

War and integration. The Russian attack on Ukraine and the institutional development of the EU

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Abstract

How does the Russian war in Ukraine affect European integration? Bellicist theories predict a push towards federation, marked by a centralization of fiscal, coercive and administrative core state powers at the EU level. But is it happening? We examine two main conditions of bellicist integration. The ‘functional’ condition refers to the efficiency gains of centralization: no federation without functional benefit. The ‘political’ condition refers to a threat-induced alignment of interests and identities that makes centralization politically viable: no federation without public support. We gauge both conditions during the early months of the war and explain why they have not pushed the EU towards centralized federation but, to the contrary, towards decentral alliance. We discuss issue-specific differences in defence, energy and fiscal policy and conclude with some general theoretical implications.

A proper state, finally?

How does the Russian attack on Ukraine shape European integration? The rhetoric of EU leaders suggests a dramatic change: “a *Zeitenwende*” (Scholz¹), “a turning point for our societies, our peoples and our European project” (Macron 2022), “a quantum leap forward to develop a stronger and more capable European Union” (EEAS 2022, 15). This is in line with bellicist theories of state-building which likewise consider military emergencies as moments of dramatic institutional innovation: states are built and federations formed “either to meet an external military or diplomatic threat or to prepare for military or diplomatic aggression” (Riker 1964, 12; see also Tilly 1992; Kelemen and McNamara 2022). Should we expect the EU to finally become serious about military, fiscal and administrative integration?

Our point of departure is William Riker’s theory of federation. The central tenet is that “the aggregation of resources for war is the primary ... motive for federation” (Riker 1996, 12). War allows federal leaders to claim power resources because they are more effective at turning them into fighting capability than their regional peers. Regional leaders, in turn, cede power because they prioritize collective military success over individual institutional independence and identity. This meeting of minds fuels a centralization of core state powers at the federal level (see also Riker 1964, 1975). Applied to the EU, we would expect a powerful push towards supranational capacity-building in coercive, fiscal and administrative resources (cf. Kelemen and McNamara 2022; Riker 1996).

Two assumptions underly Riker’s theory. First, the federal government has a comparative advantage in power mobilization and utilization, and second, the constituent regional units perceive of themselves as a community of security that either survives together or dies together. The first assumption makes centralized capacity-building functionally compelling. The latter makes it politically viable. We problematize both assumptions. First, drawing on recent studies of EU crises (e.g.: Ferrara and Kriesi 2021), we argue that military threats can both unify constituent units into coherent communities but also divide and factionalize them. Second, drawing from literature on comparative federalism, we argue that the comparative advantage of higher-level government varies with state capacity at lower levels: the likelihood of a comparative advantage of the higher-level decreases as the state capacity of lower levels increases. As a result, the effect of war on state-building and capacity-formation is more ambiguous than Riker seems to suggest. It can push towards centralization and federation, but it can also fuel de-centralization and alliance formation. Alliance, of course, is also a form of integration. Yet, in contrast to federal state building, it does not involve the centralization of authority and power but only the coordination and cooperation of subcentral authority and power (Riker 1996, 10-11). We theorize the conditions under which to expect either outcome, and apply our theoretical expectation to the analysis of the EU’s reaction to the Russian attack on Ukraine.

To be sure, the war in Ukraine is an imperfect case for probing bellicist theories since it does not involve a direct assault of the EU or its member states. Still it constitutes the “gravest threat to Euro-Atlantic security in decades” (EU and NATO 2023, Orenstein, this issue). Hence, arguably, it is the most-likely case for bellicist theory to have any relevance for the EU. The

¹ <https://www.bundestag.de/dokumente/textarchiv/2022/kw08-sondersitzung-882198>

recent interest of integration scholars in bellicist theories testifies to this (see contributions in Genschel and Schimmelfennig 2022; Kelemen and McNamara 2022).

In this article, we draw on original survey evidence to show that the Russian attack had a unifying rally-around-the-flag effect within and across EU member states, in line with bellicist thinking. Willingness to support common European action has generally increased with some notable variation across policy fields. However, we also show that the comparative advantage of the EU in handling core state powers is modest at best, with some policy-specific variation. This is in contrast to bellicist thinking. We do not observe any dramatic centralization of power resources at the EU level in the months following the Russian aggression. Rather the member states emerged as the main locus of power mobilization. EU capacity building remained residual and quite diverse across policy fields. Rather than pushing the EU towards supranational federation, the war strengthened features of intergovernmental alliance.

Conditions of bellicist integration

Bellicist theories consider war as a necessary condition of state-formation: “the mother of all states” (Tilly cited in Skowronek 1982, 10). Friedrich Hegel allegedly attributed the “statelessness” of the early United States to the lack of an external enemy (Skowronek 1982, 7). Likewise, the relative weakness of the state in Africa, Asia, and Latin America has been explained by the lack of interstate conflict in these regions (Centeno, 2002; Herbst, 1990; Thies, 2004; Taylor & Botea, 2008). More recently, Dan Kelemen and Kate McNamara have traced the “highly imbalanced” institutional development of the EU – strong on regulatory authority but weak on fiscal, coercive or administrative capacity – to the predominance of economic motives and the weakness of security considerations in the history of integration (Kelemen and McNamara 2022). Will the Russian attack on Ukraine trigger a re-balancing? Will it result in a build-up of supranational core state powers that the EU is lacking so far?

Most bellicist literature is of limited help in answering this question because it tends to focus on early modern state-building. The centralization and consolidation of core state powers is conceived as an essentially coercive process by which the emergent state divests traditional non-state authorities (the nobility, the church, the cities, the guilds) of fiscal, coercive, or administrative powers they held “of right” before (Weber 2004, 38). European integration, in contrast, is an essentially non-coercive process with national states rather than non-state actors as constituent units. This gives relevance to William Riker’s theory of federation because it conceptualizes federal state-building as a voluntary constitutional bargain between pre-existing states and an emergent federal government (Riker 1964, 1975, 1996).

