

What drives contemporary political development? The case of the EU

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I. Introduction

Is contemporary political development still determined by the necessities of war-making? “Bellicist” theories of state formation (Hintze 1994; Kaspersen and Strandsbjerg 2017; Riker 1964, 1987; Tilly 1975, 1990; Weber 1978) have long claimed that the exigencies of territorial expansion and warfare have been the decisive factors behind the emergence of the modern state. In the post-war era, however, symmetric interstate warfare has become a rarity, especially between developed economies, and it has disappeared between the growing number of democratic countries. Consequently, the preparing, financing, and organizing of war has more and more become just one subsystem of state and societal activity (Tilly 1990: 122-126). As political development has nonetheless progressed in contemporary polities, we argue it must now also be driven by factors other than warfare.

We reformulate Tilly’s initial argument of state-making as an inadvertent by-product of war-making at a higher level of abstraction (cf. Section II). We argue that different types of existential threats can drive political development, by putting in question a political system’s ability to provide public goods and its survivability on the “market for governance” (Acharya and Lee 2018). Beyond war, these threats can be of a political, economic, or environmental nature (cf. McKay 2004). What is important is that they threaten at least the core functions, and potentially even the survival, of a polity. In the 21st century, such threats frequently take the form of transboundary crises (Boin *et al.* 2014; Christensen *et al.* 2016), from global warming over the financial crisis and the Syrian refugee crisis to SARS and COVID-19. In such instances, political development accelerates if political actors succeed at increasing a system’s command of fiscal, administrative, and coercive capacities, and to use these capacities to confront and overcome the transboundary crisis at hand. In contemporary political development, we thus hold, transboundary crises act as the functional equivalent to Tilly’s existential threat of war.

We test our argument on the European Union (cf. Section III). With respect to the EU, it has recently been argued that its political development has remained “incomplete, uneven, and dysfunctional” (Kelemen and McNamara: 3) due to the absence of an existential military threat. In our perspective, the EU is a likely case of a polity driven by non-military pressures. In the immediate post-war era, the EU faced a critical fork in the road of integration. Both the European Defence Community and the European Political Community failed in the early 1950s, prompting an outsourcing of security policy and territorial defence to NATO. European integration afterwards focused on economic integration, with political development taking a different path. It no longer responded to a military threat and thus did not take the Rikerian route towards a federal *state* commanding the necessary fiscal and coercive capacities to sustain armed forces and defence capacity (Riker 1964, 1987). Instead, the EU responded to Western Europe’s decline in global market shares, the end of the European colonial empires, and the rapid rise of globalisation. To this end, the EU forged an economic community that relied on regulatory market-making (Majone 1996; Scharpf 1999). When, at a later stage, it expanded into market-adjacent core state areas (monetary union, migration, defence procurement, etc.), it continued to rely predominantly on these regulatory means (Genschel and Jachtenfuchs 2014, 2016).

To test our theory of crisis-driven political development, we compare the non-military Euro and Corona crises (cf. Section IV) with the military threat of the Ukraine crises of 2014 and 2022 (cf. Section V). In the “polycrisis” (Juncker 2016) of the 2010s, the EU reacted to non-military transboundary crises with immense political development. Mustering an increase in fiscal (Examples: European Stability Mechanism [ESM], Pandemic Emergency Purchase Programme [PEPP], Recovery and Resilience Facility

[RRF]), administrative (Example: European Central Bank [ECB]), and coercive capacity (Examples: Banking supervision, European Border and Coast Guard [EBCG]), the EU shored up its regulatory model with a range of state-like capacities. The Ukraine crises of 2014/2022, on the other hand, proved insufficient to shift the EU's developmental path in defence. In the crisis, the EU mobilised its regulatory market power for securitised ends, imposing a string of incisive sanctions packages against Russia. Despite the most severe military threat in its history, the EU did not react by forming armed forces or a welfare state, as the bellicist logic would predict. Instead of demanding operational capabilities on part of the EU, the member states Sweden and Finland rather decided to abandon their longstanding neutrality and apply for NATO membership.

We infer from our comparison (cf. Section VI) that war has neither been a necessary nor a sufficient precondition for EU political development. Instead, non-military transboundary crises have triggered significant and cumulative political development in the EU. At the same time, rather than diverting EU political development towards the Westphalian model, the response to transboundary crises has consolidated the regulatory state and enabled it to respond to crises more quickly and robustly. Ultimately, the EU's experience of the polycrisis holds two general insights for studies of contemporary political development. First, war is no longer the only, and possibly not even the decisive driver of polity formation. Transboundary crises can act as functional equivalents to existential security threats in spurring political development. Second, there is indeed room for non-Westphalian polities in the international system. Not all polities need to converge on the model of the Westphalian national state which monopolises the means of coercion and resource extraction. The EU's increasingly robust model of a regulatory, civilian polity provides a case in point.

II. Political development beyond war: The provision of public goods in transboundary crisis

The prolonged period of crisis since 2009 has renewed the scholarly interest in the connection between state formation and European integration. Against the backdrop of the Euro, Schengen, Brexit and other crises, a variety of studies have drawn comparisons between the EU's protracted development and historical patterns of state-building, especially in early modern Europe and the 19th-century United States (Genschel and Jachtenfuchs 2016; Kelemen 2014; McNamara 2015; McNamara and Musgrave 2019; Schelkle 2017; Schimmelfennig 2021).¹ Among the most comprehensive and compelling treatments of the EU from a state-building perspective has been Kelemen & McNamara's (2021) explanation of the unevenness, incompleteness, and dysfunctionality of the Union's current institutional setup. The EU, Kelemen and McNamara argue, has evolved into a legal and economic colossus all while continuously wielding next to no coercive power – and thus lacking the classic marker of sovereign statehood, namely the monopoly over legitimate violence. This omission, their argument goes, stems from the absence of an existential security threat that could have served to unite Europe in one go, and the EU's propensity to instead rely on piecemeal approaches of economic and legal integration. The flaws of the EU's institutional setup laid bare by the polycrisis, in their perspective, stem from its historical origins as a regulatory law state rather than a coercive war state.

Our approach seeks to appreciate and explain the alternative developmental path the EU has taken in the absence of an existential military threat. The argument put forth by Kelemen and McNamara has many merits, above all in carving out the weaknesses of the EU's approach to political development.

¹ The scholarly debate even entered the limelight of public discourse when Olaf Scholz, at the time still German minister of finance, described the 2020 compromise on a debt-financed budget as a "Hamilton moment" (Dausend and Schieritz 2020) for the EU – referring to the US federal government's decision in 1790 to assume the states' wartime debt.

In our view, however, it also exhibits some shortcomings that our analysis of the EU from a state-building perspective aims to alleviate.

