

Theories of European Integration

by

Finn Laursen

Background paper for lecture on “European Integration: What and Why?” at The Graduate Institute of European Studies, Tamkang University, Taipei, Taiwan, March 2002

Introduction

Since the start of the integration process in Europe in the early 1950s a number of theories of integration have been applied to study the process. Explanations - and predictions - require concepts to organize our knowledge. Theories provide us with such concepts and notions of their relations. Good theory not only helps us understand the world we live in, but also to have certain ideas about likely futures. The future is obviously uncertain; yet we need to think about it. Scientific inquiry is about developing better and better theories that will improve our explanations and predictions. Thinking about the past and the future is a question of using theories to see the fit between the predictions that follow from the theory and the reality we observe. Beyond trying to explain and predict it can be argued that scientific inquiry cannot escape the question of desirable futures. We can therefore add prescription to explanation and prediction as a part of scientific inquiry. Yet, many political scientists prefer to limit their inquiry to explanation or understanding. Prediction is difficult and prescription requires you to deal with values. Many prefer to leave the latter to politicians. In reality the separation is not so easy.

Another way to look at theory is to see it as a kind of language. Political science and other social sciences have developed a number of different languages for discourse on European integration. Many, as the classical neo-functional integration theories developed in the 1950s and 1960s, have focussed upon explanation, but the literature on international integration has also dealt with questions about the likely and preferred futures of the process. Most integration theorists have probably seen the process as a desirable thing, whether they explicitly have said so or not. It has usually been seen as a process that would produce peace, security and economic welfare gains.

The concept of subsidiarity used recently in connection with the Maastricht Treaty on European Union (EU) is an example of a prescriptive concept which has entered not only the discourse of politicians, but which is clearly in need of clarification. Basically the concept suggests that decisions should be made on the most appropriate level of society. So European problems should be solved at the European level. But, in the end, it is through a political process that European states decide which problems are common European problems.

The Dependent Variable of Integration

First we need to discuss what we are talking about when we study international integration. One way to look at integration is to see it as a process of joint decision-making. Such joint decision-making can be measured on various dimensions. In the classical literature on European integration three dimensions were considered especially important: functional scope, institutional capacity and geographical domain.

Functional scope refers to the issues included in the integration or cooperation schemes. If we look at the European Communities (EC) it started with the coal and steel sectors in the European Coal and Steel Community (ECSC) in 1952. Atomic energy was included with EURATOM in 1958. But in the same year a wider economic integration process started with the European Economic Community (EEC), which first of all set out to realize a common market including a customs union. It emphasized four major common policies: agriculture, transport, competition and commerce. The latter was of course linked with the customs union. Beyond that the Treaty of Rome creating the EEC foresaw the harmonization of other economic policies and art. 235 made it possible for the EEC to adopt common policies by unanimity if such policies were considered necessary to get the common market to function. This made it possible for the EEC to develop common policies in areas not foreseen in the Treaty of Rome, such as for instance environmental policy. This expansion of scope continued with the Single European Act (SEA) in 1986, when new treaty provisions in respect to environment, regional policy, and research and development were introduced. The process also continued with the Maastricht Treaty on European Union (EU) signed in 1992 and in force since November 1993. This treaty includes new or improved treaty provisions on monetary cooperation, industrial policy, trans-European networks, consumer protection, public health, economic and social cohesion, environment, research and development, education and culture. The Amsterdam Treaty negotiated in 1996-97 and in force since 1999 also added a few new policies, especially employment.

This process of expanding scope has now reached a level where many people start wondering whether the EU will start interfering in too many aspects of daily life. Some see the principle of subsidiarity as a way to stop further expansion; possibly even transferring some powers back from the central European level to the national or regional levels. For the future there is a need for a language that

can guide the discussion about the most appropriate division of powers between different levels of governance. Do we have such a language? If not, can it be developed? The issue is now being discussed in Europe and it will be on the agenda of the next Intergovernmental Conference (IGC) in 2004, which may produce yet another reform of the basic treaties of the current EU.

Institutional capacity is first of all a question of decision-making capacity, but taken in a broad sense, including capacity to implement and enforce decisions. We could also talk about capacity to solve common problems. The nature of common institutions is an important aspect of this dimension. It is of central importance whether these institutions have supranational powers or remain purely intergovernmental. In the EU we find a combination of these procedures. But the first pillar of the EU, the European Communities (EC), is predominantly supranational. The second pillar, the Common Foreign and Security Policy (CFSP) remains rather intergovernmental. And so does the third pillar, which after the entry of force of the Amsterdam Treaty is reduced to Provisions on Police and Judicial Cooperation in Criminal Matters (Laursen, 2002a). The first pillar has some supranational aspects, including at least three components:

1. an independent Commission which has an exclusive right of initiative,
2. majority voting in some areas in the Council of Ministers, and
3. a legal system which has primacy and direct effect, including the European Court of Justice (ECJ) which can make binding judgements.

