



Introduction: Democracy or dominance? European economic governance in historical perspective

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Since the onset of the Euro-crisis, the mechanisms of European economic governance have come under increased scrutiny and critique. The development of an increasingly strict fiscal framework for member states and the strict imposition of budgetary austerity, especially in relation to the southern Eurozone periphery, suggest that economic governance in the Eurozone and in the EU and as a whole has become increasingly characterized by domination rather than consent. The concept of domination is used here to describe forms of illicit, pathological or arbitrary rule that impose significant constraints on the autonomy of subject actors (those who are governed by this form of rule) (Pettit 1997; Lovett 2010; Eriksen 2019). The tilt toward domination was most obviously visible in the management by the troika of the Eurozone crisis and in the strict application of ‘black letter’ fiscal rules in that case. But the emergence of newer forms of ‘soft’ economic governance, anchored in increased surveillance of member state fiscal and economic affairs, is also understandable in these terms. The contribution of this special issue is to trace the historical origins of the rules and practices at the operational heart of EU economic governance, and to demonstrate how they, directly and indirectly, contribute to forms of domination that potentially pose threats to democratic legitimacy.

The management of the crisis in Europe has raised deep questions about the relationship between supranational fiscal rules and new modes of EU economic

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governance on the one hand and the sustainability of systems of democratic legitimation on the other. At the same time, the status of expert knowledge—central to not only the design of non-majoritarian and depoliticized modes of governance, but also to the critique of such initiatives—has come under severe and sustained pressure in recent years from ‘populist’ understandings of democratic governance. The latter posit a very distinct set of claims about the virtues of popular sovereignty that challenge not only technocratic modes of regulation and government, but also the established processes of political contestation and the protection of individual rights associated with liberal democracy.

It is tempting—as has been the case in much recent literature—to regard these tendencies and tensions as primarily a product of the Euro crisis and its aftermath. While there is a lot to be gained by a crisis focused narrative, such a perspective neglects the deeper historical sources of the current conjuncture and, in particular in the historical development of European integration and the institutional frameworks developed for governing emergent European economic space. These are rooted in foundations that go back to the construction of the architecture of the Eurozone and the internal market in the 1980s and 1990s, but also have deeper intellectual roots in the discussions around the relationship between states and markets in postwar liberal thinking. A central contention, common to all of the pieces gathered here, is that without considerations of these precedents, it is impossible to fully understand the development of recent decades.

Therefore, this special issue explores the historical, intellectual and political roots of current practices of economic governance in EU and the Eurozone. The goal here is twofold: on the one hand, to identify and investigate contemporary sources of domination in post-crisis EU economic governance, and on the other hand, to historicize these sources and analyze the economic and intellectual context of their origin and development. The special issue explores a series of deep historical questions that, once addressed, should add to existing understandings of the evolution of the EU regime of governance. It considers the extent to which tendencies toward non-majoritarian and depoliticized domination are rooted in the global development of economic ideas or in specific European institutional path dependencies. The special issue asks whether technical and normative claims about the economy and appropriate modes of economic governance have been operationalized into international economic law in Europe, and if so how and when? It further considers how, to what extent and in what ways, particular forms of economic expertise have been enlisted into both the design and the functioning of European-level regimes of economic governance.

As the issue of domination in economic affairs spans across dividing lines between the economic, political and juridical spheres, an investigation of the kind undertaken here needs to be cross-disciplinary in nature. As such, the special issue is deliberately ecumenical and thus brings together a group of scholars from a variety of fields of inquiry, including comparative and international political economy, economic sociology, political theory and legal studies. The authors work from a range of intellectual backgrounds and methodological starting points. The component papers approach the topic of domination in EU economic governance via a range of empirical, historical and theoretical avenues. This plurality of voices allows



the project to think expansively and creatively about the concept of ‘domination,’ while finding a variety of routes to addressing the core questions posed by the special issue. As such, the articles gathered here work toward addressing a common ‘meta-question,’ but offer different pathways toward providing parts of the answer.

