

**The Resilience of Complex Political Systems:
The European Union in Crisis and the EU Disintegration Debate**

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Presented at the Conference of the European Union Studies Association,
Denver, May 9-11, 2019

Introduction

In this article, I take on the EU ‘disintegration’ and ‘failure’ literatures and subject them to an empirical and methodological critique. In the first section I present a small selection of that literature in order to indicate the type of analysis undertaken and the kinds of conclusions reached. I then point to what I consider the general flaws of analysis that it reveals. In the second section I take seriously one particular contribution to that literature (Jones 2018), which I think is the most conceptually sophisticated contribution – using a form of systems theory to understand the competing logics of integration and disintegration in the EU. In section three I expand Jones’ systems theory approach beyond his simple heuristic model and consider what a more sophisticated systems approach can tell us about the EU as a complex or compound polity. Section four discusses the ways in which I believe academics should approach the study of tensions, strains and conflicts in the EU, stressing the need for more ‘science’ and less speculation in how the subject is approached, and for an investment in comparison between the EU and other federal-type systems. Section five searches for a way out of the one-dimensional ‘integration-disintegration’ literature and provides a preliminary framework for considering what I see as the key lines of tension and conflict found in any federal-type system – between the ebbs and flows of the centralization and decentralization of decision-making powers and responsibility, and around the redistributive impact (low or high) of regulatory policies across a complex, multi-tiered political system.

1. The EU ‘Disintegration’ and ‘Failing Forward’ Literatures

The EU clearly faces many important challenges today, ranging from Brexit to the ongoing ramifications of the Eurozone crisis, especially for the southern European economies, the apparent emergence of a new political cleavage in which anti-immigration and anti-EU sentiments have fused (Hooghe and Marks 2018), and the rise of ‘illiberal democracy’ in Hungary and Poland. For many EU analysts and observers, these amount to a ‘perfect storm’ which, together with an unresponsive elite at the helm, threatens to push a rigid, unadaptable EU off course and perhaps even sink it. Academic EU pessimism is now the order of the day.

In this paper I do not wish to underestimate the gravity of the problems the EU faces. But nor do I wish to overestimate them and conclude, as in much of the recent literature on the EU that (a) any of these, alone or in combination spell doom for the EU, (b) that the EU cannot respond to such challenges or (c) that there is something unique and unprecedented about what the EU – as a complex political system – is currently facing. I develop this argument gradually over the following pages in response to the doom-laden literature.

There are two subsets of the literature that hypothesize – and in some cases predict – the fragmentation and collapse of the EU. The first, which is truly focused on ‘disintegration’, is the more apocalyptic of the two and argues that the EU may well disintegrate, and provides a series of reasons as to why this dystopian future is likely. The second, ‘the failing forward’ literature, is much less apocalyptic but nevertheless considers the EU to be structurally unable to find real and enduring solutions to its problems. ‘Disintegration’ is a possible outcome in this sub-genre of the literature, but is given less emphasis than in the first. I begin with the most pessimistic of the genre.

a) The ‘Disintegration’ Literature

Here I take just two examples from the ‘disintegration’ literature, as I think they exemplify the nature of much of the analysis and its attendant problems.

The first is by Hans Vollard (2014; 2018) who criticizes existing theories for not tackling the issue of EU ‘disintegration’ and dismisses them as inadequate for the purpose even were they to be redeployed. Drawing on the work of Stefano Bartolini (2005), Vollard argues that if disintegration occurs it will be for the following reasons: the EU’s ‘external consolidation’ is weak, which apparently means that the EU has not managed to penetrate all policy spheres or secure loyalty at its periphery; European integration is a continuous source of dissatisfaction; weak external consolidation restrains political structuring within the EU, which means that dissatisfaction cannot be easily voiced within the EU without appropriate institutions; and without full exit options outside the EU, Eurosceptic dissatisfaction induces partial exits within the EU and voice for the exit of others. He concludes that EU disintegration can only be avoided if the EU “has the time and the resources to strengthen boundary congruence by, for example, establishing a fiscal union, decreasing boundary permeability by blocking enlargement, reinforcing its compliance capacity, enhancing European loyalty and allowing for a larger voice of the anti-system Eurosceptic opposition to prevent them from looking for exits.” (p. 14).

Douglas Webber (2014) makes similar points, although against the background of a much more sophisticated survey of different attempts to understand the nature of the EU, arguing that traditional integration theories are not “sufficiently contingent” to account for what is occurring in the contemporary period. What he means is that they do not take account of the role of domestic politics (especially political parties and the origins of anti-EU sentiment), and ignore the insights of hegemonic stability theory. That theory, Webber argues, would indicate that Europe’s uniquely high level of political integration “depends on the engagement and support

of the region's economically most powerful 'semi-hegemonic' state, Germany" (Webber 2014). The fact that Germany is more than just a 'reluctant hegemon' – perhaps even an obstructive one – spells doom for the EU. Webber (2014: 341) goes so far as to call this an unprecedented "crisis made in Germany".

Disintegration, as defined by I Webber, consists of a "decline" in the following: "(1) the range of common or joint policies adopted and implemented in the EU; (2) the number of EU member states; and/or (3) the formal (i.e. treaty-rooted) and actual capacity of EU organs to make and implement decisions if necessary against the will of individual members". He then says that because in history more "regional organizations" have failed than succeeded, that outcome should not be discounted for the EU.

There are more than a few problems with these kinds of arguments. First, they are not really explanations of an observable phenomenon ('disintegration' – whatever that might look like), but a rather simple attempt at scenario building and forecasting. I would recast their argument thus: "We observe a recent increase in strains and tensions in the EU along several different lines, including political discontent, institutional limits to the required policy solutions, as well as perennial problems such as variable compliance with EU law, and the not always consistent or fervent devotion of Germany to deeper integration; if this all gets worse, and we see that happening every day, the EU will disintegrate". And remember that for these authors existing integration theories provide little or no insight into whether, why or when the EU's collapse might occur. That is true of Webber despite his extensive survey of the field.

Second, as Boerzel (2018) perceptively remarks, it is unclear in such analysis what the dependent variable is. Webber (2014) does make a series of points regarding what one might expect to see – i.e., a decline in the number of member states, a decline in common decisions, and a decline in the capacity of the EU to implement such decisions. But a true dependent variable between 'integration' and 'disintegration' as two end points of a spectrum would require that one pays attention to phenomena found right along that spectrum. One might argue, for example, that 'intended differentiation' or what Vollard (2014) calls 'partial exits' (e.g. opt-outs from Schengen or the Euro) is different from 'unintended differentiation' (e.g. failure to achieve an equal level of compliance with EU law) and that not all therefore amount to 'de-europeanization' or 'disintegration'. And that empirically one should therefore pay as much attention to 'integrating' as 'disintegrating' outcomes in the current period. But a methodologically unsound and biased selection on the dependent variable means that only outcomes supporting the 'disintegration' thesis are considered.