We could add to that a fourth element, a directly elected European Parliament (EP) that is increasingly becoming a co-legislator. Through the so-called co-decision procedure a number of regulations and directives need to be adopted by both the Council and the EP before they become binding 'legislation.'

It is in respect to these components that the EC differs from classical intergovernmental organizations, where normally initiative belongs to the member states, where decisions require unanimity or consensus, and where decisions often remain recommendations because of weak surveillance and enforcement mechanisms. In the EU's second and third pillars unanimity is still normal and the Commission shares its right of initiative with the member states.

The question of institutional capacity has been an important one in the history of European integration. The founding fathers believed supranational institutions to be necessary to create a binding kind of cooperation in Europe. The UK and the Scandinavian countries, which did not take part in the integration process at the outset, believed that traditional intergovernmental institutions would be sufficient. Nor did General de Gaulle like supranational institutions. But the Treaty of Rome had entered into force when he became president in France in 1958. The first major institutional crisis in the EC in the mid-1960s between President De Gaulle's France on one side and the Commission and the other five member states on the other side centred on institutional capacity. The Luxembourg Compromise in January 1966, where the French insisted on having a right of veto whenever important national interests were at stake, for many years stopped the movement towards applying qualified

majority voting (QMV) in the Council, even where this was clearly foreseen in the Treaty of Rome.

A unanimity approach means that decisions will be based on the 'lowest common denominator'. The possibility of 'upgrading the common interest' is increased if QMV is applied (Haas, 1961).

The unanimity approach associated with the Luxembourg Compromise increasingly became a problem in the 1970s, when the energy crisis put pressures on the system and the membership of the Communities had increased from six to nine. The SEA in 1986 addressed this issue of institutional capacity. By specifying that the legislation to complete the internal market normally should be adopted by QMV in the Council the SEA increased the institutional capacity of the EC. This was an important element among the factors that gave the Community a new momentum from the mid-eighties (Laursen, 1990a).

The Maastricht Treaty continued the effort to increase the Community's institutional capacity. It introduced QMV in some of the new policy chapters that were included in the treaty. However, some issues remained controversial and sensitive. For such issues unanimity would remain the rule. This included industry and culture among the new policy areas. It would also remain the rule for many institutional issues, taxation policy, and even sensitive aspects of environmental policy.

The question of implementation capacity is partly a question of the nature of the legal and institutional system. But much also depends on the administrative and political capacity at the level of the member states. It is a well-known fact that some member states are better at implementing Community directives than others.

The kind of capacity required to solve common problems depends on the nature of the problems. Here too, we need to develop a language that can guide our discussion about the required capacity of common institutions. Supranational institutions are required for some problems, but not all. It can be argued that game theory can help us think about both issues of scope and capacity. Basically the argument is that when you have policy issues where actors are tempted to cheat or defect from agreements you need good and strong institutions. Game theory refers to these problems as cooperation problems (Stein, 1982). You will need good institutions that can create 'credible commitments' (Moravcsik, 1993, 1998). But when you face simple coordination problems you do not need elaborate institutional set-ups. The principle of subsidiarity also tries to address some of these issues, but it can be argued that it has weaker inference rules than game theory.

Geographical domain is shorthand for the question of membership. As is well known the European integration process started with six countries. Through three enlargements, in 1973 (Denmark, Ireland and the UK), 1981 (Greece) and 1986 (Spain and Portugal), the EC got twelve members. Three European Free Trade Association (EFTA) countries, Austria, Finland and Sweden, joined in 1995 and the current European Union (EU) has 15 members. 10 Central and Eastern European countries (CEECs) are now waiting to join. So do Turkey, Cyprus and Malta.

Each successive enlargement has changed the nature of the Community. The bigger the number, the more difficult one should expect the decision-making process to be. Enlargement

therefore should ideally go in parallel with steps to increase the decision-making capacity. The SEA coincided with the third enlargement. The Maastricht Treaty prepared the fourth enlargement. The Amsterdam Treaty was supposed to prepare the next enlargement, but did not succeed in adopting important institutional reforms (Laursen, 2002b). A new Intergovernmental Conference (IGC) therefore negotiated the Treaty of Nice in 2000. This treaty *inter alia* included changes in the voting rules in the Council (of Ministers) and other institutions and some increased use of QMV in the future. Officially it is said to make the EU ready for the next enlargement, possibly in 2004.

Explaining and Predicting the Process

The theory of international integration has passed through various phases. It was mainly American political scientists who contributed to early theoretical efforts in the 1950s. Ernst Haas wrote the classic, *The Uniting of Europe* (1958), which studied the European Coal and Steel Community (ECSC). Karl Deutsch developed the concept of a 'security community,' which was applied in a number of case studies (Deutsch, 1954; Deutsch et al., 1957) Whereas the concept of functional spill-over was important in Haas' contribution, Karl Deutsch was mainly interested in the effects of transactions on attitudes and behaviour. Haas produced an early optimistic study, viewing integration as a rather automatic, cumulative process (Haas, 1958). Deutsch, on the other hand, concluded that the process of European integration had come to a halt in the 1960s (Deutsch et al., 1967).

