

Forthcoming in the symposium issue: “Liberal Intergovernmentalism and Its Critics” eds. Mareike Kleine and Mark Pollack, *Journal of Common Market Studies* (2018)

Rethinking EU Governance:

From ‘Old’ to ‘New’ Approaches to who is Steering Integration

Vivien A. Schmidt
Boston University

Abstract:

EU scholars have long divided on the main drivers of European integration. The original approaches were at odds on whether EU level intergovernmental actors or supranational actors were better able to exercise coercive or institutional power to pursue their interests, with Andrew Moravcsik’s liberal intergovernmentalism serving as a baseline for one side of those debates. Newer approaches are similarly divided, but see power in terms of ideational innovation and consensus-focused deliberation. The one thing old and new approaches have in common is that they ignore the parliamentarists, new and old. What all sides to the debates have failed to recognize is the reality of a ‘new’ EU governance of more politically charged dynamics among all three main EU actors exercising different kinds of power. This has sources not only in the national level’s increasing ‘politics *against* policy’ and its bottom up effects on the EU level. It also stems from EU institutional interactions at the top, and its ‘policy *with* politics’.

Acknowledgments: I wish to thank the guest editors of this special issue, Mark Pollack and Mareike Kleine, for their impressive stewardship of the entire project along with their extremely perceptive and careful editorial suggestions for my own paper. I would also like to thank the anonymous reviewers for their very helpful comments and their close reading of the manuscript. The manuscript has its origins in a working paper for the *Istituto Affari Internazionali*, and benefited from comments by Lorenzo Vai and Pier Domenico Tortola. Its elaboration was undertaken under the auspices of the EU Commission Horizon 2020 grant ENLIGHTEN, and further benefited from comments by Ramona Coman, Amandine Crespy, and Frederik Ponjaert. Thanks to them for their insightful suggestions as well as to participants in the workshops at Princeton and the EUI, including the two commentators on my paper, Gerda Falkner and Lewis G. Miller, and especially, needless to say, Andrew Moravcsik himself.

Rethinking EU Governance:

From ‘Old’ to ‘New’ Approaches to who is Steering Integration

Introduction

Scholarly debates about ‘who drives European integration?’ or, more simply, ‘who is in charge?’ have changed significantly since the Maastricht Treaty in the early 1990s, when Andrew Moravcsik (1993; 1998) wrote his seminal works on liberal intergovernmentalism. At the time, his approach challenged the long-standing realist ‘intergovernmentalist’ view of European integration, exemplified in the work of Stanley Hoffmann (1966), that saw the member-states in charge of integration, exercising their bargaining power in the Council to protect their national interests while building Europe. With liberal intergovernmentalism, Moravcsik sought to account for why member-states deepened integration even when it appeared to go against their national interests. He did so by reaffirming that the member-states were in charge, imposing their preferences through intergovernmental bargaining in the Council, but argued that domestic socio-economic interests rather than geopolitical interests were the main drivers of member-states’ preference formation. This baseline liberal intergovernmentalist approach to integration also served as a counter to the rising ‘supranationalist’ view, which had itself displaced the earlier neo-functionalist approach focused on ‘spillover’ effects (e.g., Haas 1958). Supranationalists maintained against the intergovernmentalists, both liberal and realist, that integration moved forward because EU officials were in control, exercising institutional power through their mastery of the EU policy process (Sandholtz and Stone Sweet 1998).

These now traditional debates continue to this day, pitting the intergovernmentalists—who insist that the member-states pursuing the national interest and/or domestic socio-economic interests are in charge—against the supranationalists—who maintain instead that EU supranational actors drive integration via institutional dynamics of spillover and entrepreneurialism. But while this divide continues, it has been joined by self-styled ‘new’ protagonists who build on while challenging both sides of the traditional debates. These debates pit the ‘new’ intergovernmentalists—who insist that the more actively engaged, consensus-seeking member-state governments in the (European) Council have retaken control (e.g., Bickerton et al., 2015; Puetter 2012)—versus the ‘new’ supranationalists—who continue to view EU level supranational actors such as the Commission and the European Central Bank (ECB) as driving integration through their greater role in policy design and enforcement (e.g., Bauer and Becker 2014; Epstein and Rhodes 2016). The one view shared by both sides is that of the declining significance of the European Parliament and the co-decision mode of policy-making. For another set of analysts, whom we shall call the ‘new’ parliamentarists, the views of old and new intergovernmentalists and supranationalists are mistaken, because they fail to recognize the new formal and informal ways in which the EP has regained influence (e.g., Hix and Hoyland 2013; Héritier et al., 2016).

The main focus of this article is on the ‘new’ ways in which scholars now explain contemporary EU governance—including ‘new’ intergovernmentalism, ‘new’ supranationalism, and ‘new’ parliamentarism—and how these contrast with one another as well as with the older approaches. The paper will show that whatever the substantive differences among the proponents of different aspects of the newer approaches to EU governance, they share a common framework of analysis. Almost all emphasize the importance of sentient actors’ ideas and discursive interactions following a constructivist or

discursive institutionalist logic, in which actors' ideational powers are constructed through discourse and deliberation. But the paper will also demonstrate that although they for the most part share a common analytic framework, the 'new' EU governance approaches differ in how they theorize the exercise of such power in EU governance. New intergovernmentalists argue that member-state actors are in charge of EU governance, with outcomes a result of their powers of persuasion in intergovernmental deliberation. New supranationalists contend instead that supranational actors are in control of EU governance, with outcomes a result of their powers of ideational innovation and institutional discretion. And new parliamentarists, more modestly, insist that parliamentary actors are gaining influence, with outcomes increasingly a result of their ideas and discursive interactions with the other more institutionally powerful actors.

But whatever the differences among such 'new' approaches, they are united in their opposition to the older approaches to EU governance with regard to both their rationalist or historical institutionalist frameworks of analysis and their theorizations of the exercise of power. The traditional intergovernmentalists, theorizing within a rationalist framework, argue that the outcomes of member-states' rationally driven, interest-based negotiations are determined by their asymmetrical bargaining power, or what we will henceforth term, for purposes of conformity with the literature, 'coercive' power (defined as relations of control by one actor over another, where these relations allow one actor to shape directly the circumstances or actions of another—Dahl 1957; Barnett and Duvall 2005: 43, 49; see also Carstensen and Schmidt 2016, 2017). The traditional supranationalists, theorizing within a historical institutionalist framework, contend that the outcomes of supranational actors' rules-grounded, interest-based institution building are determined by their institutional power. And the traditional parliamentarists, theorizing within either a rationalist or historical institutionalist framework, insist that the outcomes of the parliamentary actors' pursuit of greater influence are enhanced by their exercise of (very weak) coercive or institutional power.