Generally, it is questionable to what extent the absence of a military threat is a necessary or sufficient condition for the EU's political development. For one, the literature on European integration has identified various factors besides the absence of war which can equally account for the EU's reliance on regulation in lieu of state-like capacities: ideology (Jabko 1999, 2006; Majone 1996; Scharpf 1999), identity (Genschel and Jachtenfuchs 2016; Hooghe and Marks 2008; Schimmelfennig and Winzen 2014; De Vries 2018), and the absence of functional pressures (Genschel and Jachtenfuchs 2018; Schimmelfennig 2018; Zaun 2020). In addition, as we will detail below, it is not at all obvious that the EU would have responded, or will respond in the future, to a military threat by building its own centralized extractive and coercive capacities or by replicating the development of the nation-state.

Crucially, the authors do not specify the benchmark in comparison to which the EU should be seen as "incomplete, uneven, and dysfunctional" (Kelemen and McNamara 2021: 3). Different forms of state have long coexisted, with the "territorial" (Spruyt 1994), "Westphalian" (Caporaso 1996), or "national" (Tilly 1990) state representing merely one (historically relatively recent) pole of a broad spectrum. Legal decentralisation, functional specialisation, and territorial differentiation, which also characterise the EU, have long been markers of more "peripheralized" (Riker 1964) forms of rule (Agranoff 1999; Erk 2008; Majone 1994; Majone 1996; Popelier and Sahadžić 2019). Beyond the obvious case of the Holy Roman Empire, the history of the European state system abounds with polities that fragmented rather than centralized political authority, from the Hanseatic, Swabian, and Lombard leagues over the Polish-Lithuanian Commonwealth to the United Provinces of the Netherlands. Just as much as the centralized territorial state, such peripheralized systems can, and arguably should, be used as points of reference for the EU. Consequently, assessments of the type and quality of the EU's political development also depend on the benchmark against which the EU case is judged. Rather than to pathologize, our aim is thus to contextualize the EU's developmental path. By placing it in its specific historic and environmental context and observing its evolution over time, we acknowledge its value as one conceivable, not necessarily superior or inferior, approach to contemporary political development.

We seek to move beyond the sole focus on war as the decisive driver of political development in contemporary Europe. In our understanding, Kelemen and McNamara's analysis of the EU relies on both too broad and too narrow a reading of Tilly's "bellicist" theory of state-building (Tilly 1975; Tilly 1990). Tilly explains the emergence of sovereign statehood in early modern Europe as a response to the functional demand of waging war for territorial expansion. State creation, i.e. the monopolization of coercion and the extraction of resources from subject populations, and state expansion, i.e. the extension of state activity into adjudication, distribution and protection, occurred as inadvertent by-products of war-making. Kelemen and McNamara's reading of Tilly's theory is, on one hand, too broad in that it overstretches its applicability to domains only loosely linked to the functional necessities of warfare. It is uncertain, and indeed relatively dubitable, whether the EU would respond directly to an existential military threat, with NATO being the more obvious respondent, and whether it would respond in the implied manner, i.e. by creating massive monetary and asylum policy capacity. For one, even in the US case, the establishment of a federal lender of last resort was not included in the initial federal bargain and did not respond to the exigencies of war but to a string of a financial market crises and ruinous bank runs (Schelkle 2017). The causal link between an external war threat and the creation of state-like capacity for the management of migration movements, too, remains unclear. Why exactly should a military emergency incite a fortification of the EU's borders for non-military purposes?

On the other hand, the authors rely on too narrow a reading of Tilly in underspecifying the continued relevance of military threats for contemporary political development. "History suggests", they argue,

“that only in the crucible of war do obstacles to dramatic centralization of power melt away.” (McNamara and Kelemen 2022) Bellicist approaches to state formation have originated in the classic works of Max Weber and Otto Hintze (Ertman 2017; Hintze 1994; Weber 1978). More recently, similar arguments have been brought forth by scholars writing in the neorealist tradition (Mearsheimer 2010; Rosato 2011) and, crucially for the EU case, in classic analyses of federal systems. Riker, whom neither Tilly nor Kelemen and McNamara cite explicitly but to whose work both have close ties, similarly argues in his “law of federal origins” (1964, 1987) that centralized federal *states*, i.e. federations that locate the most crucial legal competences and state capacities at the central level of authority, form either in the face of an existential war threat or due to a joint desire for territorial expansion. In an international system, however, in which symmetric interstate warfare has become a rarity and in which state activity is increasingly and overwhelmingly directed toward functions other than the preparation of war, it is not self-evident that precisely a military type of threat is needed to overcome gaps in state capacity (Spruyt 2017). As political development has undoubtedly and meaningfully progressed in the post-war era, we argue it must also be driven by factors other than warfare. In our view, the line of argument proposed by Tilly and Riker is firmly anchored in a specific historical context. To remain relevant today, it should be reformulated on a higher level of abstraction: States, whether of the unitary or the federal variety, serve the protection of a society against all kinds of threats, including but not exclusively of a military kind. And this variety of threats is likely to produce institutions and capacities other than those required for effective war-making. Analyses of contemporary political development, we hold, should also look beyond war toward the effects of other political, economic, and environmental exigencies on state formation.

Our approach also accounts for the effect of non-military threats on political development. Even with respect to historical processes of polity formation, various studies have sought to qualify Tilly’s emphasis on the centrality of war for the emergence of the European state system. In general, there are three distinct approaches to the study of state formation, of which security-based or bellicist analyses are a mere one (cf. Spruyt 2002). Economic approaches (Abramson 2017; Acharya and Lee 2018; Anderson 1974; Rokkan 1975; Spruyt 1994) regard shifts in production and trade, rather than changes in military technology, as the root cause of state development. Institutional approaches (North 1990; North and Thomas 1973; North and Weingast 1989; Poggi 1990; Skowronek 1982) regard state formation as a path-dependent and gradual process drawn out over extended swathes of time. They see states as winning out over their contenders because of institutional innovations that provided them with a competitive edge. Spruyt (1994, 2002, 2017) combines the two in his studies of the medieval competition between states, city-states, and city-leagues. Drawing on the works of historians Henri Pirenne (1969) and Joseph Strayer (1970), he dates the emergence of the European state system to the High Middle Ages, well before the military revolution occurred that Tilly took as his point of departure. At the time, agricultural production expanded heavily, new towns were founded, and long-distance trade became increasingly profitable. A new class of city-dwelling burghers evolved that traded in commodities and luxury items and demanded state intervention to facilitate long-distance trade by the minting of currencies, the standardisation of measurements, and the building of roads. Where the preferences of the bourgeois converged with the nobility on issues of taxation and administration, territorial states emerged. Due to their institutional advantages, territorial states eventually emerged victorious from their centuries-long, and indeed highly militarized, competition with city-states and city-leagues. Externally, their institutional setup facilitated credible and enforceable commitments vis-à-vis other states; internally, it reduced transaction costs and, through the monopolization of coercion and the raising of revenue, was better able to provide for collective goods such as physical protection and economic regulation (Spruyt 1994: 171-2).