Lindberg produced an important study in the 1960s on the early years of the EEC, especially the successful development of the Common Agricultural Policy (CAP) (Lindberg, 1963). Like Haas' earlier study of the ECSC, Lindberg's study of the EEC stressed spill-over and predicted continued integration. The Haas-Lindberg theories became known as neofunctionalist theories; they had borrowed certain ideas from earlier functionalist theories, but also differed from these, especially by stressing the importance of supranational institutions (Pentland, 1973).

As mentioned, Ernst Haas developed the concept of spill-over, which was also applied by Lindberg. According to Lindberg,

... 'spill-over' refers to a situation in which a given action, related to a specific goal, creates a situation in which the original goal can be assured only by taking further actions, which in turn create a further condition and a need for more action, and so forth (Lindberg, 1963: 10).

Haas saw the EEC as spillover from the ECSC. He talked about 'the expansive logic of sector integration'. He predicted that the process would continue in the EEC. Liberalization of trade within the customs union would lead to harmonization of general economic policies and eventually spillover into political areas and lead to the creation of some kind of political community (Haas, 1958: 311).

When the European integration process experienced a crisis in the mid-1960s, however, many scholars concluded that Haas' early theory had been too deterministic or faulty. This included Haas himself, who now admitted that he had not foreseen 'a rebirth of nationalism and anti-functional high politics'. A revised theory would have to take account of 'dramatic-political' aims of statesmen such as General de Gaulle (Haas, 1967).

In a much-quoted article Stanley Hoffmann argued that the national situations and role perceptions were still too diverse within the EC. In general he argued:

Every international system owes its inner logic and its unfolding to the *diversity* of domestic determinants, geo-historical situations, and outside aims among its units (Hoffmann, 1966: 864).

So he contrasted the logic of integration with logic of diversity. The latter sets limits to the degree to which the 'spill-over' process can operate. 'It restricts the domain in which the logic of functional integration operates to the area of welfare'. Hoffmann advanced the suggestion that, 'in areas of key importance to the national interest, nations prefer the certainty, or the self-controlled uncertainty, of national self-reliance, to the uncontrolled uncertainty' of integration (Ibid.: 882). He referred to the latter areas as 'high politics'. Spillover was limited to the areas of 'low politics'.

Lindberg took a second look at integration with Scheingold. Together they reformulated neo-functional integration theory to take account of political leadership - or lack of it. They made the theory less deterministic, more voluntaristic (Lindberg and Scheingold, 1970). This of course reduces the predictive capacity of the theory.

Lindberg and Scheingold now analysed the European Community as a political system. Inputs of demands, support, and leadership are transformed by the system into outputs in the form of decisions and actions, which in turn influence future inputs through a feed-back process. They had borrowed the concept of system from David Easton (1965), but added leadership among inputs to arrive at a dynamic analysis of the EC. The Commission can provide supranational leadership, and national leadership can be provided by national governments.

The authors mentioned four mechanisms as important in a process of integration:

(1) **Functional spill-over.** Such spill-over takes place because 'tasks are functionally related to one another'. Especially the economy is seen as a 'seamless web'. 'Governments may be forced from one level of accommodation to another' (Lindberg and Scheingold, 1970: 117). To do A you sometimes have to do B.

(2) **Log-rolling and side-payments.** These are bargaining exchanges designed to 'gain the assent of more political actors to a particular proposal or package of proposals' (Ibid.: 118-19). A package deal exemplifies this process. A package contains various elements. It produces the necessary coalition in support of some measures or policies.

(3) **Actor socialization.** This is the process whereby the 'participants in the policy-making process, from interest groups to bureaucrats and statesmen, begin to develop new perspectives, loyalties, and identifications as a result of their mutual interactions' (Ibid.: 119). It thus produces attitude change among elites.

(4) **Feedback.** This term mainly refers to the impact of outputs on the attitudes and behaviour of the public at large. If the public finds the output from the system good and relevant, support for the system will increase. If the system is unable to produce relevant output, support for the system should be expected to decrease. With less support decision-making becomes more difficult. There is thus a risk of a vicious circle here that in the worst case can lead to system collapse.

Lindberg and Scheingold concluded that integration is a function of the system and the support for the system multiplied by changes in demands and leadership. This makes leadership and demands to the system the most decisive variables (Ibid.: 114).

Integration is a political process in the sense that coalition formation is a central aspect of the process. To get decisions through the system you must have the support of various groups and individual decision-makers. This is where the role of the Commission is important according to this perspective. It can actively try to build coalitions to overcome national resistance to new policies and decisions. It does so partly by suggesting package deals that will include something for everybody and yet in its totality advance the Community interest.