Third, having abandoned traditional integration theory summarily (Vollard) or with some due consideration (Webber) there is nothing much to replace it. There is no genuine attempt to critique that theory to see if it can generate any insights into current developments in the EU. Clearly for these observers there is nothing that neo-functionalism, for example, can teach us about responses to the Eurozone crisis, and nothing that liberal intergovernmentalism can say

about the two-level game conducted in the 'crisis' period between domestic and supranational politics.

And fourth, this genre has a crude conception of what the EU is. Even Webber (2014), having surveyed the literature on federal systems to see if such work could subject the EU to a 'critical analysis', concludes that it cannot. He then falls back on an assumption (perhaps the major assumption in his analysis) that the EU, despite its much higher level of integration is ultimately just a 'regional organization', one that can be categorized with other primarily trade-based regional organizations such as NAFTA or APEC. The only real difference is the long history within the EU of German pro-integration hegemony which, Webber argues, is now beginning to weaken.

b) The Failures of the 'Failing Forward' Literature

As mentioned, the second literature I examine is less apocalyptic in tone, but equally pessimistic about the direction the EU is currently taking. The "failing forward" literature (e.g. Jones, Kelemen and Meunier 2016; Scipioni 2017; Lavenex 2018) uses the notion of 'incompleteness' to illustrate the persistent failure of the EU to handle its most serious problems, a syndrome that it apparently cannot escape. However, this set of analyses is more sophisticated than the 'disintegration' literature. For while it also rejects traditional integration theory as inadequate for understanding the EU's current travails and the prospect that integration may go into reverse, it does develop some elements of its own theory: that the problem of 'persistent' half measures and therefore 'incompleteness' in the framing of policy solutions will generate negative 'neo-functional' impulses that will doom the EU to perpetual crisis and a potentially a very bad ending.

The origins of the rather odd though pleasingly alliterative term 'failing forward' are quite interesting. It is used in this part of the EU literature to connote the EU's ongoing failure to introduce complete reforms that really matter and succeed, rather than engage in 'big bang' reforms that quickly and completely resolve a problem (as if any democratic system ever achieves such perfection). But the phrase means something quite different – it is a positive not a negative phenomenon - in the US management literature from which it is derived. The notion was pioneered by John C. Maxwell in *Failing Forward: Turning Mistakes into Stepping Stones for Success* (2000) to signify just that: the process, and indeed the great desirability of using mistakes and failures to learn and improve overtime. To quote Maxwell, "Failure is simply a price we pay to achieve success. Achievers are given multiple reasons to believe they are failures. But in spite of that, they persevere". Which I would argue is precisely how one could characterize the EU's response to its current crises. The idea that success can eventually derive from a series of incremental errors and reflection on how they indicate the path to progress has many affinities with the policy learning literature. But the insights of that literature are not especially evident amongst the 'failing forwarders' such as Jones et al.

Since my presentation of potential ways out of the apocalyptic disintegration literature below focuses on aspects of the EU's policy response to the Eurozone's financial crisis, it is worth setting out in a bit more detail Jones et al's 'failing forward' argument regarding that crisis. The following elements constitute the nub of that argument:

- i) The incomplete nature of European integration has had a negative impact on the economic health of the Eurozone;
- ii) The risks posed by Maastricht's incomplete governance architecture became fully evident in the crisis;
- iii) Incomplete governance meant that EU governments could either unwind their incomplete union, or they could deepen economic integration by trying to fill the governance gaps – a choice they faced repeatedly;
- iv) As it turned out EU leaders chose to do what they thought necessary to save the euro, but *nothing more* - steps that nevertheless led to a rapid deepening of integration;
- v) However, this really just amounted to a reiteration of the old way of doing things: as at the inception of the common currency, they simply put in place incomplete, unsustainable solutions and rejected more comprehensive ones;
- vi) More generally, while such 'failing forward' may have advanced European integration to date, as a mode of institutional development it is self-undermining and may eventually prove unsustainable. QED.

Jones et al's (2016) analysis of the EU's 'failing forward' in the case of the Euro Crisis has spawned Scipioni's (2017) analysis of 'failing forward' in the case of EU migration policy and Lavenex's (2018) study of 'failing forward' in EU asylum policy. Despite their differences of substance, all of these authors use their case studies to argue that 'policy incompleteness' is a fundamental flaw of the EU system's response to crisis.

The first question one should ask, as in the 'disintegration' literature, is "how do we define the dependent variable"? If it is 'incompleteness' what does that mean and how do we academics or the policy makers responsible know it when they see it (see also Epstein 2017)? There is no clear definition in this literature, apart from the normative notion that "more should have been done". Which hits up against the old saw that "politics is the art of the possible". Using a lack of perfection in policy outcomes as a critique of a political system is a little odd coming from political scientists rather than say economists who usually pay little attention to political process. The normativity of this perspective is more appropriate, I would argue, to the think-tank world than to academic analysis.

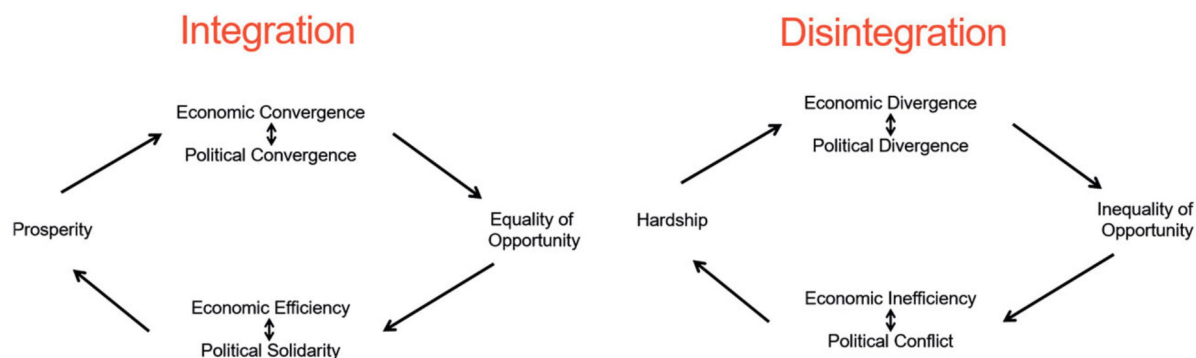
The second question one should ask is "what is the counterfactual"? Inevitably, as Scipioni (2017: 14) concedes it is the existence of a quite different political system, which assumes that the current system cannot respond to the challenges it faces. But that assumes, in turn, that we know nothing about the adaptability of complex systems, whose strength is often to be found precisely in the policy incrementalism that the 'failing forwarders' imply to be fatal. In a critique

of Jones, Kelemen and Meunier (2016) which points to the adaptive creativity of the EU in the face of the Eurozone and immigration crises, Jabko and Luhman (2017: 3) make a key point on which I will expound below: “While we agree with them [Jones et al] that the reforms the EU adopted were in many ways incomplete, we also contend that these reforms were politically inventive rather than ‘self-undermining’”. Necessity is, after all, the mother of invention.