Two contributions are anchored in the close study of empirical contingencies that, once considered, allow broader inferences to be drawn about the pathologies of economic governance in the EU. Magnus Ryner studies a formative moment in the development of monetary union—the so-called Locomotive Conflict of the late 1970s. His analysis shows that, far from the design of EMU being structurally determined, this period was in fact characterized by multiple understandings of monetary integration and that other models of European economic governance could have emerged. Filippa Chatzistavrou’s analysis of the politics of Greek accession to the European Economic Community—the first ‘southern’ enlargement—shows that Greece was assimilated into European integration on broadly neoliberal terms. Furthermore, this moment of expansion preserved and institutionalized a set of core-periphery asymmetries and relations of dependency that decades later would play out in the management by the troika of the sovereign debt crisis in the ‘Eurozone.’

Several pieces ask deep questions about the normative assumptions sitting behind current practices of economic governance in Europe. Two obvious examples are the reliance on fiscal rules and the delegation of policy competence to non-majoritarian institutions. Agustín José Menéndez focuses in detail on the former, showing in the process how particular numerical performance indicators became standardized in EU-level monetary governance and links the emergence of these rules to the particular ideational conjuncture that took shape in the 1970s. Menéndez argues persuasively that far from removing discretion from economic policy making, the emergence of governance through numbers actually involves a radical shift in how (and through whom) discretion is exercised. Rune Møller Stahl and Ben Rosamond connect the recent fashion for economic governance through non-democratic institutions to deep currents in liberal political thought that, while amplified and processed in the neoliberal turn of the 1970s and 1980s, have a rather deeper lineage. They suggest that the interest in the idea of ‘militant democracy’ in mid-century liberal thought may have played a very important role in shaping the formative institutional designs of European integration in the early 1950s.

Troels Krarup also focuses on the formative moment of the Treaty of Rome (1957) to argue that the ‘black letter’ legal texts of European integration are inherently ambiguous about the two central concepts of ‘the market’ and ‘competition.’ The issue here is not that neoliberal rationalities were implanted into the treaties from the start, but that the ambiguity gives rise to an ‘epistemic problem’ that continually reverberates into concrete formulations of policy. Muireann O’Dwyer fasts forward to one of the key shaping texts of EMU, the so-called Delors Report of 1989. Using a feminist optic, O’Dwyer is drawn to an analysis of what is not said—the ‘strategic silences’—and, in so doing, begins to show how monetary union (in its EU variant) is a profoundly gendered construct.

As suggested already, one of the central issues for scholars of EU economic governance over the past decade is the counterfactual puzzle of whether it had to be like this. While this is partly about the importance of structural, ideational and



institutional path dependencies versus the role of political contingency, that simple bifurcation should be qualified. In their contribution, Ingrid Hjertaker and Bent Sofus Tranøy explicitly pose the question of whether the Eurozone crisis and its negative effects could have been avoided. They suggest that retrospectively visible policy errors had much to do with the prevalence of a series of overlapping discourses that downplayed the positive role of public intervention to rectify market imbalances, and thus desensitized key actors to the negative consequences of their policy choices. An equally important (and perhaps prior) question, in addition to the matter of whether alternatives to domination in economic governance exist, is the matter of how to conceptualize that domination. Drawing on republican political theory Malte Frøslee Ibsen, develops the concept of ‘creditor domination’ to capture the dynamics of Eurozone governance. His paper shows the utility of using a political theory lens, not simply as a tool of abstraction, but also as an analytical lever to think through key policy and democratic dilemmas in questions of debt and wider economic governance.

This special issue is designed to open conversations about some of the most urgent issues in the political economy of European integration. It does so, we hope, by showcasing a number of ways in which various forms of critical scholarship can approach a common question and also indicating the helpfulness of thinking historically about EU economic governance.

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