In short, while new and old theorists of EU governance may be united by a shared focus on a preferred EU actor, whether the Council, the Commission, or the EP, they are divided in their views of the nature of the power exercised by their preferred actor, whether rational institutionalist, historical institutionalist, and/or discursive institutionalist and constructivist (see Table 1).

[Table 1 about here]

Although applauding the newer approaches for their innovations in EU integration theory, in particular their focus on EU actors' ideational and discursive powers, this article contends that it is a mistake to largely disregard the significance of coercive or institutional power, emphasized in the older approaches. The article suggests instead that it is more useful to leave open the question of which kind of power is being exercised by which actor in order to establish through empirical analysis which kind of power or combination of powers is in play.

But the main thrust of the article is a critique of all such approaches for their emphasis on one or another EU institutional actor alone. Its purpose is to demonstrate the real complexity of EU governance, which involves a 'new' political dynamics of interaction affected by the politicization of both national and EU levels

The benefit of these debates, old and new, is that the different sides lend major insights into the changing powers and responsibilities of ‘their’ EU actors vis-à-vis the other EU actors. The drawback is that they are naturally more focused on demonstrating the significance of a given EU institutional actor than in shedding light on the overall picture. What they miss by assessing the institutional powers, positions, ideas, and actions of any given EU actor on its own is how all such EU actors have become more dynamically interactive in EU level governance. Equally importantly, they miss the national level dynamics, as elucidated by post-functionalists (e.g., Hooghe and Marks 2009), which suggests that increasing national politicization in response to EU encroachments on national government and democracy has not only disrupted mainstream politics, with the rise of populist challenges. It has also had significant feedback effects on EU policymaking, making for more politically charged EU governance. This suggests that Moravcsik’s (1993) original insight about the influence of domestic interests on EU level decision-making remains key to understanding EU governance today and in the future. But that insight must be expanded to include not just socio-economic interests but political interests more generally, meaning how national electoral politics and citizen discontent affect EU level decision-making.

Politicization is not just bottom up, however, from the national to the EU level, affecting member-state positions in the Council alone. It is intra-institutional at the top, among EU actors in their on-going interactions. Politicization has affected all EU actors’ actions and interactions, making for a ‘new’ dynamics of EU governance that is more political in every way. With this in mind, Schmidt’s (2006) characterization of the EU level as consisting of ‘policy without politics,’ based on the tendency to apolitical and/or technocratic decision-making, no longer fully describes EU governance, which has increasingly become ‘policy *with* politics’ in the more contentious areas. At the same time, what Schmidt (2006) identified as national level ‘politics *without* policy has only worsened, so much so that it arguably no longer fully describes the current situation, which has increasingly become ‘politics *against* policy’ or even ‘politics *against* polity.’

New Intergovernmentalism

Scholars who explain EU governance as characterized by the ‘new intergovernmentalism’ see the EU’s member-state leaders in the European Council as much more legislatively active than in the past. They find that the member-states have taken on an unprecedented leadership role that they exercise through consensus-seeking deliberation rather than the exercise of coercive power through interest-based bargaining (Puetter 2012; Bickerton et al. 2015; Fabbrini 2016). This involves much more shared authority and joint control at the EU level than was considered possible in the older approaches to intergovernmentalism, whether in the original ‘realist’ view—in which member-states’ bargaining focused on protecting national sovereignty and interests (Hoffman 1966)—or the revisionist ‘liberal’ view—in which member-states’ hard bargaining and brinkmanship served as a conduit for domestic socio-economic interests (Moravcsik 1993; see also Schimmelfennig 2015a).

Moreover, unlike some of the traditional intergovernmentalists, whether realist or liberal intergovernmentalist, who tended to theorize the Commission as delegated ‘agents’ which the Council ‘principals’ could control, the new intergovernmentalists present the Council as actively seeking to reduce Commission powers through the creation of supranational agencies. Thus, they argue that member-state governments, rather than delegating new powers for the Commission in view of new tasks, instead deliberately created *de novo* EU bodies and instruments outside the main EU institutions in efforts to maintain control. Such

efforts involved not only keeping the Commission out of those bodies but also putting the member-states *qua* member-states *in*, for instance by ensuring their representation on the governing boards. Examples of such *de novo* bodies include the European Central Bank (ECB) (Hodson 2015); new financial entities such as the temporary European Financial Stability Facility (EFSF) and the permanent European Stability Mechanism (ESM); new administrative bodies such as the European External Action Service (EEAS); and a new President for the European Council.

In conjunction with this argument, the new intergovernmentalists at the same time contend that member-states' new activism sidelines the older supranationalism, which sees bureaucratic entrepreneurialism and institutional creep as having increasingly institutionally empowered the traditional supranational actors in the European Commission and the European Court of Justice (CJEU) (Sandholtz and Stone Sweet 1998). Moreover, rather than assuming that the Commission is intent on pushing 'ever closer union', as suggested by the old supranationalists, they see it as much more circumspect in its ambitions, focused on core goals, and more interested in better accomplishing its main tasks (Peterson 2015; see also Hodson 2015).

For the new intergovernmentalists, finally, the mistake of the older intergovernmentalists has been to assume that the process is all about the pursuit of power, whether coercive power through interest-based bargaining in the Council or institutional power through budget maximizing for the bureaucracy. Instead, new intergovernmentalists maintain that the decision-making process in the Council since the Maastricht Treaty of the early 1990s needs to be understood in terms of the exercise of ideational power, with member-states seeking to arrive at consensual agreements through deliberation (see discussion in Carstensen and Schmidt 2017). In the Council in particular, they highlight the deliberative processes of negotiation that lead to agreements resulting from persuasion rather than power politics (Puetter 2012).