The third question should be “is there a theory here and what kind of hypotheses might it produce?” Jones et al (2016) do have theoretical ambitions, but despite claiming that the “failing forward” notion can reconcile the well-established but often antagonistic theories of intergovernmentalism and neo-functionalism, their thesis really just amounts to this (and I paraphrase): “Intergovernmental bargaining involving states with divergent preferences leads to institutional incompleteness because it forces settlement on lowest common denominator solutions. Incompleteness then unleashes neofunctionalist forces that lead to crisis. Member states respond to this crisis by again settling on lowest common denominator solutions. Each individual bargain is partial and inadequate”. Although much of the ‘disintegration’ literature dismisses traditional integration theories out of hand – especially the notion that they can be “put into reverse” to explain the opposite of integration (as in Webber 2014, 2019; Volland 2014, 2018; and Jones 2018) – that is exactly what ‘failing forward’ does in claiming that the production of incremental solutions in the EU due to divergent member state preferences unleashes negatively-reinforcing neo-functionalist feedback loops and leads to yet further crisis down the road. Any hypotheses produced by a thesis with such implicit bias will be heavily flawed.

2. The Search for a ‘Theory of Disintegration’

Jones (2018) like Webber and Volland argues that existing theories cannot tell us about ‘disintegration’ and that “European integration has become entangled in a growing conflict between élites and masses over the appropriate jurisdictional architecture for Europe [...] This conflict has unfolded in national elections and popular referendums that have more often constrained than enabled the integration process” (441). But unlike the other ‘disintegration’ authors, Jones does seek to develop a theory of integration and disintegration. He does this by using the work of Gunnar Myrdal and generating two causal pathways – one towards integration, the other towards disintegration – that operate via feedback loops as follows:



As can be seen, the critical (indeed only) intervening variable in this analysis is “equality/inequality of opportunity”. Jones argues that this model allows for the development of testable hypotheses, for scalability between micro and macro levels of a polity and for the analysis of relations between micro and macro phenomena. He argues that the “The scalability of Myrdal’s analysis helps to frame that connection and to suggest which variables and causal mechanisms are most relevant for empirical analysis”. Looking at the EU’s current situation Jones suggests that Brexit and the Greek crisis are signs of what happens when one member state faces discrimination rather than ‘equality of opportunity’.

The problem with this analysis is that because, as Jones claims, it can be applied to any political level – community, region, nation state and so on – it is difficult to tell how and why it has a special and tractable application to a quasi-federal system such as the EU. Jones seems to associate the “equality/inequality of opportunity” variable with an unequal impact of a policy reform across member states. Thus he describes some of the EU’s policy responses to the financial crisis in the following terms: “The banking recovery and resolution directive requires that a certain percentage of liabilities be bailed in before any financial institution is bailed out using taxpayer resources. This is a good general principle and yet it relies upon very different levels of adaptation from one member state to the next”. Which should not surprise anyone acquainted with how the EU or any kind of federal system works. The unequal impact across a complex polity may certainly be a political issue, but it is certainly not unique to the EU. There is also a connection made here with the “failing forward” literature which, as set out above argues that such incompleteness of a reform will generate further destabilization and crisis.

But how do we know if these are signs of ‘de-europeanization’, ‘disintegration’ or just the normal perturbations to be expected in a complex political system? We do not, for as in the literatures surveyed above, the lack of definition or specification of the dependent variable is a substantial methodological problem. Not only are such phenomena common in the history of the EU, whose process of integration has proceeded in a series of fits and starts, with plenty of failures and returns to the drawing board *en route* (just think of the multiple attempts to stabilize European exchange rates post-Bretton Woods – the snake, the ERM, the ecu, the de facto ‘Deutschmark zone’ and so on), but they are common problems found in all nation-states as well as in federal systems.

As their history reveals, the latter – the US and Canada are good examples – proceed over time through an ongoing series of often simultaneous conflicts between centralization and decentralization in different parts of the polity. In many respects, complex federal systems like the US or quasi-federal systems like the EU, undergo a constant process of simultaneous ‘integration’ and ‘disintegration’, though these terms are much too limited to capture what is going on, because positive and negative reinforcement in complex systems occurs simultaneously along both temporal and spatial dimensions. Thinking about the enormous policy variation among US states in areas such as health care, insurance, labor laws, the death penalty, marijuana legalization, and the constant litigation involving multiple levels of the US court system, it is impossible to even begin to consider such developments in terms of a simple negative and positive feedback model.

Distinct but related feed-back systems, with contradictory (and sometimes destructive or crisis-inducing) consequences do of course exist in such complex – or as Sergio Fabbrini (2007) calls them – compound democracies. But for federal-type systems it makes much less sense to use an integration-disintegration variable as opposed to a decentralization/centralization variable, even if decentralization *in extremis* might eventually (who knows?) give way to system break up. But that will all depend on the nature of the structural ties that also underpin these systems. And so in terms of hypothesis formulation, the integration-disintegration dichotomy will likely be unhelpful – at least on its own. This dichotomous variable is not employed to analyze Canada or the US, and so it may be time to abandon it. In the EU, as in those other federal systems, phases of greater or lesser tension and conflict between centralizing and decentralizing pressures have been underway since its origins in the 1950s. The process is never linear: the dance is a complicated one - one step forwards, two steps backwards; two steps forwards one step backwards; two steps to the left and one to the right.

So despite the much greater sophistication of Jones’ (2018) approach, the conception of the EU in his analysis is based on similar assumptions to those found in Webber (2014): that the EU is really just a special form of regional organization whose underpinning logic can be accommodated within a one-dimensional variable – success/failure; ascent/decline; integration/disintegration. Jones’s parsimonious systems-type model does represent a definite step forward. But it needs to be nuanced by a more complete understanding of the systems theory, or cybernetics as it is sometimes referred to, that it is based in.

3. What Can a Sophisticated Use of Systems Theory Tell Us About the EU?

The notion of cumulative causation – both negative and positive – employed by Jones (2018) is derived from the systems theories of Talcott Parsons and Niklas Luhmann and many others, who in turn drew their inspiration from Darwin, Spencer and Durkheim (e.g. Boulding 1956; Easton 1965). Jones’s model needs to be complemented by the insights generated by more recent developments in those theories, so that the empirical complexities of the EU’s political

and economic systems can be accommodated. For as Bulmer and Joseph (2016) usefully point out, an adequate understanding of the EU must include agency, a complex institutional structure and macro-social structures, as well as multiple political impulses (which they call, somewhat problematically, ‘hegemonic projects’) that compete in defining the EU’s path of development at critical junctures.

