**How Theories of State-building**

**Explain the EU**

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**I. INTRODUCTION**

Over the years, scholars of the European Union (EU) have employed a variety of theoretical lenses, such as neofunctionalism, intergovernmentalism, multi-level governance, constructivism, and federalism, to explain the remarkable process of European integration. One lens that most EU scholars have avoided using, however, is that of state-building.[[1]](#footnote-1) The reasons for scholars’ reluctance to study European integration through the lens of state-building are clear. First, the European Union (EU) is not a state in the traditional, Weberian sense of the term. It does not, as Weber’s definition would require, command a monopoly on the legitimate use of force within a given territory. For many scholars, this fact alone renders the state-building lens irrelevant, encouraging them to turn to perspectives rooted in international relations or ones in comparative politics that do not emphasize the state as a consequential variable. Second, few if any of the actors involved in the construction of the EU understand their project as one of state-building. Even the most ardent advocates of European unity tend to frame the integration project as one of building a federation of states, rather than a project of state-building as such. Thus, even those who take a longer-term perspective on the EU’s institutional development hesitate to view it as an instance of state-building, since those involved in building the union tend not to see it that way.

While the reluctance of most scholars to embrace a state-building perspective on the EU is understandable, it is misguided. The state-building perspective implies no teleology: it does not suggest that the EU will eclipse national sovereignty and head inexorably toward becoming a Weberian state at the pan-European level. But the EU does not need to be a state nor be destined to become one for the state-building perspective to offer a powerful lens through which to understand the integration process. The literature on state-building is more about process than destination. By neglecting the state-building lens, scholars of the EU have missed out on a rich literature that offers profound insights on the processes through which the political authority of a new polity is constructed, as well pointing to the obstacles and tensions inherent in these processes.

We argue seeing the EU in terms of the history and theory of state-building allows us to understand its evolution more fully and calls our attention to causal factors and mechanisms explaining its path that would otherwise remain hidden to us. Counterintuitively, this is particularly true in these deeply unsettled times for the EU, when it is being challenged by popular backlash against its governance as well as by its highly charged institutional shortcomings and crises. The state-building literature focuses squarely on the difficulties of moving power to the center of an emerging polity and suggests the conditions under which and the processes through which it is more likely to occur successfully.[[2]](#footnote-2) It therefore offers a useful opportunity to compare and contrast, to explore the presence and absence of variables identified in the state-building literature, so as to better understand the EU’s uneven development.

To do this, we first point to two primary motivations – each associated with a particular set of causal processes – that have predominated historically in state-building and that are relevant to understanding the evolution of the EU: 1) state-building for security against military threats; and 2) state-building to capitalize on the economic gains from market integration. ‘Bellicist’ arguments focus on how changes in military technology and the presence of external threats open up political space and provide strategic actors with the incentive and political capital for state-building. Market-focused arguments emphasize how structural changes in the capitalist economy empower economic interests and create incentives for elites to develop administrative capacity and legal jurisdiction, facilitating commerce and economic growth. While various scholars tend to emphasize one or the other of these paths to state-building, the most “complete” political development in state-building has tended to only occur when both are present and can overcome the pushback and frictions from existing power stakeholders, and the publics whose loyalties lie with them. Turning this lens on the EU enables us to understand both the startling European level governance that has been built so far, as well as the “incomplete political development” of the EU polity, in a way not appreciated by most scholars and policy commentators. Applying the state-building lens, we argue that the roots of the EU’s incomplete construction stem largely from the fact that it has developed through a market-building logic, and much less through processes of collective security.

Second, the state-building approach also allows us to understand, more readily than other approaches, why the EU’s has developed in the particular manner it has, emphasizing technocratic, legalistic frameworks of governance rather than bold transfers of political authority, overt contestation, and coercion. The relative causal importance of markets over war has meant that the EU has sought its legitimation through voluntaristic, legally-based sets of formal institutions, rather than the EU developing as a Weberian state with the legitimate use of physical force at its disposal. This is a departure from most historic episodes of European state-building where political elites wrested power to the center in the midst of political violence and drew on impassioned nationalist support for building the state. But the EU’s path is not wholly unfamiliar in that the early development of states like England and France in the late middle ages also involved a heavy initial emphasis on state-building through the construction of judicial institutions (Strayer 1970; Fukiyama 2012, p.271). Uneven aspects of the EU’s institutional developments that see extensive legal obligations backed with little or no central capacity for enforcement often make little sense from a functional point of view, but become less puzzling when placed in the context of a state-building approach focused on the use of the law and technocratic initiatives rather than more overt transfers of authority.

The state-building perspective therefore encourages us to change the time horizon of our analyses. Observing the EU’s frustratingly slow and ineffective responses to a recent slew of crises, it can be tempting for EU scholars to conclude the EU is making little progress in developing the institutional capacities needed to meet pressing challenges – perhaps not enough to survive at all. While not discounting the magnitude of the EU’s recent failures, the state-building perspective encourages us to step back, and take a far longer-term perspective. Historical experience shows that even when both logics described above – security and market-building – are at work, state-building is a slow, bloody, contested, uneven and contingent thing. State-building does not occur through the neat implementation of a master plan, but rather the messy unfolding of politics, which results in suboptimal state capacities of various sorts in every case. The state-building lens suggests that increasing politicization of EU politics (what some call the post-functional phase) should come as no surprise. Despite the decades of efforts to insulate the EU from mass politics, impassioned political contestation is to be expected because the EU involves a deep transfer of political authority in areas of “core state powers” (Genschel and Jachtenfuchs 2014) to the European level, much like those that occurred in historic process of state-building. In short, the state-building perspective asks us to think in decades rather than years, and to expect failures, intense political battles, and messy compromises along the way.

The remainder of this paper is divided as follows. In section II, we review how leading theories of European integration conceptualize the EU polity, and highlight the advantages of state-building and political development as an alternative lens on the EU. In section III, we present two brief empirical case studies or vignettes to illustrate the analytic leverage offered by the state-building perspective. First, we suggest that the state-building lens helps account for the flawed design of a euro, as the lack of pressures for war fighting capacity meant little political momentum for fiscal union, causing tremendous strains on this area of governance. Second, Schengen – and its shortcomings - can also be understood in a new way through state-building: the dismantling of borders in the core countries of the EU has been pushed by the EU’s market-building logic, but this was not matched initially by state-building along the security dimension, that is, the construction of centralized capacities for border control. Section IV concludes with a call for more attention to the history and theory of statebuilding as a way to understand the EU’s current crises.