As any voluntary bargain, the federal bargain must offer some benefit to all parties involved. The benefit for the federal government is obvious. It gains power resources which enhance its position, prestige, and authority. The federal government seeks federation for the same self-interested reasons that neofunctionalism also attributes to the EU’s supranational “engines of integration” in their quest for a widening and deepening of the EU (Pollack 2003). The benefit for the constituent states is less obvious because they lose power resources that are essential to their own sovereignty, autonomy, and identity. There must be a special reason for them to sacrifice their institutional self-interest for federation. According to Riker this reason is “some external (or internal) enemy or object of aggression. Otherwise, no government would be willing to give up independence” (Riker 1996, 20).

Even if we accept the necessity of an external military challenge for federation (Eilstrup-Sangiovanni 2022; Freudlsperger and Schimmelfennig 2022), it is clearly not a sufficient condition (Genschel 2022). Empirically, military emergencies trigger the formation of interstate alliances more often than supranational federation (Hooghe, Lenz, and Marks 2019, 21-22). Alliances, like federations, are based on broadly shared feelings of community, identity and interest. Unlike federations however, they do not entail a centralization of resources and authority at the supranational level. While the alliance members cooperate and support each other subject to some central coordination, they do so on a voluntary basis without ceding core state powers to the higher level. The alliance is a decentral mechanism of mutual adjustment and insurance between governments. The federation is a central mechanism of government superimposed on lower level governments.

Theoretically, bellicist scholars rely on two assumptions to explain when and why war leads to federation rather than alliance. One is functional: “[t]he threat can be forestalled ... only with a bigger government” (Riker 1975, 116) at a higher level. Scholars of European integration know this assumption from liberal intergovernmentalism: EU member states will not cede autonomy and sovereignty to the EU unless the EU compensates them with more efficiency in policy making. Economies of scale in EU governance often make these efficiency gains possible (Moravcsik 1998; Schimmelfennig 2021).

The other assumption is political: the military threat fuels an alignment of interests and identities across the constituent states. It moves governments and mass publics to perceive their fates in terms of the same “collective security imperatives” (Kelemen and McNamara 2022, 972). This assumption echoes the liberal intergovernmental logic according to which integration and cooperation require broad agreement among member states. It also reflects the logic of postfunctionalism according to which thick European governance requires territorial identities that transcend national boundaries and become (partly) European (see Hooghe, Lenz, and Marks 2019, 14). Integration requires the permissive consensus of mass publics within and across member states to be politically viable. Integration is made by political elites, to be sure. Yet, the elites “must look over their shoulders” when ceding national sovereignty and authority in order to avoid a political backlash from identity-minded mass publics (Hooghe and Marks 2009: 5).

Both the functional and the political assumption are necessary for federation. Without interest alignment and permissive consensus, there is no political support for the material costs and sovereignty or identity losses involved in centralization. Call this the political condition of federation. Without a pronounced comparative advantage of federal capacities, there is little reason to entrust the responsibility for governance to federal institutions. Call this the functional condition. It is not enough for a military threat to trigger either the political or the functional condition. It must trigger both. When is this likely?

Take the political condition first. It is well established that dramatic international events can induce feelings of shared victimhood and joint interest. To the extent the crisis threatens – or is perceived to threaten – everybody with serious material or ideational loss, it will increase unity and trust, and decrease the salience of conflicts and divisions. Actors “rally round the flag” in support of their collective identities, interests, and institutions (Mueller 1970). Yet, as the literature on Europe’s recent polycrisis shows, the unifying effect varies with the symmetry of a crisis or emergency (Ferrara and Kriesi 2021). If all mass publics and governments feel

vulnerable to roughly the same extent, the rally round the flag effect is likely to be strong – a strong permissive consensus on collective action at home and a convergence of interests across the EU. Differences in affectedness, by contrast, undermine feelings of unity and community and fuel conflicts of interest. If one state’s problem is another state’s solution, feelings of commonality are difficult to sustain, and an intergovernmental agreement on collective action is difficult to craft. Crisis events do not necessarily have a unifying effect. They can also bring out asymmetries of power and interest that are normally subdued and unproblematic (Ferrera, Kriesi, and Schelkle 2023, 3, see also Costa & Barbé, this issue).

Turn to the functional condition next. Riker takes for granted that big government means federal government: the central level can achieve policy efficiencies that regional governments cannot (e.g. Riker 1975, 111). Neofunctional and liberal intergovernmental theories of integration likewise assume that the EU benefits from scale economies which give it a comparative governance advantage over its member states (Schimmelfennig 2021).

Arguably, however, the comparative advantage of the central level varies with subcentral state capacity. If the constituent units have strong fiscal, coercive and administrative capacity, the benefit of centralization is likely to be small. There are simply fewer functional deficits at the subcentral level that the central level could improve upon. As Daniel Ziblatt puts it, “states with highly developed infrastructures can deliver the precise benefits that nation-state builders seek: greater tax revenue, greater access to military manpower, and greater social stability” (Ziblatt 2006, 13). This reduces the potential efficiency gains from centralization. Coordinating subcentral capacities in an alliance may then be the better way to realize joint gains. It is also the quicker way.

Pre-existing subcentral capacities can often be scaled up at very short notice and with little additional cost. The creation of new central capacities, by contrast, is a major reform project implying considerable upfront and transition costs with a high potential for political conflict. Disputes about the long-term purpose and design of central capacity are likely to delay capacity-building, just as problems of planning and project management delay policy implementation. Even if central capacity should have a comparative advantage in principle, it may take too long to realize this advantage in practice. This is particularly likely in moments of crisis, when time is of the essence, and short-term coping is more important than long-run efficiency. Central governments may then prefer to enlist subcentral capacity for crisis coping rather than to engage in a tedious process of creating own capacities (Genschel and Jachtenfuchs 2021, 352). In short, the functional benefits of federation in terms of speed and efficiency of crisis response vary with the capacity of the constituent units: the higher the capacity, the lower the benefits, all else equal.