We assume with Spruyt that the state's main purpose is to enable collective decision-making and to provide public goods that private or individual action cannot provide. Beyond territorial expansion and the preparation for war, contemporary polities' *raison d'être* lies more generally in the provision of public goods to their citizenry. The primary public good that the state provides is the protection of its subjects. The nature of state-provided protection, however, has evolved with time. The early-modern territorial state devoted the bulk of its activities to the protection of citizens' physical security ("security as survival", Giddens 1991), for instance via the defence and extension of external borders and the internal policing of crimes. The modern-era national welfare state also comprises these functions but is additionally geared towards protecting citizens' ontological security ("security as being", Giddens 1991) from other threats such as social dislocation, economic hardship, and environmental degradation. The significance of the provision of collective goods for state formation is also reflected in Acharya and Lee's (2018) account of the state system as an outcome of competition on the "market for governance" on which political entities offer their "state-provided services" (Acharya and Lee 2018: 954). According to their model, territorial states enjoy a higher level of competitiveness on this market as they can distinguish between those profiting from the consumption of their public goods and those excluded, and as they can make incontestable claims over the extraction of the resources necessary to forge and uphold public goods provision. The authors thus underscore that, in order to provide public goods, political units need to muster sufficient fiscal, administrative, and coercive resources.

With respect to the European Union and its institutional maturing, a public goods-oriented perspective is well-established. In the mainstream literature, the EU has long been seen as a response to economic and societal change and the consequently increased interdependence among European nation-states. Driven by technological progress, the post-war expansion of international trade and the increase in capital mobility provided strong functional incentives for member states to adapt through a coordination of their policies. To avoid negative externalities arising from unilateral adaptation and to reap the economies of scale promised by integration, supranational institutions were empowered to propose and make rules, and to oversee and adjudicate governments' mutual commitments (Hoffmann 1966; Milward 1992; Moravcsik 1998). After the end of the Cold War, when the functional pressures arising from the completion of the internal market incited the EU to venture into areas of "core state powers" (Genschel and Jachtenfuchs 2014; Genschel and Jachtenfuchs 2016), it upheld this emphasis on regulation over capacity-building. It created a common currency to lower economic transactions costs but refrained from extracting the resources necessary to forge a common fiscal policy. To reduce the costs of economic and social transactions, it abolished internal borders within the Schengen free-travel area but refrained from the creation of coercive capacities for the control of its external borders. In other words, the EU attempted to integrate some of the core functions of sovereign statehood into its "regulatory state" (Majone 1996) without creating state-like fiscal, administrative, and coercive capacity on the supranational level (Genschel and Jachtenfuchs 2014; Genschel and Jachtenfuchs 2016). The polycrisis of recent years exposed the instability at the core of this institutional fair-weather constellation (Jones *et al.* 2016; Kelemen and McNamara 2021). By repeatedly bringing into question the EU's ability to uphold the provision of its most fundamental public goods, i.e. a common market with a common currency and without internal borders, it also acted as a functional pressure for institutional innovation and adaptation.

The ability to uphold and adapt public goods provision even in the face of severe exogenous shocks, we hold, is at the core of a polity's survivability and competitiveness on the market for governance. Acharya & Lee's (2018) formal model assumes steady evolution, driven solely by the rising value of governance and the declining costs of governing distant territories. Spruyt (1994) also subscribes to the notion that polity formation follows specific developmental paths. On the other hand, he also

emphasises that it proceeds in ebbs and flows, with periods of relative calm upended by periods of swift and transformative change. We adhere to this notion of punctuated equilibrium. In earlier historical periods, as emphasised by Tilly and others, military conflicts unsettled pre-established equilibria within and among polities and ultimately drove state formation. In our view, transboundary crises (Boin *et al.* 2014; Christensen *et al.* 2016) act as the modern-day functional equivalent of the threat of war. Like war, the defining feature of transboundary crises is their reach across established territorial boundaries. The wave of economic globalisation and societal integration that has marked the post-war period has rendered states increasingly vulnerable to this type of threat. Recent examples of transboundary crises include global warming, the global financial crisis, the Syrian refugee crisis, SARS, and COVID-19. As they cause an urgent threat to political systems' ability to uphold their provision of public goods, transboundary crises are defining moments for a polity's developmental path. Whether a polity is able to muster the necessary fiscal, administrative and coercive resources to uphold and adapt its provision of public goods in the face of transboundary crises decisively affects its further development.

III. EU political development: Comparing the Euro and Corona crises with the Ukraine wars

To substantiate our argument empirically, we examine the recent transboundary crises of the EU. We focus on those transboundary crises that constitute external shocks to integrated policy regimes. These are sudden changes in the international environment of the polity that (are likely to) transcend its external boundaries and create an "urgent threat to its basic structures or fundamental values" (Boin *et al.* 2016: 5). In other words, we exclude internal crises (such as the Brexit or rule-of-law crises), 'slow-burning' crises (such as climate change) or external shocks (like SARS) that do not threaten the EU or its policies with disintegration. This is not to say that such crises and shocks could not contribute to the EU's political development, but in focusing on external, urgent, and severely threatening events, we aim to include those cases that share basic traits with wars.

We further focus on two diverse cases of extended transboundary crisis that help us substantiate our argument: the Euro/Corona and Ukraine crises. The euro area crisis originated in the global financial crisis of 2008, which turned into a European bank crisis that brought several Euro area countries to the verge of sovereign default after they had bailed out their banks and lost the confidence of the bond market. The crisis threatened monetary union, the culmination of EU economic integration, with breakup or breakdown. Because the Covid-19 pandemic hit an EU that had hardly recovered from the Euro crisis with even an even steeper economic downturn, we consider the Corona crisis a continuation of the Euro crisis. The Ukraine crisis escalated with the Russian annexation of Crimea and establishment of separatist republics in the Donbass in 2014 – in reaction to the Euromaidan protests that ousted a Russia-friendly government and put Ukraine firmly on a path of association with the EU. The Russo-Ukrainian war of 2022 threatened not only the survival of Ukraine and the EU's associations in Eastern Europe, but also raised the spectre of a military attack on Eastern EU member states.

