

# Federal Dynamics, Solidarity, and European Union Crisis Politics

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## **Abstract**

This paper analyzes the crisis politics in the European Union (EU) in comparison to federal states. I assume that – despite obvious differences – the EU faces similar policy challenges as federal states in times of crisis. At the same time, federal states are similar to the EU because intergovernmental conflict and cooperation appear in times of crisis. In taking federations as contrasting cases to the EU, I argue that during times of crisis, in the EU, politics of solidarity are politics of “negative solidarity.” Politics of negative solidarity are all about the limitations of solidarity and member state sovereignty. Member states consider solidarity (e.g. mutual financial support) according to a logic of appropriateness. In contrast, crisis politics in federal states are politics of “positive solidarity”, according to which member states give little emphasis to the limitations of support between constituent units and consider solidarity according to a logic of consequences.

Time and again, the European Union (EU) passes crisis periods. In the wake of the housing market crash after 2007, the Euro crisis unfolded and has remained on the political agenda of EU policymakers since then. Furthermore, refugees coming to Europe have posed an important challenge for policymakers at the level of the EU and member states. Both, the Euro crisis and the refugee crisis, developed from difficult policy challenges into political crises, in which some member states openly questioned the EU and its governance model. Severe conflicts amongst EU and European Monetary Union (EMU) countries’ governments shattered the union, euro-skepticism and eurosceptics parties (re)gained political strength, and the UK population voted to leave the EU, in 2016. Why did policy conflicts about the management of specific crises turn into a deep political crisis of the EU and how is this linked to the politics of solidarity?

I analyze this research question by examining EU crisis politics through the lens of research on federal dynamics. Precisely, I take federal states as contrasting cases to explore the politics of solidarity in the EU and EMU. To be sure, I am not questioning that European integration has taken above all a path of economic and differentiated political integration (Leuffen, Rittberger & Schimmelfennig 2012, Schimmelfennig, Leuffen & Rittberger 2015), which clearly distinguishes the EU from federal states. Researchers have already pointed out how the crisis changed the EU and EU politics (Tosun, Wetzel & Zapryanova 2014, Degner 2017, Genschel & Jachtenfuchs 2018) and debated how existing theories of EU integration contribute to our understanding of the EU against the background of its current policy challenges (Börzel & Risse 2018, Moravcsik 2018, Schimmelfennig 2018, Hix 2018*b*). I am not questioning this perspective.

I seek to complement existing studies by assessing intergovernmental politics in the EU and EMU by using insights from comparative federalism research. There is consensus that the EU is no federal state because important elements of state sovereignty, such as the control over the military, taxation, and redistribution remain locked in almost entirely at member state level (Burgess 2000, Trechsel 2005, Jachtenfuchs & Kasack 2017). To account for the differences between the EU and federal states, scholars have referred to concepts, such as multilevel governance (Hooghe & Marks 2003), regulatory federalism (Kelemen 2009), or integration by stealth (Majone 2009). Against the backdrop of the economic and the ensuing political crisis of the EU, researchers have pointed to the constitutional legitimacy problem of a potential European federation (Niesen 2017), the potential and limits of a fiscal union (Costa Cabral 2016). Furthermore, scholars compared democratic representation (Benz 2017, 515) and parliamentary activism in the EU to federal states (Bolleyer 2017, 535-536), and assessed the political dynamics between the EU and its member states from an organization theory perspective (Jachtenfuchs & Kasack 2017).<sup>1</sup>

This paper contributes to this literature in examining the politics of intergovernmental solidarity in the EU and EMU from a comparative perspective by comparing it to the politics of solidarity in federal states. Therefore, this article profits from political scientists' renewed interest in Durkheim's work on solidarity (Herzog 2018). In harkening back to Durkheim (Durkheim 1984 [1893], MacCannell 1977), I distinguish "negative solidarity" and "positive solidarity" and use these concepts to conceptualize politics of solidarity in intergovernmental relations. In short, politics of

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<sup>1</sup>For a detailed literature overview read also: (Fossum & Jachtenfuchs 2017).

negative solidarity entail that governments' main political preference is to limit the solidarity with other constituent units of a federation or confederation by making the case for mutual support between different governments a problem of legal appropriateness (March & Olsen 2004, 490). Furthermore, politics of negative solidarity do not produce further integration (Durkheim 1984 [1893]). On the other hand, politics of positive solidarity are a situation in which governments' main political preferences are to support other constituencies and member states a priori and the limitations of solidarity are no political problem but rather a question of policy implementation. In other words, the politicization of solidarity follow a logic of consequences (March & Olsen 2004, 490), i.e., governments want to avoid the negative social consequences of a crisis for any of the members of the union.