**II. THE EU AS A CASE OF STATE-BUILDING**

In recent years, the EU has suffered a seemingly endless series of crises that many observers feared challenged its very existence. Starting in late 2009, the eurozone financial crisis has been a heavy burden on EU economic health and social solidarity. More recently, the Mediterranean migrant crisis has both led to thousands of deaths at sea and spurred a popular backlash against free movement within Europe, a cornerstone of the EU project. The outcome of last summer’s Brexit referendum triggered a process that will see a member state leave the EU for the first time in its history, a startling departure from decades of enlargement. Finally, the EU is facing a crisis of democratic backsliding at the national level, struggling to respond effectively as an electoral autocracy emerged in Hungary and as Poland has moved rapidly in the same direction.

Yet despite these stark challenges, the EU remains a profoundly innovative and consequential form of political organization. It is undisputable that the EU today exercises significant power over the citizens of its member-states (McNamara 2015). Despite disagreements across its members, a very limited budget, and a seeming lack of cohesive political identity, the EU has decisively changed national governance in Europe, particularly in areas such as market regulation, international trade negotiations, and monetary policy. Not only has authority over internal matters been transferred, the EU has also been given authority to act externally on behalf of its members – acting as a unified foreign policy actor in a number of areas and thus altering the dynamics of the international system.

Despite the far-reaching transfers of authority to the EU level that have occurred over the past six decades, the study of the EU continues to draw primarily on either international relations theories that do not anticipate such far-reaching transfers of authority away from the state, or on various institutionalist approaches that do address such transfers of political authority but do not undertake direct comparisons with the rich history of state-building.

***i. How Others Study the EU***

How have other scholars addressed the emergence of the EU as a political authority? Simply put, few observers of the EU have focused on questions arising from this transformation. In what arguably can be thought of as the formative years of the discipline of EU studies, American political scientists were often guided by a perspective that situated European integration as a puzzle about cooperation under anarchy, as most political scientists studying European integration have tended to come from the subfield of international relations (e.g., Haas 1964; Hoffmann and Keohane 1991; Moravcsik 1998). From this perspective, the sources of cooperation among sovereign nation-states and the modes of cooperation themselves were the object of study, often through the application of intergovernmentalist or neofunctionalist accounts. There was little assessment of the potential for even quite intensive European cooperation to transform the nature of EU political dynamics away from anarchy and towards something more akin to the stable, shared expectations and binding institutions of the domestic political realm. The deeper consequences and potential challenges of the evolution of political authority to the EU lay outside the boundaries of much of the predominant US approach to European integration, in which anarchy (the lack of legitimate government across sovereign states) cannot be overcome or transformed between nation-states.

From this perspective, the EU is an intergovernmental grouping of states that come together to cooperate, but whose national sovereignty is not significantly compromised. The EU is a sensible institutional solution to the challenges of world markets, pushed forward by private interests--banks and firms intent on creating a big European market for their products (Mattli 1999, Sandholtz and Stone Sweet 1998). Others have argued that the EU is best understood as an intergovernmental solution to more security related concerns or balance of power dynamics (Rosato 2011). For many years, the dominant view was that the puzzle of extensive EU cooperation is best explained by understanding the material interests of the participating states and their relative bargaining power in EU negotiations (Moravcsik 1998). Political authority does not arise as an issue, as the source of the EU’s legitimacy is similar to that of international organizations: democratically elected national leaders have decided in considered and thoughtful ways to delegate various economic or security or welfare responsibilities to the European level (Moravscik 2002, Pollack 2003).

One group of scholars, the neofunctionalists, pushed the logic of their theoretical insights to encompass the development of a governance regime with truly supranational characteristics, but still remained conceptually rooted in international relations (Haas 1964, Burley and Mattli 1993). Though scholars in the neofunctionalist tradition came to view the EU as a polity in its own right, they assumed that because the EU lacked (and still lacks) essential elements of statehood it could not be studied fruitfully through theoretical lenses associated with state-building. Scholars in this tradition have developed a novel vocabulary built around concepts such as ‘multi-level governance’ (Marks, Hooghe and Blank 1996, Hooghe and Marks 2001, Bach and Flinders 2004) and institutionalization (Stone Sweet and Sandholtz 1998), designed to set aside questions of stateness.

Other EU scholars have moved beyond an emphasis on material interests and formal institutions alone to explain the path of EU integration, focusing instead on the role of ideas and norms. Shared ideas about monetary policy have been identified as critical to exchange rate cooperation in Europe and the creation of the euro (McNamara 1998, Verdun 1999). Similarly, ideational approaches have been helpful for questions about the overall blueprint for European integration and other important empirical puzzles (Parsons 2003). In these accounts as well, however, the EU remains a case of international cooperation, not a political authority in its own right.

The scholars who came closest to viewing European integration through a state-building perspective are those who have applied the theoretical lens of federalism to the EU. Pioneering scholars such as Friedrich (1969), Forsyth (1981), Capelletti, Seccombe and Weiler (1986), Scharpf (1988); Dehousse (1992) and Sbragia (1992) led the way in applying the analytic lens of comparative federalism to study the process of European integration. Over the past two decades, comparative federalism has gone mainstream in EU studies, with a series of studies demonstrating the analytic benefits of analyzing the EU through the lens of comparative federalism (see for example McKay 1999, 2001; Nicolaidis and Howse 2001; Börzel and Hosli 2003; Kelemen 2004; 2014; Kelemen and Nicolaidis 2007; Ansell and di Palma 2004; Fabbrini 2005, 2010; Menon and Schain 2006). But even amongst scholars who applied a federalism lens to the EU, most steered away from the concept of state-building and from engaging the abundant literature in comparative politics on state-building. Clearly, works that analyze the formation of new federations from previously independent states are relevant to our approach (McKay 1999, Kelemen 2014), but given that only two such federations have formed in modern history (the US and Switzerland), the theoretical and empirical literature on this process is limited. By contrast, the literature on the process of state-building more generally is one of the richest and most extensive in political science. Thus, if EU scholars expand our perspective to encompass processes of state-building outside of just the federalism context, they can draw on – and contribute to - one of the best developed literatures in the discipline.

***ii. State-building and Political Development as an Alternative Lens***

We argue that the development of the EU can be understood better as a process of state-building, than as an example of international cooperation or as a *sui generis* multi-level governance process. State-building is only the most recent and most successful version of a very longstanding set of processes that have been at work for centuries, producing a variety of different political entities, the vast majority of which have faded from view. From the late Middle Ages to the early nineteenth century, the Holy Roman Empire, Italian City-States, and the Hanseatic League, for example, each had their moments, but all eventually gave way to the dominance of the nation-state (Spruyt 1993). While the EU still suffers from what John Ruggie has called our “lack of vocabulary” for understanding its particular emerging governance architecture, the movement of political authority that has occurred has clear parallels with the processes at work in the rise of the nation-state (Ruggie, 1993, 140). The history and theory of state-building can therefore help illuminate both the processes by which and the processes through which successful European-level political development can occur.