A Crude Causal Framework

It is possible to arrange the variables singled out in early integration theory in a simple causal framework (see fig. 1). It lists a number of variables, both dependent (to be explained or predicted) and independent, i.e. factors that can explain or predict the process. These variables must be seen in a wider context of background factors, where we first of all have economic and technological factors in mind. Developments in the world political economy are of great import to the EC. Often these factors will be the first factors in causal chains, but political scientists tend to concentrate on the more immediate independent variables. Any model like this must obviously select the variables and background factors considered most important. Some variance therefore will remain unexplained (and unpredicted). Because of the impossibility of fully predicting the future we can discuss the future in terms of different scenarios, where some may be more likely than others. Looking at the dependent variable we do not expect much change in the scope of integration in the future; it is more a question of changes in capacity and domain. These two variables are linked in the minds of many political actors. The linkage constitutes the *problematique* of 'deepening versus widening'.

The suggested causal framework includes a few concepts that are neither part of Lindberg and

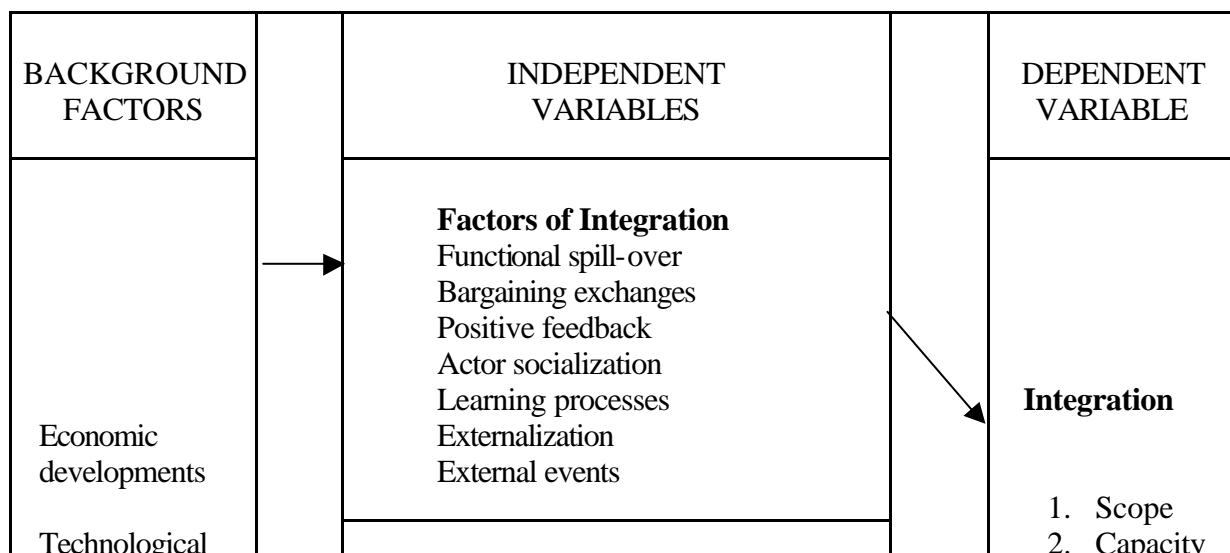
Scheingold's reformulation of neofunctionalist integration theory nor the factors limiting integration mentioned by Hoffmann.

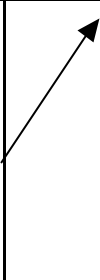
Although actor socialization may include some important psychological mechanisms we have added **learning** as a separate variable. The concept was discussed early on by Henry Teune (1964). To give an example, member states - or rather their leaders - gradually learned about the shortcomings of a unanimity approach to decision making during the 1970s and early 1980s. 'Progressive' Danes, for example, who in many ways were sceptical about strong Community institutions, learned that they could not get a 'progressive' environmental policy in Europe as long as such policy had to be based on unanimity, as was still the case with the environmental chapter of the SEA. This learning process therefore contributes to explaining the move towards applying some majority voting in the environmental area as foreseen in the Maastricht Treaty (Laursen, 1992a).

The concept of **externalization** was developed by Philippe Schmitter:

Once agreement is reached and made operative on a policy pertaining to intermember or intraregional relations, participants will find themselves compelled ... to adopt common policy toward ... [non-members]. Members will be forced to hammer out a collective external position (Schmitter, 1969).

Figure 1: Variables of Integration



developments		<p style="text-align: center;">Factors of Disintegration</p> <p>Geo-historical situations Cultural and linguistic diversities Short-sightedness Conflicting interests Negative feedback</p>		3. Domain
--------------	--	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------	-----------

Source: Compiled by the author.

Externalization is closely linked with spill-over. As the EC develops common policies these will affect non-member countries in various ways. This is obvious when we look at the customs union. But the Common Agricultural Policy (CAP) is another example of a policy that affects other countries, which will therefore make demands on the EC. We have seen this in various GATT negotiations, including the Uruguay Round, where the CAP caused serious problems with the EC's trading partners (Laursen, 1991a and 1993b). We have also seen it in the negotiations leading to the 'Europe' agreements with Central and Eastern European Countries (Laursen, 1991-92 and 1996a).