But how can systems theory help? Early notions that social systems were linear and evolving into ever more complex, perfect forms (as in early biological systems analysis influenced by Darwin’s theory of evolution) were subsequently countered by others that argued that system development could be non-linear (with periods of progressive and regressive change) and that complexity did not necessarily connote perfection, or indeed its reverse. Instead complexity would likely involve internal structural differentiation as different parts of a system adapted in varied and inconsistent ways, and along different temporal paths, either in response to changes in an external environment, or to the different impulses generated by the internal environment. The idea that only one critical intervening variable – in Jones’ case equality of opportunity or its reverse – could be the single determinant of whole system evolution is too simple. The very nature of complex systems precludes one-dimensional development.

It is not that a systems-theoretical view is unsuited to analyzing the EU. It definitely is suited. But even the most cursory examination of the ways in which systems theory has developed and then been taken up in different disciplines and sub-disciplines (including in social science in certain kinds of sociological and historical institutionalism), reveals multiple insights well beyond the basic notion of ‘negative’ and ‘positive’ feedback loops of the kind presented by Jones (I know of one of just one full and recent attempt to apply this kind of approach to the EU – by the legal scholar Jiří Přibáň, 2010, 2015)¹. Or indeed by standard versions of functionalism and neo-functionalism as applied to European integration and the concepts that have become commonplace in the field: lock in, spillovers, spillbacks and so on. Neo-functionalism can still be used to generate useful hypotheses, but it would be wrong to underpin its use, teleologically, with ineluctable movement to one of two potential endpoints as in the simple dichotomous variable ‘integration-disintegration’.

Thus in system dynamics (applied in multiple fields) the *nonlinear behavior* (remember my ‘complex dance’ analogy) of complex systems over time is examined using notions such as stocks, flows, internal feedback loops, and time delays. Complex systems will involve both negatively reinforcing and positively reinforcing causal loops (of the Jones type). But in the same system (in this case the EU) these may work independently of one another work in different parts of the organization simultaneously or at different times. There will also be processes of interaction which will not necessarily take the form of self-reinforcing loops, but will generate different outcomes between greater or lesser within-system variation and differentiation, without undermining the system itself. Indeed, the viability and durability of a

¹ Přibáň, however, uses Luhmann’s systems theory to produce an ‘auto-poietic’ analysis that is attentive to the issue of power, which, however, is virtually neglected in Luhmann’s own work – see Guzzini 2001.

system will depend on such variation and differentiation – as revealed by development of all political systems, even if most evidently in federal ones. This insight clearly has useful application to the way that the EU has evolved over the decades, and to the ways in which it is likely to develop going forward.

Thus, systems biology uses the terms ‘weak’ and ‘strong emergence’ – the first to understand the role of influence of lower level components on higher system levels, the second to understand the impact of higher system developments on lower ones. In complex adaptive systems theory, the notion of ‘dual-phase evolution’ is used to capture phases of change, between say one in which the system witnesses greater variation emerge between its components, and another in which such variation is reduced. In such a dynamic system there will never be an ‘equilibrium point’, although periods of greater stability or instability and even stasis will occur. As in complexity economics, the notion of ‘equilibrium’ does not have a place, for the system is perpetually constructing itself anew, via continuous interaction between structure and the adaptive behavior of system agents. Bulmer and Joseph (2016) do not use the language of systems theory, but this is very much along the lines of how they conceptualize the EU.

4. Using the Insights of Systems Theory for Studying the EU

Using a sophisticated version of systems theory can produce to a series of genuine hypotheses that could help elucidate the EU’s current travails, and model future scenarios – if, that is, academics insist on trying to make forecasts (in my view they should rather pay attention to Yogi Berra’s admonition that “It’s tough to make predictions, especially about the future”). Thus a complex, dynamic systems approach would ask the following kinds of questions about the EU and the prospect of disintegration but in comparative perspective:

- a) What is the tolerance of complex political and economic systems for internally-generated stresses and strains?

Theoretically, these internally-generated stresses and strains would include Jones’ ‘inequality of opportunity’ variable, restated in terms of resource competition, political representation, conflict over national/cultural/linguistic sources of identity, and access to public goods. Federal systems around the world could easily provide comparisons.

Thus if one is worried about the ‘political illiberalism’ of Hungary and Poland, one could refer to the capacity of the US to accommodate serious internal contradictions and cleavages along similar lines, including most notably the existence of a politically illiberal apartheid regime in the southern states (Jim Crow) from Reconstruction in the 1880s until the civil rights movement of the 1960s and beyond. Or to Canada’s difficult management of multiple secessionist movements and political parties over the last

century or so right across its territory - based in Newfoundland & Labrador, Nova Scotia, Alberta, Manitoba, British Columbia and Yukon, and of course Quebec's independence-seeking Bloc Québécois. For those who worry about the importance of anti-EU sentiment as expressed in certain national political parties in Europe (e.g., the French National Front, or Italy's Northern League), it is worth remembering that the separatist Bloc Québécois was the largest party in Quebec, and either the second or third largest party in the Canadian House of Commons, for seven straight federal elections, from the 1993 election until 2011.

Based on those experiences, a complex system's approach would build hypotheses on an analysis of what ultimately prevented such strains in other federal systems from leading to break up. The sheer flexibility of the US political system, with its devolution of multiple powers to the states (which has led many US analysts to talk of a 'stateless system' – see Jacobs and King 2009), allowed the Jim Crow apartheid system to prevail across the American South from 1896 – when US Supreme Court's infamous *Plessy v. Ferguson* ruling upheld the constitutionality of racial segregation laws as long as the segregated facilities were equal in quality (the "separate but equal" doctrine) - until the *Brown v. Board of Education* decision in 1954 began to slowly erode it. This is not to suggest that the EU should permit such illiberalism within its political system. But this example does show that complex polities can manage a substantial degree of internal contradiction without them necessarily fragmenting further along one or more dimensions.

Beyond suggesting that the cases of Poland and Hungary in the current period could be accommodated in the EU without provoking political catastrophe, the US experience would suggest that the observation in the 'EU crisis' literature that Brexit presages further EU disintegration be considered instead in terms of the ties that bind complex systems together. So rather than assume that Brexit will lead to further breakdown, consider the reasons why Greece does not want to leave the EU, despite its travails during the financial crisis. Those include, of course, the prospect that doing so would produce a collapse of the Greek political and economic systems. That may not be the case for the UK, but what is clear from the Brexit situation is how hard it is to exit once embedded in a complex system. The complex imbrication of EU and British law (including the fact that much of what is considered British law includes components derived from EU jurisprudence) will take decades to disentangle; the complex industrial supply chains spanning the UK and other EU countries can only be separated by damaging the UK's production system; and single market access, on which much British financial and economic activity depends, can only be blocked at massive economic costs. Considered in this way, the UK's problematic divorce becomes more understandable. And instead of predicting that Brexit will occur and inspire others to follow, a more likely

future is therefore no-Brexit or a partial Brexit whereby a new kind of internal European differentiation (Norway and Switzerland already enjoy such status) will emerge.