There have been efforts to consider the EU in terms of other historical forms of governance, challenging us to draw out the differences and similarities with past political orders (Bartolini 2005, Caporaso 1996, Marks 1997, Marks 2012, Ruggie 1993). A few scholars have begun to explicitly compare the EU to historical processes of state formation or state-building, without assuming that the EU will or should evolve into a state (Goldstein 2001, Kelemen 2004, Kelemen 2007, Kelemen 2014, McNamara 2011, Menon 2017, Merand 2008, Börner and Eigmüller 2015, McNamara 2015a and 2015b). But here we are making the most comprehensive and encompassing claim as to the relevance of the state-building literature and historical experience.

Fortunately for the questions we are asking, state-building has been one of the central axis of investigation across the social sciences and humanities, and it forms the core of the comparative political development field. A rich set of literatures probes the multitude of ways in which states have developed the capacity for rule, the causal factors behind the drive towards consolidation at the level of the nation-state, and the contestation and creativity that has marked the process of state formation (Tilly 1975, Poggi 1978, Evans, Rueschemeyer, and Skocpol 1985, Skowronek 1982, Bensel 1991). The concentration of political authority has been a crucial part of the often tumultuous building of state capacity at every step in the way, from early modern France and England, to the consolidation of the American state during the US civil war, to the revolutions of the Arab Spring states today.

For our purposes, the most fruitful way to use the state formation literature is not as a yardstick by which to measure the EU’s “state-ness”, but instead to help identify and disaggregate the specific processes at work on the development of the EU’s political authority. Though the form and content of governance in the contemporary EU will of course differ in important ways from the historic experiences of nation-states, the causal processes through which the EU builds its authority may be very similar to those of the past. Adopting the historically attuned lens of state-building helps us to distinguish and understand the aspects of the EU’s political development that are familiar from the past and those that are novel.

The state-building literature is eclectic and spans a diverse set of studies. But it can be characterized as sharing an insistence on the importance of historical processes, identifying specific sequences, and configurations of governance and rule, that have critical consequences for what comes afterwards. A rich literature has looked at the evolution of political forms in the Western world. Most of the work focuses on the rise of the nation-state as the triumphant political entity that arose, out of a cacophony of different types of governance systems, to become the world wide standard by the beginning of the 20th century (Spruyt 1994). The gradual emergence of states as the main way to organize political life on a large scale occurred in fits and starts, following multiple paths. Rather than unfolding in a cohesive act of historical innovation, the nation-state morphed from its earliest forms in the centralizing French and English states of early modern Europe, to the burst of state formation that swept across Germany, Italy and elsewhere in the second half of the nineteenth century, to the wave of post-colonial states created after the World Wars, to the velvet revolutions of 1989 and beyond. The rise of nation-states had profound but often discontinuous effects on the people living under this new form, and on the relations across these new political units. This uneven and bumpy path to political consolidation provides a useful analog to the EU case, both in specifying the causes of political development and in reminding us of the often slow, conflict ridden and contingent nature of these processes.

Scholars have identified two main logics at work in pushing forward the development of the nation-state: 1) a quest for security against military threat; and 2) the drive to capitalize on the economic gains from market integration. Focusing on these two causal logics helps illuminate the particular nature of the EU’s political development, underlining crucial similarities and differences to instances of state-building that came before. Crucially – as noted above – analyzing the EU’s development through these logic does not assume that it is destined to become some sort of pan-European superstate. Even if the EU never comes to encompass the full range of core state powers that national states do - and we do not think it will – the state-building perspective still offers major insights into the EU’s process of political development.

First, theorists of state-building and comparative political development have demonstrated the historical importance of war, changes in military technology and shifting security threats in pushing forward the transformation of political forms (Porter 1994, Downing 1992). From this perspective, the functional demands of war fighting, such as revenue extraction and logistical complexity, create strong incentives for motivated elites to consolidate and centralize administrative powers and to move from personalized, traditional forms of politics to bureaucratized, rationalized and impersonal ones (Hintze 1975, Porter 1994). In early modern Europe, changes in military technology began to favor mass infantries: this gave advantages to rulers who controlled larger territories (and hence could assemble larger armies), and it favored more centralized rule over the decentralized feudal system by diminishing the importance to the ruler (and hence the leverage) of armored vassals. Just as important as these structural factors, the perception of a security crisis has often been crucial in overriding the objections of societal groups and local officials to the transfer of power away from local authorities. These dynamics are captured in Charles Tilly's succinct phrase: "War made the state and the state made war" (Tilly 1975, 42).[[3]](#footnote-3) As part and parcel of providing external security, state builders establish and defend territorial boundaries that delineate their state from its neighbors (Finer 1974). It is this “Westphalian state” that would eventually emerge as our most familiar model where “monopolies of legitimate violence, rational bureaucracies and centralized policy-making authority correspond to territorially exclusive political orders” (Caporaso 1996, 34).

The second major logic at work pushing political development, according to the literature on state-building, is in the market advantages that come with political consolidation and the territorialization of regulated spaces. Scholars have emphasized how increasing marketization of local economies and the development and routinization of long distance trade, caused a new merchant class to push for centralized political authorities in the form of a territorial sovereign state, to stabilize and regulate these new markets (Spruyt 1994). As economic activity becomes more integrated and complex, societal actors make claims on the state to stabilize and regulate markets against the volatility inherent in their growth (Poggi, 1978; Skowronek 1982). Rules are drawn up, with the aid of newly constructed courts with larger jurisdictions that span across old borders, to enable markets to function. The historic reciprocal relationship between market construction and polity construction has been identified as emblematic of the need for authoritative governance structures to sustain markets (Polanyi 1944, Ruggie 1982, Fligstein and Stone Sweet 2002).

Historians have emphasized the central role that the construction of national judiciaries played in the process of statebuilding in late medieval and early modern Europe (Fukuyama 2012, p.271; Strayer 1970, pp.26-31; Berman 1983, p. 406). Rulers trying to construct new states worked to replace fragmented local legal orders and judicial institutions with uniform, overarching systems of law enforced by the King’s courts, often in the service of market making. They did this both by layering their new legal institutions atop the old, and by converting those pre-existing institutions to serve the purposes of the state-builder.

Considering these logics of statebuilding and the causal processes that typically accompany them offers powerful insights into the development of the EU – into its particular strengths and weaknesses and into the processes through which its authority has grown. In short, these perspectives help us understand why and how the EU has developed much more as a “law-state” (Strayer 1970) focused on the establishment of a common market than as a Weberian state focused on monopolizing coercion and securing borders. These perspectives also help us understand that many of the profound tensions and internal contradictions the EU faces result from its having gone so far along one dimension of state-building, while remaining so stunted on the other.