The link between war and federation is less straight forward than a casual reading of Riker may suggest. It varies with the type of crisis (symmetric or asymmetric) and the level of swiftly scalable subcentral state capacity (high or low). Crucially, these conditions also vary across policy fields. What causes a symmetric shock to one policy field may have asymmetric effects on a different field. A state with ample state capacity for one policy may lack the requisite capacity for another. Moreover, the costs involved in creating central capacity may vary across fields. Riker assumes, by contrast, that war will have a unifying effect on all security-related issue areas including, most prominently, defence and fiscal policy.

In the next section we gauge the political condition created by the Russian attack on Ukraine. We focus on attitudes of European mass publics. Do they support or oppose European capacity building in defence, fiscal policy and energy? And are the patterns of support or opposition broadly aligned across member states or not? We then discuss the functional condition in terms of the symmetry of the shock, the sufficiency of national state capacity, and the costliness of EU capacity building. Finally, we analyse how the interaction between the functional and the political condition shaped national and EU capacity building in the months following the Russian attack.

Political condition: ‘Rallying around the EU-flag’?

To assess how the war changed the attitudes of European citizens within and across member states, we compare the April 2021 (before the war) and the April 2022 (two month after the start of the war) wave of the annual EUI-YouGov ‘Solidarity in Europe’ survey. The survey was administered online to a broadly representative sample of the voting age population on basic socio–demographic variables. The total sample size was 21,593 in 2021 and 23,134 in 2022, covering 13 and 16 EU member states respectively.²

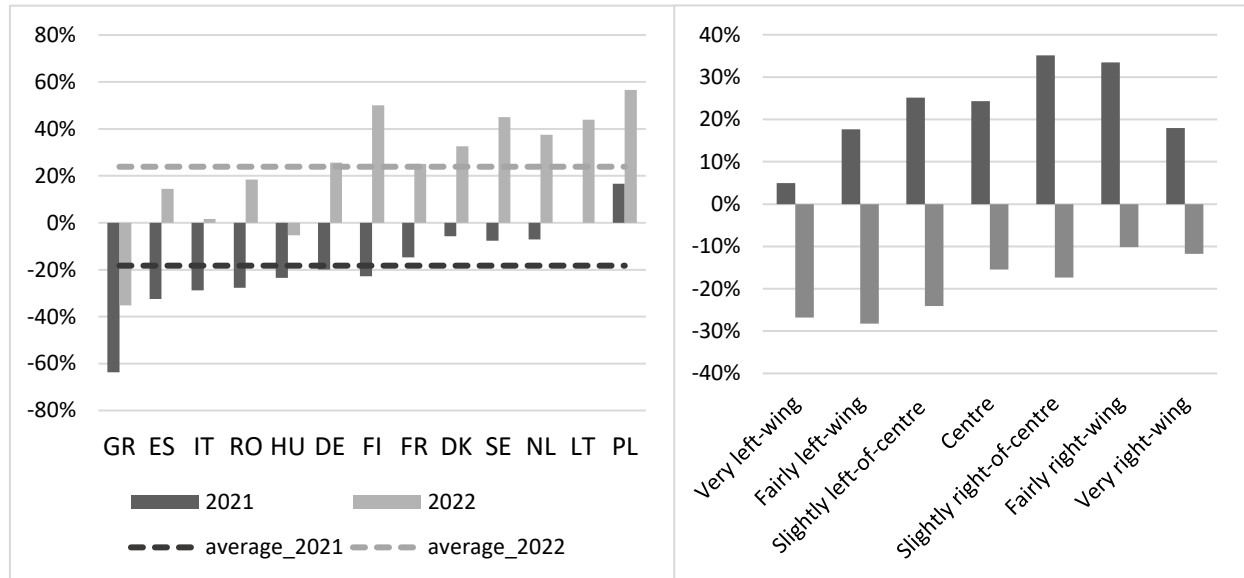
Why do we focus our analysis on public attitudes even though political elites decide on issues of integration and not mass publics? The burgeoning literature on attitudes to integration provides two justifications. One derives from the strand of the literature which highlights the constraining effect of mass publics (Hooghe and Marks 2009, 2019): mass publics do not dictate elite decisions but delimit the range of politically viable decisions. In this view, a focus on public attitudes is justified because they shape elite behaviour. The other argument derives from the strand that highlights the cueing effect of political elites (Berinsky 2009; Colombo and Kriesi 2017; Hooghe and Marks 2005; Zaller 1992). Public attitudes are weak and unstable, and, hence, tend to follow the prompts and signals of political elites. In this view, a focus on public attitudes is justified because they reflect elite attitudes. We do not wish to take side in the debate between these views. What is important to us is that either view allows us to proxy elite attitudes to integration by measuring mass attitudes.

To assess whether the Russian attack changed the threat perceptions of European citizens, the survey asked respondents whether European countries should invest “more in defence and security to defend against Russian aggression” or “more in trade and diplomacy with Russia to improve relations”. Figure 1 shows a dramatic change of mind. While in 2021, support for more trade and diplomacy was 18 percentage points higher than support for more defence (dark dotted line), it was the reverse in 2022 (light dotted line): support for more defence surpassed support for more diplomacy by 22 percentage points. Importantly, the change is observable in all EU member states and across all voter groups. In no state in our sample did support for defence decrease. In only two member states did diplomacy still enjoy more support than defence (left panel). Support for more defence also increased across the political spectrum from far left to far right (right panel). While in 2021 all voter groups preferred more diplomacy by a considerable margin, all groups preferred more defence in 2022, again mostly by large margins. Differences persisted in the level but not in the direction of support. Arguably, the war unified perceptions of security needs throughout the EU. Did it also increase the willingness to sacrifice

² <http://europeangovernanceandpolitics.eui.eu/eui-yougov-solidarity-in-europe-project/>

national sovereignty and power resources to satisfy these needs? Here we find differences across policy fields.

