Governing at a distance: democratic responsibility and social solidarity in the Eurozone

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As stated in its preface, this impressive collection of essays has the ambitious aim of launching a "fundamental debate" about European integration in the wake of the crisis and, in particular, the institutional reforms and policy choices made since 2008. The volume's title already contains the basic diagnosis. European integration has fallen prey to a technocratic project – a dystopian *dream* which has corroded the EU's constitutional integrity, its legitimation basis, its very point and purpose. This dream has to end, or better yet be brought to an end through an effective, if laborious, intellectual and political work. This is the basic message of the volume, shared by all its contributors.

The Eurocrats' goal is to achieve monetary and fiscal stability through a mode of integration controlled by non-majoritarian institutions, operating through strict economic surveillance, discipline and sanctions and aiming at an ever closer top-down harmonization of the standards and practices of Member States. This project rests on deep-seated (and mostly implicit) cultural predispositions of both descriptive and normative nature. In essence, Eurocrats believe that budgetary stability and market efficiency are supreme goods, that there is a "right way" of guaranteeing them (and more generally of solving all collective problems), that economics (as a discipline and as a sphere of activity) must prevail over politics, especially agonistic politics. In so thinking, Eurocrats ignore both Hayek's reminder that economic science is not (and cannot pretend to be) "omnicompetent about the problems of society" and Weber's warnings about the risks of "organized irresponsibility," a combination of economic dogmatism and bureaucratic rule.

The various chapters substantiate the general diagnosis with a wealth of original arguments, adopting different analytical perspectives: from political economy to normative theory, from neo-institutional to legal analysis. The reader learns a lot about the nature and origins of the Eurocratic failings, which can be summarized in a series of disastrous deficits: of justice, compliance,prosperity, democracy and legitimacy Instead of prompting a virtuous circle of upward convergence *cum* stability and greater closeness among the Member States, the institutional setting put in place by the Eurocrats promotes and amplifies divergence as well as a moral economy which juxtaposes "good" versus "bad" pupils, encourages beggar-thy-neighbor policies, nurtures the (internally contradictory) illusion that domestic political economies can be coerced into adopting a single template for growth and competitiveness. This approach has not only proved ineffective in terms of outcomes, but has also been eroding the necessary conditions for polity maintenance (the EU polity), let alone its further "building". Obsessed with taming the beast of interest group pluralism, the Eurocratic regime has unleashed the demons of anti-politics and populism and has pushed them into attacking the EU as such. Historically, European integration has always been guided by a mix of logics, reflecting, on the one hand, the heterogeneity of its constitutive components but aimed, on the other hand, at encouraging joint action in order to achieve common goods. Eurocracy has disrupted this delicate mix, with the result that, as aptly put by the editors, "existing trajectories and structures of European integration have become badly misaligned" (p.18).

Starting from a shared (in its core themes) diagnosis, the volume puts forward a number of ideas about how to repair damages and on how the Union should develop in the future. Avoiding the sterile disputes about more versus less Europe, federalism versus intergovernmentalism and discarding the illusions about a return to Westphalian sovereignties, the contributors outline a number of scenarios and proposals underpinned by a common ethos, but diverse in their substantive emphases and details. The reforms which are put forward range from the unpacking of EMU and the return to flexible monetary regime to more or less incisive re-designs of the institutional/constitutional setup, aimed at redressing the democratic, justice, stability and prosperity deficits of the EU in its present form. In their Introduction, Chalmers, Jachtenfuchs and Joerges make an excellent job in bringing out the main axes of the various proposals and in characterizing their underlying rationales. There is thus no need (and certainly not enough space) for me to repeat the exercise.

I do share the common ethos of the volume. What I can offer is a discussion of some specific building blocks of the diagnosis. My general worry is that the critique of the Eurocratic dream may inadvertently overshoot, incurring into the risk of throwing away some "babies" together with the bathwater (admittedly very abundant and very dirty). In the remainder of this note, I will first focus on issues of democracy and citizenship and then address a thorny question, which is key for Southern Europe: in light of the Eurocratic failings, should EMU be maintained or scrapped? I will then close with a brief discussion of solidarity and how to reconcile it with European integration.