The security related, bellicist storyline touches on certain facets of the EU’s development, but in different ways from the historical cases referenced in this literature. It was the shadow of war, not in its crucible, that sparked both the early European integration project and its later deepening. In Europe, the desire to minimize the potential for a revival of hostilities among the great powers was a critical original motivation for European integration, expressed in the European Coal and Steel Community (ECSC) in 1952 and the signing of the Treaty of Rome in 1957 (Dinan 1994 pp. 9-38, Trachtenberg 1999). The continued deepening of the EU project over the following decades has been understood by many as an attempt to solve the 'German problem' by binding Germany tightly together with its former enemies in a quasi-federal union with a single currency and the rest (Sandholtz 1993, Dyson and Featherstone, 1999).

Yet the particular historical configurations of the EU’s faint and attenuated security pressures meant there has been far, far less concentration of political authority in the security domain in the EU than in other processes of state formation. Functional pressures and political incentives to concentrate authority over security and defense were dramatically attenuated by the formation of NATO and the Cold War context. In short, with the failure of the European Defense Community Treaty in 1954 and the accession of West Germany to NATO in 1955, NATO emerged as the dominant collective security organization for Europe’s emergent political union. Even as the EU later developed a Common Foreign and Security Policy and a European Security and Defence Policy, the union’s development as a security actor always lagged significantly its development as an economic and legal power.

The parallels between historical cases of state-building and the EU are easier to see through market focused logics than in the security realm. A key goal of the EU's foundational document, the Treaty of Rome, was the creation of a single European market with the protection of the 'four freedoms’—the free flow of people, goods, capital and services. The 1985 Single European Act, which strove to remove all barriers to commerce across the EU by 1992, was a milestone in the achievement of this goal (Sandholtz and Zysman 1989). Private commercial interests actively promoted the European single market and European political elites saw the gains from consolidation of European markets (Green Cowles 2012). Interested European political actors strategically used the market as a frame to overcome resistance to the centralization of authority that such rule making and market governance entailed (Fligstein and Mara-Drita 1996; Jabko 2006). As in historic cases of state-building focused on market logics, the construction of the EU’s single market depended crucially on the construction of common judicial institutions. In the EU as in early formation of European states, building a market required building a pan-European judicial order - a law-state (Strayer 1970). As in historic episodes of state-building through law from 12th and 13th Century England and France (Berman 1983, chapter 13; Tamanaha 2008, p.404), to the 19th Century United States (Crowe 2012, Skowronek 1982), the establishment of the EU’s judicial order has been occurring incrementally through processes of *layering* and *conversion* (Mahoney and Thelen 2010). First, the EU has layered atop national judicial orders a new pan-European judiciary, with the Court of Justice of the European Union (CJEU) at its apex, which has grown incrementally over the decades to the point where it handles thousands of cases per year and is recognized as one of the most powerful legal orders in the world. Rather than seeking to displace existing national judicial orders, the EU’s legal centralizers – like law-state builders before them - have worked to convert national courts (through networking, education, and training schemes) to act as agents of the EU (Kelemen 2015).

The EU’s unusual development as a peacetime, voluntary entity among political units of equal legal status is reflected in its unique institutional form. Though the governance system of the EU has slowly evolved over its more than half a century of existence into a very powerful generator of rules, it has done so without establishing a monopoly on the legitimate use of physical force within its territory as in Weber’s classic description of the nation-state (Weber 1918/1991). The fact that NATO essentially acted as the collective security umbrella for EU member states helps explain why the EU has consolidated so much power through institutional, legal, rational-bureaucratic, and symbolic political authority, even as it did so little in terms of centralizing control of the use of force.

The state-building perspective also suggests that the EU may face fateful choices in the near future. While some historic state-building projects were, like the EU, driven initially by a focus on market construction and law, the successful ones eventually gained authority over external security and more of the coercive apparatus associated with the Weberian state. The EU has moved far along the path of institutional development with its focus on building a law-state, but it is unclear whether it can sustain this path without establishing greater authority in the security field. The EU’s failings in responding to the refugee crisis have highlighted the limitations of a polity with ample legal rules (Schengen, the Dublin Regulation, the Common European Asylum System and so on) concerning border control, free internal movement and the treatment of asylum seekers, but with extremely limited executive capacity to enforce those rules and no control over physical coercion.

Moreover, in the external security realm, recent statements by the US President have undermined NATO’s collective security commitment, and external threats to the EU from a bellicose, revanchist Russia are increasing. Moreover, the combination of fiscal pressures and the increasing sophistication of military technologies is making it difficult for most EU states to maintain full-spectrum militaries – thus enhancing pressures on them to functionally specialize and cooperate with one another. In this context, EU leaders have pledged in recent declarations (in Bratislava following the Brexit vote and in Rome on the occasion of the EU’s 60th anniversary) to intensify their collective defense. It remains to be seen if they will deliver on these pledges. But surely the historical experiences of other states in centralizing defense policy can highlight the tensions and choices the EU will confront in this process – whatever the outcome.

Having built our template for what causal stories we can take from state-building literature that link to EU outcomes of institutional development, we turn to two cases that illustrate a continuum of different configurations of the presence/absence of key variables to push political development, suggesting that situating the EU’s experience in terms of the theory and history of state-building allows us to more readily understand the outcomes of incomplete political development.

**3. EUROPE’S INCOMPLETE POLITICAL DEVELOPMENT**

The cases of the euro and the Schengen free movement area are two instances of bold governance innovations at the EU level that have suffered from what seem to be puzzlingly flawed institutional arrangements. While key powers over money and movement of people have been transferred to the European level, challenging conventional understandings of national control over money and borders, other critical policy capacities needed to support those innovations remained rooted in the member-states. In the case of the euro, fiscal union and collectivized debt have been widely viewed as necessary to keep the Eurozone together, but despite the ongoing crisis, we have seen only stealthy, technocratic movements towards such capacity. With Schengen and migration policies, while internal barriers to free movement were removed and while states made legal commitments with regard to external border control and common asylum policy, until very recently national governments continued to monopolize the actual control of those borders and reception of asylum seekers. This uneven development continues to plague the EU migration policy regime and threatens its very survival.

While many observers have criticized the EU’s imperfect governance in these areas as bad design, we offer a different perspective, culled from the statebuilding literature: what the euro and Schengen both represent is the incomplete political development that is a function of the very different underlying causal conditions for the EU in contrast to the broader history of state-building. In the case of the EU, market integration logics have produced state-building akin to historical cases, but the absence of security pressures means that the particular form the euro and open borders have taken differs dramatically from the standard nation-state examples. The lack of political opening normally provided by war fighting and security threats has meant the EU has had to develop its capacities using law and technocracy to gradually shift power to the EU, rather than coercively wresting the power away. The limits of this route to legitimacy have constrained the EU in ways that have produced the incomplete development it struggles with today. Below, we briefly outline the empirical illustrations of these dynamics.