In general, it is clear that the success of the internal market programme made the EC a magnet in Europe. The member states of the European Free Trade Association (EFTA) became increasingly worried about the costs of non-membership. They tried through negotiations since the mid-80s to assure access to the internal market (Laursen, 1990b). This led to negotiation concerning the creation of a European Economic Area (EEA) comprising the EC and EFTA countries to assure access to the four freedoms (free movement of goods, services, capital and people) and participation in various flanking policies, including research and technology, environment policy, etc. But due to the limitations of the EEA agreement some EFTA countries decided to seek membership in the EC (Laursen, 1993c).

Externalization thus plays a role in a process of integration. This role, however, is limited to areas where common policies exist, i.e. mainly economic areas. We need to look at external forces in a wider sense to understand why the Twelve EC member states decided to try to upgrade their capacity for joint action in the 'high politics' area in the form of the provisions on Common Foreign and Security Policy (CFSP) in the Maastricht Treaty (Laursen, 1992b).

Joseph Nye underlined that external events can be important variables in an integration process. He talked about 'perceptual conditions,' which included the perception of external force. He defined it as follows: 'The way that regional decision-makers perceive the nature of their external situation and their response to it.' (Nye, 1971: 84)

In this respect the year 1989 was decisive for the Maastricht Treaty. That was the year that witnessed the collapse of the Soviet empire in Central and Eastern Europe, including Eastern Germany.

The following year Germany was united, much faster than any one had predicted. These events played on a double front. The new regimes in Central and Eastern Europe all turned to the West, especially the EC, for assistance for modernization, including development of market economies and pluralistic political regimes.

The other front was internal to the EC. German unification had profound effects in many EC member countries in their way of thinking about the role and importance of the EC. In a way, the original political rationale of European integration stated explicitly in the Schuman Declaration in May 1950, namely that of integrating the Federal Republic of Germany into a wider system, thereby making adventurous German policies impossible, returned. Fear of an independent role of a strong united Germany in the future led integration sceptics in a number of countries to see further integration as the only guarantee of peace, security and cooperation in Europe. In the post-cold-war Europe the EC had become the only guarantee of peace and stability. To make sure that the EC could continue to play that role further deepening of integration was deemed necessary by a growing number of political actors. Overall, this may have been the most important factor that explains the institutional reforms of the Maastricht Treaty. Wider international systemic events, which made German unification possible, thus affected the EC profoundly.

On the side of disintegration - or variables limiting integration - however, we still have important forces. The different geo-historical situations of the member states limited the EC's capacity to act in ex-Yugoslavia. The 'No' vote in the Danish referendum on the Maastricht Treaty on 2 June 1992 suggests that many citizens in some member states are reluctant to give up political autonomy, especially in 'high politics' areas (Laursen, 1994a). Where Lindberg and Scheingold had found in the 1960s that there was a 'permissive consensus' that gave the politicians in the original six member countries great freedom it is very clear that such consensus is lacking today in some of the member countries. This may put limits on the possibilities of further 'deepening' of integration in the future (Laursen, 1993a, Laursen, 1994b).

The examples briefly mentioned in connection with this brief summary of some theoretical contributions suggest to the author that these early theories are not devoid of explanatory power.

Liberal Intergovernmentalism and Its Critics

Classical integration theory was a kind of political economy theory. Americans largely developed it and many European scholars remained sceptical about it.

The most clear-cut alternative to the classic neofunctionalist theory is a neorealist-inspired theory emphasizing the role of the states in the integration process. With such an approach integration can be seen as 'convergence of national interests' (Moravcsik, 1991). But when and why do national interests change and converge? Moravcsik's answer, when he studied the negotiation of the SEA, was that there had been a convergence of national preferences because of changes in domestic politics.

Most decisive was President Mitterrand's decision, announced on 21 March 1983, to remain in the European Monetary System (EMS), and the policy implications of this stance. The expansive economic policies of the two preceding years had by then forced two devaluations upon France. But wasn't this decision linked with international interdependence in the monetary field? And wasn't that partly the outcome of the integration process that had preceded? It is not very easy to put order in a number of rival explanations.

Contemporary international relations theory has seen a dispute and dialogue between neorealists and liberal institutionalists. Realists tend to be pessimistic about the emergence of cooperation among states (Waltz, 1979; Gilpin, 1981; Grieco, 1990). Liberal institutionalists are more optimistic (Keohane, 1984; Axelrod, 1984; Stein, 1982; Lipson, 1984). By stressing the role of states and power relations and lowest-common-denominator bargaining Moravcsik's study of the SEA came closest to the position of realists. So did the classical contributions of Stanley Hoffmann (1966). A contribution by Paul Taylor could also be said to belong to this tradition (Taylor, 1983). The main difference between Moravcsik and neorealists is that Moravcsik does not treat the state as a black box. On the contrary, he opens the state to study the process of national preference formation.