The EU, democratic responsibility and social citizenship

Contemporary democracies share a political culture which assumes that the government does "what citizens want", responding to their preferences. Sovereignty belongs to the people, legitimacy hinges on the latter's consent, free elections hold representatives closely accountable to the voters. This view offers comforting reassurances that we live in an ethically defensible system. But it reflects only part of the story. Elected officials are not mere translators of demands from below into public policies. However important, responsiveness and accountability do not exhaust the representation nexus. The third dimension is *responsibility* – often neglected or collapsed into accountability. By responsibility I mean the duty of leaders to face up to collective challenges – often difficult to interpret, with no easy solutions – in the best interest of their own political community, considering the web of interrelationships with other relevant communities. As famously recommended by Weber, democratic responsibility requires some distance from electoral contingencies, a farsighted capacity to balance principled and consequentialist considerations in coping with a constant flow of substantive problems that can never be fully anticipated and yet demand relentless attention and tending. In grappling with problem flows, democratic leaders are still constrained by their electoral mandate and must be ready to justify their decisions. In other words, responsibility remains ultimately coupled with responsiveness and accountability. But it involves different logics and capacities, which require some degree of institutional nurturing.

In the present European context, democratic responsibility is faced by two big challenges. The first has to do with increased integration and the incessant creation of cross-national externalities. Very often, domestic leaders have to solve problems for their own *demos* which are the direct and recognizable consequence of other EU *demoi* (how they behave, what they decide); in turn, the solutions which domestic leaders adopt are very likely to generate cross-border effects. This challenge is widely discussed in the volume, especially by Nikolaidis and Watson. There is however a second challenge, which has to do with the growing difficulty for domestic leaders to address policy problems in a long-term perspective. Most of the reforms which are today needed to recalibrate national socio-economic models imply explicit and extended inter-temporal tradeoffs. These reforms require upfront costs, in return for incremental and delayed benefits: let us think of the expansion of education and training today in order to enhance the human capital of tomorrow. Such "policy investments" are difficult to undertake: the logic of partisan competition places a high premium on the short term. Imposing losses to current voters with a promise of distant benefits is not the most effective strategy to win elections.

In theory, the EU should facilitate the search for responses to both challenges. Precisely because they operate "at a distance", EU arenas and institutions can provide political leaders with the appropriate occasions, incentives and resources for exercising responsibility both vis-à-vis cross-national interdependences and the imperatives of the long-term. The Eurocratic project has, however, failed to even recognize these problems. In fact, as already mentioned, it has aggravated it by putting in place a system of "organized irresponsibility" led by a small circle of authorities taking one-size-fit-all unidimensional decisions inspired by a narrow and short-sighted economic orthodoxy. This system is characterized by an utter neglect for the cross-national, cross-sectoral or cross-domain consequences of policy decisions. Despite its rhetoric on long term "sustainability," the rigid and rule-based austerity paradigm established during the crisis has created additional obstacles for policy investments. In debtor countries, it has eroded all margins of fiscal maneuver, while in creditor countries it has amplified the fetish of *schwarze Null*, i.e. the categorical imperative of zero-deficit, even in the presence of visible gaps in policy investments.

This is the bathwater that needs to be thrown away, the sooner the better. On this I cannot but fully concur with the volume's contributors. There are however various elements in the "governing from a distance" mode which may be wise and reasonable to retain and even enhance. It is important to openly stress this point in the debate. Let us think of the European Semester. Freed from the excessive rigidity of the Fiscal Compact and adequately re-balanced towards growth and social objectives, this governance framework could serve as a key anchor for the long-term perspective (broadly understood) and the institutional encouragement of policy investments, as a precious instrument for the joint elaboration of functionally effective and normatively desirable objectives and – most importantly – as a transparent arena for identifying those externalities and risks which may require common management. Surely there are ways for bringing the Semester closer to the circuits of electoral representation, for enhancing its throughput legitimacy via inclusion and accountability constraints – as currently advocated by many critical commentators. For that matter, the chapter by Bovens and Curtin shows promising signs of growing accountability (at least a readiness to be accountable) on the side of some top supranational leaders. But the unique contribution (the "baby") which a rebalanced Semester would produce has to do with *responsibility.* The relative insulation from domestic electoral contingencies and from the logic of partisan responsiveness would activate a choice logic sensitive to fine-grained instrumental and normative considerations and open to reflexive learning – a logic that tends to be stifled in domestic contexts. Effective democracy requires an appropriate balance between popular demands and elite expertise, supported by the best available knowledge. Governing from a distance remains indeed exposed to the risk of "technocratization". But it can also be made to work at the service of political responsibility, without necessarily violating the democratic standard.

