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The need for a more ambitious structure of governance to face new challenges within the EU

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Neo-functionalism, intergovernmentalism and a political economy of national self-interest have characterised a process of European integration that was strongly oriented towards the full realisation of the three freedoms. The construction of the EU was centred on taking advantage of the allocative benefits of the market, without great pretensions in other fields. The subsequent pressing need to give the project a social dimension, to act as a key global actor in foreign affairs and defence, and to jointly tackle economic, financial, health and protectionist crises has faced severe limitations due to the lack of sufficient automatic response instruments, the complicated decision-making process, mistrust between Member States and the temptation to seek individual solutions to threats. A new and more ambitious structure of governance is needed to promote agility and ensure that the measures adopted are in line with the interests and values of citizens.

KEYWORDS

European integration, functionalism and intergovernmentalism, political challenges, decision-making process, creation of permanent reaction instruments, structure of governance, mechanism of enhanced cooperation

1 Introduction

Neo-functionalism, intergovernmentalism and a political economy of national self-interest have characterised the process of European integration since the 1950s.

Intergovernmentalism emphasises the role of the nation state in integration (Milward, 1993); national governments pursue domestic interests, mostly in the economic area (Spolaore, 2015), and voluntarily cede sovereign competences on certain issues to supranational bodies conforming a “multi-level governance” (Marks, 1993). This has led, for example, to a present ‘asymmetrical construction’ of socio-economic governance under which commercial and monetary policies are Europeanised while key decisions in core areas of economic policy (taxation, public spending, supply-side policies and regulation of the labour market and social protection) remain in the hands of national governments (Bilbao-Ubillos, 2014).

At the same time, a gradualist strategy has also been followed: according to the neofunctionalist logic, steps towards economic integration in some sectors (coal and steel, trade, and later, a common currency) would have spill-over effects in other sectors. Thus, growing economic interdependence would lead to a shift in allegiances towards the new supranational institutions, thereby leading to further integration at the European level (Dür et al., 2020; Haas, 1961).

However, a political economy of self-interest (associated with intergovernmentalism) has also prevailed in EU integration causing an obsession regarding moral hazard (Bilbao-Ubillos, 2023b). This is evidenced, for instance, by the “no bail-out” clause (in Article 125 of the Treaty on the Functioning of the EU), the leading role of the Council of the EU (comprising national ministers from each EU country) to negotiate and adopt EU laws, and the requirement for unanimity (all Member States or MS must agree) in decision-making for sensitive issues, such

as: Common foreign and security policy, accession of new MS to the EU, taxation, social policy or certain justice and home affairs issues. This is the bond of solidarity between MS that has not been strengthened, and certain mistrust has prevailed.

Successive enlargements of the EU have increased socio-economic heterogeneity and complicated the decision-making process by increasing the number of Member States (previously 28, now 27) and the variety of interests (Bilbao-Ubillos, 2021).

As Letta says, the Single Market was established to strengthen European integration by eliminating trade barriers, ensuring fair competition, and promoting cooperation and solidarity among Member States. It facilitated the free movement of goods, services, people, and capital through harmonisation and mutual recognition, thereby enhancing competition and fostering innovation (Letta, 2024, p. 3).

But in the process of European integration, the social dimension has to date been subordinated to presumed economic requirements (Bilbao-Ubillos, 2023a). As the current European Union (EU) expanded, the structural heterogeneity of the EU economies increased, and greater disparities in social protection between European citizens also emerged (Bilbao-Ubillos, 2016). Despite the rhetoric surrounding the European Social Model (ESM), it comes as no surprise that in 2023, a Luxembourg citizen received an average of €20,690 in social protection benefits, while a Bulgarian citizen received an average of €1,714 for the same benefits, i.e., 12 times less (Eurostat, 2025a). It is obvious that the mere fact of European citizenship does not confer equivalent protection in the different EU countries. These differences in the intensity of social protection are not only a consequence of the diversity in income levels between countries, but also of political preferences, which are reflected in the effort devoted to such protection: France allocates 33.85% of its annual GDP to social protection expenditure, while Ireland allocates 12.95% (Eurostat, 2025b), for example.

In this sense, Whyman et al. (2012) assert that the Single Market project, the Economic and Monetary Union, the enlargements of the EU, the Lisbon agenda, and the failed European Constitution merely prioritise measures on the supply side and expand the market, instead of encouraging demand or seeking to achieve any other social objective. In these conditions, differences in the levels of social welfare benefits available to European citizens, depending on their country of residence, are a logical consequence of the entry into the EU of economies with evident structural differences (with different social systems and wide disparities in the bases of their competitive foundations).

This leads Mangiameli (2017) to say that a political union is needed to provide responses to the needs of the citizens through governance actions of a federal type on fundamental matters such as foreign affairs, common security, major economic choices and, in particular, immigration.

2 Political challenges

Some authors think that the multiple crises experienced by the EU in the last two decades seem to have validated the functionalist prediction of 'integration through crises' (Ferrara and Kriesi, 2022). Certainly, over the past two decades, the European Union has experienced economic, financial, health and geopolitical crises, including issues of protectionism, erosion of multilateralism, and conflicts in Ukraine and Gaza.