Thus, for example, new intergovernmentalists would reject out of hand the analysis by liberal intergovernmentalists of the Eurozone crisis response of 2010 to 2012. The liberal intergovernmentalists see that response in terms of coercive power, as a game of chicken in which the strong preference to avoid the break down of the euro area was combined with efforts to shift the costs to the weaker euro members most in trouble (Schimmelfennig 2015a). Instead, new intergovernmentalists focus on ideational power, mainly in terms of the consensus-based agreements forged in the Council. After all, each and every member-state bought into the story of excessive public debt and failure to follow the rules, pledged themselves to austerity, and agreed repeatedly to reinforce the rules of the SGP in exchange for loan bailouts or bailout mechanisms (Fabbrini 2013; see also Schmidt 2015).

But if we accept the new intergovernmentalist argument that the Council acts as a consensus-seeking deliberative body, because member-state leaders did all first agree to the restrictive rules and after to the successive reinterpretations, we at the very least need to recognize that this was not a deliberation among equals. In any of the deliberations—or, better, contestations—going back to the beginning of the crisis, Germany held outside power to pursue its own interests (Schimmelfennig 2015a). That power was institutional, as German opposition to doing anything delayed any decision on Greece until the markets threatened the very existence of the euro; it was ideational, given German insistence on the reinforcement of the *ordo-liberal* rules of the Stability and Growth Pact; and it was coercive, resulting from

Germany's political veto position in any agreement as a result of its economic weight as the strongest economy in Europe (Carstensen and Schmidt 2017).

Although this exercise of multiple kinds of power—coercive, institutional, and ideational—was not akin to a ‘dictatorship’ by Germany (as some Southern Europeans might insist), since deliberation continued and a consensus was achieved on reinforcing ‘governing by rules and numbers’ in exchange for loan bailout mechanisms, the best we can say is that the Council was a deliberative political body acting in the shadow of Germany (Schmidt 2015, p. 107). Notably, Fabbrini (2016) is the only new intergovernmentalist who takes account of power and interest, arguing that Council governance has moved from consensus-seeking to hierarchical domination, first by Germany with France, then by Germany alone.

Moreover, the question remains as to how we should characterize the discursive battles waged publicly by member-state leaders of Italy and France to shift the interpretation of the ‘stability’ rules to growth (in 2012) and then to greater flexibility (in 2014). Remember that Italian Prime Minister Mario Monti in late 2011 started calling for growth, which was then taken up by François Hollande as French presidential candidate in 2012, while Italian Prime Minister Matteo Renzi beginning in 2014 pushed for increased flexibility in the interpretation of the stability rules, supported by President Hollande. These public communicative discourses were directed not only to the citizens but also to other EU leaders, and were accompanied by internal coordinative discourses that constituted political struggles over the rules-following agenda. The result was a change in member-state leaders’ discourse in 2012, by adding ‘growth’ to stability. As for flexibility, German Chancellor Merkel agreed to it in 2014 on condition that it remained ‘within the stability rules.’ But her Finance Minister Wolfgang Schäuble continued to complain that the Commission was overstepping its authority in granting derogations (as the Commission implemented Council commitments to growth and then flexibility). So would we characterize these interactions as new intergovernmentalist processes of deliberative consensus-seeking? Or could they be seen as traditional intergovernmentalist processes of bargaining, where the most powerful wins (as in Schimmelfennig’s 2015b critique of new intergovernmentalism)? Or some of each? The question is not just theoretical, it is empirical, depending upon whether interactions are mostly hard processes of bargaining or softer processes of persuasion.

A major problem for the new intergovernmentalist approach in general, then, is that it has done little to theorize power in the context of constructivist deliberation. The very use of the terms deliberation and consensus-seeking seems to imply that member-states do not engage in the power relations and bargaining posited by the older intergovernmentalists, whether realist or liberal intergovernmentalist. But without considering coercive power in the processes of deliberation or, better, contestation, we can’t explain why Germany’s preferences won out, especially initially (Schimmelfennig 2015a, 2015b). That said, by only positing coercive power and rationalist bargaining (as per the older intergovernmentalism), we can’t explain why Germany conceded, over and over again, to things it had initially resisted, including agreeing to new institutional instruments of Euro governance such as the ESM and banking union, and new guidelines for Euro governance such as growth and flexibility, pushed by France and Italy (Schmidt 2015; Carstensen and Schmidt 2017).

New Supranationalism

Other scholars take a different view of the new developments in EU governance. They point to the emergence of a ‘new’ supranationalism in which the older supranationalism of

institutional power and leadership by the technical actors in the Commission has indeed diminished, much as the new intergovernmentalists argue. But in exchange, these new supranationalists contend—against the new intergovernmentalists—that the Council enabled *all* supranational technical actors—whether the Commission, the European Central Bank, or other *de novo* bodies—to gain even greater institutional powers of enforcement than in the past, and this through the very rules passed by the more active (new) intergovernmental political leaders. Moreover, in an ironic twist, according to the new supranationalists, these selfsame technical actors have, through the exercise of ideational power, developed and proposed to the intergovernmental political leaders the policy initiatives they themselves then enforce.

Thus, in contrast to the older supranationalism, which emphasizes the Commission's use of institutional rules and dynamics to push deeper European integration along with self-empowerment and interest (Niemann and Ioannou 2015), the 'new' supranationalism focuses on the Commission's ideas and institutional entrepreneurship to make European integration work better, whether or not this serves its specific power and interests (Bauer and Becker 2014; Dehousse 2016; Epstein and Rhodes 2016). Notably, even new intergovernmentalists acknowledge that the Commission has adjusted to the new realities by taking a pragmatic view of the new European agencies, in particular because they were established in areas where the Commission's own powers were previously weak and served to enhance its objectives and/or provided an additional means of rule-making, information and enforcement (Peterson 2015).

In the Eurozone crisis, for example, the new supranationalists have argued that the European Commission is 'the unexpected winner of the crisis' (Bauer and Becker (2014) and that supranational actors more generally—in particular the ECB as well as the Commission—have 'availed themselves of the discretionary powers with which they were formally or informally vested to adopt decisions that did not reflect the policy preferences of all national governments, notably those of Germany' (Dehousse 2016). The European Semester, which was long prepared by the Commission in tandem with think tanks and expert consultants, has given the Commission unprecedented oversight authority and enforcement powers with regard to member-state governments' budgets (Bauer and Becker 2014; Schmidt 2015). Similarly, the Banking Union, spurred by the ideas of the ECB in consultation with experts and in deliberation with the member-states in the Council, has given it unprecedented supervisory authority and resolution powers over member-state banks (Dehousse 2016; Rhodes and Epstein 2016).