I argue that due to the common market and the integration of some core state powers (Genschel & Jachtenfuchs 2018) in the field of monetary and economic policy, the EU faces policy challenges similar to federal states (Hix 2018*a*). I hold further that, similar to federal states, EU anti-crisis policies came along with temporary centralization of discretion to the central government. In case of the EU, these were the Council of the European Union and the European Commission. Other than in federal states, preference aggregation in the partisan and electoral arenas remained, however, indirect (between the national and EU level) and highly volatile during the crisis (Benz 2017). EU anti-crisis policymaking happened in the intergovernmental arena and politicized different preferences about anti-crisis policies between EU member states, which suffered to different extents from the consequences of the Euro and the migration crises. On the one hand, EU anti-crisis policies increased solidarity amongst member states and Euro-zone members, for example through the European Financial Stabilization Mechanism (EFSM) and the European Financial Stability Facility (EFSF). On the other, the politics of EU anti-crisis policies are politics of negative solidarity. Intergovernmental decision making was – above all – a debate about the limitations of solidarity. In the Euro crisis, the creditor countries dominated de facto the bailout packages for Greece and other crisis countries without taking into consideration the social consequences of these policies. Germany and the other creditor countries argued that more support and debt relief is not appropriate legally. In the refugee crisis, an effective redistribution of the refugees amongst member states failed due to intergovernmental conflicts. Again, the debate was about the limitations of solidarity and why redistribution through European institutions is legally inappropriate.

The main contribution of this paper is not the – admittedly trivial – point that federations and the EU are different. This article uses federal countries as contrasting cases to explore the politics of solidarity in the EU. The comparative approach allows me to develop the concept of negative solidarity in the analysis of solidarity politics in intergovernmental relations. In intergovernmental relations, politics of negative solidarity entail that member states of a union or federation focus on their property rights. Their main preference is to limit solidarity, e.g. bailout of other member states, and they will focus on what is appropriate legally. Contrariwise, the social consequences of non-solidarity are less important. Therefore, politics of negative solidarity have adverse consequences for integration, for example the rise of euro-skepticism and euro-skeptic parties and policy agendas, in EU and EMU countries.

## **Theoretical Priors**

This article starts from two different theoretical priors. On the one hand, I distinguish two types of how solidarity can be politicized, namely negative and positive politics of solidarity. On the other, I start from insights of intergovernmental politics in federal states regarding anti-crisis policies.

### **Positive and Negative Solidarity**

Territorial solidarity is an important problem for federal states, and even more so for the European Union, as heterogenous constituent units and member states need to cooperate to deal with shared problems. To analyze the politics of solidarity in federal states and the EU, I use the work on solidarity by Emile Durkheim. Durkheim is famous for the distinction of mechanical and organic solidarity. The author uses these two concepts to differentiate solidarity in traditional and modern societies. In traditional societies, a mechanical form of solidarity keeps individuals together because they have a similar language, education, and are perhaps related to one another. In modern (or advanced societies), we find an organic form of solidarity. This means that individuals show solidarity with each other because they need to rely on one another due to the separation of tasks in the context of specialization and differentiation that are both important to modern societies (Durkheim 1984 [1893], Herzog 2018).

Durkheim's work contains another distinction, namely negative and positive solidarity. The two concepts are not very prominently developed in the work of Durkheim (Durkheim 1984 [1893]). Mechanical and organic forms of solidarity are two positive forms of solidarity because they produce societal integration – either in traditional or in modern societies (Barnes 1966). Positive solidarity “links individuals directly to society without any intermediary” and thereby it produces either mechanical or organic solidarity (Durkheim 1984 [1893], 83). On the contrary, negative solidarity is a certain group of rules that refers to the right to have private property in society. These rules do not require individuals to interact (Barnes 1966, 164-165) whereby they would reproduce solidarity in society. According to Durkheim, negative solidarity is not sufficient to keep a society together (Durkheim 1984 [1893], 76). Interestingly, he continues with pointing out that European societies are on a path towards more integration and increasing cohesiveness, but without making the link to the politics of solidarity between these countries (Durkheim 1984 [1893], 76-77).