***Currency without Money***

When the Economic and Monetary Union (EMU) began in 1999, with euro notes and coins introduced in January 2002, it represented a startling move of fundamental state power to the EU level. Melding the currencies of the core countries together fulfilled a dream of early advocates of the EU, who saw a single currency as a critical milestone in the political integration of Europe (Sandholtz 1993). The reality of euro has departed dramatically from the hopes of its creators, however, and in the process, profoundly destabilized the European project as a whole. The state-building approach, however, could have readily predicted the troubling incompleteness of the design of EMU, and why the construction of political authority to the European level would occur as it did. Simply put, the absence of the necessary push of security threats and war fighting, which historically created political openings for fiscal union and common federal debt, meant that such a overt movement of political authority to the EU level was out of the reach of European elites. Instead, the Eurozone has developed in a highly technocratic, rule based way that has attempted to replace overt and impassioned contestation with stealthy policy construction.

As hard as it is to remember now, initially, EMU was viewed as an highly successful innovation in European governance. In the run up to the euro’s creation, member states that had previously struggled with inflation and financial instability reduced their deficits, debts, and inflation levels, incentivized by the Maastricht convergence criteria. Once created, the euro spurred deeper financial integration, previously the most elusive part of the European single market program. EMU also allowed member states such as Italy to borrow money at lower rates, closer to that of Germany. Externally, the euro quickly gained a toehold in the international system as a strong, stable currency, with some observers arguing it had a chance of rivaling the dollar as the hegemonic currency of choice. While the dollar remained the most frequently used currency for international invoicing and the most important foreign exchange reserve currency, the euro made serious inroads in other areas, particularly in international bond issues (McNamara 2008).

However, the borrowing sprees that marked the 2000s meant a growing pool of unsustainable debt was accumulating in certain Eurozone member states, most prominently Greece, as well as Portugal, Italy, Ireland, and Spain. As the 2007-2008 global financial crisis melted down the international economy and dried up further financing, cracks in the Eurozone’s foundations soon became visible. By the end of 2009, financial markets began to dump Greek assets amid fears of unsustainable debt levels, given that government’s record of fiscal mismanagement and inability to collect tax revenues. The crisis called into question whether the Greeks could remain in the euro or whether they would have to default on their debt and leave EMU. While the Greeks ultimately chose to remain, the subsequent austerity policies required by the EU and the IMF in exchange for massive bailouts had a devastating impact on the Greek people. Moreover, financial pressures soon spread beyond Greece, and the other high debt states likewise have had to endure years of austerity, grinding unemployment, and slow growth, contributing to the rise of EU skeptic and populist parties.

The Eurozone crisis has been analyzed through a variety of lenses, with most observers agreeing that the crisis revealed the shortcomings of the institutional set up of the Eurozone: namely a single currency not embedded within a broader fiscal union or federal system to support it, spread risk more sustainably, and contain insolvency. But the deeper roots of this suboptimal European institutional arrangement has remained poorly understood. Some observers have justly lamented the magical thinking involved in the loose application of the Maastricht convergence criteria, and specifically the inclusion of Greece in the first place (Manolopoulos 2011). Others have picked apart the design of the Eurozone and skewered EU leaders for their mistaken emphasis on austerity to bring down debt levels (Stiglitz 2016). Some have analyzed the Eurozone as a standard case of open economy politics, focusing on things like the heterogeneity in societal preferences for fiscal policy across the Eurozone, and arguing that “a diverse economic geography accounts for the political constraints on national governments keeping them from furthering fiscal integration” (Beramendi and Stegmueller 2016).

These explanations all have merit, but they miss key variables drawn from the state-building literature that more effectively explain the incomplete development of the Eurozone. Using the lens of state-building highlights that the eurozone’s biggest challenges come not simply from its economic suboptimality or geographic variation in preferences. Instead, the EU lacks the key underlying causal conditions that have prompted the successful construction of political authority over money in the past. Historically, national currencies were created in tandem with national fiscal capacity as part of a larger burst of state-building. This complete institutional development occurred in the context of both intensive market integration and war in cases such as the United States, Italy and Germany. The state-building examples demonstrate that in times of security threat, political elites have had more latitude to use coercion to overcome opposition to the immense transfer of authority that taxing, spending and borrowing constitutes.

*The Role of Money in State-building*

To understand the incomplete political development of the Eurozone area, it is necessary to start with the observation that monetary consolidation and the creation of a national currency have been a component part of broader state-building processes, engaging deeply contested dynamics (Helleiner 1998, Gilbert and Helleiner 1999, Woodruff 1999, and Cohen 1998). While much of the scholarly analysis of EMU has assumed it is an example of rational delegation and international cooperation to reduce transaction costs, most of the European national currencies were created in the burst of modern state-building in the second half of the nineteenth century. The US is no exception: the greenback was created as the official and unique standard American currency only during the US Civil War. This should not surprise us, as currency consolidation institutionalizes the power to rule and control, and is generally "hard-won, the culmination of a process of organized coercion and political negotiation similar to those that resulted in the other powers defining the modern nation-state" (Woodruff 1999, p. 3).

Why was the consolidation of currency sought by powerful political elites? A national money can be a crucial component of state capacity in times of warfare, facilitating the collection of revenues, payment of federal expenditures, and organization of debt. But a single currency can also aid in the development of a national single market, simplifying transactions and lowering uncertainty across economic actors. Nationalizing the currency can enhance the growth and efficiency of private financial markets, allows for seinorage gains, and can be a tool of national identity creation (Helleiner, 1998, Helleiner 2002; Risse 2003, Hymans 2002, McNamara 2015).

How does this revolutionary change then occur? Just as the broader state-building literature discussed above suggests, the causal factors of war and market integration can be vitally important for currency consolidation and its consequences. Only if motivated public actors are able to seize the opportunities presented by a period of security threats or the political demands of an enlarging market, they may successfully move governance towards the center of a political system. Societal groups may be more likely to support currency consolidation (or at least not mobilize in opposition), as the fact of war or economic instability may cast a legitimizing light on government reorganization and power centralization. The creation of the euro is therefore very much an outlier in the history of state-building, even as it engages similar processes of power and authority transfer.