Along with this greater authority and responsibility, according to the new supranationalists, has come an unprecedented institutional power and autonomy of action (especially the ECB) and discretion in applying the rules (in particular the Commission). The ECB's autonomy is apparent in the Eurozone crisis, as it progressively reinterpreted its mandate, going from a narrow view focused on inflation fighting and insisting that it could not be a lender of last resort (LOLR) to doing almost everything that a LOLR does. This started with 'non-standard' and then 'unorthodox' policies of buying member-state debt (despite the prohibition in the treaties) by doing it on the secondary markets, and going all the way through to quantitative easing in 2015 (Braun 2013). Similarly, in the European Semester, the Commission has exercised increasing flexibility in its interpretation of the rules over time, whether through derogations of the rules for individual member-states (e.g., France and Italy have twice been given extended time to bring their deficits under the target numbers) or recalibrating the calculations (e.g., for Spain on its structural deficit in 2013) (Schmidt 2016).

But why, we might ask, have the new intergovernmentalists overlooked or underplayed the rise of the new supranationalism? This may be because the ‘new’ supranational actors have often sought to dissimulate their newly enhanced powers and authority. In many cases they have exercised their new autonomy and discretionary authority ‘by stealth,’ that is, by reinterpreting the rules while not admitting it in their communications with the public or in their coordination with political leaders (Schmidt 2015, 2016).

For example, while the ECB has radically reinterpreted its mandate over time, it has sought to hide that reinterpretation ‘in plain view’ for fear of possible legal challenges and member-state complaints as well as to ensure its legitimacy in the eyes of the citizenry (Schmidt 2016). The ECB claimed over and over again that it was staying strictly within its mandate even as it moved from a narrow interpretation focused on maintaining its credibility to fight inflation and denying that it could be a lender of last resort to an increasingly loose interpretation, justifying this with a discourse focusing on ensuring stability in the medium term (Drudi et al. 2012). This enabled it to defend its decision to do ‘whatever it takes’ (in Draghi’s famous words in July 2012) via Open Monetary Transactions if needed, and ultimately to become a lender of last resort in almost all but the name through quantitative easing.

In contrast with the ECB, the Commission remained between ‘a rock and a hard place’ in the context of the Euro crisis, and its discourse reflected this, as it sought to hide its increasingly flexible reinterpretation of the rules with a harsh public discourse of austerity and structural reform (Schmidt 2016). The Commission found itself sandwiched between the leaders of countries seeking greater flexibility, non-program as well as program countries under Troika surveillance—and member-state leaders in the Council insisting on applying the rules strictly—the Germans most prominently, but also the Finns and Dutch, who kept close tabs on the Commission, and held it to task in Eurogroup meetings on the European Semester.

New supranationalists, then, like the new intergovernmentalists and unlike the old supranationalists, are also mainly focused on the ideational innovation and discursive interaction in order to explain how technical actors were able to prevail even against the wishes of powerful Council political leaders. But here too, it would be useful to consider how the different kinds of power played a role in the consensus-seeking behavior. The old supranationalists’ emphasis on institutional power helps us explain why supranational actors were able to act even without approval from the alleged ‘principals,’ who held what old (realist) intergovernmentalists at least would see as a monopoly on coercive power. Such institutional power could be seen to have enabled supranational agents to ‘save the euro’ in the case of the ECB, or to reinterpret the rules more flexibly, if only ‘by stealth,’ in the case of the Commission. Ideational power, however, exercised through a persuasive discourse, is also necessary to help to explain how, despite the seemingly coercive power of Germany in the Council, the ECB was able to radically reinterpret its mandate ‘in plain view’ and the Commission to push through derogations to the rules for member-states in trouble even while insisting that it was applying harsh austerity and structural reform (Schmidt 2016; Carstensen and Schmidt 2017).

‘New’ Parliamentarism

The one substantive view that the intergovernmentalists and supranationalists, old and new, have in common is that they largely ignore the role of the European Parliament, and see the co-decision process as the great loser in the shift to the new EU governance. But rather than

focusing on the question of whether co-decision is no longer the *sine qua non* of processes of deeper integration, and thus the basis of EP power, we would do better to consider what may be afoot. In addition to older approaches to parliamentarism, in which the EP is seen to seek greater influence through its role in the co-decision process, a ‘new’ parliamentarism theorizes EP empowerment through ideas and discursive persuasion outside the traditional circuits of influence. And even if such ‘new’ parliamentarism remains no match for the ‘new’ intergovernmentalism or the ‘new’ supranationalism, it nevertheless needs to be taken into account, in particular because it demonstrates that the EP’s relative influence has increased significantly in ‘new’ ways as well as old since the Maastricht Treaty (Hix and Hoyland 2013; Fasone 2014; Dinan 2015; Héritier et al. 2016—see also Hix, this issue). Although the EP continues to have little coercive power in comparison to intergovernmental or supranational actors, it has wielded increasing institutional power, if only informally, by tactically using its legislative competences, as well as ideational power, in particular by becoming the ‘go-to’ body for legitimacy.

There can be no doubt that the co-decision process of decision-making has been supplanted to some extent by the increase in intergovernmental and supranational policymaking in recent years, in particular in the Eurozone crisis—as new (and old) intergovernmentalists have argued. They even see the tacit collaboration of the EP in undermining co-decision, for example, by abandoning it so long as they increased their own importance via a more privileged role in inter-institutional negotiation (Reh et al., 2011; Bickerton et al., 2015). But even as this speaks to the weakening of co-decision, it provides evidence for ‘new’ parliamentarism, through the strengthening of the EP in new ways through negotiation with intergovernmental political actors through its increasing influence in ‘trilogues’ (Roederer-Rynning and Greenwood, 2015).