In harkening back to Durkheim's work on solidarity (Durkheim 1984 [1893], MacCannell 1977, Herzog 2018), I distinguish two forms of solidarity that that can be applied to the politics of inter-governmental relations in federal states as well as in the EU. Firstly, politics of *negative solidarity*. This entails a state in which territorial actors in a union debate and discuss their mutual support from a perspective that protects their property rights and privileges only. Governments or representatives from different territories will consider helping other territories only in the scope of what is appropriate legally. Particularly those territories who are affected negatively by solidarity in the short term (e.g. “net-payers” or receivers of refugee redistribution) will act and argue according to a logic appropriateness and focus on what is legally appropriate (March & Olsen 2004, 490). They will also make sure to receive guarantees that their acts of solidarity are repaid in the future. This type of solidarity is unlikely to produce more social integration because territories who are in need of help will receive the signal that help will come only unwillingly and with cost attached. Potentially, it might result in desolidarization and disintegration of the Union because countries in need of help will consider to exit the union. Secondly, politics of *positive solidarity* are different. This entails a situation in which territorial actors in a union debate and discuss their mutual support from an perspective that maintains social integration – even if it entails higher cost for them. Therein, governments and territories will consider helping other territories from a logic of social consequences (March & Olsen 2004, 490) and regard such action as an investment in the future. Positive solidarity

is likely to produce more or at least to maintain the existing level of integration. Furthermore, it will prevent desolidarization amongst member states of the union.

### **Solidarity and Crisis Politics in Federal States**

The second theoretical prior of this article concerns federal dynamics, i.e., intergovernmental relations in federal states. Empirical research has demonstrated that once an economic and financial crisis hit, in federal states, the central government took action to deal with the crisis induced policy challenges. Against the crisis background, national governments responded with economic stimulus programs that entailed for example financial transfers to subnational governments (Braun & Trein 2013*b*, 351) as well as measures to bail out member states of the federations and to enforce budgetary discipline in the future. These policies entailed a *temporary centralization* of discretion to the federal government, i.e., the central government had more policy competencies during crisis (Braun, Ruiz-Palmero & Schnabel 2017) (Braun & Trein 2013*a*, 144-151). Subnational governments for their part pursued their own policies, which, sometimes, corresponded with the measures of the national government. Nevertheless, there is also evidence for *opportunistic behavior* of subnational governments (Braun & Trein 2013*b*, 351)(Braun & Trein 2014, 811), i.e., sub governments attempted to implement the national anti-crisis policies in a way that served their own interests, such as not using federal grant money or by doing something else with it than intended by the federal government. Furthermore, there are instances of *desolidarization*, which means that some constituent units requested reforms of the fiscal equalization system, did even consider to leave the federal union often because they did not want to support other territorial units anymore (Braun & Trein 2014, 811).

The empirical analyses of crisis politics in federal states have shown that (with some exceptions) temporary centralization of discretion in fiscal policy did not spill-over into serious conflicts about the existence of the federation, mostly because institutions for collective decision-making at the federal level balanced various interests. The history of federal states demonstrates a tendency towards deeper integration at the central level, in the course of the evolution of modern states and particularly in moments of crisis, whereas confederations tend to fall apart in moments of crisis since members resort to their proper interests (Riker 1964, Riker 1987, Kelemen, Menon & Slapin 2014). Theories of federalism and organizational relations suggest also that solidarity is important for federal relations.

For example, state theories, such as the work by Johannes Althusius, point out that successful federal polities need to balance subsidiarity, solidarity and consensus (Hueglin 1999, 152-168). In other words, federations achieve to maintain integration because they politicize solidarity in a way that maintains integration of the territorial units.

## **The EU and Federal States: Differences and Similarities**

Before comparing crisis politics in the EU and federal states, I will discuss how federations and the EU are similar and different. According to the literature, there are three dimensions of federalization that are relevant to the allocation of competencies between the central level and the member states: the provision of military security, economic growth, and effective representation. Federal states try to achieve these goals by centralizing powers at the national level, decentralizing competencies to the subnational level or by sharing powers between levels of government (Bednar 2009, 25-52).

### **Differences between the EU and Federal States**

In comparison to other federations, scholars have considered the EU a decentralized political system. This is visible in the socioeconomic differences between the EU and federal countries. For example, the diversity between member states' median household income and inequality is much higher in the EU than in the most decentralized federations, such as the U.S. (Vandenbroucke 2017). In terms of the centralization of political powers, the EU differs from other federal states as it has no own major taxation power, such as an income tax, and military affairs remain almost entirely in the hands of the member states (Costa Cabral 2016, 1285)(Jachtenfuchs & Kasack 2017, 600). Other than in federal states, the "EU's material constitution is also highly malleable." This state is the consequence of the failure of the EU constitution in 2005 and makes the EU different from federal states (Jachtenfuchs & Kasack 2017, 601).