A comparison with Canada would produce another scenario. In line with what many critics argue with regard to the EU (see in particular the work of Fritz Scharpf), the glue that ultimately secured the unity of the Canadian system was the development of a decentralized welfare state bolstered by fiscal transfers to the poorer regions (Myles 1996). That possibility for the EU is clearly alluded to in Jones' (2018) model. Welfare expansion was one of the developments that ameliorated the period of "conflictual federalism" – that makes Europe's current travails seem entirely manageable by comparison - that prevailed in Canada from 1970 to 1984. But nevertheless, the constitutional struggle between the ten Canadian provinces and the capital in Ottawa continued thereafter, including the extreme case of Quebec's independence referendum of 1995, which produced a new delegation of powers from the center. It was only in 1999 that the federal government and provincial governments (except Quebec's) agreed to the Social Union Framework Agreement, which promoted common standards for social programmes across Canada, against the legal background of the Canadian Supreme Court's concepts of flexible federalism (where jurisdictions overlap) and cooperative federalism (where they interact). The Canadian system (like that of the US) survives through such political and juridical flexibility – described in much of the literature on Canada as "asymmetrical federalism". This suggests that federal systems can tolerate long periods of constitutional strains well in excess of what the EU has experienced, but that fiscal transfers and a new constitutional settlement may ultimately be necessary. Disintegration, however, is a less than likely scenario.

- b) What are the constraints placed by complex political and economic systems on fragmentation and disintegration under an external shock to the system that could possibly destroy it?

Here the conceptual work required would focus on the reverberations throughout the system of a critical external shock such as the financial crisis of the Eurozone (triggered by the melt-down of the US financial system) or the immigration crisis. Whether or not such shocks will lead to disintegration, consolidation, or flexible adaptation can only be the subject of speculation but it does not have to be idle speculation, or even partially-informed speculation, which I would argue that most of the EU disintegration or de-Europeanization amounts to. Scenario building based on the insights of complex systems theory and comparative analysis can provide a superior understanding of the multiple possible paths forward for the EU.

Take the case of the Euro crisis once again. A deep analysis of the likelihood of Eurozone breakup would look first at strains and tensions between the different components of

the Euro system as revealed in the crisis (e.g. bank-states doom loops, compounded downturns, the failures of monetary policy transmission, crisis contagion, bail out costs, see Epstein 2017) and the connections between them, and then think about how other comparable systems have dealt with the same problems. The Eurozone is not unique in this respect, nor – in comparison - does it illustrate what Jones et al (2016) consider the flawed character of the solutions it put in place. Although only a ‘maximalist response’, the creation of a full European Banking Union and perhaps also Capital Markets Union, would be considered ‘complete’ in Jones’ et al’s critique of the EU’s response to the Eurozone crisis, it is worth remembering that even today, as Saunders’ (2013) points out, the United States is far from having a ‘complete’ banking union itself. As he remarks, “The regulatory system has taken 150 years to develop in the US. Even today it is far from unified with four supervisory “agencies” overseeing banking organizations, i.e., 50 State Regulatory bodies, the OCC, the FDIC and the Federal Reserve, with a wide variety of individual and often overlapping powers such as in examination and supervision.” As he points out, the regulatory struggle between lower and higher levels of the US polity still to this day includes the devolution of considerable regulatory powers to the US states, driven by an ongoing “states’ rights” agenda across the financial and other regulatory regimes.

Thus, even today US banks can choose to be chartered by any of 50 individual state bank regulatory agencies; even a large financial entity like Citigroup falls under the supervision and examination of three regulatory agencies - the Federal Reserve, the Office of the Comptroller of the Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC) amongst whom there is no consistent examination methodology, and turf battles often prevail over regulatory cooperation; and the first (and still existing) national deposit insurance fund (the FDIC) was only established in 1933 (prior to that individual states tried to set them up) in the wake of the great depression when thousands of banks failed. Even today the funding of the FDIC – as revealed in the early 1980s financial crisis when it ran out of money, and then again post-2008 when in September 2009, its reserves had fallen to -\$8.2 billion – suffers from ongoing uncertainty (Saunders 2013).

According to the criteria used by Jones et al (2016), the US financial system is deeply flawed and perpetually “failing forward”. And yet it adapts and survives. The reason for that lies in the strong legal, constitutional and economic cross-system ties that otherwise hold it together, and the ‘rescuer-of-last-resort’ role played by the Federal Government, which in the EU – as shown by its response to the financial crisis – is replicated in its own ways by the European Central Bank. Any understanding of why the EU did not fragment and fall apart in the post-2010 Eurozone crisis should compare the EU’s crisis response to that of other systems such as the US, which would reveal that there is much less that is idiosyncratic about the EU, and much more that it shares in common with other complex political systems.

5. A Way Forward: Treating the EU as a Complex Federal-Type System

How can we escape from the methodological problems that afflict the 'disintegration' and 'failing forward' literatures? I would point to the following pitfalls that must be avoided:

- Ignoring the methodological demands of solid social scientific inquiry. This requires that simple assumptions do not bring bias into the study of the EU's evolution, that conjunctural problems are not assumed to be structural ones, and that independent and dependent variables are precisely defined;
- Once a dependent variable (in this case 'disintegration' or perhaps 'de-Europeanization') is defined, it is important not to select evidence according to one's specified outcome. Thus much of the literature on the EU's purported crisis focuses on the areas in which EU policies 'fail' or are 'incomplete', or on system 'problems', while ignoring other areas in which integration is deepened. The latter outcome (which as I argue below) was more characteristic of the EU in crisis than its opposite.
- Normativity. Normative bias has become an enormous problem in EU studies (with a focus on what the EU should do rather than what it does) and greatly diminishes the intellectual impact of much of the field. Normativity detracts greatly from the utility of the 'failing forward' literature in which the implicit comparison for what happens in the EU is not other (also messy and 'flawed') federal systems, but an ideal (and not even an ideal-type, which would be methodologically more sound) of 'maximal' policy success, which complex political system will rarely achieve.
- And most importantly, misunderstanding the EU's 'systemness' based on outmoded conceptions of what the EU is. I would go so far as to suggest that we move beyond the 'integration' notion and replace it with the ways in which other federal systems are analyzed, i.e. in terms of the conflicts and compromises around the centralization/decentralization of these complex, or compound political systems.

So how do we move forward? I suggest taking the lessons of how other complex, multi-level political systems like the EU are studied. When that is done, as some rare examples from contemporary EU studies show, the results are likely to be more useful and more enduring than studies that entrap themselves in a normative examination and projection forward of short-term developments. That methodological entrapment occurs in large part because the 'systemness' of the EU is rarely conceived of in comparative perspective and is often mistaken for an idiosyncratic N of 1. In avoiding that trap, Genschel and Jachtenfuchs (2014) argue – similarly to Fabbrini (2007) – that the EU is simultaneously a federal and states-based system with considerable internal flexibility, and that degree of flexibility explains why disintegration

cannot be observed or even appears to be closed off as an option. I would deploy the insights of complex systems adaptation, as outlined above, to examine that system in operation.