Let me now briefly turn to citizenship. Throughout the volume it is repeatedly argued that the advent of Eurocracy has markedly exacerbated the de-stabilizing effects of integration on national "social contracts" and social citizenship regimes. The Fiscal Compact and especially the conditionality regime of the Memoranda of Understanding have definitely contributed to pushing through painful social reforms, to the detriment of long established redistributive arrangements and their supporting coalitions, laboriously built through domestic political channels and resting on territorially bounded balances of power. In general terms, the worry about such developments is justified and well grounded. But again we must distinguish between babies and bathwaters.

Historically, the institutionalization of solidarity through social rights has effectively contrasted the dis-integrative tendency of the XIX century's greatest social utopia: that of a market entirely capable of self-regulation. Societies mobilized in search of protection; states responded with the production of rights. But not all the buffers against market expansionism have served their declared "emancipatory" objectives and some buffers have gone too far. In some moments and in some contexts, the noble instrument of democratic citizenship has been hijacked by petty interests, sectional lobbies, circumscribed groups defending their privileges. Measures of social closure have been used to serve "usurpative" rather than emancipatory objectives. The extensive literature on the insider/outsider cleavage has highlighted the distributive distortions resulting from many forms of employment regulation and social protection inherited from the Golden Age. The awareness and the preoccupation with such dynamics were already clearly present in the early and classical debates about social citizenship. Commenting on the rise of unofficial strikes at the time when he was writing his famous essay, Marshall lamented that an attempt had been made "to claim the rights of both status and contract while repudiating the duties under both these heads" (p. 42). In his turn, Bendix warned that a fundamental civil right and pre-condition of democratic participation, the freedom of association or "right to combine", can be used "to enforce claims to a share of income and benefits at the expenses of the unorganized and the consumers" (p. 105).

Economically inefficient and normatively unjustifiable forms of right-based closure must be singled out with care and precision, context by context. But to the extent that EU pressures are (or can be) targeted at such forms of closure, then "de-stabilization" might serve functionally useful and normatively desirable purposes. Among non-economists there is sometimes the tendency to collapse the principled justification of the welfare state and of market-correcting policies into an acritical defense of the social status quo, whatever its characteristics and distributive implications. I believe instead that it is important to combine the loyalty to abstract normative standards with a factually grounded acknowledgement and critique of real-world deviations from such standards. The challenge on the "de-stabilization" front is of course how to single out dysfunctional and inequitable forms of regulation and protection and how to target them correctly.

Heaven or Hell? The euro and its possible breakup

The Southern European countries (in particular Italy and Greece) offer a good illustration of the dynamics just described. During the last couple of decades, EU membership and the so-called external constraint has provided these countries with precious spurs for stabilizing public finances, modernizing the state apparatus, recalibrating the welfare state and the labour market, and rebalancing traditional distributive distortions. In other words, EU-induced "de-stabilization" has brought about several positive effects, not only painful sacrifices.