What is more, the co-decision process has also been regaining importance in conjunction with the ‘new’ supranationalism. Not only has the Lisbon Treaty specified new powers of oversight for the EP in areas such as economic governance in which it was previously absent (Fasone 2014; Héritier et al. 2016) but even the new competences approved by intergovernmental actors for both existing and *de novo* supranational actors led them to generate new legislation requiring EP approval through the co-decision process—including in the Eurozone crisis in the cases of the Six Pack and the Two Pack, as well as in Banking Union (Fasone 2014; Crum 2015). Informally, moreover, the EP can influence the Commission through credible threats of veto if it is not informed of the process as well as by blocking or delaying tactics (formulated in ‘old’ parliamentarist terms)—as when the EP blocked the Commission and the ECB on the Single Supervisory Mechanism until the ECB conceded rights of information to the EP (Héritier et al. 2016).

More generally, while the EP’s actions may in some cases seem like a grab for more institutional power, they can equally be explained in terms of EP’s commitment to the idea that intergovernmental initiatives should be converted wherever possible into the more ‘constitutional’ approach represented by the co-decision process (as in ‘new’ parliamentarist analysis). This helps explain why the EP was in many instances willing to trade substantive policy goals for the institutionalization of a more co-decisional process, as in the case of EP (often failed) amendments to the Six-Pack and the Two-Pack as well as its (failed) efforts to influence the Fiscal Compact (Héritier et al. 2016, p 69).

But even where the EP is completely left out of the decision-making process, it can still play a role, having increasingly become the ‘go-to’ body for other EU actors concerned about

their political legitimacy (Héritier et al. 2016). In the case of the ECB, for example, although the ECB President does not have to follow the EP's advice in his mandated four yearly appearances, he gains in procedural legitimacy by speaking to the EP—plus he can use this venue as part of his communicative strategy with the public more generally. It is in this light that we can understand Draghi's (November 12, 2015) introductory remarks to the EP Committee on Economic and Monetary Affairs: "The ECB's accountability to you, the European Parliament, is a central counterpart to the ECB's independence. And transparency is a precondition for your holding us to account"

More generally, we also need to take note of the EP's growing exercise of voice, with increasingly noisy demands for accountability from both supranational and intergovernmental actors, that mostly take the form of hearings, expert testimony, and committee reports. In the Eurozone crisis, these have explicitly criticized Council and Commission actions, whether for the Troika's "lack of appropriate scrutiny and democratic accountability as a whole" or for the Eurogroup's "failing to shoulder their share of responsibility in their capacity as final decision-taker" (*Euractiv*, March 14, 2014).

Finally, equally important has been the EP's self-empowerment through the 'Spitzenkandidat' in the 2014 EP elections, as the EP effectively anointed the leader of the winning political party Commission President (Dinan 2015). This could be conceived as having increased the EP's own powers at the expense of European Council autonomy, but also in favor of Commission autonomy through its now double accountability to the EP and the Council. The fact that the Commission has been calling itself 'political'—although not 'politicized,' in response to Council accusations of not applying the rules—suggests that the Commission is fully aware of the value of its connection to the EP, and may be seeking to rebuild its traditional supranational powers as it continues to develop its new supranationalism along with its political legitimacy.

The 'New' Dynamics of EU Governance

Part of the problem with taking one side or the other in these debates about 'who leads European integration,' meaning who is in charge or control, is not only that good arguments can be made for all sides. It is also that it is very hard to choose a side because the actors themselves are in constant interaction, whether it is supranational actors persuading intergovernmental actors to take action, intergovernmental actors threatening supranational ones in order to constrain their action, or parliamentary actors pushing to play a role. It is not just that the Commission or the ECB may supply the ideas that the Council then decides upon, which may result in greater enhancement of supranational actors' ability to act autonomously or with discretionary authority. It is also that the member-states—inside or outside the Council—may raise political objections or threaten legal action in order to constrain such supranational actors' autonomous or discretionary action—whether they are long-standing or *de novo* actors. And supranational actors are therefore more political in considering how intergovernmental actors might respond to their initiatives, anticipating possible objections and/or consulting prior to action in order to gain preliminary agreement. Moreover, both intergovernmental and supranational actors are increasingly aware of the EP, with its growing demands for attention on grounds of political legitimacy.

Separating out the powers and responsibilities of supranational from intergovernmental or even parliamentary actors is thus more complicated than one might think. Analytically, they can be dissected as distinct phenomena. Empirically, they are thoroughly intertwined and

dynamically interactive. Moreover, in certain areas, it becomes very difficult to differentiate which is which, as in the area of Common Security and Defense Policy (CSDP), where decisions taken at the EU level through consensus-oriented deliberation are intergovernmental in the sense that they involve national representatives but supranational as they engage the member-states in ways that merge national security identity and action—thereby making for supranational intergovernmentalism—or is it intergovernmental supranationalism (Howorth 2014, Ch. 2)?

But if we are indeed finding it increasingly difficult to sort out who is more in charge or in control, we might do better to ask what are the dynamics of interaction in EU governance, using whichever approaches—old as much as new—help accounts for what it is we are seeking to explain. This would mean considering the ways in which the different actors exert power, whether as a result of their coercive or ideational dominance (Germany in particular), their institutional position or ideational and discursive influence (the Commission or ECB), or their ideational and discursive, institutional, or even coercive influence (the EP). We would also need to ask what power means in terms of politics, that is, which interests, institutions, and/or ideas are being empowered, and to what end. And finally, we would want to ask about the political implications for democracy and legitimacy in the EU.

Politics and the ‘New’ Dynamics of EU Governance

Politics in the EU has become increasingly multi-level. There is a politics that exists purely at the national level, as a reaction to the impact of EU integration on national democracy (among other things), which puts pressure on national party politics through the increase in citizen dissatisfaction and the rise of anti-system parties. There is a politics that moves from the bottom up, through the nationally influenced politicization of EU relations, in particular in the Council. And there is also a politics that exists solely at the top, with the increasing politicization of the interactions of EU institutional actors.