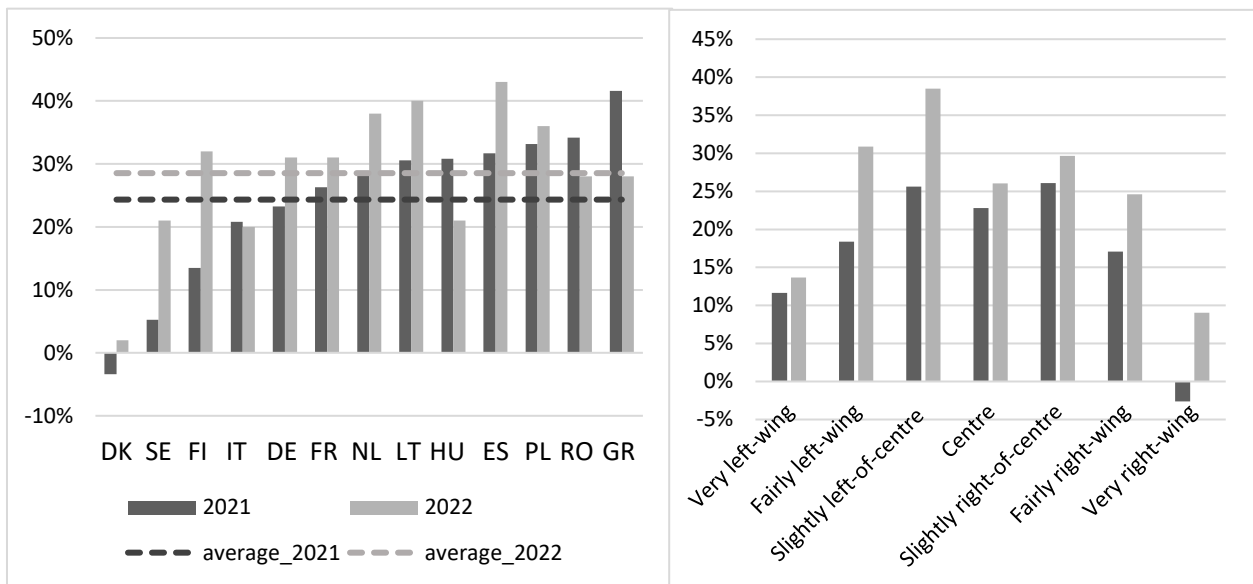
Figure 1: Net-support for more defence by country (left graph) and by left-right self-assessment (right graph)



Notes: Survey question: Thinking about the European Union's relationship with Russia, which approach would you prefer European countries to take? Answer categories: European countries should invest more in defence and security to defend against Russian aggression; European countries should invest more in trade and diplomacy with Russia to improve relations; Neither of these; Don't know. The graph shows net-support for more defence (i.e. share of support for more defence minus share of support for more diplomacy). *Source:* EUI-YouGov 2021, 2022.

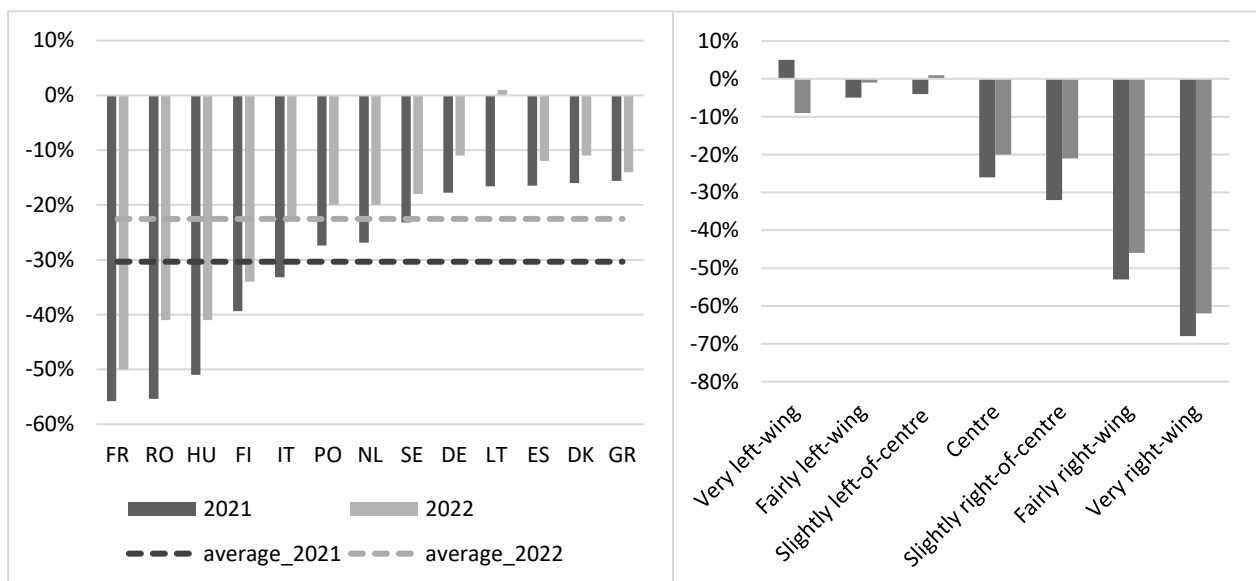
Figure 2 shows net-support (i.e., support minus opposition) for the creation of a common European army. Net-support was already high before the war in 2021. It was even higher after the war started in 2022. It increased across the entire left-right spectrum and in all but four sampled member states. Again, the level of support varied across countries and political preferences. But the spread (in terms of standard deviation) decreased, and net-support was invariably positive. There was a strong permissive consensus for military integration within and across member states (see also Fernández et al., this issue).

Figure 2: Net-support for an EU army by country (left) and left-right self-assessment (right)



Notes: Survey question: Would you support or oppose the creation of an integrated European army? Answer categories: strongly support, tend to support, tend to oppose, strongly oppose, don't know. Graph shows net of support (i.e., net support minus net oppose). *Source:* EUI-YouGov 2021, 2022.

