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Summary

The Title:

Crises and Opportunities: Strengthened European Union Economic Governance after the 2008 Financial Crisis

This dissertation uses three different major schools of thought to analyze recent developments in European economic governance during the post-2008 crisis era, which was thematically dominated by the euro area sovereign debt crisis. The main research question driving the work is: Along with the adoption and implementation of the EU's new measures, what path are the EU and European Economic and Monetary Union (EMU) embarking on? That is, what are the economic governance tendencies of the EU and EMU after the 2008 crisis? This main research question (MRQ) is divided into five sub-research questions (SRQs): Is the EU on the way towards a political union/political integration (SRQ1)? Do the current developments of the EU signify supranationalism over nationalism (SRQ2)? Why did the EU and member states agree to take these new measures (SRQ3)? What are the implications and consequences of the new developments of the EU during the crisis (SRQ4)? What are the prospects for the EU and EMU in the future (SRQ5)?

To answer the SRQs and thus the MRQ as well as to unravel the development of the EU, this dissertation resorts to three main EU integration theories — neo-functionalism, liberal intergovernmentalism (LI) (a latest descendant of intergovernmentalism) and historical institutionalism (HI) — whose propositions are expected to explain the EU's recent developments and provide predictions about the EU's development in the future. This also leads to another SRQ of this dissertation: What is the explanatory and predictive power of these three different European integration theories when studying the EU's recent developments after 2008 (SRQ6)?

From the theoretical frameworks offered by the three European integration theories, a broad range of hypotheses has been deduced. These hypotheses are then applied to three selected cases in terms of recent EU developments (differing in terms of nature and functions, but being similar in the intention to solve the crisis): the European Semester, the European Systemic Risk Board (ESRB), and the European Stability Mechanism (ESM). Using congruence testing and process tracing, each theory

is tested in detail in terms of its proposed causal mechanisms accounting for the development of the EU. If the causal chains suggested by the hypotheses drawn from each integration theory are present in the selected cases, the hypotheses will be vindicated, and if not, the hypotheses are found to lack sufficient evidence to support them and thus require further examinations and modifications. When a hypothesized mechanism fails wholly or partially in the case studies, the reasons causing such a failure are probed, and thus new variables, hypothesized mechanisms or theoretical explanations are possibly developed. As a result, based on the hypotheses tests by the three selected cases, some new variables are explored and added to the original hypotheses, new propositions formulated in hypothesis form, and predictions made. The acceptance, rejection or revision of the hypotheses makes a possible contribution to on-going debated EU studies and the ever further developing European integration theories; moreover, they provide answers to the SRQs of this dissertation, which finally lead to the answers to the MRQ.

Accordingly, the dissertation is structured as follows. The first chapter (introduction) states the research questions and objectives, defines the theoretical frameworks, and describes research design and methodology. Then chapter two, chapter three and chapter four present the literature review and hypotheses derivation based on the three integration theories respectively. Chapter five offers a summary of the hypotheses formulated and to be tested, with an illustration of the relationships among the hypotheses and their sub-hypotheses. Chapter five also offers a general description of the three selected new measures. The next three chapters — chapter six, seven and eight — carry out the case studies and hypotheses tests for the three theories, each chapter for one theory, with research results, new findings and predictions presented in the form of Propositions. Finally, chapter nine draws conclusions based on the research, where answers to the SRQs and MRQ as well as research limitations are offered based on the hypotheses tests and the case studies of the previous chapters.

The findings can be summarized as follows. The empirical analysis of this dissertation shows that the EU is on the way towards a political union, but it is unlikely to evolve into an entity of the highest degree of political integration. A prominent feature of this political union is the uneven extent of political integration across different policy areas, where the highest degree of political integration is entailed in, for example, the operation of the European Central Bank (ECB), with a unified monetary policy for the euro member states, while the lowest degree of political

integration tends to appear in policy coordination areas without legally binding powers to the member states (answers to SRQ1). The recent wave of EU reforms and new developments does not suggest a strong trend of supranationalism over intergovernmentalism, because the two among the three selected new measures do not have legally binding powers for their addressees; nevertheless, they entail strengthened and improved EU economic governance, which also indicates new trends of EU supranational governance in the future (answers to SRQ2). A basic reason for the EU and member states to agree to take these new measures is that addressing the crisis is beyond individual member states' capacity and ability (answers to SRQ3). As for the implication and consequences of the new developments of the EU during the crisis, the three European integration theories tested on the basis of the case studies offer their own particular perspectives via the vindication and modification of their assumptions on the basis of the empirical findings. From a neo-functionalist point of view, the new EU measures of economic integration lead to EU political integration, while from an LI angle, the EU's new developments during the crisis still tend to reflect and reinforce the big countries' influence and powers. By comparison, an HI exploration reveals that not all policies adopted and implemented during the crisis suggest critical junctures of substantial reforms to the EU project; rather, some measures display strong connections to the previous practices and policy traditions (answers to SRQ4). The prospect for a member state to quit the EU or EMU appears unlikely; EU integration is irreversible and the regional integration project appears to have become more mature and stronger after weathering through the crisis (answers to SRQ5).

All of these findings lead to the answers to the MRQ: To address collective issues and challenges from holistic approaches is a tendency of EU economic governance for the future, which, tending to cut across different policy areas, requires effective communication, coordination and cooperation among various actors within the EU. The rationale behind collective EU-level solutions is to maximize synergistic effects among the individual member states as well as individual EU institutions and policies, aiming to achieve more than the sum of the individual parts. The research of this dissertation shows that crisis is also an opportunity for the EU to develop and mature, and EU economic governance has been strengthened after the 2008 global financial crisis (as well as after the Lisbon Treaty).

As far as SRQ6 about the explanatory and predictive powers of the three main European integration theories is concerned, the hypotheses test results suggest that the

causal mechanisms posited by the three theories (with the exception of a few inapplicable situations and unsuitable cases described in the case study sections) largely account for the three selected main measures. Approaching the EU from different perspectives with different focuses, the three integration theories tend to complement, rather than compete with or substitute each other. Neo-functionalism appears to work better to explain policies and measures developed via the EU's collective decision-making procedures, while LI turns out to be more suitable to account for approaches developed outside the Community method, that is, via intergovernmental negotiations; by comparison, HI tends to be more applicable to areas characterized by legally binding powers to their addressees.

Apart from the theoretical developments, new findings and answers to the research questions presented above, this dissertation has its research limitations: it does not examine the interactions and possible synergetic effects of the three selected measures, neither does it delve into the actual impacts and effectiveness in solving the crisis after their implementation. Research in the future may address these limitations and the author, who comes from China, plans to carry out research on "lessons and inspirations of EU economic governance during the post-2008 crisis era to China's economic governance in transformation". This dissertation serves as a starting point to explore the EU in such a global context.