The Europeanization literature has coined the term differentiated integration (Schimmelfennig & Winzen 2014, Hvidsten & Hovi 2015) to account for the particular constitutional situation of the EU. Rather than fixing a broad constitutional contract, member states continued to voice their preferences over the dilemma between common problem solving, i.e., centralization of competencies, and to retain autonomy in a differentiated manner. In other words, member states decide about

their preferences for transferring power to the EU or not regarding specific policy issues, such as the Single Resolution Fund or European Stability Mechanism (Jachtenfuchs & Kasack 2017, 601). Thus European integration follows a path of differentiated political integration (Schimmelfennig, Leuffen & Rittberger 2015, 774-779). Put differently, there is integration on specific policies, such as regarding the common market, but much less integration of core states powers than in federal states (Genschel & Jachtenfuchs 2018). Nevertheless, concerning some policy competencies, the EU is more centralized than decentralized federal states (Hix 2018*a*).

Eventually, the EU differs from federal states concerning political representation. The EU has no party system that is highly centralized as most federal states do (Jachtenfuchs & Kasack 2017, 600). In addition, the link between citizens and the representatives at the European level is rather weak and indirect. Compared to the first parliamentary chambers in other federal states, the competencies of the European parliament are faint (Hueglin & Fenna 2015), and so is its input legitimacy for unified European policy solutions. Although the community method emphasizes the power of European institutions to solve common problems, intergovernmental coordination of member states remains the most important mode of decision making (Scharpf 1999, Majone 2009). Other than in federal states, EU member states have a very strong control of political decisions at the European level and there is a lack of a strong institution to counterbalance the influence of the member states' governments in decision-making at the federal (EU) level (Hueglin & Fenna 2015), such as a powerful EU-parliament.

### **Similarities between the EU and federal states**

Despite the differences between the EU and federal states, there are some similarities between them. Scholars have called the EU a “regulatory state” (Majone 1994) and therefore pointed to EU federalism as regulatory federalism (Kelemen 2009, 1-2). This implies that the federal level provides above all rules for regulatory unification but direct redistribution of tax money between member states is marginal. Consequently tax harmonization (Wasserfallen 2014) and transfer of taxation competencies to the European level have remained narrow. Therefore, the EU is similar to federal states due to regulatory unification.

This means also that the EU resembles federations regarding economic integration. During the process of regulatory federalization (Leuffen, Rittberger & Schimmelfennig 2012), national states



transferred competencies to the central, i.e., the European, level of government, which were mostly in the field of regulation of common market processes (Schimmelfennig, Leuffen & Rittberger 2015, 768)(Börzel 2005, 221). Against the background the three dimensions of federalism laid out by Jenna Bednar (Bednar 2009, 25-52), the EU underwent a process of federalization, i.e., the transfer of sovereignty to a central level, in the economic arena. Put differently, in the European case, federalization aimed at providing economic growth without federalizing effective representation and military security because national parliaments have remained more powerful than the European parliament and the European Defense Union is only in its beginning.

To be sure: I am not aiming at questioning the obvious, namely the EU is a case of “contested federalization in a non-state setting” (Fossum 2017, 487), in which the central level lacks legitimacy and policy capacity to respond the way national governments in federal states do. Nevertheless, in the EU, economic and regulatory federalization comes along with policy problems similar to federal states. Recently, these policy challenges arose from two areas of European integration: the monetary union and the freedom of movement agreements.

1. Monetary integration in the EMU has been designed as an optimal currency area, in which the – at least in theory – the integration of monetary policy should not come along with asymmetric effects but should instead augment economic growth throughout the union. Nevertheless, several authors have argued that EMU is in fact no optimal currency area. Due to its inflexibility, EMU produced different growth effects in its member states (De Grauwe 2016)(Costa Cabral 2016, 1281) because politico-economic institutional varieties come along with different growth strategies (Hassel & Palier 2015). Due to the variety of political economies in the EMU, workers could not move freely. The results are fiscal and social problems, such as high budget imbalances and unemployment rates, especially in peripheral countries with vulnerable economies (Hancké 2013).
2. The institutionalization of the single market came along with the establishment of free movement (especially the Schengen-Agreement) between many EU member states and some non-EU member states, such as Norway and Switzerland. Furthermore, EU states harmonized refugee policy (Dublin agreements) and agreed on cooperating in the policies of police and internal security (Kasperek 2016) but the main policy responsibilities remained with the member state

countries.