*The Eurozone’s Incomplete Institutional Design*

It is our contention that the eurozone’s incomplete institutional design can be best explained by the comparative politics of money creation. Most observers note that the Eurozone needs at least four key institutional features: 1) a central bank that can generate market confidence and liquidity; 2) a banking authority that can regulate financial risk and uncertainty across the euro zone; 3) mechanisms for fiscal redistribution and economic adjustment in times of crisis; and 4) a sense of political solidarity to navigate the conflicts that arise in financial crises (McNamara 2015). Yet the Eurozone only partially meets these criteria today, worrisome given similarly incomplete currency unions such as the 19th-century Scandinavian Monetary Union and the Latin Monetary Union disintegrated when under stress.[[4]](#footnote-4)

The reason for this incomplete development, suggested by the state-building literature, is the absence of direct security threat surrounding the eurozone’s creation and evolution. The Euro was created in the shadow of war, not in its crucible, and therefore the impact of war has been fainter and more attenuated than in cases like the US case, where Southern succession and the outbreak of the Civil war brought immediate and pressing financing needs in the US case, leading to the imposition of the greenback by the Republicans as the ruling political party (1991). Instead, war's impact on EU statebuilding has been less direct and therefore less potent. The desire to minimize the potential for a revival of hostilities among the great powers was a critical original motivation for European integration, expressed in the European Coal and Steel Community (ECSC) in 1952 and the signing of the Treaty of Rome in 1957 (Dinan, 1994, 9-38). The continued deepening of the EU project over the following decades has been understood by many as an attempt to solve the 'German problem' by binding Germany tightly together with its former enemies in a quasi-federal union. To further this end, a single money was promoted by various political actors and agreed to by European leaders as early as 1969 (Tsoukalis 1977). The hope was that if the countries of the EU pooled their sovereignty into one single monetary authority, the European Central Bank, and one single currency, the euro, these functional ties would tightly bound the formally factitious and warring states of Europe together once and for all (Sandholtz 1993, Jabko 1999, McNamara 1998). Although these political ends were the most important motivator, the immediate public relations selling point used repeatedly by European elites and Eurocrats was that a single currency would promote more internal trade and investment in Europe’s single market (Emerson and Gros 1992).

However, Europe only moved decisively towards the Euro in 1992 with the signing of the Maastricht Treaty, which outlined the rules governing EMU, the European Central Bank and the Euro. The decision at Maastricht was not incidental in its timing. In the cauldron of uncertainty surrounding the end of the cold war, the fall of the Berlin wall in 1989, and the reunification of Germany, European leaders, particularly French President Mitterrand and German Chancellor Helmut Kohl, saw the binding of European nation-states with Germany in a cooperative union with a single currency as an important goal (Sandholtz, 1993; Dyson and Featherstone, 1999). A European single currency might have the potential to glue Europe together so that secession from the EU and the peaceful community of states would be less likely, just as the Northern Republicans hoped the dollar would help reengineer the American union. Thus, the end of the cold war can be argued to be a catalyzing event for a longstanding interest in monetary integration in Europe, as the civil war was for the US . While EU leaders had a desire to lock in unity, the level and immediacy of threat was definitely attenuated, not immediate. Europe faced the end of an external cold war in partnership with a reformed Germany, not the mobilization for a bloody civil war or facing external threat.

It is market integration in the EU that is the causal factor that more closely parallels historical cases undergirding the development of a single currency. A key goal of the EU's founding constitution, the Treaty of Rome, was the creation of a single European market, with free flows of people, goods, capital and services. This goal was given a tremendous boast by the 1985 Single European Act, which strove to remove all barriers to commerce across the EU by 1992 (Sandholtz and Zysman 1989; Moravcsik 1998; Green Cowles 1995). The single market, in turn, was cited as a key reason for the drive to a single currency by EU and national officials alike. The European Commission actively promoted this view, codified in a often cited report, *One Market, One Money,* which made the case that the EU's market necessitated a single currency (Emerson and Gros, 1992).

*State-building on the Sly?*

In contrast to the history of state-building, EMU was voluntarily agreed to, not coerced, among states of legally equal status.[[5]](#footnote-5) The truncated nature of EU governance has mean that the EU must rely on administrative rule making as the chief means of policy development and on the European Court of Justice and the national administrations of the member states for implementation and enforcement (Majone 1993). This has been evident in the ways in which the euro-zone crisis has led the EU to build new institutional foundations and upgrade its political solidarity in significant and surprising ways, far beyond what the [original foundations for Economic and Monetary Union](http://www.amazon.com/The-Currency-Ideas-Monetary-Political/dp/0801486025) included. The European Central Bank has played an unexpectedly aggressive role (to the tune of over 1 trillion euros in loans) in keeping the euro zone’s members solvent, and the newly created European Banking Union may help avoid future crises. Economic adjustment has been eased by the 2012 creation of the European Stability Mechanism, a slush fund for countries in trouble, and the implementation of extensive bond buying with Outright Monetary Transactions (OMTs). But more robust institutions of fiscal redistribution, such a single, [E.U.-wide Eurobond](http://www.tandfonline.com/doi/abs/10.1080/07036337.2014.990137) or the automatic stabilizers present in every other functioning monetary union, remain off the table (Matthijs and McNamara 2015).

Instead, the path of EU’s political development even under the pressures of the Eurozone crisis has been a much more technocratic and legalistic one than in historical cases, with institutional developments occurring in oblique and politically acceptable ways rather than as the result of overt contestation of political power.

As future US Treasury Secretary Top of Form

Bottom of Form

Alexander Hamilton argued against his many skeptics in 1781, "A national debt if it is not excessive will be to us a national blessing: it will be a powerful cement of our union.” The lifting of the prohibition on a European federal debt, and the creation of overt taxing and spending capacities would be a similarly critical element in the resolution of the current financial crisis and beyond. But the history of state-building suggests that it is unlikely without an existential security threat to give political actors cover. While the euro’s technocratic insulation was a political boon for its creation, it is turning out to be a flaw very difficult to overcome.

***iii. Borders without a State***

The statebuilding perspective sheds light on the incomplete and highly uneven character of the EU’s migration policy regime. The uneven development of EU migration policy reflects the fact that market and law-state logics rather than collective security logics have dominated the development of EU migration policy to date. From its inception in 1985 to its official launch in 1995 and beyond, Schengen has been intimately tied to the project of completing the single European market (Lahav 2004; Guiraudon 2000). Internal borders between EU member states were a major impediment to the free movement of goods, services, capital and labor – so the removal of these borders became an integral part of the single market project. The architects of Schengen realized that the elimination of internal border controls necessitated the establishment of a common external border. As one senior EU official put it in 1990, ''the principle of free movement within the region is built around having solid external borders. So the internal frontiers cannot come down until measures are taken to secure the external borders”(Riding 1990). Yet, European leaders approached the issue of external border security in a strictly legalistic manner: they established common rules that states on the external border were to enforce, but due to concerns over preserving national sovereignty they did not transfer from states to the EU the authority to wield coercive force and to defend the external border. The fact that nearly all EU members on the external border were NATO members provided an important substitute source of collective security for the external border.