These two transboundary crises vary on the core condition of the bellicist theory of state formation: the presence of an existential military threat. In line with the theory, we should observe, first, that the non-military threat of the Euro and Corona crises did less to boost the political development of the EU than the military threat of the Ukraine crises and, second, that the Ukraine crises shifted the political development of the EU beyond the regulatory law state towards a more 'complete, even and functional' polity-building trajectory.

Contrary to these bellicist expectations, however, the two transboundary crises illustrate four related arguments about the political development of the EU. First, the EU has reacted to both transboundary

crises with significant political development, i.e., the building of centralized fiscal, administrative, and coercive capacities, but the non-military Euro and Corona crises have led to a substantially higher capacity building than the military Ukraine crises.

Second, political development has followed an issue-specific logic. In each crisis, the EU has built specialized capacities tailored to the need to overcome the crisis at hand, rather than creating transversal capacities that could be used across issues. The member states have not increased the general EU budget or empowered the EU to raise taxes or debt for general political purposes. Rather, additional fiscal capacity remains task-specific and/or temporary. They have not significantly expanded the Commission-based general bureaucracy of the Union but strengthened the task-specific agencies (Bickerton et al. 2015). In the Ukraine crisis, they have even refrained from plans to establish EU-level armed forces at all.

Third, crisis-induced EU political development has been shaped by its peculiar type of polity and prior developmental path. In particular, the EU has not started to replace its “regulatory state” model and to approximate the (federal) “Westphalian” type. Rather, it has responded to specific deficits of the regulatory state. In the absence of significant EU-level fiscal, administrative, or coercive capacity, the EU regulatory state relies on the capacity of the member states to implement regulations, compensate losers, and punish violators (Majone 1996). In the event of transboundary crises, however, member states may not be able to fulfil these tasks, especially if they are exposed and vulnerable or if EU regulation prohibits them from taking decisive action. In response, EU political development has focused on complementing and consolidating the EU regulatory state with supporting fiscal, administrative and coercive capacity. In other words, we observe the development of a “robust regulatory state” rather than the renunciation of the regulatory state altogether.

Finally, political development varies with prior supranational capacity-building. Specifically, EU political development is most pronounced in response to those transboundary crises, in which member states have the least legal competences and possess the least effective national or international alternative means to cope with the threat. In such crises, the member states not only need to invest in EU-level capacity building, but supranational actors also possess the competence and capacity to act as effective crisis managers (Schimmelfennig 2018). If the member states possess effective national capacity to manage the crisis or if they can rely on effective international crisis managers outside the EU, the EU is unlikely to engage in major supranational political development on its own. These conditions distinguish the Euro and Corona crises from the Ukraine crisis, in which the member states could rely on NATO as an effective external security provider.

IV. The Euro and Corona crises: political development in reaction to non-military threats

The Economic and Monetary Union (EMU) was an instance of unprecedented supranational centralization of a core state power but remained faithful to the ‘regulatory state’ model of European integration at the outset. In the EMU, monetary policy is delegated to an independent supranational agency (the European Central Bank ECB), which controls the money supply by setting interest rates and by managing currency reserves. According to its treaty-based mandate (Art. 127 TFEU), the ECB was primarily obliged to ensure price stability rather than stimulate growth. In addition, EMU assumed no liability for member-state budgets. The ECB was prohibited from providing credit facilities to member states or Community institutions, and from buying their credit instruments (Art. 123, 125 TFEU). Rather than establishing a noteworthy EU-level fiscal capacity, EMU introduced regulation for the national budgets and fiscal policies of the member states. They were required to meet economic and fiscal ‘convergence criteria’ before joining Eurozone and became subject to the deficit rules of the

Stability and Growth Pact thereafter. These deficit rules suffered from weak and inconsistent enforcement, however. The Excessive Deficit Procedure could potentially impose high financial fines on non-compliant member states, but sanctioning decisions remained in the hands of member state governments. Finally, in parallel with EMU, the EU established the freedom of movement of capital and integrated financial markets. At the same time, the member states remained responsible for supervising and – if need be – rescuing banks.

The euro crisis broke out at the end of a chain reaction starting with the US subprime mortgage crisis in 2007 and triggering a ‘sovereign-bank doom loop’ in Europe (Acharya et al. 2014). Due to their linkages to the US financial market, systemically relevant European banks became engulfed in the crisis and had to be bailed out by national governments. These bailouts overwhelmed the fiscally weaker Eurozone countries, costing them the confidence of the bond markets and driving them into a credit squeeze. Whereas the crisis originated outside the boundaries of the Eurozone, it exposed serious homegrown weaknesses in the regulatory design and capacity of the monetary union. The Eurozone facilitated the integration of financial markets, but it lacked the competence and capacity to deal with ailing banks that had expanded in these markets and become too big for their home countries to rescue. And whereas it deprived national governments of the instrument of currency devaluation in the event of balance-of-payment crises, it did not offer them external financial support in compensation (Copelovitch et al. 2016). Consequently, deficit countries might be forced to default and abandon the euro against their will. At the end of 2009, Greece was first in line.

The imminent breakup and potential breakdown of the Eurozone triggered major reforms. The no-bailout policy was replaced with institutions and procedures providing deficit countries with public credit to keep them afloat. In 2010, the euro area member states created a temporary European Financial Stability Facility (EFSF) to bail out Greece, Portugal, and Ireland. In 2012, it was succeeded by the permanent European Stability Mechanism (ESM), a permanent international financing institution with a capital stock of 700 billion euro. The ECB adopted several new instruments. It bought bonds from highly indebted Eurozone countries to ease their credit squeeze and provided banks with long-term cheap credit. Whereas the mandate of the ECB was not formally revised, these measures have turned the ECB into a de facto ‘lender of last resort’, committing itself to ‘whatever it takes to preserve the euro’ (ECB President Mario Draghi in 2012).

In addition, fiscal regulation and supervision were strengthened in a series of legislative acts (most notably the ‘Six-Pack’ and ‘Two-Pack’ legislation) and in the Treaty on Stability, Coordination and Governance (aka the Fiscal Compact) signed in March 2012. Fiscal surveillance now starts with ex-ante control of national budgets. Member states are obliged to establish a national balanced budget rule and procedure in addition to EU-level rules and monitoring. According to the revised rules, sanctions became quasi-automatic, requiring a qualified majority of member states to stop them. The ESM and the ECB only assist countries that commit to these procedures. Finally, the EU engaged in building a supranational ‘banking union’. The Single Supervisory Mechanism assigns the supervision of systemically significant banks to a new supranational authority at the ECB. The Single Resolution Mechanism (SRM) applies to the resolution of failing banks supervised by the ECB and can draw on a Single Resolution Fund (SRF) of eventually 70 billion euro.