Likewise, in their very perceptive study of the EU's response to the Eurozone and immigration crises, Jabko and Luhman (2017) reveal that instead of classic interstate bargaining amongst sharply constraining national interests – which is how Webber (2014) and Jones et al (2016) and many others interpret the EU – there is a “dynamic and open policymaking processes in which ad hoc coalitions actively reconstitute sovereignty practices”. They take Adler-Nissen and Gammeltoft-Hansen's (2008) notion of “sovereignty games” in which “states engage in new practices and modify their understandings of their own sovereignty” within the system, allowing creative policy making solutions to be achieved at the supranational level (Jabko and Luhman 2017: 9).

In terms of my systems theory survey, this phenomenon could be considered a form of ‘dual phase evolution’ in which lower components of a system interact flexibly with higher components to redefine emergent system properties. Jabko and Luhman (2017: 13) characterize that interaction thus: “EU political leaders imposed crisis solutions that were transformational yet took on board sovereignty concerns. Far from being incompatible with further European integration, national concerns with sovereignty formed the raw materials of EU institution-building. EU political leaders, both at the national and at the EU level, did not set sovereignty concerns aside. On the contrary, they took advantage of the crises as opportunities to recombine the ideational repertoires of EU governance and national sovereignty in new ways”.

Although they do not broach the comparative dimension, the same kind of dynamic can be sound in other federal systems: in the US where national sovereignty is termed ‘states’ rights’ and in Canada where it is referred to as ‘provincial autonomy’. Such dynamics are inevitable vertically and horizontally across complex systems with strongly embedded institutionalized interdependence and integration.

My modest contribution to this literature is to set out a means of making the comparison across federal-type systems in terms of the interaction between two master variables – centralization/decentralization and low/high regulatory redistribution. I maintain that much of what occurs in terms of political conflict and consensus-seeking across complex multi-level systems can be conceived of in this way. One can also plot the kinds of policy shifts identifiable within such systems in terms of the 2x2 box that the variables produce. In the following diagram (Figure 1) I have done this for the EU with regard to the reforms introduced during and following the Eurozone crisis.

Figure 1: Regulation and Redistribution in the European Union

		EU Redistributive Impact	
		Low ←	→ High
		Within Member States	Across Member States
Supranational Regulation ↑ High ↓ Low Member State Discretion	EU Centralization	Social Policy Regulations I Social Policy Directives BRRD* DGSD*	cal ance <i>EU welfare benefits?</i> <i>Eurobonds?</i> <i>EU deposit Insurance (EDIS)?</i> II - Banking Supervision (ECB-EBA**) - CMU Supervision - Banking Resolution (authority & fund) - Debt mutualization CAP/Structural funds EU unemp.
	Member State Discretion	EBA** (pre-EBU banking supervision) III	ESM insurance? (European Stability Mechanism) IV Decentralized Federalism (Eurobonds + natn'l spending discretion)?
		OMC (Open Method of Coordination) Social Policy Recommendations	

Note: EU policy measures in *bold italics* are those associated with Banking Union and Capital Markets Union; those in *italics* are policies that have been proposed but not achieved.

*BRRD - EU Bank Recovery and Resolution Directive; DGSD - Deposit Guarantee Scheme Directive

**EBA – European Banking Authority

To understand what I am seeking to portray with this diagram – which I also believe could be used for plotting the various centralized and decentralized components of federalism in the US and Canada for example – I need to define the two dependent variables. While the centralization/decentralization variable is clear enough, the ‘EU redistributive impact’ variable requires some explanation.

But what do I consider ‘redistribution’ and what are its consequences? Here I am taking Jones’ (2018) ‘equality of opportunity’ variable seriously. While he sees it as an intervening variable, for the purposes of this analysis I see it as a dependent variable with multiple possible manifestations between the low and high redistributive impacts of different kinds of centralizing policy (my independent variable). Although redistribution is commonly associated with cross-national fiscal transfers in the EU, I adopt a broader definition from Theodore Lowi (1972): that *redistributive policies are deliberate attempts by governments to shift or reallocate wealth, property, income, or rights across groups*. Contrary to what Lowi calls ‘distributive regulatory politics’ (the allocation of infrastructure, for example), or ‘protective regulation’ (consumer rights, or employment protection), ‘*regulation plus redistribution*’ – which I am interested in here - creates much more highly visible winners and losers, and power struggles between groups or coalitions become more central (Lowi 2009). As the EU moves steadily into the latter domain of policy and politics, so the stakes of regulatory policy reform are increased. In the process, as in all complex systems of this kind, the lines of conflict are redrawn and new ‘sovereignty compromises’, as discussed by Jabko and Luhman (2017), are required.

I specify two ways in which the EU has been moving towards ‘regulation plus redistribution’, or as I would prefer to call it, a form of regulatory federalism with redistributive consequences. First, there is the creation of a regulatory system in which the EU’s redistributive impacts are still mainly *indirect*, in the sense that they trigger redistribution *within* member states, and here the shift from cross-national governance to federal government is weak. Second, there is the creation of a regulatory system which has *direct* cross-national redistributive consequences, which at its most fully developed would involve, for example, pan-EU fiscal transfers and European debt mutualization, and require much a stronger federal-type government.

(i) Indirect Redistributive Effects

The first movement towards federalism in the EU with *indirect* redistributive effects occurs via the emergence of an ‘integrated regulatory system’, as found in the United States and other federal systems. Kelemen (2004) has argued that with its separation of powers, large number of veto points, and highly-detailed, judicially-enforceable legislation, the EU’s institutions have already come to resemble the US in this respect.

Such regulatory imbrication can build ‘positively’ on existing national regulatory foundations, as Keleman argues for environmental policy, or as in the case of much EU social legislation over the recent decades (Rhodes 2015). This is what Schütze (2009) calls ‘cooperative federalism’. Schütze argues that national legislative exclusivity has been declining in the EU, shifting the EU from ‘*dual federalism*’, in which member states and the EU legislate in separate spheres, to a form of ‘*cooperative federalism*’ in which European and national legislation increasingly complement each other. The term ‘cooperative federalism’ has also been used for aspects of the Canadian and Australian systems, but each of those have experienced significant periods of

‘conflictual federalism’ in the past, and continue to experience conflict and cooperation between higher and lower levels of authority.