Figure 3: Net-support for the pooling tax revenue by country (left graph) and left-right self-assessment (right graph)



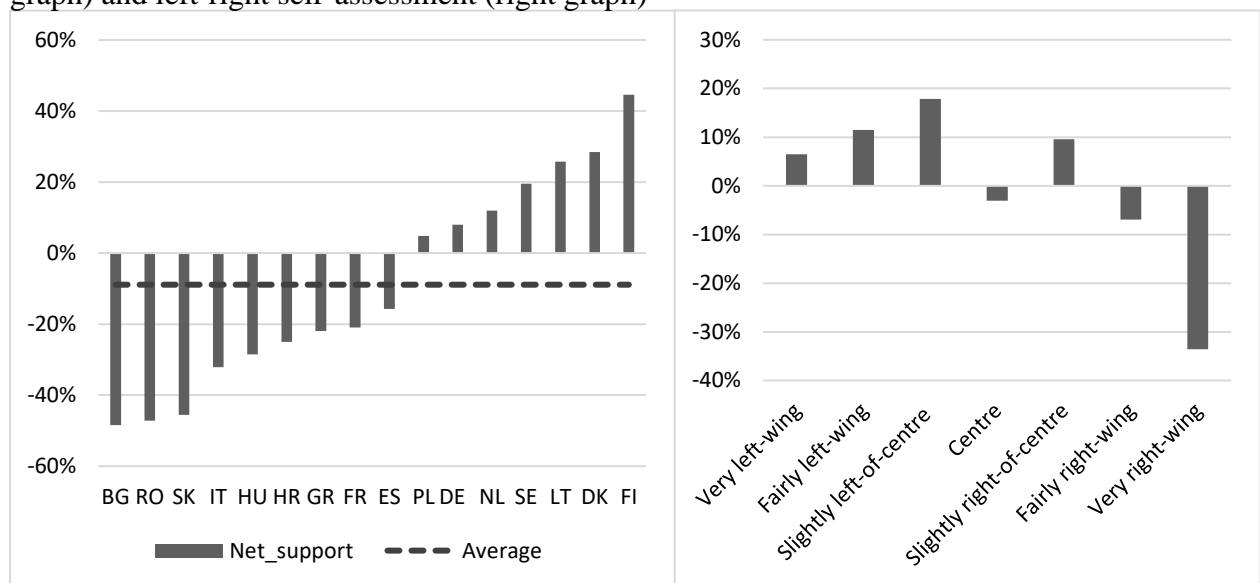
Notes: Survey question: Which statement comes closer to your view...? Answer categories: I would prefer all of my taxes to be spent on helping the people of [insert own country]; I would prefer some of my taxes to be spent on helping people in other countries in the European Union; Don't know. The graph shows net-support for spending the taxes nationally (i.e. share of support spending taxes nationally minus share of support for spending them on the EU level). *Source:* EUI-YouGov 2021, 2022.

Figure 3 shows net-support for pooling national tax revenue. Again, support increased across all countries and almost all voter groups (except the far left), and the spread decreased. Yet, in contrast to the European army (figure 2), net-support remained in deep negative territory in 2022: (large) majorities continued to oppose tax sharing. While the constraining dissensus on

fiscal integration softened, it was still very much present across member states and voter groups.

Figure 4, finally, shows net-support for higher energy prices to sustain tougher sanctions against Russia. Net-support was not only negative on average in the EU but also highly uneven across member states. While a very large majority of Finnish respondents supported higher energy prices, equally large majorities in Bulgaria, Romania and Slovakia opposed them. The problem was not only, or primarily, the constraining dissensus within member states, but the wide dissensus across them, indicating a considerable potential for intergovernmental conflict (see also Costa & Barbé, this issue).

Figure 4: Net-support for higher energy prices due to sanctions on Russia by country (left graph) and left-right self-assessment (right graph)



Notes: Survey question: Would you accept higher energy costs due to sanctions imposed on Russia? The graph shows the net support per country (i.e., share of support for higher energy prices minus the share of opposition). Source: EUI-YouGov 2022.

In conclusion, the evidence suggests that the Russian attack on Ukraine brought a convergence of threat perceptions in its wake across member states and across political convictions (figure 1). European citizens have indeed been “rallying around the EU flag” (Steiner et al. 2022, see also Jauhiainen, this issue). However, the willingness to sacrifice national sovereignty and/or resources to counter the threat varied by policy field: it was high and rising with respect to military integration (figure 2), low but rising for fiscal integration (figure 3), and essentially contested within and across member states in energy policy (figure 4).

Functional condition: efficiency gains from centralization?

Is the EU the appropriate level to mobilize resources and build capacity to deal with the implications of the Russian attack on Ukraine? Does it enjoy a comparative advantage relative to its member states? Unfortunately, the measurement of the functional condition is less straightforward than that of the political condition. Forecasting efficiency gains from, and transition costs to centralization is inherently difficult and crucially dependent on assumptions and policy paradigms. With this caveat in mind, we offer the following observations.

First, the member states generally have a larger and better articulated capacity to mobilize core state powers than the EU. National capacities may not always be sufficient as, for instance, long-standing complaints about member states failing to meet NATO's two percent of GDP goal for defence-spending show. Yet, scaling up national capacity should usually be easier and faster than creating new EU capacity from scratch (see also Costa & Barbé, this issue). Take defence. For Riker the very purpose of federation was to raise a common army to increase military effectiveness (Riker 1964, 11). By contrast, Pawel Herczynski, the managing director for Common Security and Defence Policy (CSDP) of the European External Action Service (EEAS), dismissed the "very notion" of a European army as "rather unhelpful" and "unrealistic." In his view, it distracts from what really matters for military effectiveness: the swift mobilization of national forces. "We have the 27 armies of the 27 Member States, and the EEAS is trying to ensure that they cooperate as closely as possible".³ In this view, it appears unlikely that the EU has a general comparative advantage in force mobilization.

Second, the level of, and the demands on, national capacity vary across member states. Some states are simply richer and better endowed than others, and hence better able to cope with crisis. Some are more vulnerable to the fall-out of the Russian attack than others. Improving defence capabilities is more urgent for member states that are geographically close to Russia. Compensating the loss of Russian energy supplies is more difficult for member states with a legacy of high Russian imports. Paying up for rearmament, higher energy prices, and support for the domestic economy is easier for member states with deep fiscal pockets. Even if the EU lacks a comparative advantage in resource mobilization in general, it may still enjoy an advantage in mobilizing resources for the limited purpose of mutual insurance, i.e. for the purpose of backstopping resource mobilization by weak and vulnerable member states to ensure that all have sufficient capacity for effective collective action (Schelkle 2022). Note that this insurance function does not imply the replacement of national by EU core state powers. It rather serves to keep the operation of core state powers a national affair even under conditions of adversity. Still, it may warrant substantial capacity building, as, for instance, the emergency funds created in the wake of the Eurozone crisis show.