In the EU today, even as all EU level institutions have been strengthened through the new dynamics of governance, national-level government has weakened in terms of democracy and legitimacy (see Hix, this issue). The democratic deficit, in other words, has intensified, rather than remained as part of any ‘stable institutional equilibrium’ of a EU constitutional settlement (Moravcsik 2002), leading at best to an unstable settlement (Nicolaïdis, this issue). As decision-making in policy area after policy area has moved up to the EU level, European integration has increasingly encroached on issues at the very heart of national sovereignty and identity, including money, borders, and security. The problem, however, is not just that EU policies have encroached on national ones, but also that citizens have had little say over these matters, let alone engaged in EU-wide political debates about the policies. And they are not happy about it, in particular in contested areas such as the euro and immigration policy. The result is what ‘post-functionalists’—who focus mainly on national level politicization around EU-related issues and the new cross-cutting cleavages in the electorate—have described as the shift from the ‘permissive consensus’ of the early years to the ‘constraining dissensus’ of today (Hooghe and Marks 2009; see also Kriesi et al. 2008; Hix, this issue).

Citizens have increasingly made their displeasure heard through protests in the street and the ballot box, leading to the rise of the populist extremes, with Euroskeptic and anti-EU messages, and the increasing turnover of sitting governments. National governments ruled by mainstream parties, moreover, have found themselves caught more and more between wanting to be responsive to citizens’ electoral expectations and needing to take responsibility

for the EU's collectively-made rules and decisions (Mair 2013). In consequence, national governments confront dual challenges: from populism at the national level and from technocracy at the EU level (Caramani 2017).

As a result, the national level can no longer be described only as 'politics *without* policy', because of the increasing removal of policy decisions from the national to the EU level (Schmidt 2006). Today, it has also come to be characterized by 'politics *against* policy' in domains that are the focus of populist anger—such as the Eurozone crisis, the refugee crisis, and immigration policy—or even 'politics *against* polity,' where the dissatisfaction turns into anger against the EU as a whole, as in the case of Brexit.

At the same time, the EU level can no longer be described solely as 'policy *without* politics,' following from the seemingly apolitical (because geopolitical or socio-economic interest-based) decisions in the Council and the technocratic processes in the Commission and other supranational bodies (Schmidt 2006). This is not only because increasing national level politicization has put greater pressure on EU level actors. It is also because of the struggles for power among EU institutional actors—whether understood as coercive, institutional, or ideational—that are inherently political in nature. Taken together, this multi-level politicization helps explain the EU's new political dynamics of interaction, which makes for EU level 'policy *with* politics.'

This also suggests that Moravcsik's (1993) insight about the influence of domestic socio-economic interests as expressed mainly by business organizations and associations on EU level decision-making remains important but requires updating to fully account for the current era. Today, citizens' political interests also matter greatly, with a significant impact on EU actors, a point also made by some contemporary liberal intergovernmentalists (Schimmelfennig 2015a; Tsebelis 2016). In the Eurozone crisis, for example, although German and French governments sought to satisfy domestic economic interests by transferring the full costs to countries in the periphery in order to spare their own banks haircuts, they were also very concerned about citizen attitudes. Merkel in particular played to the media feeding frenzy about 'lazy Greeks' versus 'we Germans who save' in the run-up to the Greek bailout, and delayed taking any action because of concerns over electoral repercussions in regional elections in May 2010 (Schmidt 2015). Such delays went directly against her own 'rational' interests and those of business, which would have been better served by ensuring the member-states in the Council moved quickly to 'save Greece,' or allowed the ECB to act as a Lender of Last Resort for the country (Matthijs 2016).

European integration theories generally have done little to address such issues of politicization, and have therefore missed how this has created a new politically charged dynamics of interaction not just among intergovernmental actors but among all EU level actors. The politicization of Council negotiations and deliberations now arguably depends more on member-state leaders' perceptions of domestic politics than on their (realist) beliefs about geopolitical interest or their (liberal intergovernmental) responses to domestic socio-economic interests. But in addition to such interest-based electoral concerns are political differences over ideas. The Eurozone crisis, for example, generated a political battle of ideas between the German and Northern European proponents of austerity, fueled by *ordo-liberal* ideas of stability, and the more pragmatic French and Southern Europeans, supportive of neo-Keynesian stimulus (e.g., Blyth 2013; Brunnemeier et al., 2016).

It should be noted that not all politicization of Council negotiations involves interest-based or ideational imposition, both of which risk delegitimizing the EU in the eyes of citizens. Informal accommodation in recognition of strong national interests and identity-based ideas has been a legitimizing force in the EU for a very long time. Making exceptions to the rules, or ‘informal governance,’ as Mareike Kleine (2013) explains, has been a normal part of processes of negotiated agreement in the Single Market, and has actually reinforced the legitimacy of the formal governance processes in cases where the political fallout from domestic groups’ objections could jeopardize consensual EU level politics or national political stability (Kleine 2013).

But in the Eurozone crisis, the Commission’s making exceptions to the rules resulted in another kind of politicization of EU governance in its relations with the Council—in particular when the Commission President quipped, when asked about making exceptions to the rules for France in the European Semester exercise, that it is: ‘Because it is France’ (Reuters, May 31, 2016). This led to a firestorm of accusations by Northern European finance ministers in the Eurogroup that the Commission President was playing politics (Der Spiegel online, June 17, 2016). The Commission response was that being a ‘political’ Commission meant paying more attention to citizen concerns, not playing politics.

Finally, even the ECB could be seen to have become increasingly ‘political’ in the exercise of its mandate. ECB President Mario Draghi not only went to the EP to publicly legitimate ECB policy, as mentioned above, he also quietly cultivated his relations with political leaders in the Council, most notably Chancellor Merkel. For Banking Union in particular, Draghi engaged over the course of a year in a ‘charm offensive,’ seeking to persuade Merkel to agree to Banking Union even as he sought to isolate the Bundesbank (Spiegel 2014). But in addition to such processes of persuasion on the ‘outside,’ the ECB president, much like the new intergovernmentalists suggest, also had to engage in a constant internal process of negotiation and consensus-seeking among the ECB board member representatives of the different member-states (Matthijus 2015).

In short, EU supranational actors are increasingly aware of the political implications of their decisions, and therefore seek political, and not just technocratic, ways to shore up their own power and legitimacy not just with other EU level actors but also with the citizens. Finally, as illustrated earlier, intergovernmental and supranational actors are also more politically sensitive to their interactions with the EP as they seek greater legitimacy, even as the EP seeks to reinforce its own influence by putting political pressure on other EU actors while attempting to forge stronger links with national parliaments and citizens.