Cooperation across the EU’s multilevel polity can enhance the process of ‘positive integration’ (Scharpf 1996) by adding to national law and the social compacts. But it can also begin to undermine the connection between national law and social compacts, as in the case of CJEU (European Court of Justice) labour law rulings based on economic freedom laws (as enshrined in Articles 49 and 56 TFEU) that impinge, for example, on national collective bargaining systems (Rhodes 2015). This is what Scharpf (1996) has called ‘negative integration’, with important, and increasingly direct, consequences for existing social compacts and distributive politics - as well as for the legitimacy of supranational principles, laws and court rulings. ‘Cooperative federalism’ under these circumstances is likely to be less cooperative and more conducive to conflict. Nevertheless, all federal systems have experienced similar phenomena, and rather than reaching a permanent solution or equilibrium, continue to experience asymmetry – and in the US example that inequality of access to social policy across the system is remarkable in its scale and extent. There, access even to federal programs such as Medicaid is also contingent on the states and is marked by different rules and entitlements. And as already noted for Canada, it was only in 1999 that an effort was made to reduce asymmetries across the country’s quasi-autonomous provinces.

(ii) Direct Redistributive Effects

To the extent that the EU moves towards *direct redistribution*, it will also entail a much greater centralization of political authority. In recent post-crisis policy innovations, there has been a tendency for regulation and redistribution to fuse and for the characteristics of true federal government to come to the fore. Thus the major external shock to the Eurozone economy in the financial crisis created a strong response by European leaders as part of a neo-functionalist process – i.e., interpreting the crisis and framing its solutions such that the integration process is deepened. As the only agents capable of resolving pan-European collective action dilemmas – a key neo-functionalist mechanism - the powers of European authorities were increased (Epstein and Rhodes 2016). Greater integration, not disintegration, was the result.

Thus the role of the ECB in buying government debt on the secondary market effectively Europeanized EU member state debt management and obligations. Of course, it clearly fell short of the kind of mutualization that would occur under a full shift to fiscal federalism. The proposed, but not yet achieved, pan-European bank deposit insurance, as part of European Banking Union, or the adoption of Eurobonds, would go the full distance. The fact that both initiatives have failed to gain consensus shows how such explicitly centralizing and redistributive innovations change the dynamics of member state interactions, both among themselves and with the EU authorities. In these instances, neo-functionalist forces were slowed by a still strong intergovernmental brake. The ‘sovereignty game’ was concluded – for the time being – in favor of the EU member states.

But elsewhere the ‘sovereignty game’ played out in favor of the supranational authorities and centralized authority and hierarchy were both enhanced in the crisis. The most notable examples were the new fiscal rules and the delegation of fiscal surveillance to the Commission under the Eurozone’s Stability and Growth Pact and the European Fiscal Compact, which created a novel form of governance-cum-government, with new levels of hierarchy (budgetary commitment devices) and coercion (debt breaks) with no clear precedent (Mabbett and Schelkle 2016). There are distinct similarities between those innovations and the financial policy initiatives bundled under European Banking Union (EBU) made since 2012 (in banking supervision, bank recapitalization and bank recovery and resolution) and under the early moves towards European Capital Markets Union (CMU), using securities markets as a solution to monetary and fiscal policy problems under new supervisory authorities (Epstein and Rhodes 2018). The new role of ECB oversight in, among other things, opening previously closed member state banking markets to greater competition is a clear case of high EU regulatory centralization with high pan-EU redistributive consequences.

Returning to the diagram, I therefore find the following combinations of the two dependent variables. Movement along both variables from low to high – which does not need to be unidirectional or affecting all policy areas simultaneously (as I argued above, complex systems are not necessarily linear in their development) - will see levels of centralization and redistributive impact change.

In quadrant I, we find the conventional ‘Community Method’ of decision-making - Directives and Regulations. These differ from one another in the level of centralized EU authority involved: Directives often leave considerable scope for national discretion, while Regulations do not. This is also the arena of typical EU legislative conflict generated by member state cleavages. Social mobilization by EU-level business, trade unions and civil society organizations seeks to influence the policy process. But the combination of intergovernmentalism (legislative debate and decision-making in the Council of Ministers; approval in the European Parliament) and supranational influence and hierarchy (the Commission’s powers of legislative proposal; legal adjudication by the European Court of Justice), produces a rather contained form of politics, sometimes characterized as ‘joint decision traps’ (Scharpf 1988; Falkner 2011).

In quadrant II I place the majority of initiatives that have emerged to deal with the recent financial crisis, including EBU and CMU. Their combination of centralized authority and redistributive impact is not as strong as that of any future central EU fiscal authority or treasury. But they clearly mark an important step in that direction. Initiatives in quadrant II depart from those in quadrant I in important ways. Although the Community Method of policy-making is largely retained, and member state delegation to EU agencies (notably the ECB) is the core mechanism of governance, there are two notable differences.

First, regarding EBU, and now CMU, the Commission and the ECB have exploited their capacity for ‘neo-functional’ policy impulses to the utmost, legitimized by the need for an effective

crisis response. This intervention has been critical in averting potential ‘joint decision traps’. Second, initiatives in quadrant II have moved into a domain of regulation with potentially profound redistributive effects: *a reallocation of wealth, property, income, or rights across member states rather than within them.*

It is worth noting my location of the yet-to-be-achieved European Deposit Insurance Scheme (EDIS) in quadrant II. Although a critical pillar of EBU, the explicit cross-border financial transfers it entails have so far impeded consensus. And as a significant step towards fiscal union, it triggers a quite different kind of politics at the EU level, even compared with the other EBU initiatives after 2012. So too would any related ambition towards linking EBU and CMU with fiscal policy via the creation, for example, of ‘sovereign bond-backed securities’, which would package the national debt of different countries into a new asset class. Proposed in the Commission’s recent reflection paper on deepening EMU (European Commission 2017), alongside other steps to shift more economic policy competencies to the supranational level - including a European Investment Protection Scheme, a European Unemployment Reinsurance Scheme and a so-called Rainy Day Fund – the aim of sovereign bond-backed securities would be to boost demand for debt issued by governments with weaker economies. And banks would be encouraged to manage their risks better by diversifying their portfolios (Brunsden and Chazan 2017). All fall within this paper’s definition of ‘regulation plus redistribution’, and imply a shift towards true EU federal government rather than standard EU multi-level governance or intergovernmental bargaining.

In quadrant III we find the weakest forms of EU supranational authority and redistribution. The social policy initiatives there (e.g., the Open Method of Coordination and traditional EU Recommendations – both forms of ‘soft law’) have little political traction at the member state level. Similarly, the EBA (European Bank Authority) - based in London until Brexit but now slated to move to Paris - had no powers of supervision or recovery and resolution because authority was tilted in favor of the member states which impeded its scope and effectiveness. Although able to conduct stress tests of European banks, it depended entirely on information from banks mediated by the member states - which produced some spectacular mistakes when banks judged to be sound subsequently collapsed (Epstein and Rhodes 2016). That particular ‘sovereignty’ game was resolved in the crisis by shifting the EBA’s regulatory authority to the much stronger ECB, while it retained its core task of bank stress testing, but now free from the interference of member state governments.