In sum, the euro crisis produced a significant political development in the EU. It brought to life new EU-level organizations such as the ESM and increased the administrative capacity of others: the staff of the ECB more than doubled in the crisis years.² It forced the ECB to activate its huge de facto fiscal capacity, which had been severely circumscribed de jure, and generated additional resources for

² According to the ECB Annual Reports of 2010 and 2017, the number of FTEs increased from 1563 at the end of 2009 to 3252 at the end of 2016.

mutual support (the ESM and SRF). Moreover, the tightened budget surveillance and the SRM strengthened the coercive capacity of the Union.

At the same time, these measures did not amount to a break with the regulatory state path (Genschel and Jachtenfuchs 2018). The northern surplus countries led by Germany agreed to the bailouts only reluctantly and at the last minute and limited their financial commitments to the rescue funds to sums that quickly proved insufficient to calm financial markets. They brought on board the International Monetary Fund and demanded that the ESM and SRF be established as separate intergovernmental institutions (rather than part of the EU budget and decision-making procedures). They insisted on disbursing the rescue money as repayable loans (rather than grants). And they made these loans conditional on tightened supranational budgetary and banking supervision as well as painful austerity measures (Schimmelfennig 2015).

By contrast, the European Financial Stabilization Mechanism (EFSM), which allowed the Commission to raise up to EUR 60 billion in the capital market, remained a brief episode (2010-2012). Proposals for mutually guaranteed 'Eurobonds' or a European Deposit Insurance Scheme to complete the banking union did not materialize. In contrast to the historical experience of federal states such as the US and Canada, deep economic crisis did not spur the development of centralized fiscal capacity and welfare-state redistribution (Beramendi 2012) but reinforced the regulatory polity. The autonomy and capacity of technocratic institutions was strengthened, states committed themselves to stricter regulation and monitoring, and mutual support remained intergovernmental, conditional and loan-based.

When the Coronavirus spread from China to Europe in early 2020, a new transboundary crisis hit a euro area at a time when it had not yet fully recovered from the euro crisis. Because of the widespread lockdown measures, EU GDP fell by 6.1% in 2020, exceeding the 2009 slump, while public debt rose to higher levels than during the euro crisis. The southern European countries, which had suffered the most in the euro crisis, were again hit particularly early and hard. As in the euro crisis, they lacked the fiscal 'firepower' to weather the crisis by national means.

The EU crisis response, however, benefited from the capacity building that had taken place during the euro crisis. Already in March 2020, the ECB decided to massively expand its quantitative easing (sovereign bond-buying) program – eventually up to EUR 1350 billion – and President Lagarde reiterated Draghi's vow of unlimited commitment to preserve the euro (Genschel and Jachtenfuchs 2021). The EU thereby could prevent a repetition of the balance-of-payment emergencies of the euro crisis. Moreover, the ESM opened a new credit line of EUR 240 billion in April 2020, and the SURE program (Support Mitigating Unemployment Risks in Emergency) authorized the Commission to temporarily raise EUR 100 billion and provide loans to member states in support of their active labour market measures. Correspondingly, Commission President Ursula von der Leyen could claim that 'Europe has done more in the last four weeks than it did in the first four years in the last crisis'.³ Thanks to the quick activation of capacities and instruments created in the euro crisis, the economically and financially weaker and harder hit member states were spared the 'sudden stops' and exploding interest rates they experienced in the first phase of the euro crisis.

Yet the EU response to the Corona crisis went beyond existing crisis management capacities. At first, intergovernmental negotiations saw a return of the north-south divide of the euro crisis on the issues of joint bonds (now termed 'Corona bonds'), conditional vs. unconditional, and loan- vs. grant-based support. In May 2020, however, the German government dropped its resistance and joined the French government in presenting an initiative prepared within the EU-level institutional framework (Krotz and Schramm 2021; Smeets and Beach 2022). It envisaged a fund of EUR 500 billion to be borrowed by the

³ *Politico*, [Von der Leyen: Europe is 'world's beating heart of solidarity' on coronavirus – POLITICO](#), 16 April 2020.

Commission and distributed as grants through the EU budget for the benefit of the most affected sectors and regions. The final compromise consisted in a recovery fund of EUR 750 billion split between grants (390 billion) and loans (360 billion) officially labelled Next Generation EU (NGEU).

NGEU represents a significant quantitative and qualitative change in EU fiscal capacity. First, it effectively increases the EU budget by more than two thirds, moving it from roughly 1 percent to 1.7 percent of EU GDP – without an increase in direct member state contributions. Second, the allocation of grants has a sizable redistributive effect benefiting the economically weaker southern and eastern members and causing net losses in wealthy northern countries (assuming the bonds will be repaid by governments) (Fuest 2021). Third, NGEU marks the first time the EU has engaged in collective borrowing for spending (i.e., budget transfers) rather than lending (at better conditions than member states could). Finally, the member states raised the prospect that the fund might be repaid through new EU revenue instruments rather than member state allocations.

German finance minister Scholz hailed the recovery fund as the European Union's 'Hamiltonian moment', referring to the historic 1790 US agreement to federalize the states' war debts. Whatever the historical accuracy of the comparison (Georgiou 2021), NGEU does not federalize fiscal power or capacity in the EU. First, it is a one-off measure based on a unanimous decision of the member states, and it is targeted in large part to support the modernization of the member states. Any prolongation or repetition will again require intergovernmental consent. Second, it does not allocate the EU the power to tax. It is an open question to what extent the member states will allow the EU to create new sources of revenue to service the recovery fund debt. Finally, the EU did not assume national legacy debts, and fiscal capacity continues to remain located overwhelmingly at the member state level.

The invocation of a Hamiltonian moment rather seems based on the projection that these modest beginnings breached a taboo, would facilitate similar emergency responses in the future and generate incremental momentum. At this point, the recovery fund has demonstrated the member states' ability to create ad hoc fiscal capacity to respond to a massive transboundary crisis; it complements the EU's arsenal of instruments to cope with crises of the regulatory state beyond steering the money supply and offering loans; and it is likely to aid the EU's ambitious regulatory agendas for the green transition.

In sum, the Euro and Corona crises support our arguments about political development in the EU. First, the EU engaged in massive fiscal and administrative capacity building to cope with the economic threats to integration that these transboundary represented. Even though it started from a low base, it roughly doubled its personnel and financial means in response to the crises. Second, the capacity-building has remained task-specific. It was tied to special-purpose institutions (such as the ESM or the ECB) and/or it was dedicated to targeted crisis relief (as NextGen EU). Reforms did not change the general power distribution between EU actors and between the European and the national level. They shored up the crisis prevention and crisis management capacities of the regulatory state without changing its fundamental nature.