In my own work on the Italian case, I have often used the metaphor of a rescue by Europe:during the 1990s, the Maastricht process prompted a real quantum leap in terms of institutional capabilities and *risanamento* (the restoring to health) of public finances. A rather impressive sequence of reforms was implemented, with a view to correcting the "original sins" of Italy's economic and social model. Admission into the Euro-zone was lived as a hard-won achievement by the vast majority of Italians. The prize was a significant decline in the cost of debt service, from 9% in 1996 to 4% in 2006. Unfortunately, this bonanza was mostly squandered: savings mainly went into pensions. The reform process stalled, much needed public investments were not made. The weakening of the external constraint (EMU's dysfunctionalities were not so evident then) removed one of the most effective spurs to introduce reforms. Since the early 2000s, the country's economic performance has been less than satisfactory and the crisis – in combination with fiscal austerity – has pushed Italy into a very deep recession. It is no surprise that popular support for the euro has been markedly declining in recent years. With the demise of Berlusconi, the center-right has become increasingly critical of the common currency, while the new Five Star Movement and (much more vocally) the Lega Nord are now openly asking for a referendum on the common currency.

At the end of his lucid chapter of EMU's dysfunctionalities, Fritz Scharpf briefly discusses the potential advantages of an orderly, negotiated and consensual breakup of the Euro-zone with a view to establishing an improved version of the pre-euro monetary regime, based on flexible exchange rates within bands. This would give back to peripheral countries – so the argument goes – the option of external devaluations, allowing them to recuperate competiveness and relaunch growth, without incurring in the painful social costs that the achievement of those objectives entails within the monetary union.

While I agree that a frank debate on such prospect would be useful, I also believe that there are important aspects to be considered, which might possibly tilt the balance in the opposite direction. Let me briefly mention these aspects, focusing again on the Italian case. Italy is by far the largest peripheral economy and the breakup scenario always assumes, at least implicitly, that this country would be the ideal beneficiary of a return to flexible exchange rates (and, conversely, that without Italy's request or consent the breakup option would not reach the EU agenda).

The first aspect has to do with the diagnosis of Italian problems and prospects. Italy's economic decline is linked to a wide range of factors, including a (still) defective state, a massive public debt, badly regulated and highly protected private services and product markets, an old-fashioned system of industrial relations. The constraints of the euro have aggravated these problems, but have not caused them, therefore leaving the euro would not solve them. The key question however is: does Italy have an internal springboard to remain competitive among the big export-oriented economic powers, hopefully within the euro? What is often overlooked or inadequately appreciated by foreign observers is that beneath Italy's malaise there is a resilient pounding heart. The country still has a wide and robust industrial base and is the seat of Europe's second largest manufacturing sector. Despite the dramatic drop of 2008-2009, this sector grew by 15,6% between 2004 and 2015. In medium sized firms, during the crisis productivity grew more than in Germany. The recession led to the loss of many (small) firms, but overall it enhanced allocative efficiencies which were able to sustained export levels (for data and discussion, see the Bank of Italy.) Italy's "growth model" rests on a big export-oriented industrial engine (the "baby"). To (re)gain momentum, such an engine needs incisive internal maintenance and re-adaptation. But above all it needs to be complemented by a much more efficient service sector (which should itself become a second engine for growth and employment) and to be supported by a more favorable institutional environment – including a modernized welfare state. A lot of dirty bathwater must be thrown away, especially in terms of bad regulations, rent-subsidizing protections, clientelistic distributions. It is misleading to disparage such an agenda as "internal devaluation". Instead of cutting wages, Italy's growth engine would (and hopefully will) benefit much more from liberalizing professions and local public services, stirring up the civil service, rationalizing and recalibrating inequitable and inefficient tax/transfers schemes. A (reasonable) *vincolo esterno* remains key for moving in this direction. Net of the perverse consequences of the Eurocratic regime, developments during the crisis do lend support this view. After Berlusconi's egression (2011), important policy changes have been adopted, including much needed reforms in the field of pensions, labor market, public administration, education and industrial relations. And since 2014, growth and jobs have started to pick up again. It does not seem too late or impossible to revive the springboard.