In terms of economic performance, the EU maintains general strengths—such as strong education and health systems and robust welfare states—but we are collectively failing to convert these strengths into productive and competitive industries on the global stage (Draghi, 2025, p.6).

With regard to the economic policy, during the EU management of the 2008 crisis, poor results obtained were due at least in part to poor governance of the crisis in Europe, in both ideological terms (failed expansionary austerity) and institutional terms (the process of decision-making and the implementation of the measures agreed). As a result, the measures adopted by the EU in response to the crisis were taken late, hesitantly and sometimes with insufficient intensity (Bilbao-Ubillos, 2014). But lessons were learned from bad economic policy practices and all EU Member States responded to the COVID-19 pandemic crisis, increasing government spending to support public healthcare systems and transfer funds to households and companies (Apostolopoulos et al., 2022).

In the face of external threats, particularly threats from other geopolitical actors, MS still need to band together in order to have more effective policy responses, such as sanctions (Moise et al., 2025). The war in Ukraine and in Gaza has forced the EU to act, but these efforts have not been sufficient to secure the EU's geopolitical relevance in the world. According to Genini, the Ukrainian war has exposed three core weaknesses in the CFSP: an outdated governance structure, operational constraints, and inadequate financial resources (Genini, 2025). In the words of Genini, "internal fragmentation, low political solidarity, and obsolete legal rules based on intergovernmentalism have relegated the EU to a minor geopolitical role in addressing the Ukrainian security crisis" (Genini, 2025, p. 43).

In terms of the social dimension, the European Social Model (ESM) faces pressure from declining productivity, ageing populations, fiscal populism, and greater competitive exposure to emerging economies.

From an institutional point of view, and as Draghi stresses, "the EU's decision-making rules are based on a valid internal logic—to achieve consensus or at least reach a broad majority—but they appear slow and cumbersome in comparison with developments taking place externally. Crucially, Europe's decision-making rules have not substantially evolved as the EU has enlarged and as the global environment facing Europe has become more hostile and complex" (Draghi, 2025, p.67).

In addition, multiple veto players can delay or dilute action. The upshot is a legislative process with an average time of 19 months to agree new laws—from the Commission's proposal to the signing of the adopted act—and which, despite the lengthy process, does not deliver results at the level and pace (Draghi, 2025). A decision-making regime based on unanimity cannot handle crises which need immediate and efficient responses, and the European Parliament itself has consistently criticised it (Gozi, 2021). And we must also remember that the European Council, as an executive body, is not controlled by a legislative institution (the European Parliament) operating at the same level (Fabbrini, 2023).

In my opinion, the key political challenges include: a lack of agility in decision-making, which becomes more critical during crises; challenges in maintaining a position as a significant, united, and respected player on the global stage; the risk of losing the technological race against the United States and China in new products (electric or autonomous cars, satellites; semiconductors etc.); the risk of developing

an Economic and Monetary Union that neglects its social dimensions; a loss in public revenue resulting from fiscal populism (tax cuts), tax competition within the EU, and the existence of tax havens and aggressive fiscal strategies employed by some large multinational corporations (Bilbao-Ubillos, 2021); addressing the ageing European population; the rise of individualism that weakens the bonds of solidarity and alters core societal values; and lastly, the rise of Eurosceptic political parties.

3 Proposals

It seems that Europe is failing in its attempt to position itself as a key global actor and even to maintain its characteristic model of competitive and inclusive growth. A new and more ambitious structure of governance is needed to promote agility and ensure that the measures adopted are in line with the interests and values of citizens (Bilbao-Ubillos, 2014). There is a need for urgent, fast-track procedures to be set up in the EU to tackle any further crucial, urgent problems that may arise in the future. A more supranational constitutional architecture characterised by streamlined voting mechanisms and a centralised financial resource (Genini, 2025).

I therefore propose four key reforms to the governance structure:

3.1 Simplification of the decision-making process

According to article 189b of the Treaty on European Union, within the Ordinary Legislative Procedure (OLP), the Commission shall submit a proposal to the European Parliament and the Council, and the Council acting by a qualified majority after obtaining the opinion of the European Parliament, shall adopt a common position. The proportion of Council legislative decisions under the OLP was 90.9% during the period 2010–2021 (Pouebrahimi Andouhjerdi, 2025, p. 58).

Although the Treaty of Lisbon increased the number of items subject to qualified majority voting by the Council of Ministers by nearly 40 items, there remain almost 80 that still require a unanimous vote (Bertoncini and Vitorino, 2014). As Draghi states “Council votes subject to qualified majority voting should be extended to more areas, and if action at the EU level is blocked, a differentiated approach to integration should be pursued. (...) The so-called “*passerelle*” clause should be leveraged to generalise voting by qualified majority in all policy areas in the Council” (Draghi, 2025, p. 68). By employing this flexibility instrument (*passerelle clauses*), a number of key policy areas can shift from unanimity to qualified majority voting and move from special legislative procedures to the ordinary legislative procedure.