V. The war in Ukraine: No critical juncture for EU political development

Even in comparison with other core state domains, defence is the least integrated (Leuffen *et al.* 2022). Only since the late 1990s has the EU made some strides in establishing the rudiments of a common security and defence policy. This stands in marked contrast with the historical evolution of federal states in which matters of defence were usually centralised first (Riker 1964; Riker 1987). After the failure of the European Defence Community (EDC) in the early 1950s and especially during the Cold War era, territorial defence was assigned to NATO. Only after the Treaty of Maastricht (1993) contained some first provisions on a Common Foreign and Security Policy (CFSP, Articles 11 to 28),

some dynamism ensued. At their 1998 Saint-Malo summit, France and the United Kingdom issued a call for an EU “capacity for autonomous action, backed up by credible military forces, the means to decide to use them, and a readiness to do so, in order to respond to international crises” (Foreign and Commonwealth Office 1998). A range of defence-related initiatives followed. The 1999 European Councils of Cologne and Helsinki laid the groundwork for a Common Security and Defence Policy (CSDP). The Treaty of Nice (2001) rendered the EU responsible for fulfilling the so-called “Petersberg tasks” of peace-keeping and -making. In 2003, under the impression of the US invasion of Iraq, the EU formulated a first official security strategy. The Lisbon Treaty (2009) then officially established the CSDP (Article 42 to 46 TEU) and included a mutual defence clause (Article 42.7 TEU).

Notwithstanding this rapid succession of initiatives, by the time the Ukraine crisis first hit in 2013, the EU was nowhere near achieving the ambitious objectives that it had set out for itself in the late 1990s. In matters of external security, as in other core state realms, the EU relied primarily on regulating member states’ assets rather than creating genuine coercive capacities on the supranational level. In other words, the proverbial “European army”, which has figured so prominently in European politicians’ solemn speeches for decades, remains nowhere in sight. Even the more modest plans for EU operational capacities that were pursued tended to be half-baked and half-implemented. The “crisis reaction force” of 50,000 to 60,000 troops, for instance, that the European Councils of Cologne and Helsinki announced with much fanfare, never materialised. The EU “battle groups”, small battalions of roughly 2,500 troops each, experienced a similar fate. Though they reached operational capacity in 2007, a byzantine financing scheme has prevented their usage to this day. In the roughly forty civilian and military missions the EU has conducted under the CSDP, it thus had to rely exclusively on member states’ voluntary contributions of personnel and equipment.

On the other hand, the EU has developed an increasingly effective ability to harness rule-setting for security purposes. This has allowed the EU to extend the logic and the toolset of market-making to the CSDP. For example, the EU pursued various initiatives to liberalise national markets for defence procurement, especially by means of creating binding EU-wide rules for tenders (Directive 2009/81/EC; Blauburger and Weiss 2013). The EU also sought to increase the interoperability of national capabilities. The European Air Transport Fleet (EATF), for instance, is a pooling and sharing agreement that allows participating member states to rely on a single pool of military transport aircraft. The most widely used regulatory instrument in EU foreign and security policy, however, are sanctions. Under the CFSP, restrictive measures were first used in late 1993 and have since been used to an ever growing extent (Giumelli *et al.* 2021). The EU’s current sanctions arsenal includes arms embargoes, asset freezes, and travel bans but also trade, financial, and diplomatic restrictions. Sanctions have become the EU’s preferred way to project its enormous “market power” (Damro 2015) onto the realm of security and defence, where its political and institutional power base is much narrower.

Although it played a crucial role in its genesis, the Ukraine crisis of 2013-14 hit the EU wholly unexpectedly – and unpreparedly. One could even say that the EU had been naïve about the security and geopolitical implications of its pursuit of regulatory market expansion. In 2008 already, the EU and Ukraine had announced their intention to conclude an association agreement (AA) comprising commitments on trade in goods, services, and investment as well as provisions on political dialogue and human rights, migration, and criminal justice cooperation. When the signing of the agreement at the 2013 Eastern Partnership summit in Vilnius drew closer, the EU made it understood that a conclusion of the AA was incompatible with a Ukrainian accession to the Russia-led Eurasian Economic Community. Under heavy pressure from Moscow, then Ukrainian President Yanukovich took the fateful decision to abandon the AA with the EU, spurring the “Euromaidan” movement and ultimately the downfall of his own government. After his ousting in late February 2014, Russia first occupied and

then annexed Crimea and stepped up its provision of arms and operational support to forces in the Donbass region of Eastern Ukraine. A war of attrition ensued that remains ongoing.

The Ukraine crisis of 2014 marked the first return of interstate warfare to Europe after the end of the Cold War, with Russia re-emerging as a revisionist power using brute military force to redraw the map of Eastern Europe at its will. In this sense, the Ukraine crisis clearly posed the most severe threat to the European security order in decades. In the eyes of many observers, the war also “challenged the fundamental values, interests and even, potentially, the existence of the EU” (Howorth 2017: 133). As to be expected, the EU reacted to the Ukraine crisis in line with its peculiar developmental path and in accordance with its specific set of capacities. After the Russian annexation of Crimea in March, it began to gradually phase in a sanctions regime which initially targeted involved political and military officials with travel bans and asset freezes. Due to disagreements among member states in an area requiring unanimity (Howorth 2017; Karolewski and Cross 2017; Orenstein and Kelemen 2017), it took the EU until late June to impose more comprehensive economic restrictions, starting with an import ban on Crimean goods. Only the downing of the passenger plane MH17 in mid-July served to galvanize the EU’s crisis reaction. Within days after the killing of 298 civilians, the EU agreed on a comprehensive package of sectoral sanctions limiting access to EU capital markets for state-owned Russian banks, imposing an embargo on arms trade, banning exports of dual-use goods, and limiting Russian access to sensitive technologies in especially the oil sector (Seibel 2017). A more narrowly defence-related EU response to the crisis, on the other hand, was missing in action. The immediate reaction to the conspicuous return of interstate warfare to Europe was assigned to NATO which, at its Wales summit in September 2014, agreed upon a greater presence in Poland and the Baltic states, and which in 2016 initiated the “Enhanced Forward Presence” to shore up its Eastern flank. Consequently, the immediate impact of the 2014 Ukraine crisis on the institutional and political underpinnings of the CSDP was negligible. The brunt of the security challenge was weathered by NATO, with the EU providing an accompanying and increasingly (if not overly) tight sanctions regime along with significant economic, political, and administrative support for Ukraine.