Just as the removal of internal border controls necessitated the establishment of a common external border, so to it required the establishment of a common asylum policy. The combination of free internal movement and separate national asylum policies would create incentives for asylum seekers to jurisdiction shop for states with the most asylum friendly policies, and this in turn would likely trigger complaints of uneven burden sharing and/or a race-to-the-bottom between jurisdictions seeking to avoid becoming asylum magnets. Policy-makers foresaw these problems and thus coupled the establishment of Schengen with the adoption of the Dublin regulation and later other aspects of the Common European Asylum System. But with asylum policy, as with borders, the EU limited itself to a legalistic approach, prescribing common rules for member states but establishing no executive capacity to implement them directly.

Over the past two years, the Mediterranean refugee crisis has exposed in catastrophic fashion the flaws of this system (Greene and Kelemen 2016b). From a state-building perspective, the unsustainability of the EU’s approach was obvious. Scholars would search in vain for another modern state-building project that has eliminated internal borders but not put the common external border and substantial aspects of asylum policy under the control of central authorities. This combination is not found elsewhere because it does not work. This perspective also sheds light on the halting steps the EU has taken over the past two years in reaction to the crisis, such as the establishment of the European Border and Coast Guard and the Refugee Relocation Scheme.

*Schengen Land’s birth defects*

The initial Schengen Agreement was signed in 1985, with France, Germany, Belgium, Luxembourg and the Netherlands pledging to create an area without internal frontiers. In 1990, these states signed a follow-on Schengen Convention that spelled out the legal mechanisms for making their free movement zone a reality and set a goal of 1992 (the very year the Single Market was to be ‘completed’) for the removal of all internal border controls. Along with the removal of internal border controls, signatories agreed to establish a common external border, with common rules regarding visas, asylum and checks at external borders. Schengen finally took effect in 1995 and other states gradually joined the arrangement such that today twenty-two EU states participate in the Schengen Area.[[6]](#footnote-6) Because unanimity could not be achieved and the EU had not yet introduced a framework for ‘enhanced cooperation’ between subsets of states, Schengen was initially adopted as an international agreement outside the EU framework. However, in the 1999 Amsterdam Treaty, the Schengen arrangements were incorporated into EU law.[[7]](#footnote-7)

As noted above, the architects of Schengen recognized that free internal movement must be coupled with a common external border, but the manner in which they pursued this reflects the EU’s law-driven approach to state-building. Schengen established an elaborate set of common rules and policies designed to govern the external border, but without establishing any capacity for the EU to wield coercive force. The rules on entry into the Schengen zone and on visas for short stays were harmonized. A Schengen Information System (SIS) was established to facilitate the collection and sharing of data on persons entering the Schengen area, and a network of national border authorities SIRENE (Supplementary Information Request at the National Entry) was established to coordinate the information sharing. Schengen was also linked to broader EU efforts to enhance police and judicial cooperation (for example the European Arrest Warrant and measures to coordinate the enforcement of criminal judgments) such that criminals could not easily exploit the new freedom of movement within the EU for nefarious purposes.

States took a similarly legalistic approach to the issues Schengen raised for asylum policy. In June 1990, just days before the Schengen Convention was signed, policy-makers met in Dublin to agree on a common policy for handling asylum requests within the EU. The Dublin Convention[[8]](#footnote-8) that they eventually agreed to was billed as a common system, but in fact it left the task of handing asylum seekers in the hands of national governments. The key principle of the Dublin system was that asylum seekers must make their claim in the first state within the EU that they enter, and that if asylum seekers move on to other EU states, they could return them to their first state of entry for their request to be filed and processed there. The Dublin system came into effect in 1997, and it faced its first crisis within a year. When a wave of Kurdish refugees fled from Turkey to Italy, Italian authorities complained that more European burden sharing was needed as it was unfair that they alone should have to handle the processing and resettling these asylum seekers.

From 1999 to 2005, EU policy-makers added a host of regulations that collectively constituted the Common European Asylum System.[[9]](#footnote-9) Their aim was to establish common legal standards across member states for the processing of asylum requests and granting asylum, and the conditions under which asylum seekers would be accommodated, as well as to provide financial support for states receiving asylum seekers through a common European Refugee Fund.

Over the course of the 2000s, before the EU was hit by the consequences of the Mediterranean refugee crisis, the deficiencies of this entire border control and asylum policy regime were evident. Deficiencies in border control, uneven application of asylum rules and complaints over burden sharing plagued the system. In 2005, the EU established Frontex, (the European Agency for the Management of Operational Cooperation at the External Borders) (Leonard 2009; Neal 2009).. Though Frontex was created to help strengthen the EU’s external border, it was given no actual enforcement power – absolute national sovereignty was retained as Frontex’s role was limited to providing support and additional resources for protection of the EU’s external borders to member state authorities that requested it.

*The Refugee Crisis*

A detailed account of the Mediterranean crisis is beyond the scope of this paper, but the central elements of this tragic story can be summarized quickly. Beginning in 2014 and accelerating into 2015 and 2016, millions of refugees fled the Syrian civil war as well as political instability, other wars and sheer poverty in other countries in the middle east and North Africa. This flow of migrants was joined by others – some legitimate political asylum seekers others economic migrants seeking to escape hopeless situations in their homelands as far afield as Nigeria and Pakistan. Official asylum applications in the EU jumped from near 400,000 in 2014 to over 1.2 million in 2015 and in 2016 (Eurostat 2017), with thousands of additional migrants seeking entrance without formally filing for refugee status.

Europe’s response to the refugee crisis demonstrated that existing EU policies on border control and asylum were fundamentally flawed and unsustainable. The EU’s distinctive form of governance in this field, combining extensive legal commitments backed – supposedly – by the threat of judicial enforcement with almost no executive capacity or ability to wield coercive force proved not simply inadequate, but disastrous. Various European governments have responded very differently with some meeting their obligations under EU asylum law and many others systematically flouting them. By the end of 2015, “the European Commission had opened 75 cases against 19 EU member states for violating EU asylum laws.” (Greene and Kelemen 2016a). At the height of the crisis, states like Greece, overwhelmed by the inflow of refugees, systematically failed to meet their obligations to protect the EU’s external border. Germany and other states suspended application of the Dublin regulation, in part because courts ruled that conditions in Greece were so unsafe refugees could not be returned there. Ultimately, a number of states (including Germany, France, Austria, Denmark, Sweden and Malta) temporarily suspended Schengen and reintroduced border checks.