Quadrant IV includes the European Stability Mechanism (ESM) which, as an intergovernmental organization founded by an intergovernmental treaty, gives discretion in theory to member states over future EU assistance in a financial crisis. But several elements raise the level of centralization in practice. The creative ‘sovereignty compromise’ (Jabko and Luhman 2017) that lies behind the ESM may, in another crisis, lead to greater centralization, and a formalization for EU governmental powers, pushing the management of EU bail-out mechanisms firmly into

quadrant II. Thus, ‘incompleteness’ in this and other areas of EU financial policy innovation in the past has not, *pace* Jones et al (2016) become a permanent flaw but a platform for further centralization and (although I oppose the of term) ‘completeness’. System variation in this respect – but not in others (e.g. the integration of national bank deposit schemes) has been reduced.

To summarize, the transition from standard EU regulation and weak (within member state) redistribution (quadrant III) to strong regulation and (cross member state) redistribution (quadrant II) involves two fundamental changes. The first is a shift from the simplest form of EU governance with weak hierarchy and top-down transmission, to something more akin to federal government, with stronger hierarchy and the assumption of coercive powers at the center. The second is a shift from a sphere of technocratic policy making, with some interest group but little mass public involvement, to a sphere of highly politicized policy-making with extensive top-down, multi-level political consequences. Logically also, while the legitimacy demands of ‘governance without government’ are relatively light, and fall under the so-called ‘permissive consensus’ provided by EU publics, they become much more important in quadrant III.

This dual shift logically also therefore implies (eventually) far-reaching investments in the EU’s democratic qualities as well as in its policy implementation and institution building capacity. The balance of power struck between the federal center and its constituent states obviously differs from one federal system to the next. Interestingly, EBU and CMU are not only testing the boundaries between what has been acceptable politically in the EU to date (quadrant I) and the EU’s ‘brave new world’ (quadrant II), but they are also putting in place a critical part of that future system’s infrastructure – creating new pressures, as well as new spaces, for further ‘integration’. None of this signifies weakness, contradiction, confusion or debilitation. This is the way that all federal-type complex systems develop along different spatial and temporal dimensions.

6. Conclusions – and Further Reflections

In this paper I have conducted a critique of the EU ‘disintegration’ and ‘failure’ literatures and found them wanting – both methodologically and empirically. I have used Jones (2018) as a foil for my own (preliminary) deployment of a systems theory approach, which I believe can begin to capture the ways in which complex federal-type systems develop resilience over time via internal flexibility and ‘sovereignty compromises’ – a quite different conclusion from that of the ‘disintegration’ and ‘failing forward’ literatures that view flexibility (e.g. Volland’s ‘partial exits’) and compromise (e.g. Jones et al’s ‘incompleteness’) as crisis-perpetuating defects.

I have also compared the EU with two other federal systems (the US and Canada) and therefore explicitly placed the EU in the ‘federal’ category. I do not believe this is a ‘category error’ – i.e. the methodological mistake or fallacy in which a property is ascribed to a thing that could not

possibly have that property (see e.g. O'Sullivan 2016). Almost two decades ago, Mark Pollack (2000) argued that while the EU regulatory state remained alive and well, any creeping centralization of distributive or budgetary competences was impeded by three factors: the fiscal restrictions of EMU, German resistance to any increase in its net contribution, and the new budgetary demands of enlargement. I argue, however, that the financial crisis has forced a new change on the EU. Regulatory and institutional innovations since 2010 have created the basis on which the EU is moving from economic governance to economic government. That ambition is set out clearly in a number of recent European Commission documents, but most clearly in the so-called 'Five Presidents' Report (Juncker et al. 2015) and the recent (May 2017) Commission reflection paper on deepening EMU (European Commission 2017a). The stated objective of the European authorities – the Commission and the European Central Bank (ECB) – is to bring EBU and CMU together as the central pillars of what is now called 'Financial Union', a key part in turn of a deeper and more comprehensive Economic and Monetary Union.

These changes cross the boundary that has separated EU governance from federal government in the past. EU governance has been characterized by Hooghe and Marks (2001) as multilevel, with a variety of Europeanized policy competencies handled by numerous, overlapping, and functionally-specific jurisdictions, some of which have differential powers derogated by the treaties. I argue by contrast that crisis innovations - EBU and CMU, for example - are moving the EU towards a much more hierarchical system of government with higher authority and centralized coercive powers. Is that process the focus of dispute? Of course it is – but the so is any process of centralization with redistributive consequences in any political system.

Although this paper has not engaged fully with the other key types of integration theory – neofunctionalism and liberal intergovernmentalism – the major implication of the analysis above for these theories is not that they are redundant (although the ongoing attention paid to them as competing paradigms clearly is) but that they need to be repositioned within theories of federalism. Which is not a problem, as all federal systems include intergovernmental bargaining in practice (and in theory) and the functionalist dimensions of federalist polity construction and economic development are observable everywhere that the federal form of government is adopted.

My reasoning counters much of the recent literature. Gilardi (2008) has argued that upward delegation – driven and constrained by national governments, not supranational actors - is still the predominant mechanism in Europeanizing policies: governments delegate powers to independent regulators to resolve collective action problems, increase the credibility of their regulatory commitments and tie the hands of their successors. That dominance of delegation for regulatory purposes in the EU appears to be confirmed by recent analyses of the financial crisis. Genschel and Jachtenfuchs (2016) maintain that the European integration of core state powers still proceeds mostly by regulating *national* capacities, not by creating a European federal state. Distributive and redistributive matters are considered too difficult to advance at the EU level because regulatory agencies are reluctant to overreach their mandates (Eckert

2016), and member state governments resist any adoption of pan-European fiscal commitments.

In my view, however, precisely because of the shifts I see occurring in the EU partly generated by the recent financial crisis, it is important to consider redistribution as it is often employed in the analysis of federal systems – i.e. in terms of Lowi's 'regulation plus redistribution'. Neither the creation of a European welfare state, nor a system of pan-European fiscal transfers along the lines of the German *finanzausgleich* model, are required for 'regulation plus redistribution' to occur and for the EU to acquire some of the core characteristics and powers of a federal system. This why I believe that the appropriate comparison for the EU (and I accept that this is far from being an original observation!) should be other federal systems, and why I see notions of 'disintegration' or 'failing forward' as true category errors.

In other words, a complex political system cannot 'disintegrate' (which suggests outright fragmentation and collapse) although its internal 'sovereignty games' may play out such that greater decentralization, and more 'partial exits' may occur – a phenomenon typical of all federal systems. Nor does 'failing forward' (as defined by Jones et al 2016, but not the definition of term's creator, John C. Maxwell, which I think quite appropriate) signify much at all in a complex political system. 'Incompleteness' in policy formulation and implementation is a feature of all political systems, and may portend either short-term or even long-term policy failure, or its opposite, success. But 'incompletion' may also become a status quo system characteristic that is coterminous with neither instability nor crisis. Indeed, complex federal systems are made up of such 'sovereignty compromises'; they are permanently 'incomplete' creations in which the contestation of rules, norms and institutions is recurrent. That is also the nature of the EU, and it would be just as well for academics in the field of EU studies to get used to it.

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