Interestingly, Keohane and Hoffmann co-authored a chapter where they seem to have arrived at a middle position. Contrasting the three hypotheses of spill-over, pressures from the international political economy (read US and Japanese competition) and preference convergence they arrived at the conclusion:

... there is little doubt that European decisionmaking has since 1985 been more expeditious and effective; we attribute a decisive role in that change not only to incentives for the world political economy and spillover but also to intergovernmental bargains made possible by convergence of preferences of major European states (Keohane and Hoffmann, 1991: 25).

More recently Andrew Moravcsik has written about a liberal intergovernmentalist approach to the study of European integration (Moravcsik, 1993). He suggested that instead of resurrecting neo-functionalism one should find inspiration in contemporary theories of international political economy:

Such theories suggest that the EC is best seen as an international regime for policy co-ordination, the substantive and institutional development of which may be explained through the sequential analysis of national preference formation and intergovernmental strategic interaction (Moravcsik, 1993: 480).

Moravcsik's liberal intergovernmentalism is built on the assumption of rational state behaviour.

Costs and benefits of international interdependence can then be seen as determinants of national preferences. Next, the approach is based on a liberal theory of national preference formation. The focus here is on state-society relations. Governments respond to shifting pressures from domestic social groups. The next element is an intergovernmentalist analysis of interstate bargaining. The resulting policy-coordination is determined by interstate strategic interaction. In reality liberal intergovernmentalism employs two types of theory sequentially: first a theory of national preference formation; then a theory of interstate bargaining.

According to Moravcsik EC institutions have strengthened the power of member governments in two ways. First, in accordance with regime theory they increase the efficiency of interstate bargaining by reducing transaction costs. Secondly, they strengthen the autonomy of national leaders vis-à-vis domestic groups by adding legitimacy and credibility to common policies (Ibid., 507). He summarized the differences between neo-functionalism and liberal intergovernmentalism this way:

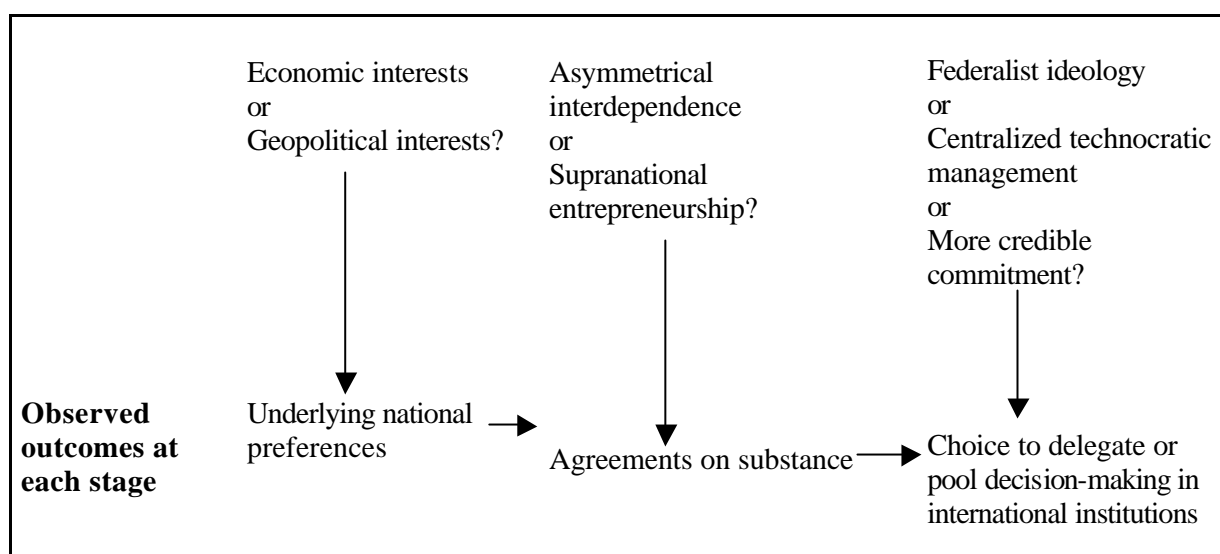
Where neo-functionalism emphasizes domestic technocratic consensus, liberal intergovernmentalism looks to domestic coalitional struggles. Where neo-functionalism emphasizes opportunities to upgrade the common interest, liberal intergovernmentalism stresses the role of relative power. Where neo-functionalism emphasizes the active role of supranational officials in shaping bargaining outcomes, liberal intergovernmentalism stresses instead passive institutions and the autonomy of national leaders. Ironically, the EC's 'democratic deficit' may be a fundamental source of its success (Ibid., p. 518).

When Andrew Moravcsik developed 'liberal intergovernmentalism' he first proposed a two-step analysis of integration, first national preference formation, then interstate bargaining (Moravcsik, 1993). Later he added a third step, institutional choice (Moravcsik, 1998). The model is simple and could be used to study integration in other parts of the world than Europe.

The framework is summarized in table 2.

