welcomed 8 former Communist countries as well as Malta and Cyprus, and more countries are negotiating membership. To ensure that the enlarged EU will work efficiently, the Treaty of Nice (2003) laid down new rules governing the size and procedures of the EU institutions. But many institutional problems remained unresolved in this treaty and negotiations began on a new constitutional framework for Europe. This new European Constitution, signed in the Fall 2004, will replace the Nice Treaty in 2006, if it is ratified by all member states.

What Type of Political Entity?

The European Union has developed into a political community with comprehensive policymaking powers. European legislation covers virtually all areas of public policy, including market regulation, the environment, social policy, international trade, defense, human rights, immigration and law and order. The institutional “quadrangle” of the Commission, the Council, the European Parliament and the Court of Justice has taken on an ever-wider range of executive, legislative and judicial powers. The EU has one of the most formalized and complex set of decision-making rules of any political system in the world. But is the EU a state? A federation? Or a federal union of states? Or is the EU moving toward becoming a federal state?

Most scholars agree that the EU is not a state in the traditional sense, since the “monopoly of the legitimate use of force” remains in the hands of the EU member states. Hence, in some sense the European Union defies classification. Yet, in spite of the *sui generis* nature of the EU, it has many characteristics in common with federal systems, such as the United States. In 2000, the German foreign minister, Joschka Fischer, described the EU as a “European Federation”. Yet, this characterization remains very controversial.

A federal system is characterized by sovereignty being shared and divided between different levels of government, such as the separation of power set out in the US Constitution. The EU meets this criterion of constitutionally guaranteed territorial division of powers, as sovereignty is divided between the EU and its member states. The member states retain law-making powers, but these powers are limited by the EU Treaties. In fact, the US Constitution provides a stronger protection of the federal

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encroachment of state powers (through the states rights clause in the 10th amendment) than the rather vague subsidiarity principle enshrined in Article 5 of the EU Treaties. This Article states that in areas that do not fall within its exclusive competence, the EU shall act in accordance with the subsidiarity principle: decisions should be taken as closely as possible to the citizen.

The EU has more characteristics in common with federal states. Community Law enjoys supremacy over member state law, and the European Court of Justice is the supreme judicial arbiter (as the Supreme Court in the US). In addition, most decisions of the Union have direct effect on its citizens and do not require concurrence of all member states. The institutional framework also bears some resemblance to federal states, since the Commission, which proposes legislation in the EU, is a federal institution independent of the member states. Further, the European Parliament, which shares legislative authority with the Council, is directly elected by European citizens.

But the EU also differs from a federal state, such as the US, in several important ways:

- The EU was set up by states - in contrast to the US that was established by the people - and states remain the “masters” of the treaties.
- EU member states retain the right to act independently in matters of foreign policy and defense, and also enjoy a near monopoly over other major policy areas such as criminal justice and taxation.
- Member states are separate, sovereign entities under international law and possess a *de facto* right of secession from the EU (this has been made a *de jure* right in the new Constitution).
- The EU possesses no independent powers of taxation and less than 2% of the public expenditure of the member states is spent by the EU.
- The EU lacks essential characteristics of a state, such as a head of state, and perhaps more importantly, a European polity or *demos* with a strong sense of European identity.

Instead of referring to the EU as a *federal state*, it can more appropriately be described as a “federal union of states” or a confederation. In such a Union, the component parts seek to delegate certain powers to a higher unit, not to join together, while retaining their own legal personalities. But as European integration is a dynamic process, any definition of the EU as a particular type of political entity may quickly become obsolete.

Towards a More Democratic European Union?

The nature of the Union’s political system has been continuously evolving over the last half-century, and there are good reasons to believe that the current system will also prove but a transitional form of government. An important reason for this is the inherent tension at the heart of the EU’s political system: policy-making has been transferred from the member state level to the European level, yet, democratic accountability has not followed. This tension is often referred to as the “democratic deficit” of the EU. The

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problem is rooted in the institutional structure of the EU. When decision-making power is transferred from national level to the European Union, it is no longer subject to the scrutiny of national parliaments. Executive actors dominate the EU's institutional design: national ministers in the Council and government appointees in the Commission, and these executive agents are beyond the control of national parliaments. The main legislative body is the Council, which takes decisions behind closed doors and most often uses qualified majority voting. Hence, neither national parliaments nor the electorate can hold the decision-makers accountable for their actions. The European Parliament should, in theory, alleviate this problem. Yet, although successive treaties have increased the powers of the Parliament, it is still weaker than the Council. Moreover, the Parliament does not elect the Commission (although it has the power to veto the governments' choice) and hence, the electorate cannot hire and fire the executive by voting for the opposition in Parliament.

There is an ongoing and heated debate in Europe about the best solution to this democratic deficit. Since it can be seen as rooted in the institutional "confederal" structure of the Union, it has been argued that the EU should move towards a more federal model, resembling the US or the German systems. By giving the European Parliament the right to elect the EU's executive, thereby creating a direct link between Parliament elections and executive politics, the EU would move towards the parliamentary federal model found in Germany, where the executive is accountable to the federal Parliament. Alternatively, the EU could adopt the American model and have a directly elected European president, that would be accountable to the European citizenry, combined with a bicameral legislature of the Council and the Parliament (similar to Congress) representing the interests of member states and citizens.

The main objection against this federal vision is that Europe lacks a European people. As general wisdom has it, democracy requires a *demos*, a group of individuals who share a common identity and values, in a manner so the minority would consider the decisions of the majority legitimate. Europe lacks a common public sphere, and political debate is still fragmented into national units with dozens of different languages, national parties and divergent political traditions. Europeans identify first and foremost with their nation-state, and without a common identity it is difficult to imagine, for example, the smaller member states accepting the permanent dominance of larger member states. A European "demos" could evolve over time, and changing institutions may contribute to this, but so far the "intergovernmentalist" approach to the EU argues that the best way to solve the Union's democratic deficit is by limiting the powers of the EU, since democratization at the European level is a futile exercise without a European people.

These competing visions of the future of Europe were also evident in the debate on the European Constitution. From the outset, euro-skeptics feared that the creation of a European Constitution would mark the beginning of a United States of Europe. In the end, the compromise between national interests resulted in very minimal changes to the EU's political structure. Some of the most significant innovations in the Constitution include the creation of a European foreign minister and a permanent Council presidency.

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The Constitution also increases the powers of the European Parliament, but stops far short of granting Parliament the power to elect the executive.

Summary

Traditional conceptions of federation do not fit the EU perfectly. Instead, the EU can be characterized as a new type of political system with both federal and confederal features. From the outset, European integration was an elite-driven project. But transfers of powers to the European level have led to calls for greater public participation and democratic accountability. As a result, the EU may adopt an institutional structure that bears closer resemblance to the federal system of the United States, or member states may seek to limit the powers of the EU to strengthen the democratic structures at the national (state) level.