Despite its reticent reaction to the 2014 Ukraine crisis, the EU realised some important progress in defence between 2016 and 2021. Supported by a more assertive discourse centring on notions of European “sovereignty” and “strategic autonomy” (Macron 2017), this progress was mainly due to a confluence of four factors, of which the Ukraine crisis and the resurgence of Russia as an aggressive power was a mere one. The other three consisted in the election of Donald Trump in 2016, the British decision to leave the EU of the same year, and the rise of China as a “systemic rival” (European Commission 2019). Though most observers are reserved in their assessment (Bunde 2021; Howorth 2018), the EU not only adjusted its strategic outlook by means of a new “Global Strategy” (2016), it also took some limited steps to enhance its fiscal and military capabilities in the security domain. In 2017, for instance, the EU initiated the instrument of Permanent Structured Cooperation (PESCO, Article 42.6 TEU). As of April 2022, rotating groups of 25 member states have pursued 60 projects in the PESCO framework, several of which foresee joint European armaments such as drones and missiles as well as joint European capabilities such as a European Medical Command and Cyber Rapid Response Teams. PESCO projects are partly funded by the European Defence Fund (EDF), a novel fiscal capacity located within the EU budget. With an annual volume of roughly 1 billion Euros for 27 member states, however, the ultimate impact of the fund on defence research and procurement is likely limited. In addition, the EU also sought to improve the functioning and financing of its military missions. In 2017, it thus created the Military Planning and Conduct Capability (MPCC) as a permanent operational EU headquarters for all military operations under the CSDP. In 2021, the Council of Ministers additionally created the European Peace Facility (EPF), as an off-budget instrument to finance EU military missions

and to assist third states or international organisations with defence- and security-related expenses. For the current budget period (2021-27), the EPF is allocated roughly 5.7 billion Euros.

When Russia launched a full-scale attack against the whole of Ukraine in February 2022, the EU was well-prepared and reacted as swiftly as decisively. In marked contrast to 2014, the EU immediately adopted comprehensive and incisive sanctions. Beyond asset freezes and diplomatic restrictions against a lengthy list of individuals, the various packages mandate the freezing of Russian central bank assets, the exclusion of most Russian banks from the SWIFT international payments system, a prohibition on almost all Russian goods and services imports as well as a prohibition of high-technology and strategically important exports from the EU into Russia. As of April 2022, the EU has also acted as the second-largest provider of military, humanitarian, and economic support for Ukraine, trailing the United States but ahead of EU member states' and also third countries' (e.g. the UK and Canada) individual contributions (Monn 2022). To finance its military support, the EU also used the recently established EPF, channelling 1.5 of the available 8 billion Euros into Ukraine for the purchase of lethal weapons and other military equipment. In other policy domains, too, from migration over agriculture to energy policy, the EU reacted swiftly to Russia's war on Ukraine, demonstrating its ability to safeguard the functioning of the single market, the monetary union, and the Schengen area even under extraordinary circumstances. At the same time, there are currently no indications that the crisis could cause a broader shift in EU defence policy. In this sense, it is also interesting which possible responses the EU has refrained from pursuing. For instance, EU institutions did not seek to harness the crisis for a renewed push to abolish the unanimity requirement in the Council in foreign and security matters. The member states have also not agreed on a scheme of fiscal redistribution by means of Corona-style bond issuance, to stem the fiscal fallout due to rising energy prices and countries' differential exposure to the crisis. Despite individual member states' pledges to massively increase their defence spending over the coming years, there has also been no initiative (yet) to boost the integration of member state armies and the EU's own operational capacities in security and defence. While a "European army" remains illusory, the recently tabled proposal for a 5,000 strong "EU Rapid Deployment Capacity" to succeed the ill-fated battle groups, foreseen in the European Security Strategy of March 2022, is not an immediate reaction to the Ukraine crisis but to the general instability in the EU's neighbourhood. Again, the brunt of the military response to the war in Ukraine is carried by NATO which has massively upped its presence in its Eastern member states, with the EU actively and substantially contributing politically, economically, and financially to the general Western effort to halt Russia's aggression.

From the perspective of bellicist theories of polity formation, the Ukraine war is to be seen as a potential path-breaking moment for EU defence integration. In the bellicist view, state-making occurs as an inadvertent by-product of war-making. Yet, even though it certainly is the closest the EU ever came to a direct military threat, the war in Ukraine has not had a profound impact on the political and institutional trajectory of the European Union. For now, it seems that the Ukraine crisis does not exert sufficient pressure as to cause a profound shift in the EU's path of development from an economic to a military logic. In a way, the current military crisis has even reinforced the non-military, issue-specific nature of EU political development. The EU has reacted with massive political and economic sanctions, but without the build-up of massive fiscal and coercive capacities. While the integration initiatives of the past years should not be underestimated, they certainly do not amount to a critical juncture in the EU's systemic development. Even in the face of Russian aggression, the EU sticks with its path of regulatory integration without federation. Despite the palpable military threat, the EU did not react by forming armed forces, or a welfare state, as the bellicist logic would suggest. In this sense, the Ukraine crisis has reconfirmed the fundamental decision taken in the early 1950s of assigning economic integration to the EU and territorial defence to NATO. With NATO, the bulk of EU member states disposes of a much more effective provider of security than the EU. A military build-up of the EU thus

seems neither necessary nor sufficient. Strikingly, the Ukraine war has pushed neutral EU members such as Finland and Sweden toward NATO accession, rather than towards demanding the creation of an EU army. While a military logic of EU political development cannot be excluded for the future, it depends heavily on the survival of NATO (which, in turn, depends on US domestic politics). Only two years after French President Macron referred to it as “braindead”, the transatlantic alliance looks more stable than it did in years, and the EU as unlikely as ever to become a federal state proper.

VI. Discussion and Conclusion

In the preceding sections, we described and contrasted the political development of the EU in recent non-military and military transboundary crises: the Euro, Corona, and Ukraine crises. We preface the comparative discussion of our findings with a note of caution. The Ukraine crisis not only started a few years later than the Euro crisis, but also at a lower level of intensity. In contrast to the Euro and Corona crises, it has only recently turned into a potentially existential threat to the EU and has likely not reached its peak at the time of writing. Any conclusions on the impact of the Ukraine crisis must therefore remain preliminary. We can nevertheless leverage our empirical observations to assess the relevance of the bellicist theory of state formation for the political development of the EU. We summarize our findings in the following statements. 1. War has neither been necessary nor sufficient for EU political development. 2. Non-military transboundary crises have triggered significant and cumulative political development in the EU. 3. Rather than diverting EU political development towards the Westphalian model, the response to transboundary crises has consolidated the regulatory state.

War has neither been necessary nor sufficient for the political development of the EU. For one, as we point out in the theory section, the literature has come up with a variety of partly competing and partly complementary structural, institutional, and ideological factors that explain why the *relance européenne* starting in the 1980s was firmly anchored in the model of the regulatory state. The absence of war is thus not necessary to explain the EU’s trajectory of political development; it also constitutes a less proximate and effective cause.