Third, the EU's supranational capacity for resource mobilization varies across policy fields. In energy, there was next to no EU capacity at all even though the experience of the oil crisis had already led to calls for the creation of an EU buyers' cartel for insurance purposes in the 1970s (Hager 1976; Simonet 1975). In the defence field, an elaborate supranational capacity exists. Yet, it belongs to NATO, not the EU. In contrast to the EU, NATO can draw on the military forces of the United States thus greatly enhancing its capacity to provide military insurance to its member states. In the fiscal field, the EU does have some capacity both through the EU budget as well as through debt-financed, off-budget programs such as the post-pandemic Recovery and Resilience Fund. Arguably, the functional benefits of expanding pre-existing supranational capacities are higher, and political costs lower than if supranational capacity has to be built from scratch. In the defence field, this should favour NATO over the EU. In the fiscal field, it should facilitate an expansion of existing EU funds. In the energy field, the

³ <https://euideas.eui.eu/2022/04/15/the-eu-strategic-compass-charting-a-course-in-stormy-seas/>; see also https://www.euractiv.de/section/eu-aussenpolitik/news/bundeskanzler-karl-nehammer-es-wird-keine-eu-armee-geben/?_ga=2.12459703.22185552.1657831131-1521236069.1653920741

absence of pre-existing supranational capacities should work against any centralized capacity building.

Finally, the problem-pressure associated with the Russian attack varies across policy fields. It was high and urgent in defence and energy but more moderate and long-term in fiscal policy. In February 2022, most member states felt ill-prepared militarily to cope with an increased Russian threat. Calls for immediate rearmament were strong. Gas imports from Russia to Europe collapsed from roughly 40 percent of all imports before the war to less than 10 percent in September 2022⁴. This created an urgent need for alternative sources of energy supply. The fiscal implications of the war were less pressing. To be sure, the costs were high. Estimates in spring 2022 suggested that the war-related extra-expenditures would amount to roughly 1.5-2 percent of GDP in 2022. Yet, during the Covid pandemic, the fiscal costs had been even higher – 4 percentage points of GDP (Blanchard and Pisani-Ferry 2022, 15). While cross-national differences in fiscal capacity were a concern, no member state was immediately unable to cope. Even Greece, a strong proponent of fiscal burden sharing during the Eurozone crisis and the pandemic, did not ask for new EU funding instruments.⁵

In conclusion, there is little reason to suppose that the EU has a general comparative advantage for capacity building in response to the Russian threat. To the extent the EU has any comparative advantage at all, it is in providing insurance for national capacity building by the weakest and hardest hit member states. The EU capacity for re-insurance remains premised on national capacity building and is not intended to replace it. Finally, the functional demand for insurance is likely to vary across policy fields depending on pre-existing EU capacity and the intensity of problem pressure.

⁴ [State of the Union Address by President von der Leyen \(europa.eu\)](#)

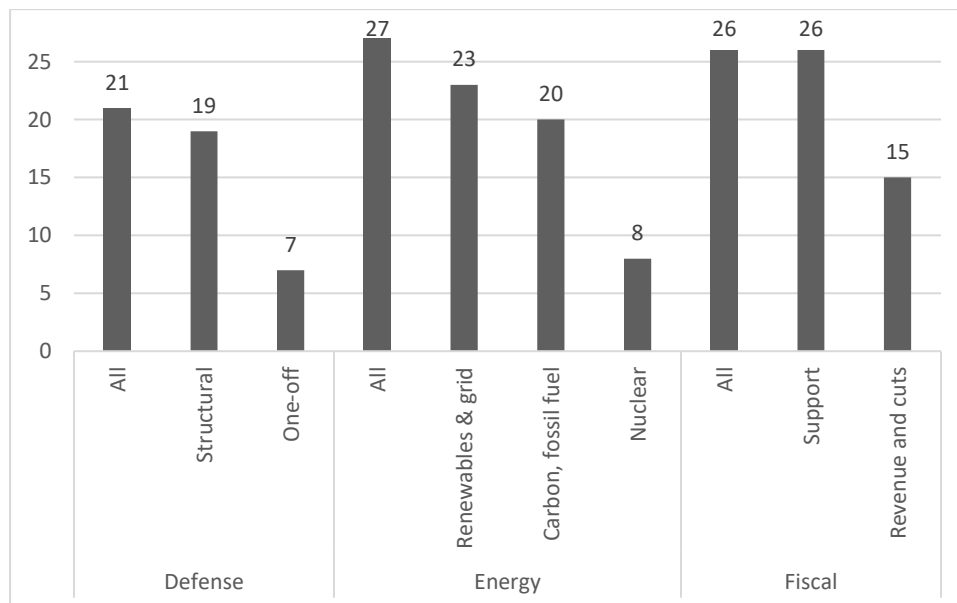
⁵ <https://www.politico.eu/article/nine-eu-capitals-blocs-deficit-rules-should-waive-defense-spending/>

European capacity building, 2022

How did the combination of political and functional conditions shape capacity-building in the EU in the wake of the Russian attack of Ukraine? There are similarities and differences across policy fields. The most striking similarity concerns the primacy of national capacity building. The differences relate to EU capacity building. Both similarities and differences are broadly in line with our theoretical expectations.

Take the similarities first. Two weeks after the start of the war, the EU heads of state and government met at an informal summit in Versailles (10-11 March 2022) and agreed “to take more responsibility for our security and take further decisive steps towards building our European sovereignty” (Heads of State or Government 2022, 7). Their focus was on defence, energy, and the economy. They assigned to the member states the main responsibility for mobilizing the requisite coercive, fiscal and administrative resources, not the EU (Fiott, this issue).