Once a crisis event occurred, such as the Euro crisis or the refugee crisis, these two dimensions of European integration produced policy challenges that are similar to federal states, which also have integrated currencies and no borders between the constituent units. In the following, I will compare the crisis and solidarity politics of the EU with federal states.

## Anti-crisis Policy and Federal Politics

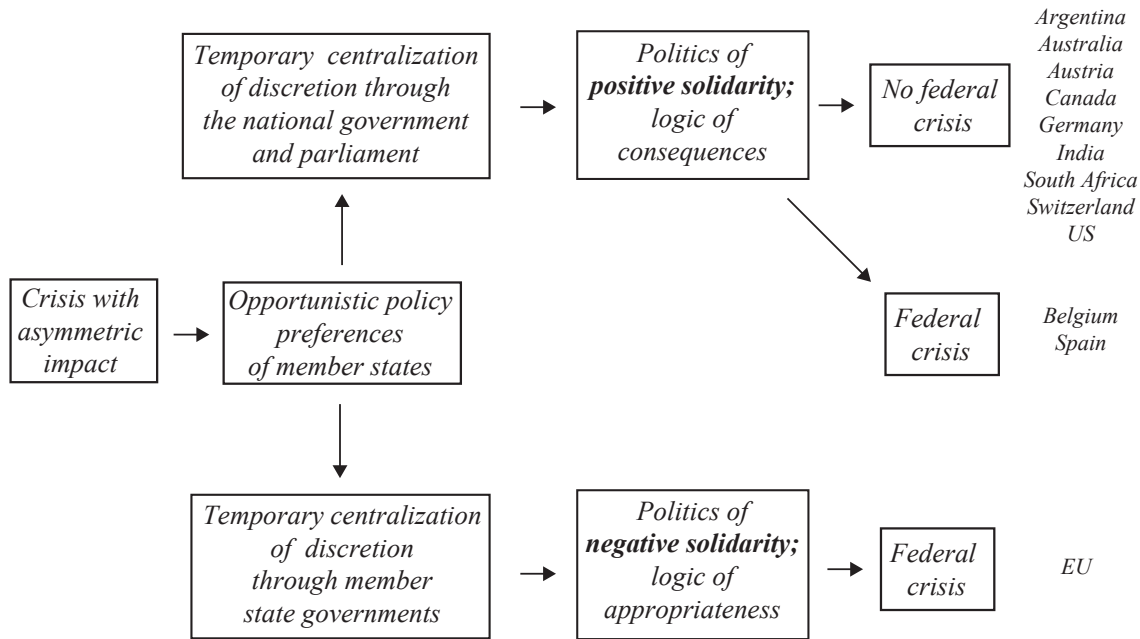
If federal states have to deal with a crisis that produces an asymmetric shock, such as in the Euro crisis, the central government takes the lead. In the wake of economic and financial crisis 2007-2008, federal governments intervened to counteract the crisis with countrywide policy measures, for example in using temporary tax relieves and conditional grants that obliged subnational governments to invest in particular policies. These policies temporarily reduced the discretion of the member states because they should implement the policies of the federal government, which, in turn, redistributed funds amongst the members of the federation. It was beyond question that constituent units of the federation needed to resolve their problems on their own. In other words, central government policy measures pooled sovereignty at the center temporarily but constituent units received compensation in terms of direct and indirect transfers and were bailed out financially if necessary (Braun & Trein 2013*b*, 351)(Braun & Trein 2013*a*, 144-151). Nevertheless, there were intergovernmental conflicts. For example, constituent units' governments did not only comply with federal policy but responded also with opportunism. They preferred and pursued (if possible) policy solutions that corresponded to their interests – even if they were at odds with the policy preferences of other constituent units or the central government. For example, in Australia, New South Wales raised taxes although the federal government pursued an anti-cyclical fiscal policy (Braun & Trein 2013*b*, 354). In the US, not all the states complied perfectly with the federal government regarding the implementation of the anti-crisis policies, notably the ARRA (American Recovery and Reinvestment Act) (Posner 2016, 197).