I am not arguing that Italy is out of trouble: far from it. But let us sketch a counterfactual based on the breakup hypothesis. A currency devaluation during the crisis would have initially boosted industrial competitiveness, but it would also have neutralized "modernization" incentives for all relevant actors, granting new respite to many of the undesirable, efficiency thwarting dynamics of the past. There is a shared agreement among Italian economists that the pre-euro competitive devaluations bear a large responsibility for the adjustment delays of Italy's productive structure to the new trends of the European and global economy. A weaker lira gave to exporting producers temporary relief for their losses in competitiveness. But it also discouraged investments and innovations on the side of firms, crippled incentives for reforming the state apparatus and for opening protected sectors, caused a number of perverse distributional consequences, not to speak of the activation of several vicious circles such as inflationary spirals.

There is a second, wider aspect to consider. From a symbolic and political point of view, an exit from the monetary union would seal the failure of one of the few broadly shared "projects" of post-war Italy as a nation (*entrare in Europa*). It would thus delegitimize entire generations of pro-integration leaders, including the younger ones who have gained office during the crisis. Prompted as it would be by mainstream political forces, such a move would not unarm anti-European radicalism, but would rather inflame social and political arenas, providing additional fuel to all the populist, protectionist, parochialist and nativist actors and interests which have emerged in the last decade. It must also be noted that the mere starting of the breakup process (e.g. negotiating the birth of a new currency and its bands of oscillation) may trigger off unintended and hard to predict consequences. Italy is not Greece; a European bailout would be impossible. Should financial markets come to believe that Italy might exit from the euro as it is, they would have enough weapons to force this outcome on their own, very unorderly terms.

Some Italian analysts (Bianchi, Bordogna) have recently offered rough estimates about the consequences of such a scenario. I report some of them here just to give an idea of the numbers which are being seriously discussed in the domestic debate. Under fierce market pressures, a new lira would have to devalue by 50/60%, almost double compared to the current 30% loss of Italy's competitiveness vis-à-vis Germany. The immediate consequence would be a rise of inflation to around 15%. This would trigger off a price-wage-exchange rate spiral resulting in even higher inflation and huge losses for workers in terms of purchasing power, increased inequalities in the distribution of income and wealth between employees and self-employed, and between domestic creditors and debtors. A devaluation of 50% would raise extremely delicate problems around the value of the public debt in the hands of foreign investors (more than 35% of the total), with capital flight and a likely default of the Italian state, unable to meet redemption requests. In five years, the real value of domestic debt would be halved, with a loss for bond holding families of ca. 11% of their disposable income. For banks and financial institutions, which own about half of the debt, the impact on budgets would be tragic, especially for those which have foreign currency liabilities. In addition to the need for recapitalization by the state, it would be necessary to prevent bank runs by depositors.

Interest rates would skyrocket in the wake of higher inflation, the currency and banking crisis and the government default. Exporting firms would do business, but those producing for the domestic market would all be affected by the contraction of consumption and investment as well as the banking crisis. It is true, as Baccaro argued, that the last big devaluation of the lira, in 1992, did not produce all these dramatic effects and that – to the contrary – it turned out to beneficial for growth and jobs. But that devaluation took place in the context of the Maastricht process: the Italian government was determined to enter into the forthcoming single currency. This created an incentive constellation for domestic and foreign actors which is very different than the constellation likely to result today from a euro-exit (or the mere prospect thereof). In light of all such elements, a well-known (left wing) Italian economist, Giorgio Lunghini, has recently concluded that abandoning the euro would have "an enormous cost, which would generate civil unrest and popular uprisings; European history teaches that from crises of this magnitude one can exit only to the right… The European Economic and Monetary Union is like the "Hotel California" in the Eagles' song.. For those who have forgotten or are too young to remember, the Hotel California was a one-way only establishment, it was "programmed to receive. You can check-out any time, but you can never leave."

A doomsday scenario? Perhaps. As noted by Scharpf, the pro-status quo camp tends to ignore or minimize the costs of non-disintegration. But – having personally experienced the dramas of some past devaluations of the lira – I believe that responsible politicians should be wary to play with the fire of disintegration. The path of a smooth, agreed-upon, well-planned dismantlement of the common currency is extremely narrow and very unsafe.