To expedite decision-making processes during economic crisis management, limit the scope for minority blocking, and shorten the implementation periods of the adopted measures, a law could be introduced stipulating that measures may not be reviewed until they are initially implemented; this would enhance the effectiveness and adaptability of actions (Bilbao-Ubillos, 2014).

3.2 Creation of permanent reaction instruments

Centralised financial instruments must be created that allow for a swift and sufficient EU response to urgent needs. As

demonstrated by the 2008 crisis, the EU, as a monetary area with heterogeneous structural characteristics, required the establishment of an adequate permanent mechanism for stabilisation. This is vital to shield against asymmetric shocks and allow for the introduction of anti-cyclical measures, especially when the affected countries have no tax margin (Bilbao-Ubillos and Fernández-Sainz, 2022). Similarly, European funds or instruments would be provided to address humanitarian, financial, technological or defence needs.

3.3 Mechanism of enhanced cooperation

With the Lisbon Treaty now in force, achieving certain objectives impeded by the unanimity requirement may be pursued via temporary differentiated integration, primarily using the enhanced cooperation mechanism, ensuring it adheres to specific conditions and an inclusive approach (Gozi, 2021).

3.4 Intergovernmental solutions that expand the powers of the EU institutions

Member States could temporarily delegate their powers to Community bodies in matters of foreign affairs, defence or technology when critical situations arise. In the words of Draghi: “The Commission should have a mandate for horizontal actions and exclusive competencies of the EU” (Draghi, 2025, p.67).

There is indeed some tension between achieving greater effectiveness and safeguarding democratic legitimacy, but without such express delegation of competences it will not be possible to achieve sufficient crisis prevention and early response capabilities at European level. One possible compromise between effectiveness and legitimacy would be to submit the measures adopted by these bodies to the European Parliament for urgent approval (Bilbao-Ubillos, 2014).

4 Discussion: cases and examples of the proposed measures

To better illustrate the meaning of the proposed measures, we relate them to some examples or precedents:

4.1 Simplification of the decision-making process

This proposal would fit the scenario 5 (*Doing much more together*) proposed by the White Paper on the future of Europe (European Commission, 2017). Member States decide to share more power, resources and decision-making is faster and enforcement is stronger across the board. Koenig (2022) states, for instance, that according to Article 31(3) of the Treaty on European Union (TEU), the European Council can thereby unanimously decide to extend QMV to specific fields within EU’s Common Foreign and Security Policy. The alternative to the specific *passerelle* clause under Article 31(3) TEU that generates less controversy among MS is constructive abstention [article 238(4) TFEU; Koenig, 2022, p.7].

Buti and Messori (2025) understand that preserving each Member State's ability to block decision-making at the European level instead of cooperative relationships designed to ensure positive net benefits for each member state, decisions come to be treated as one-off games in which the player who fears losing reserves the right, case by case, to avoid the final result by "walking off with the ball."

4.2 Creation of permanent reaction instruments

In addition to the aforementioned European Stability Mechanism (established by Treaty of 2 February 2012), the Anti-Coercion Instrument¹ provides since 2023 a legal framework that enables the European Commission to adopt Union response measures (tariffs, quotas, etc.) in retaliation to coercive actions from third countries.

A single market emergency instrument has also been created to anticipate, prepare for and respond to the impact of future crises using the strength of the internal market. The Internal Market Emergency and Resilience Act² was adopted on 9 October 2024, and will come into effect on 29 May 2026.

4.3 Mechanism of enhanced cooperation

This mechanism would correspond to the Scenario 3 (*Those who want more do more*) formulated by the White Paper on the future of Europe (European Commission, 2017). As illustrated in this White Paper, for example, a group of countries (a "coalition of the willing") could choose to work much closer notably on taxation and social matters. Greater harmonisation of tax rules and rates reduces compliance costs and limits tax evasion.

4.4 Intergovernmental solutions that expand the powers of the EU institutions

The creation of the European Central Bank in the 1990s regarding to monetary issues for the eurozone (common currency, rate of interest, supervision of the financial sector) is considered as an example of supranationalization.

Member states can agree to delegate more of their decision-making powers in specific areas to supranational institutions through specific intergovernmental agreements or through a

broader treaty that allows for more flexibility in the delegation of powers. As declared by Arnal (2025) genuine internal market integration necessitates transferring greater powers to European authorities.

Data availability statement

The original contributions presented in the study are included in the article/supplementary material, further inquiries can be directed to the corresponding author.

Author contributions

JB-U: Methodology, Supervision, Investigation, Validation, Writing – review & editing, Data curation, Conceptualization, Resources, Funding acquisition, Software, Writing – original draft, Formal analysis, Project administration, Visualization.

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¹ Regulation (EU) 2023/2675 of the European Parliament and of the Council of 22 November 2023 on the protection of the Union and its Member States from economic coercion by third countries (European Parliament and the Council of the European Union, 2024).

² Regulation (EU) 2024/2747 of the European Parliament and of the Council of 9 October 2024 establishing a framework of measures related to an internal market emergency and to the resilience of the internal market and amending Council Regulation (EC) No 2679/98 (European Parliament and the Council of the European Union, 2023).

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