Overall, subnational governments perceived the temporary reduction of their discretion as legitimate. As a consequence, solidarity amongst the member states of the federation was politicized in

a positive way (if it was politicized at all). Both – the federal government in relation to the subnational governments and the subnational governments between them remained committed to positive and cooperative relationships and did not call into questions their own membership in the federation; neither did the central government or the majority of member states question the membership of some constituent units in the federal states. Solidarity between subnational governments and compliance with the federal government’s policies remained mostly uncontested because the consequence of non-solidarity would have been negative for everyone. Empirically, there is little evidence for a broad and fundamental erosion of solidarity amongst the members of the established federal countries (e.g., Australia, Germany, Switzerland, U.S.) and none of these federations experienced a systemic crisis as a consequence of anti-crisis policies (Braun, Ruiz-Palmero & Schnabel 2017, Trein & Braun 2016). There were of course exceptions. For example, Belgium experienced a state crisis during the Euro-crisis, which was also a crisis of federal relations that could only be resolved in decentralizing some policy competencies (Béland & Lecours 2017). Catalonia’s secession campaign is somewhat an exception to the argument that federal states passed the crisis without large systemic conflicts. Nevertheless, Catalonia is an example for one constituent unit desiring to leave the federation. In addition, the conflict about the Catalan independence movement began prior to the economic and financial crisis of 2007 (Colino 2008). The crisis and the anti-crisis policies of the federal government just fueled the pre-existing secessionist agenda. Overall, apart from the mentioned exceptions, the integrity of federal states was not put into question in the national discourse about anti-crisis policies (Braun & Trein 2014, 811). Therefore, anti-crisis policies did not spill-over into federal politics and caused no federal crises, in the established federal states (Figure 1).

In the EU, anti-crisis policies affected federal politics in a different way than in federal states. Similar to federations, EU member states had opportunistic interests, which opposed some of the states to the others during the financial and economic crisis, the ensuing Euro crisis, and the migration crisis. In the Euro crisis, (Euro) states with a budgetary surplus respectively and an export-led growth strategy had policy preferences opposed to the countries with a budget deficit and an import-led growth strategy (Hancké 2013, Hassel & Palier 2015). Especially Germany insisted that deficit countries, such as Portugal, Spain, and especially Greece, should solve their problems on their own and in accordance to the Stability and Growth Pact (SGP). This position was in line with the previous arguments of the German government, which had been the main driving force between the

Figure 1: Federal Dynamics and Crisis Politics in Federations and the EU



design of the SGP and the excessive deficit procedure (Koehler & König 2015, 6).

EU institutions temporarily centralized discretion in way that emphasized intergovernmental decision-making and conflicts (Figure 1). The creditor countries insisted that deficit countries need to deal with their problem on their own.<sup>2</sup> According to these countries, support for the creditor countries should only occur in a conditional way with clear limitations, for example through the European Financial Stabilization Mechanism (EFSM), which the European Council established (EC 407/2010) at the EU level to support deficit countries temporarily. In the same year (2010), the Eurozone members founded the European Financial Stability Facility (EFSF) to assist Euro countries temporarily.<sup>3</sup> In 2012, Euro-countries established the European Stability Mechanisms (ESM) to have a more permanent support mechanisms against financial instabilities in the Eurozone.<sup>4</sup> The mentioned policies entail mechanisms to lend money to the member states but not transfers, such as in federal states.

The member states (in the Council of the European Union) and the European Commission were

<sup>2</sup>The Guardian, June 26, 2015: <https://tinyurl.com/y71x5hmv>, last accessed on November 13, 2017.

<sup>3</sup>EU-Commission <https://tinyurl.com/yaw8rmw4>, last accessed on November 13, 2017.

<sup>4</sup>ESM <https://tinyurl.com/yc528b4t>, last accessed on November 13, 2017.

the most important actors of EU crisis politics, along with the European Central Bank (ECB), and the IMF (International Monetary Fund). Negotiations between governments of the Euro states were crucial in deciding about the EU policies to counteract the crisis. The direct involvement of the European and national parliaments remained weak, notably regarding the Euro crisis (Rittberger 2014, 1181). The anti-crisis policy solutions followed an intergovernmental logic and the compromise reflected the opposed interest structure of the various EU and EMU member states. In the Euro crisis, the majority of the Euro countries de facto “imposed” on deficit countries, above all Greece, to adjust internally at their own expenses (Walter 2016). Despite a formally consensual decision in the Euro group this solution was clearly at odds with the “ideal” policy preferences of deficit countries. The negotiations were highly politicized and long-lasting (Tsebelis & Hahm 2014). Germany and other creditor countries insisted on strict compliance with the EU contracts whereas the debtor countries, notably Greece, demanded debt relief and more social investment policies. Intergovernmental conflict and negotiations dominated anti-crisis politics and opposed the majority of creditor countries to a minority of debtor countries in a tough political stand-off (Schimmelfennig 2018).