Needless to say, this does not mean that things should remain as they are: far from it. The Eurocratic regime is too constraining, rigid and dogmatic for the type of economic and institutional modernization that befits Italy – and, a fortiori, the other Southern European countries. But maintaining the single currency is compatible with different modes of economic and fiscal governance. All the contributors of the volume agree that EMU's institutional architecture needs to be reformed and they make interesting and promising proposals. In his chapter Sharpf himself puts forward the breakup scenario as an alternative to other possible paths, based on the expansion of productive investments and aggregate demand management. It is true that all such paths would imply a higher degree of interstate redistribution – an obstacle which is very hard to bypass. Especially for Germany, the *Transfer Union* is seen as public enemy number one. But the issue of redistribution should be put in a more correct perspective. For example: in the Greek bailout, Italy has been one of the main paymasters, contributing (per capita) almost as much as Germany, despite the fact that its banks had an almost negligible exposure vis-à-vis Greece. Neither the Italian nor the German average taxpayer is aware of this. However in the dominant narrative the former is perceived or labelled as a typical example of a "guilty" grasshopper, the latter as a virtuous and exploited ant. It is obvious that in such a symbolic context the idea of a *Transfer Union* remains a non-starter in the core countries and that preserving the common currency is likely to turn EU politics into an "ugly tug of war" between the North and the South.

Making predictions is always slippery and everyone can be wrong. But, with due respect, seen from an Italian (or Spanish) perspective this pessimistic prognosis is excessively dramatic. We know that the way in which problems are framed and solutions designed is key for political feasibility. The outlook of a nasty and self-defeating spiral of national juxtapositions is not inevitable, and many contributors argue that there are ways of making the monetary union more viable, equipping it with a functionally decent degree of redistribution – which does not need to flow through a scheme of direct and explicit interstate transfers. Here we get back to the remarks on responsibility made above. The euro could and should have been designed much better from the start. But – as aptly noted by Nicolaidis and Watson – we cannot wish away 20 years of fits and starts. And the volume shows that there are more margins for the exercise of political craftsmanship in reforming the euro than the current executive elites (and many of us intellectuals) are ready or capable to acknowledge. In the famous song by the Eagles, those who enter Hotel California immediately realize that "it could be Heaven or could be Hell". Since there are no safe exit options, for the time being it is wise not to check out from the euro and commit our energies to ensuring that that it does not become a living hell for its participants, especially the weaker ones.

The search for European solidarity: three priorities

I cannot enter into the merit of the various re-design proposals made by the contributors. But in closing I would like to take up one other indictment brought by the volume against the Eurocratic dream: the prevailing narrative was (and still is) morally charged and highly skewed in favor of creditor countries and their viewpoint. If we really want to push forward the belief that "another EMU" is desirable and possible, what are the priorities for research and debate?

The first priority is to challenge the dominant narrative on factual grounds, as many of the book's authors have started to do. The idea that there are good and bad pupils, that the euro-crisis originated because of Southern financial profligacy is not in line with empirical evidence and with accurate reconstructions of economic and institutional developments. There is now a growing agreement on this diagnosis even among leading mainstream economists . Why the prevailing narrative (especially in Germany) is impermeable to both counterevidence and counterarguments is a good research question for the sociology of knowledge. But it is also a fact which has serious implications for the life of millions of Europeans and for the future of the EU as such. In order to enhance the persuasiveness of criticisms, we need more detailed and articulated evidence about the negative consequences of EMU's dysfunctionality, including the asymmetric gains implicitly or deliberately enjoyed by the core countries since the establishment of EMU. We also need to know more about the material externalities linked to the policy choices and actual behavior of each *demos*, in order to sensitize its government and public opinion about the unperceived or misperceived implications of interdependence.