The member states were quick to react (Figure 5, and online appendix). Between February and August 2022, 21 of the 27 member states committed to higher defence spending either on a continuous, structural basis or through one-off programs such as Germany’s special €100 billion fund for military modernization. All member states took action to decrease their energy dependence on Russia, for instance through new LNG-infrastructures and imports, accelerated gas storage programs, a ramping up of renewable energy production, the exploitation of domestic gas deposits, and renewed commitments to nuclear power and coal. 26 member states increased their budgets to pay for the related expenses and support households and firms through the shock. 15 also expanded their revenue base or cut other spending to free fiscal resources for these tasks.



Note: for sources and a detailed breakdown by member state see online appendix

Figure 5: National capacity building, February to August 2022.

The EU provided regulatory support to this surge in national capacity building. On one hand, it lifted regulatory constraints, for instance, by suspending (again) the Stability and Growth Pact,⁶ by relaxing the state aid rules for subsidies to crisis-hit industries (2022/C 131 I/01), and by loosening environmental regulations for investments in renewables (COM(2022) 230 Final). On the other hand, the Commission provided regulatory guidance to enhance synergy and avoid inconsistency between the capacity building programs of the member states. In its REPowerEU program of May 2022 (COM(2022) 230 Final), for instance, it charted a common course to energy independence, and provided the member states with a common tool box for action (see also Giuli & Oberthür, this issue). It also coordinated the use of gas storage facilities, and analysed gaps in national defence investments jointly with the European Defence Agency (Fiott, this issue, Koenig 2022, 3).

Arguably, functional and political conditions both contributed to the primacy of national capacity building. Functionally, the strength of national, and the relative weakness of EU capacities gave a comparative advantage to national resource mobilization. Politically, the cross-national convergence of public attitudes and the general rallying around the EU flag created a permissive consensus for more cooperation and sharing (figure 1). This facilitated spontaneous coordination and reinforced the functional advantage of national capacity building. Why centralize if decentralized action is guided towards broadly compatible goals anyways (Keohane 1984, 51)? Ironically, war can make EU capacity-building both easier (because it aligns interests and identities across the EU) and less functionally imperative (because these interests and identities facilitate decentral coordination, and insurance).

The primacy of national capacity building did not make EU capacity building completely redundant because it created a need for mutual insurance. This triggered some residual capacity building, yet with marked differences across policy fields reflecting variance in functional and political conditions. Take defence first. The general move towards national capacity building (figure 5) did not eliminate differences in national vulnerability. Eastern European member states were simply closer to Russia than their Western peers, raising a functional demand for military insurance. In principle this insurance could have been addressed through the creation of a common European army. In practise, however, the common European army was “not an agenda item,”⁷ even though mass support was high (figure 2). While the EU agreed to create an unspecified “Rapid Deployment Capacity” of 5000 troops by 2025 (EEAS 2022, 11), NATO engaged in immediate action. Within weeks of the attack, it increased its troops in Eastern Europe ten-fold to 40.000,⁸ and started a debate about a seven-fold increase of its combat-ready troops to 300.000.⁹ Unable to match NATO capacity, EU leaders deferred to it: NATO “remains the foundation of collective defence” they declared (Heads of State or Government 2022, 8; see also EU and NATO 2023). In short then, a strong permissive consensus for military integration (political condition), combined with an immediate need for military insurance and the EU’s incapacity to provide it (functional condition) to direct joint capacity-building towards NATO.

⁶ <https://www.euractiv.com/section/economy-jobs/news/eu-fiscal-rules-to-be-suspended-for-another-year/>

⁷ https://www.euractiv.com/section/politics/short_news/austrian-chancellor-says-eu-army-not-going-to-happen/

⁸ <https://www.ft.com/content/a1a242c3-9000-454d-bec7-c49077b2cc6c>

⁹ <https://www.politico.eu/article/jens-stoltenberg-madrid-nato-summit-pledges-300k-troops-then-leaves-everyone-guessing/>

Also in energy, cross-national differences in vulnerability created a functional demand for mutual insurance. Not all member states were equally well placed to bid for non-Russian gas supplies. Some lacked the technical infrastructure (LNG terminals, pipeline connections, storage facilities), others the money, and yet others both. Some were highly dependent on Russian energy imports, others less so. In March 2022, the Commission proposed the creation of a “joint European platform” for gas purchases to ensure “security of supplies on favourable conditions for all buyers across the EU” (European Commission 2022, 5). The proposal was modelled on the joint procurement scheme of COVID-19 vaccines. The Commission highlighted various functional benefits: enhanced bargaining power in international markets, an end to ruinous price-competition between EU member states, lower risk premia for small buyers, and the optimal use of existing European infrastructures for gas absorption and allocation (e.g. Botz et al. 2022). Yet, the member states could not agree. A joint platform was created but downgraded to the status of a task force to facilitate the voluntary coordination of national purchases. The impact has been moderate at best. Arguably, the confluence of a functional demand for central insurance and an unfavourable political condition led to an uneasy standoff. The functional need kept centralization on the political agenda. Yet the fundamental conflict of national priorities (figure 4) made intergovernmental agreement elusive. Note that it also made centralization more functionally desirable. Precisely because intergovernmental conflict was high, inconsistent national procurement decisions were likely adding to the potential efficiency gains from centralization.

Finally, consider fiscal capacity building. Again, there was an insurance issue. As Emmanuel Macron warned, some member states may lack the fiscal headspace for sufficient spending on defence, energy and economic stabilization. To address this risk, he proposed to create a new fiscal resilience scheme in March 2022, copied from the EU’s €750 billion Covid Recovery and Resilience Fund¹⁰. The proposal went nowhere. Arguably, there were three reasons for this. First, public opposition to fiscal centralization was strong. The constraining dissensus was robust in all member states, and especially in Macron’s France (figure 3). Second, the problem pressure was moderate compared to energy and defence. No member state faced immediate liquidity issues let alone was at risk of insolvency.