Table 2: International cooperation: A rationalist framework

Stages of Negotiation	National Preference Formation	Interstate Bargaining	Institutional Bargaining
Alternative independent variables underlying each stage	What is the source of underlying national preferences?	Given national preferences what explains the efficiency and distributional outcomes of interstate bargaining?	Given substantive agreement, what explains the transfer of sovereignty to international Institutions?



Source. Moravcsik (1998), p. 24.

The first stage is to try to explain national preferences. The central question asked by Moravcsik here is whether it is economic or geopolitical interests that dominate. The answer based on major decisions in the European integration process is that economic interests are most important.

The second stage, interstate bargaining, seeks to explain the efficiency and distributional outcomes. Here two possible explanations of agreements on substance are contrasted: asymmetrical interdependence or supranational entrepreneurship. Moravcsik arrives at the answer that asymmetrical interdependence has most explanatory power.

The third stage explores the reasons why states choose to delegate or pool decision-making in international institutions. Delegation in the EU refers to the powers given to the Commission and the European Court of Justice. Pooling of sovereignty refers to the application of majority decisions. To explain institutional choice Moravcsik contrasts three possible explanations: Federalist ideology, centralized technocratic management or more credible commitment. The answer is that states delegate and pool sovereignty to get more credible commitment.

The brief overview given here cannot do justice to the richness of the analysis of European integration in *The Choice for Europe*. Using theories of decision-making, negotiations and international political economy in an elegant combination has allowed Moravcsik to construct a simple framework for the study of international cooperation, including international integration.

Not all European observers agree fully with Moravcsik's way of studying European integration. It is correct that classical neofunctionalism underestimated the importance of domestic politics. The present author has emphasized that in some of his writings (Laursen, 1986, 1992b, 1994b). But an

intergovernmental perspective easily underestimates the importance of the role of supranational institutions (Kelstrup, 1994; Sandholtz and Sweet, 1998). Especially, it does not do enough justice to the role played by the Delors Commission during the latter part of the 1980s and early 1990s (Dinan, 1994; Grant, 1994; Edwards and Spence, 1994; Laursen, 1996b). Nor does it account for the lobbying that takes place in Brussels or the 'Europeification' of national policy making, which has taken place (Andersen and Eliassen, 1993 and 2001).

In International Relations (IR) theory the 1980s witnessed a great debate between neo-realists and neo-liberal institutionalists (Baldwin, 1993). Neo-realists, emphasizing relative gains, were rather sceptical about international cooperation (Grieco, 1990). Neo-liberal institutionalists, emphasizing absolute gains from cooperation, were more optimistic about international cooperation. But, during the debate, it became clear that the two sides shared a number of basic positions: states as primary actors, the usefulness of the assumption of rationality, and the importance of relative capabilities or power of states.

In the late 1980s and early 1990s a critique set in from various sides against these rationalist theories. New reflectivist approaches emerged as an alternative. The fact that the mainstream approaches had failed to predict the end of the Cold War was part of the reason for this changing mood of IR. Especially neo-realists had made predictions about the continuation of bipolarity in the mid and late 1980s just before the revolutionary changes in 1989. And then there were neo-realists who predicted that the EU and NATO would decline after the end of the Cold War and that Europe would move back to unstable multipolarity (Mearsheimer, 1990). Such predictions may have underestimated the role of institutions in Europe (Keohane and Hoffmann, 1993). Although the EU may face some problems of democratic legitimacy the process of integration has continued to deepen and widen, expanding the functional scope, pooling sovereignty further through the Maastricht, Amsterdam and Nice treaties. After the 4th enlargement in 1995 it is preparing the next enlargements with CEECs, which will unite most of Europe under a common integration scheme.

In 1992 Alexander Wendt told scholars "Anarchy is What States Make of It" (Wendt, 1992). This was obviously a very different way of looking at matters compared with the way neo-realists had explained and predicted international politics from international anarchy and relative capabilities of states (Waltz, 1979).

A number of younger European scholars now started wondering whether the dominant approaches to the study of European integration were too rationalistic, too, and paid too little attention to how interaction affects interests and identity. A special issue of the *Journal of European Public Policy* explored the issue in 1999 (Christiansen, Jørgensen and Wiener, 1999). Moravcsik was invited

to contribute. He asked whether something was rotten in the state of Denmark, referring also to the ‘Copenhagen school’ in security studies: “...the force of continental constructivist theories appears to radiate outward from the Danish capital, where it is the hegemonic discourse” (Moravcsik, 1999: 669). His judgment was harsh: “Hardly a single claim in this volume is formulated or tested in such a way that it could, even in principle, be declared empirically invalid” (ibid.: 670). Most of the contributors to the volume were criticized for not advancing testable theories. Based on his own research Moravcsik claimed that ideas are transmission belts for interests and indeed rather epiphenomenal. The authors did not take alternative theories seriously enough to test them. “Constructivism prevails by default rather than by surmounting the challenge of honest empirical validation” (ibid.: 676).