The second priority is to unveil the moral roots of the prevailing narrative and their disturbing implications. In his masterful book *States, Debt, and Power*, Ken Dyson has shown that, inspired as it was by the creditor narrative and moral perspective, the management of the euro-crisis has given rise to a "politics of humiliation", based on paternalistic and hierarchical chastisement instead of fraternal encouragement. In his vibrant *j'accuse* against Merkel and the Eurocrats published in *Süddeutsche Zeitung (*June 2015), Habermas noted in his turn that during the bailout negotiations Greek authorities (i.e. elected representatives of the Hellenic people) were often treated like "zombies", in blunt violation of the principle of political equality of Member States enshrined in the EU covenant. To quote his words: "this transformation into zombies [was] intended to give the protracted insolvency of a state the appearance of a non-political, civil court proceeding". And in this volume Scharpf argues that in the borrower-lender constellation the latter were not even considered as "deserving poor." Humiliation has returned on a grand scale during the crisis. It will take time to heal the scars, but the first step is a clear reaffirmation of the principles and practices of equal membership – which means first of all equal dignity and autonomy of each Member State, with no risk of unilateral demotion or forced deprivation of group membership.

The third priority is that of elaborating normative frames which are appropriate to the new social "ontology" which has emerged in the wake of economic and monetary unification. Various promising insights can be found in the more philosophical chapters – especially as regards political, *demoicratic* standards. In the volume, though, the discussion of social standards – how much solidarity and redistribution- remains primarily focused on the domestic level, with the EU mainly seen as a destabilizing force. The hardest challenge is precisely to reflect on possible standards of pan-European solidarity: among EU citizens (in particular, mobile citizens) and among Member States, particularly within the euro-zone. Such reflection must go hand in hand with empirical analysis, it should build on factual evidence and sound reasoning about the causal impact of integration as such and about the matrix of cross-*demoi* externalities and payoffs. The volume provides enough reasoning and evidence about a general fact: EMU has an autonomous causal impact and cross-national externalities do take place. We thus urgently need normative compasses to establish what the European *demoi* "owe" to each other. We need *demoicratic* "social theodicies" – to put it in Weberian terms: conceptions of distributive justice among increasingly integrated but still autonomous statespeoples. Elaborating such conceptions is inevitably going to be a balancing act between the minimalist, sufficientarian conceptions typically tailored on the broader international system (solidarity as humanitarian aid) and the maximalist egalitarian conceptions tailored on federal systems (solidarity as far reaching cross-regional fiscal redistribution).

Considering both historical experience and the tenets of contemporary (nation-based) theories of justice, the obvious starting point for elaborating a “third way” should be the analysis of the risk constellation of the institutional status quo. Which Member State is vulnerable to what and why is it vulnerable? To answer this question it may be useful to distinguish between *similar* and *common* risks. The first are the result of analogous dynamics (e.g. demographic ageing) that have no significant link with either integration or externalities. Here open coordination and mutual learning are important and useful, but there is no need for joint action. Common risks are instead directly produced by integration and/or externalities: e.g. the adverse consequence of an asymmetric shock in the presence of EMU’s constraints; or the cross-national implications of trade deficits or surpluses, or the negative impact of sudden surges in worker mobility. For such type of risks, joint action (e.g. under the form of risk pooling or re-insurance schemes) is the appropriate solution, on both functional and normative grounds.

Andrea Sangiovanni has recently outlined a brilliant, reciprocity-based conception of inter-state solidarity, based on a persuasive account of the point and purpose of the EU. Another interesting debate has recently taken shape around the idea of a European Social Union (ESU): not a supranational welfare state, but a genuine union of national systems, an effective “hosting” (and hospitable) institutional framework supporting the effective and smooth functioning of domestic welfare schemes (Vandenbroucke forthcoming). The ESU would help the latter to better respond to similar (as well as country-specific) risks, while putting in place new instruments for the mutualization of common risks. It will not be easy to move in this direction. In the words of Joerges, at the end of the volume, “European citizens will have to distinguish between domestic and interstate justice, between the solidarity in its various societies and the solidarity among its *demo*i” (p. 329). Admittedly, translating this distinction and its implications into a transnational political agenda is a daunting task. Even if we were to come up with well-argued and articulated conceptions of *demoicratic* distributive justice, they may well prove to be utterly unfeasible in the present post-Brexit context. But without an ambitious and effective intellectual framing, such a political agenda cannot even be imagined in the first place. So let us all make greater efforts.

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