The refugee crisis showed similar political dynamics. EU member states where many refugees arrived preferred redistribution whereas countries where less refugees arrived did not want an equal redistribution of refugees (Geddes & Scholten 2016, 237-244). Initially, countries where many refugees arrived received rather little support regarding the redistribution of migrants who entered the EU during the refugee crisis, in 2015 (Carrera & Guild 2015). Nevertheless, to deal with the large number of refugees, the EU voted a deal that imposed the relocation of refugees across European countries, which was explicitly against the opposition of the Czech Republic, Hungary, Romania and Slovakia. These countries opposed the deal as they regarded the majoritarian decision a transgression on their sovereignty.<sup>5</sup> Although the EU countries agreed on a resettlement of refugees, the start of the program was not very successful. Particularly countries with many refugees, such as Greece and Italy received little support through the program.<sup>6</sup> Again, as in the case of the Eurocrisis, policymaking at the European level was highly politicized and conflictive between different member states of the union. The EU tried to deal with the refugee crisis at the supranational level but their policy coordination failed and member states pursued with their own measures to deal with the

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<sup>5</sup>The Guardian, September 22, 2015: <https://tinyurl.com/yampbncw>, last accessed on November 13, 2017.

<sup>6</sup>The Guardian, December 8, 2016: <https://tinyurl.com/zhtdoq8>, last accessed on November 13, 2017.

problem (Börzel & Risse 2018, 90-91).

The comparison of anti-crisis policy and the related politics shows that the EU and federal states differ considerably. In federal states, the centralization of competencies happened through the parliamentary arena. The federal government and parliament took the lead in the anti-crisis policies and used the federal budget to deal with the fallout of the economic crisis. This resulted in politics of positive solidarity that aimed at reducing the economic and social consequences on the entire union and maintained federal integration. When federal crises occurred, such as in Belgium and Spain, this was a consequence of pre-existing federal conflicts. In the EU, the centralization of discretion occurred in the intergovernmental arena. This had important consequences for the politicization of solidarity, which I will discuss in the following section (Figure 1).

## Crisis Politics and Solidarity in the EU

Compared to federal states, the dominance of the intergovernmental logic in anti-crisis policymaking at the EU level resulted in conflicts about the purpose and the future of the union. European institutions did not succeed in fending off member state opportunism and in avoiding that conflicts about a precise policy spilled over into political conflicts about solidarity and conditions of membership in the club. Admittedly, anti-crisis policies clearly increased solidarity between EU and EMU countries for example through the EFSM and the EFSF, but these are conditional and indirect forms of redistribution. Solidarity from other countries was highly conditional upon debt payment. Non-compliance could – at least in principle – result in exclusion from the club of Euro members. Creditor countries agreed to payments and guarantees for the deposits in the stabilization mechanisms. Furthermore, the European central bank bought bonds from Eurozone countries, in 2015,<sup>7</sup> and has continued to do so since.<sup>8</sup> Solidarity amongst member states entailed the combination of loose monetary and tight fiscal policies (Matthijs & Blyth 2017). Scholars have referred to EU economic policy as monetary solidarity, which puts the cost of adjustment policies on the national populations of debtor countries (Schelke 2017).

The discourse around these policies remained focused on the limits of solidarity between EMU members (Risse 2014). Similarly, during the migration crisis, solidarity with the countries where

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<sup>7</sup>The Guardian, January 22, 2015: <https://tinyurl.com/ycudjb99>, last accessed on November 14, 2017.

<sup>8</sup>The Guardian, October 26, 2017: <https://tinyurl.com/y9omspw3>, last accessed on November 13, 2017.

many refugees arrived remained limited (Scipioni 2017). As a consequence, solidarity was politicized in a negative way during the Euro and the refugee crisis, and spilled over into a federal conflict about the future of the EU and EMU. Member states with few negative crisis impacts – creditor countries in the Euro crisis and countries with little refugee influx in the migration crisis – emphasized the limits of solidarity in the negotiations about anti-crisis policies. They insisted on their national sovereignty and argued that a more unconditional solidarity is not appropriate legally. Reform proposals that would have increased discretion at the European level to deal with the crisis and that would have increased solidarity, such as a common budget for the Eurozone, Eurobonds, or a European Finance Minister were subject to long-standing political debates and conflicts. For example, the German government has been skeptical about specific steps to centralize of competencies as it feared unconditional payments to deficit countries.<sup>9</sup> The EU put ideas for a social union are on the table but it is unclear whether any concrete actions will follow (EC 2017).