Conclusion

In the EU, no one account focused on any one institutional actor and decision-making process can explain EU governance. What we are actually seeing is a growing empowerment of all EU institutional actors through an increasingly complex set of political interactions in which the ‘new’ dynamics of EU governance is about consensus-seeking deliberation as well as contestation, and in which power and interests remain important factors along with ideas. The one major problem with the differing ‘new’ approaches—as much as the ‘old’—is that they have failed to deal with the impact of EU governance on national democracies, as the locus of power and interest as well as the seat of consensus and deliberation has moved up to the EU level. This has resulted in a politicization of the national level, in which national level ‘politics *against* policy’ or even ‘politics *against* polity’ has replaced the earlier

‘politics *without* policy.’ Such national politicization has in turn had feedback effects on all EU actors, leading to a new political dynamics of interaction among EU actors in which EU level ‘policy *with* politics’ has taken the place of the earlier ‘policy *without* politics.’ As a result, while ‘old’ and ‘new’ may explain a continuing ‘policy *without* politics’ in some of the less salient domains, they do not account for the ‘policy *with* politics’ that we now find in the most contested areas.

So, twenty-five years on, what does the new political dynamics of EU governance mean for Andrew Moravcsik’s seminal work on liberal intergovernmentalism? First, its original criticism of realist approaches, that domestic interests matter for intergovernmental actors, remains a powerful insight. But it needs to be expanded from socio-economic interests to include political interests, with the recognition that EU policymaking is more influenced by domestic politics than ever before. Second, its central focus on intergovernmental actors engaged in hard-bargaining power relations remains important, but not to the exclusion of ideational power and consensus-seeking deliberation. Finally, the exclusive view of intergovernmental actors as in charge, while not wrong, in particular in Treaty negotiations, makes for an incomplete understanding of EU governance. It fails to account for the fact that supranational actors like the Commission, ECB, and other regulatory bodies exercise a great deal of control, especially in everyday practice and in areas in which they are autonomous; and that the European Parliament has increased its formal institutional and its informal ideational influence significantly.

How then can we depict the consequences of the ‘new’ political dynamics of governance for the architecture of the EU? Not as any move to some kind of ‘federal super-state’ in a multi-level Europe. Rather, the EU should be seen as an increasingly complex polity with a new political dynamics of interaction in which all EU actors have developed ‘new’ ways of wielding power and influence on top of the ‘old’ ones. The challenge for EU scholars therefore is to assess the comparative usefulness of these different theoretical approaches to the explanation of EU governance, taking into account the fact that differences in underlying analytic frameworks may lead to a focus on different kinds of evidence with different theories focusing on different EU actors. My own recommendation is for scholars to remain open to a pluralism of approaches, while ‘testing’ the validity of any and all such approaches against one another, by comparing and contrasting the results of their empirical analyses, to evaluate which approach or combination of approaches best serves to explain the theoretical issue and/or empirical problem in question.

And how can we envision a combination of such approaches to EU governance? The member-state governments continue to sit squashed all together in the driver’s seat of the double-decker bus, with one collective, consensus-bound foot on the gas pedal, regulating the speed, the other multi-ped foot ready to apply the brakes. But the engine itself continues to run reasonably smoothly nonetheless—even if sub-optimally—as supranational EU actors pump the gas through the system even when the intergovernmental actors fail to press the pedal, and ensure that the brakes don’t lock even when the intergovernmental actors apply them indiscriminately. Who is holding the steering wheel is the question. Many hands, none of which has full control—although Germany may have the heaviest hand of all.

So it is only with great effort, and agreement of all the actors, that the steering wheel can be turned in a new direction, say, onto a new highway. This is why it is easier to reinforce the rules rather than invent new ones. But there are shifts, as in the Eurozone’s reinterpretation of the rules ‘by stealth.’ However, these are generally incremental, with moves onto byways

rather than any sharp left or right turns, let alone U-turns, even when the rules don't work. The main danger is that member-states' citizens find themselves at the top deck of the bus, along for the ride but as far away as it is possible from the steering wheel, unsure who is in charge or in control, and increasingly unhappy about the direction. With the rise of populism as a direct response, the question is what will happen if they come storming down the narrow stairs from the top of the double-decker, to harangue the many-headed conductor and possibly to wrest away control of the steering wheel.

References

- Barnett, M. and Duvall, R. (2005) "Power in International Politics", *International Organization* 59 (4): 39-75
- Bauer M. and Becker S. (2014) 'The unexpected winner of the crisis: The European Commission's strengthened role in economic governance', *Journal of European Integration* 36 (3): 213-229
- Bickerton, C., Hodson, D. and Puetter, U. eds. (2015) *The New Intergovernmentalism* Oxford: Oxford University Press
- Blyth, M. (2013) *Austerity: The History of a Dangerous Idea* (Oxford: Oxford University Press)
- Braun, B. (2013) 'Preparedness, Crisis Management and Policy Change', *British Journal of Political and International Relations* 17(3): 419-444
- Brunnermeier, M., James, H., and Landau, J.-P. (2016) *The Euro and the Battle of Ideas*, Princeton: Princeton University Press
- Caramani, D. (2017). 'Will Vs. Reason: Populist and Technocratic Challenges to Representative Democracy', *American Political Science Review* 111 (1): 54-67
- Carstensen, M. and Schmidt, V. A. (2016) "Power through, over and in ideas: Conceptualizing ideational power in discursive institutionalism", *Journal of European Public Policy* 23(3): 318-337
- Carstensen, M. and Schmidt, V. (2017) 'Power and Changing EU Modes of Governance in the Eurozone Crisis,' *Governance* early view DOI: 10.1111/gove.12318
- Crum, B. and Curtin (2015) 'The Challenge of Making European Union Executive Power Accountable'. In Piattoni, S. ed., *The European Union: Democratic Principles and Institutional Architectures in Times of Crisis*, Oxford: Oxford University Press
- Dahl, R. (1957) "The Concept of Power", *Behavioral Science* 2 (3): 201-215
- Dehousse, R. (2016) 'Why has EU Macroeconomic Governance become more Supranational?' *Journal of European Integration* 38 (5): 617-631
- Hodson, D. (2015) 'De Novo Bodies and the New Intergovernmentalism: The Case of the European Central Bank'. In Bickerton, C., Hodson, D. and Puetter, U., eds., *The New Intergovernmentalism* Oxford: Oxford University Press.
- Dinan, D. (2015) 'Governance and Institutions: The Year of the Spitzenkandidaten', *Journal of Common Market Studies* 53 (1): 93-107
- Draghi, M. (2015) Speech to the EP Committee and Economic and Monetary Affairs (12 November) <https://www.ecb.europa.eu/press/key/date/2015/html/sp151112.en.html>
- Drudi, F., Durré, A. and Mogelli, F. P. (2012) 'The Interplay of Economic Reforms and Monetary Policy: The Case of the Eurozone', *Journal of Common Market Studies* 50 (6);, 881-898.
- Epstein, R. and Rhodes, M. (2016) 'The political dynamics behind Europe's new banking union', *West European Politics* Vol. 39, No. 3, pp. 415-437
- Fabbrini, Sergio. (2013). 'Intergovernmentalism and its limits', *Comparative Political Studies* 46 (9): 1003-1029.
- Fabbrini S. (2016) 'From Consensus to Domination: The Intergovernmental Union in a Crisis Situation', *Journal of European Integration* 38 (5): 587-599
- Fasone, C. (2014) 'European Economic Governance and Parliamentary Representation. What Place for the European Parliament?' *European Law Journal* 20 (2): 164-185.
- Haas, E. (1958) *The Uniting of Europe* Stanford, CA: Stanford University Press
- Héritier, A., Moury, C., Magnus, G. Schoeller, K., Meissner, I. (2016) 'The European Parliament as a Driving Force of Constitutionalisation'. Report for the Constitutional