Third, different from defence and energy where the EU basically had no capacity whatsoever, it commanded some fiscal funds of its own. To be sure, most of these funds were bound to specific spending purposes: agriculture, cohesion, research, etc. Yet, the spending-link had already been relaxed during the Covid-Pandemic, when the EU swiftly agreed to commit €37 billion of budgetary left-overs from the funding period 2014-2020 to help member states cope with Covid-related expenses (Genschel and Jachtenfuchs 2021). The Ukraine war further fuelled the flexibilization of EU funds: the (off-budget) European Peace Facility (EPF) was used to pay for weapons deliveries to the war zone (Fiott, this issue); cohesion funds, the agricultural budget, and the remainder of NextGen EU Recovery and Resilience loans were made available for investments in energy independence; cohesion money was used for refugee-related expenses¹¹. The use of existing EU funds for war-related spending purposes was largely uncontroversial and helped ensure a speedy EU response to the war. However, they also accelerated the exhaustion of the funds. For example, more than 40 percent of the 5.7 billion

¹⁰ <https://www.euractiv.com/section/economy-jobs/news/france-plants-seed-for-joint-eu-borrowing-scheme-to-absorb-sanctions-effects/>

¹¹ https://ec.europa.eu/commission/presscorner/detail/en/ip_22_1607

EPF funds for the spending period 2021-2027 were used in the spring and summer of 2022 alone. When the Commission cautiously suggested to top-up the EU budget to meet the additional spending needs, it was rebuffed by the member states.¹² Facing a constraining dissensus at home (figure 3), they were happy to use already paid-for EU funds for war-related spending but they were reluctant to commit new money. Table 1 compares functional conditions, political conditions, and capacity building outcomes. EU capacity building has remained weak overall and uneven across policy areas, reflecting policy-specific differences in conditions. The main burden of resource mobilization has been on the member states. To the extent EU capacity was created at all, it served mainly to insure national capacity building programs not to replace them. The war in Ukraine has not pushed the EU towards federation, as Riker’s theory may suggest, but towards alliance (Riker 1996, 11).

Table 1: Political and functional conditions of EU capacity building across policy fields

	Defence	Energy	Fiscal policy
Political condition	Favourable Permissive consensus across all member states	Heterogeneous Conflict between permissive consensus in some and constraining dissensus in other member states	Unfavourable Constraining dissensus across all member states
Functional condition	Weak Need for supranational insurance, satisfied by NATO	Strong Need for supra-national insurance risk of policy conflict and inconsistency	Moderate No immediate need for supranational insurance; pre-existing EU capacity
Outcome	No EU capacity building EU defers to NATO	Contested EU capacity building EU promotes capacity building; intergovernmental conflict prevents it	Deferred EU capacity building Use of existing EU capacity; deferral of new capacity building

Conclusion

Did the Russian attack on Ukraine trigger a move towards centralized federation in the EU? Riker’s theory of federation suggests that it should. But we find little evidence that it did. To be sure, it may be too early to tell. “The short term is the most capricious, the most deceptive of time periods,” as Kate McNamara and Dan Kelemen warn, citing Fernand Braudel (McNamara and Kelemen 2022, 1920). The centralization that has not happened yet, may still happen in the future. At the very least, however, the short term elucidates conditions that can break the war – federation link. We highlight three.

The first concerns what we have called the political condition of federation. Riker assumes that the threat of war increases political support for centralization because it triggers a convergence of perceptions, interests, and identities across the emergent federation. Yet, as we have argued,

¹² <https://www.ft.com/content/0300afa5-3166-4feb-9207-73f494c23063>

war can also trigger disunity and conflict by exposing asymmetries that are usually inconspicuous and irrelevant politically. This erodes support for centralization. Our evidence is mixed. Following the Russian attack, we observe a convergence of threat perceptions, a strengthening of public support for military integration, and a weakening of opposition to fiscal integration – in line with Riker’s assumption. Yet, we also observe a pronounced divergence of attitudes towards sanctions and energy prices – contradicting Riker’s assumption. This is one reason why the war – federation link may snap in the EU, because the war fuels conflict rather than community.

The second insight concerns the functional condition of federation. Riker takes for granted that federal government has a comparative efficiency advantage over sub federal government: Federal authorities are simply better at turning core state powers into public goods than their sub-federal peers. Yet, as we have argued, this assumes low and limited sub-federal capacity. If sub-federal capacity is large and scalable, the creation of new federal capacity may be a waste of time and resources. The federal government is then better served by enlisting sub-federal resources for federal policy rather than by mobilizing them through federal agencies. The evidence is in line with our argument. The EU’s primary response to the Russian attack was to mobilize national resources for collective action in defence, energy, and economic stabilization. Supranational capacity building remained secondary. It only served to provide insurance cover for national resource mobilization, not to replace it by centralized mobilization. In short, the war-federation link may also break because EU capacity building does not offer substantive governance benefits over national capacity building in the member states.

The third insight finally concerns the interaction between the functional and the political condition. Riker presumes mutual reinforcement: the efficiency advantages of federal government fuel sub federal support for centralization. Sub-federal support, in turn, facilitates exploiting any comparative advantage the central level may offer. The result is a self-reinforcing political-functional spiral towards federation. As we have demonstrated, however, political and functional conditions can also be mutually undermining. A strong political condition makes central capacity-building not only easier (because it triggers strong collective interests and solidarities among subcentral publics), but also less functionally imperative (because these interests and solidarities allow to replicate many functional benefits of centralized capacity through the spontaneous coordination of subcentral capacity) et vice versa. Consider our evidence on defence and energy. A strong permissive consensus on military integration facilitated decentral coordination and risk-sharing and made more centralization at the EU (or NATO) level largely redundant. A strong cross-national conflict in energy policy, by contrast, hindered decentral coordination and sharing. This made centralization more functionally appealing, because it avoids the policy inconsistency of decentral action, but also less politically viable. This then is the third way in which the war – federation link can break in the EU: because the political condition is so strong as to make centralization functionally expendable. War cannot only have a centralizing effect, as Riker’s theory of federation suggests but also fuel decentral coordination and alliance formation.

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