Given the strong intergovernmental and supranational elements of the EU and the lack of core state power integration (Genschel & Jachtenfuchs 2018), the presence of negative politics solidarity is not surprising. Solidarity amongst member states entailed above all monetary solidarity. Credit giving put the burden of domestic adjustment on the national populations of debtor countries (Schelkle 2017). Different forms of solidarity, for example through a European Social Union, did not find a political majority. Therefore, EU and EMU experienced a “federal crisis,” i.e., the fundamental consensus of the union was called into question. The German Finance Minister reflected openly about the possibility of Greece having to leave the EU. In addition, the yes-vote for Brexit makes it very likely that the UK will leave the EU after 2019 (Hobolt 2016).

That there are differences between the EU and federations in the response to the economic and financial crisis is obvious. Crisis policy and politics are different because the European Commission and the European Parliament lack the powers to pursue anti-crisis policies that are similar to the measures in federal states. The interesting part of the comparison is, however, that federal states are an important contrasting case to better understand the politics of solidarity in the EU. Compared to federal states, politics of solidarity in the EU are politics of negative solidarity. This implies that support between territories is subject to a debate about how support between territories is

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<sup>9</sup>The Guardian, May 15, 2017: <https://tinyurl.com/kh5uejm>, last accessed on November 14, 2017; Frankfurter Allgemeine Zeitung (F.A.Z), September 13, 2017: <https://tinyurl.com/ybe7mmm4>, last accessed on November 14, 2017; Spiegel Online, October 7, 2017: <https://tinyurl.com/y92jtwnt>, last accessed on November, 2017.

appropriate legally. Considerations of the social consequences of (no) solidarity played a minor role in policy considerations and where considered the problem of member states. Consequently, other than most federal states, EU and EMU experienced a federal crisis, because the state of the union was called into question. The German Finance Minister reflected openly about the possibility of Greece having to leave the EU. The yes-vote for Brexit makes it very likely that the UK will leave the EU, after 2019 (Hobolt 2016). The Politics of negative solidarity are linked to the loss of support for the EU in the population and the (further) strengthening of anti-Euro, anti-EU, and anti-migrant parties in many European countries (Treib 2014, Arzheimer 2015, Meijers 2015). In addition, the vote for Brexit translated the politics of negative solidarity into political facts and deepened the federal crisis of the European Union (Hobolt 2016).

It is also clear that further political integration is difficult. Concerning policy competencies, the EU is already more centralized than federal states (Hix 2018a) whereas core state powers remain poorly integrated. Across European countries, the support for more integration declined in the last decade (Hix 2018b). This is especially the case in large countries, such as Germany and France (De Vries 2018). Whether there is support amongst citizens for internal redistribution, i.e., the bailout for another country, depends on the economic and foreign policy preferences of individuals. Survey data has shown that respondents with a more cosmopolitan attitude tend to support redistribution amongst countries whereas economic nationalists do not support such policies (Bechtel, Hainmueller & Margalit 2014, Kuhn, Solaz & van Elsas 2017). On the other hand, there is support for EU integration and solidarity between member states. Particularly, research has shown that many citizens in the EU consider themselves as citizens of their nations and the EU at the same time (Risse 2014, 1209).

## Conclusion

This article has analyzed politics of solidarity in the EU and in federal states. In taking intergovernmental dynamics in federal states as a contrasting case, I have argued that crisis politics in the EU are politics of *negative solidarity*. This means that member state governments have regarded policies showing solidarity, such as redistribution, from a logic of appropriateness, i.e., they consider what is appropriate legally and not the consequences of non solidarity, in this case the social consequences of the bailout policies. Politics of negative solidarity do not produce further integration. In



the case of EMU and EU, they contributed to nurture the agenda of disintegration. It helped the case of Eurosceptic political parties and the agenda of Brexit supporters, in the UK. Contrariwise, in federal states, the central government stepped in to deal with the financial and economic crisis. Although subnational governments lost discretion temporarily, the policy problems induced by the crisis did – in most federal countries – not result in federal crisis. In the EU, however, the policy challenges that emerged from the Euro and the refugee crisis turned into a fully fledged federal crisis.

To be sure, the purpose of this paper was not point out that the EU and federal states are different. This goes without saying. Rather, this article used federal states as contrasting cases to shed light on the politics of solidarity in the EMU and to point to some of problems associated to it. Precisely, the comparison of intergovernmental politics in federal states and in the EU allowed me to develop the argument that politics of solidarity in the EU and EMU were politics of negative solidarity, which focus on the property rights of the member states and define politics of solidarity according to what is appropriate legally. They ignore, however, the the social consequences of this form of solidarity. Therefore, the “exit” of member states remains a political option on the table and is build into the institutional design of the EU and EMU. Whether this is conducive to effective problem-solving and to maintaining political support for the EU and EMU is (again) subject to political debates and future research.

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