- Affairs Committee of the European Parliament. PE 536.467
<http://www.europarl.europa.eu/committees/en/supporting-analyses-search.html>
- Hix, S. and Høyland, B. (2013) 'Empowerment of the European Parliament', *Annual Review of Political Science* 16: 171-89
- Hoffmann, S. (1966) 'Obstinate or Obsolete? The Fate of the Nation State and the Case of Western Europe', *Daedalus*, 95: 892-90
- Hooghe, L. and Marks, G. (2009) 'A Postfunctionalist Theory of European Integration: From Permissive Consensus to Constraining Dissensus', *British Journal of Political Science* 39 (1): 1-23.
- Howorth, J. (2014) *Security and Defence Policy in the European Union*, 2nd edition. London: Palgrave
- Ioannou, D., Leblond, P. and Niemann, A. (2015) 'European integration and the crisis', *Journal of European Public Policy* 22 (2): 155-176.
- Kleine, M. (2013) *Informal Governance in the European Union* Ithaca: Cornell University Press
- Kriesi, H., Grande, E. and Lachat, R. (2008). *West European Politics in the Age of Globalization*. Cambridge: Cambridge University Press.
- Mair, P. (2013) *Ruling the Void: The Hollowing of Western Democracy* London: Verso
- Matthijs, M. (2016) 'Powerful Rules Governing the Euro: The Perverse Logic of German Ideas', *Journal of European Public Policy* 23 (3): 375-391
- Moravcsik, A. (1993) 'Preferences and Power in the European Community: A Liberal Intergovernmentalist Approach', *Journal of Common Market Studies*, 31(4): 611-28
- Moravcsik, A. (1998). *The Choice for Europe* Ithaca, NY: Cornell University Press
- Moravcsik, A. (2002) 'In Defence of the Democratic Deficit: Reassessing Legitimacy in the European Union', *Journal of Common Market Studies* 40 (4): 603-624
- Peterson, J. (2015) 'The Commission and the New Intergovernmentalism'. In Bickerton, C., Hodson, D. and Puetter, U., eds. *The New Intergovernmentalism* Oxford: Oxford University Press.
- Puetter, U. (2012) 'Europe's deliberative intergovernmentalism', *Journal of European Public Policy*, 19 (2): 161-178
- Reh C., Héritier, A., Bressanelli, E. and Koop C. (2011) 'The Informal Politics of Legislation', *Comparative Political Studies*, 46 (9): 1112-1142
- Roederer-Rynning, C. and Greenwood, J. (2015) 'The culture of trilogues', *Journal of European Public Policy* 22 (8): 1148-1165
- Sandholtz, W., and Stone Sweet, A. (eds.) (1998) *European integration and supranational governance* Oxford: Oxford University Press
- Schimmelfennig, F.(2015a) 'Liberal intergovernmentalism and the euro area crisis', *Journal of European Public Policy* 22 (2): 177-195.
- Schimmelfennig, F (2015b), What's the News in 'New Intergovernmentalism'? *Journal of Common Market Studies*, 53: 723–730.
- Schmidt, V. A. (2006) *Democracy in Europe* Oxford: Oxford University Press
- Schmidt, V. A. (2015) 'Forgotten Democratic Legitimacy: "Governing by the Rules" and "Ruling by the Numbers"'. In Matthijs, M. and Blyth, M. (eds.) *The Future of the Euro*, Oxford: Oxford University Press.
- Schmidt, V. A. (2016) 'Reinterpreting the Rules "by Stealth" in Times of Crisis: The European Central Bank and the European Commission', *West European Politics* 39 (5): 1032-1052
- Spiegel, P. (2014) 'If the Euro Falls, Europe Falls', *Financial Times*, (May 14, 15, 17)
- Tsebelis, G. (2016) 'Lessons from the Greek Crisis', *Journal of European Public Policy* 23(1): 25-41.

Table 1: Three Approaches to EU Governance, Old and New

EU Governance	Intergovernmentalism		Supranationalism		Parliamentarism	
	Old	New	Old	New	Old	New
Analytic Framework	Rational Choice Institutionalism	Discursive Institutionalism Constructivism	Historical Institutionalism	Discursive Institutionalism Constructivism	Historical Institutionalism	Discursive Institutionalism Historical Institutionalism
Empirical Object of Study	Council	Council and <i>de novo</i> bodies	Commission	Commission and <i>de novo</i> bodies	EP	EP
Theoretical Argument	In charge via interest-based bargaining	In charge via ideas & deliberation	In control via institutional means	In control via ideas & deliberation	Gaining influence via institutional means	Gaining influence via institutional means and /or ideas & deliberation
Bases of Power	Coercive	Ideational	Institutional	Ideational	Coercive/ Institutional	Ideational/ Institutional