Nor have the Russian military aggression against an associate of the EU or the existential military threat against its Eastern member states caused major political development. As the Ukraine case study shows, the EU has predominantly reacted with regulatory instruments to the 2014 and 2022 Russian military interventions: a variety of sanctions raising barriers and restricting transactions between Russia and the EU and the activation of rules that allow Ukraine refugees to enter the EU without an asylum procedure. Interestingly, the crisis response in the Ukraine crisis has thus been considerably more regulatory in nature than it has been in the non-military crises. The EU has not engaged in the building, let alone use of major military capacities or improved the extractive and administrative capacities that have accompanied state-making in the bellicist account. The Russo-Ukrainian war and the declared geopolitical ambitions of the Putin regime have thus not been sufficient to alter and boost the political development of the EU, even though they constitute the most manifest military threat the EU has experienced in its post-Cold war history.

Finally, the Euro and Corona crises show that war is not necessary for major political development to occur. What is more, political development has been more pronounced in these non-military crises than it has been in the military crises on the EU’s borders. In the Euro and Corona crisis combined, the EU has raised trillions of Euros through novel ECB programs, additional institutions such as the ESM and other rescue funds, and innovative budgetary instruments, most notably NextGen EU. Compare that to the Ukraine crisis, in which it has so far reallocated 1.5 billion from an existing facility. Whereas this sum is certain to grow over the duration of the war, it is likely to remain several orders of

magnitude below the fiscal capacity created in the Euro and Corona crises. In addition, whereas the EU has created new institutions, and significantly increased the staff of existing ones to increase its economic and financial crisis intervention capacity, no administrative capacity building is on the horizon in reaction to the Ukraine crisis. EU spending on the Ukraine crisis supports the Ukrainian government and its military effort, but it is not an investment in the EU's own military capacity. And while it is not precluded that additional EU-level fiscal capacity will be created in response to the Ukraine crisis, as for instance Italian Prime Minister Draghi has called for, it is most likely to be spent again on mitigating the economic fallout rather than propping up the EU's defence capacity.

Non-military transboundary crises have triggered significant and cumulative political development in the EU. In response to the Euro and Corona crises, the EU has engaged in significant fiscal and administrative capacity building. Quantitatively, it has roughly doubled its fiscal capacity through NextGen EU, other budgetary instruments, and the ESM rescue funds – and that does not even comprise the comparable sum provided by the ECB through its bond-purchasing programs and low-interest credit lines. The expanding tasks of the ECB, including its responsibility for banking supervision and resolution, have further led to a doubling of its staff. Qualitatively speaking, the ECB has changed from a central bank with a restrictive policy portfolio to a de facto lender of last resort and has thus become more like national central banks in both competence and capacity. The Corona recovery fund has breached other erstwhile taboos: the raising of collective debt for redistributive transfers to the member states and the prospect of creating new sources of EU revenue. This development has been paralleled by the EU response to the migration crisis, which we did not cover in this paper. Frontex was transformed into the European Border and Coast Guard Agency with expanded tasks in the protection of the EU's external borders; its budget has grown from EUR 143 billion in 2015 to EUR 543 billion in 2021; and its staff is planned to reach 10000 in 2027, up from 309 in 2015. In sum, after a series of non-military crises, the EU has seen the largest increase in fiscal and coercive capacity in its history.

Rather than diverting EU political development towards the Westphalian model, the response to transboundary crises has consolidated the regulatory state. It is also remarkable, however, that the crisis experiences and the subsequent capacity-building have not constituted a critical juncture diverting the EU from its path of regulatory state-building. For one, none of the crises has changed the basic constitutional set-up of the EU, i.e., regarding the distribution of competences and decision-making powers between the national and European level, or between the EU-level institutions. Rather, the EU institutions have creatively complemented or worked around the existing constitutional framework. Not only have decision-making rules remained largely stable – and the new majority requirements in the corrective arm of the excessive deficit procedure have not been used – but the institutional and fiscal innovations have generally been agreed by consensus. In addition, political development was task-specific rather than general-purpose, relying mostly on crisis-specific technocratic institutions such as the ECB and the ESM as well as crisis-related earmarked funding.

Despite the manifest Russian security threat, the crisis period has further confirmed the EU's path of civilian development, which it originally embarked on in the 1950s, and its division of labour with NATO. In reaction to the Ukraine crisis, the EU has focused on civilian sanctions, whereas the EU member states have worked through NATO to coordinate their defence and military support commitments. Rather than putting into question the viability of the EU law and market state, the Ukraine crisis has reinvigorated its interorganizational cooperation with a military alliance and demonstrated the sanctioning power a regulatory state can bring to bear against military aggression.

The general thrust of political development has consisted in incrementally shoring up the regulatory state rather than engaging in fundamental 'federalist' reform. Pre-crisis, member states were generally reluctant to equip the EU with significant fiscal, administrative, and coercive resources. In response to

the crises, they engaged in hard bargaining about the distribution of crisis management costs (Schimmelfennig 2018). At the same time, they proved willing to make the incremental and patchy commitments that were just sufficient to preserve their integrated policies (Jones et al. 2016). Over time, however, these cumulative patches have equipped the EU with a set of instruments and funds that created precedents, reduced distributive conflict, and shortened crisis reaction time – without, however, altering the fundamental rules of the game. The cumulative crisis responses have turned the EU into an increasingly robust regulatory state, with more fiscal and administrative capacity to defend its regulatory regimes, to mitigate intergovernmental conflict, and to prevent involuntary member state defection than it had at the beginning of the crisis period. The EU has also been able to react to crises in an ever-quicker fashion: To paraphrase Commission President von der Leyen, what took four years in the Euro crisis, took four months in the Corona crisis and a mere four days in the Ukraine crisis.

Our analysis holds two general lessons for political development in the 21st century. First, it puts the role of war for political development in consolidated democratic welfare states into question. We agree with Spruyt and others who relativize the importance of war-making for state development, highlight the relevance of economic changes and challenges, and regard selection through war as a historically contingent mechanism for the survival and development of polities. We argued in this paper that transboundary crises can act as functional equivalents to existential security threats in spurring political development, and that economic threats to the survival of integrated policy regimes have been more consequential for EU political development than military threats.

Second, our analysis puts the superiority of the Westphalian state, in its unitary or federal form, into perspective. We agree again with those analyses of modern political development that argue that there is room in the international system for non-Westphalian polities to survive and thrive even over extended periods of time. Correspondingly, a relatively novel polity such as the EU does not ultimately have to converge to the national-state model to persist and evolve. As we have tried to show, the EU has responded incrementally and with increasing ambition and robustness to the series of transboundary crises it has experienced since the start of the Euro crisis, all while sticking to its regulatory and civilian path.

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