As was the case in the eurozone crisis, the failures of EU border control and asylum policy led to a series of crisis meetings. In late 2015 and early 2016, the European Commission proposed and EU leaders eventually agreed to a number of reforms designed to address the fundamental flaws in the existing Common European Asylum System and border control policy exposed by the migration crisis and to move the EU toward a more sustainable system that would help preserve the Schengen Area. On border control, EU leaders agreed to replace the underresourced and toothless Frontex agency with a European Border and Coast Guard (which is still referred to by its original moniker Frontex). The new Frontex agency has a much larger budget, its own operational resources and staff, and crucially, the right to intervene in urgent situations where a government’s protection of Schengen’s external border is inadequate – even if that government feels such intervention is not necessary.[[10]](#footnote-10) With regard to asylum policy, EU leaders attempted to address the issue of burden sharing by establishing a refugee relocation scheme that called for up to 160,000 refugees to be relocated from Italy and Greece to other states in the EU in order to share the resettlement burden more fairly. The Commission also proposed a tightening of EU asylum rules and the establishment of a fully fledged EU Asylum Agency to replace the weak European Asylum Support office. In addition to reforms of the EU’s own rules, EU leaders signed a controversial deal with Turkey - in essence offering it money and a series of other concessions in exchange for Turkey’s agreement to stem the flow of asylum seekers to Europe passing through Turkey (Greene and Kelemen 2016a, 2016b).

The EU’s border control and asylum policies continue to evolve. Frontex is still not fully operational, but it clearly represents a major step forward in strengthening the EU’s physical, coercive capacities. Concerns over external security of the Schengen border, particularly in light of recent terror attacks across Europe, have shifted the logic of Schengen from its roots as an internal market project to more of a collective security endeavor. Nevertheless, member states remain for the time being reluctant to give the EU the sort of control over external borders traditionally enjoyed by central authorities national governments. On asylum, many member states continue to resist the EU’s refugee relocation scheme, and they refused to support the Commission’s proposed “Corrective Fairness Mechanism” that would have seen major financial penalties imposed on states who refused to relocate their assigned quota of refugees. In short, while the EU has responded to the refugee crisis with rapid moves to centralize authority in these fields, these moves remain highly contested and incomplete. Using the lens of the state-building approach, helps us understand both why the EU focused on the easing of internal borders without the hardening of external borders, and why this created a host of dysfunctions.

**4. CONCLUSION**

This paper has set out a preliminary argument for the value of using the history and theory of state-building to illuminate the process of political development in the EU. In particular, we contend that attention to the two key variables that pushed forward the concentration of political authority, namely security threats and market building, helps account for the incomplete political development that has plagued the EU. As market logics have dominated over military exigencies, legal construction of authority and capacity has far outweighed more coercive and dramatic forms of state-building in the EU case. The dysfunctional development of a single European currency without a concomitant fiscal union, and the dismantling of borders in Schengen without the needed construction of external security capacity, both speak to these dynamics.

Viewing the EU through a state-building lens may not inspire confidence in the integration project, but it does offer certain consolations. Considering past episodes of statebuilding underlines how fragile new political forms are, how often they fail, and the intense contestation and conflict that is always a part of their political development, even in the most successful cases. As Sheri Berman puts it, “…many of the state-building attempts throughout history have failed, and even those that succeeded did so only through long, bloody, and complex processes.” It is likely no coincidence that in the very essay (Politics as a vocation) where Weber offered his definition of the state and discussed the process of statebuiding he also famously described politics as “the strong and slow boring of hard boards. It takes both passion and perspective.” Statebuilding is perhaps the ultimate in slow bore politics. As Berman (2010, 2) reminds us, it is not a job for “the impatient, the squeamish, or the easily frustrated.”

The statebuilding perspective helps us to understand the EU’s past and the choices it will have to confront moving forward. The state building perspective both explains why the EU has developed in the uneven, highly legalistic manner that it has to date and why it will likely have to confront sensitive questions regarding the exercise of coercive force in the years to come if it is to develop much further. Finally, the statebuilding perspective reminds us that while there is certainly no guarantee the project of European integration will survive, profound crises should be seen as part and parcel of its development, rather than as portents of its demise.

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1. See Marks (1997) and Caporaso (1996) for important early exceptions. [↑](#footnote-ref-1)
2. In this respect, the benefits of applying the state-building perspective are similar to those Alberta Sbragia identified years ago when advocating that EU scholars employ theories of federalism. As she put it, “The literature on federalism and federalization does not offer a map of where the Community is going. It does, however, offer guideposts to the tensions the community is most likely to experience even if it does not develop into a “federal-type organization.” (Sbragia 1992, p.266-267). Similarly, insights from the literature on state-building offer guideposts to the tensions the EU is likely to face as it develops – even if never becomes a fully-fledged state. [↑](#footnote-ref-2)
3. Similarly, scholars focused on federalism have found that the desire to act collectively to defend against common external threats has played a central role in the formation of most federal states (Riker 1964). [↑](#footnote-ref-3)
4. Perhaps the closest parallel to the ‘halfway house’ of the E.U. case is the pre-World War I Austro-Hungarian Empire, which had a single currency, central bank and various types of political and diplomatic integration, but no fiscal union. Over time, debts began to rise and markets began to speculate against the solvency of the two states. Economic pressure meant that political solidarity splintered, which in turn contributed to the collapse of the monetary union, followed at the end of World War I by the collapse of the larger Austro-Hungarian Empire (McNamara 2015b). [↑](#footnote-ref-4)
5. For more on this, see Kelemen 2014 and Kelemen 2016 discussions of the EU as a case of “coming together federalism.” [↑](#footnote-ref-5)
6. The UK and Ireland chose not to sign on to the Schengen Agreement but can participate in some Schengen arrangements if other members vote unanimously to allow them to do so. Denmark did sign the Schengen Agreement but obtained opt-outs form some of its provisions. Romania and Bulgaria have not yet been allowed to join the Schengen area. [↑](#footnote-ref-6)
7. See Huybreghts 2015 for a broad overview of the first twenty-five years of Schengen’s development. [↑](#footnote-ref-7)
8. Convention determining the State responsible for examining applications for asylum lodged in one of the Member States of the European Communities - Dublin Convention, OJ C 254, 19.8.1997. The Convention was replaced in 2003 with the Dublin II Regulation, Council Regulation (EC) No [343/2003](http://eur-lex.europa.eu/legal-content/EN/AUTO/?uri=celex:32003R0343) of 18 February 2003), which was in turn replaced in 2013 by the Dublin III Regulation (Regulation No. 604/2013 of the European Parliament and the Council of 26 June 2013). [↑](#footnote-ref-8)
9. For a description of the entire set of directives, regulations and funding instruments that comprise the Common European Asylum System see, <https://ec.europa.eu/home-affairs/what-we-do/policies/asylum_en> [↑](#footnote-ref-9)
10. In practice, it remains unlikely that the EBCG would actually be able to intervene to enforce border controls if the state in question strenuously opposed this. On the EBCG’s limitations see Fernández Rojo 2017. [↑](#footnote-ref-10)