Among those criticizing liberal intergovernmentalism we also find Marlene Wind, who said that

... important institutional elements such as the evolution and change of norms, ideas and historically produced codes of conduct – discursive as well as behavioural, are completely expelled from analysis (Wind, 1997: 28).

She further criticizes Moravcsik for underestimating the role of the Commission and personalities. “The member states are far from ‘in control’ of the process,” she says (Ibid.: 30). We can only conclude that the theoretical debate about how to explain European integration continues.

Bibliography

Andersen, Svein S. and Kjell A. Eliassen (1993), *Making Policy in Europe: The Europeification of National Policy-making*. London: SAGE.

Andersen, Svein S. and Kjell A. Eliassen (eds.) (2001), *Making Policy in Europe*. Second edition. London: SAGE.

Axelrod, Robert (1981), "The Emergence of Cooperation among Egoists," *American Political Science Review* 75 (June), 306-318.

Axelrod, Robert (1984), *The Evolution of Cooperation*. New York: Basic Books, Inc., Publishers.

Axelrod, Axel and Robert O. Keohane (1985), "Achieving Cooperation under Anarchy: Strategies and Institutions," *World Politics* 38 (October), 226-254.

Baldwin, David A., ed. (1993), *Neorealism and Neoliberalism: The Contemporary Debate*. New York: Columbia University Press.

Checkel, Jeffrey T. (1999), "Social Construction and Integration," *Journal of European Public Policy* Vol. 6, No. 4, pp. 545-60.

- Christiansen, Thomas, Knud Erik Jørgensen and Antje Wiener, eds. (1999), "The Social Construction of Europe," Special Issue of *Journal of European Public Policy*, Vol. 6, No. 4.
- Deutsch, Karl W. (1954), *Political Community at the International Level: Problems of Definition and Measurement*. New York: Doubleday and Co.
- Deutsch, Karl W. et al. (1957), *Political Community and the North Atlantic Area: International Organization in the Light of Historical Experience*. Princeton: Princeton University Press.
- Deutsch, Karl W. et al. (1967), *France, Germany and the Western Alliance: A Study of Elite Attitudes on European Integration and World Politics*. New York: Charles Scriber's Sons.
- Dinan, Desmon (1994), *Ever Closer Union? An Introduction to the European Community*. London: Macmillan.
- Easton, David (1965), *A Systems Analysis of Political Life*. New York: Wiley.
- Gilpin, Robert (1981), *War and Change in World Politics*. Cambridge: Cambridge University Press.
- Gilpin, Robert (1987), *The Political Economy of International Relations*. Princeton: Princeton University Press.
- Grieco, Joseph M. (1990), *Cooperation among Nations: Europe, America, and Non-Tariff Barriers to Trade*. Ithaca and London: Cornell University Press.
- Haas, Ernst B. (1958), *The Uniting of Europe: Political, Social, and Economic Forces 1950-1957*. Stanford: Stanford University Press.
- Haas, Ernst B. (1961), 'International Integration: The European and the Universal Process', *International Organization* 15 (Autumn), pp. 366-392.
- Haas, Ernst B. (1967), 'The Uniting of Europe and the Uniting of Latin America', *Journal of Common Market Studies* 5, 315-343.
- Haas, Ernst B. (1975), *The Obsolescence of Regional Integration Theory*. Research Series No. 15. Berkeley: Institute of International Studies, University of California.
- Hoffmann, Stanley (1966), "Obstinate or Obsolete? The Fate of the Nation-State and the Case of Western Europe," *Daedalus* 95, 862-915.
- Hoffmann, Stanley (1982), "Reflections on the Nation-State in Western Europe Today," *Journal of Common Market Studies* 21 (September-December), 21-37.
- Hoffmann, Stanley (1992), 'Balance, Concert, Anarchy, or None of the Above', in Gregory F. Treverton (ed.), *The Shape of the New Europe*. New York: Council on Foreign Relations Press, pp.194-220.
- Kelstrup, Morten (1994), 'On International Relations Theory, Political Theory and Political Integration in Europe,' Paper prepared for presentation at the XVIth World Congress of the International Political Science Association, Berlin, 21-25 August.
- Keohane, Robert O. (1984), *After Hegemony: Cooperation and Discord in the World Political Economy*. Princeton: Princeton University Press.
- Keohane, Robert O. (ed.) (1986), *Neorealism and its Critics*. New York: Columbia University Press.
- Keohane, Robert O. (1989), *International Institutions and State Power: Essays in International Relations Theory*. Boulder, CO: Westview Press.
- Keohane, Robert O. and Joseph S. Nye (1977), *Power and Interdependence: World Politics in Transition*. Boston: Little, Brown and Company.

Keohane, Robert O. and Stanley Hoffmann (1991), 'Institutional Change in Europe in the 1980s', in Robert O. Keohane and Stanley Hoffmann (eds.), *The New European Community: Decisionmaking and Institutional Change*. Boulder, CO: Westview Press, pp. 1-39.

Keohane, Robert and Stanley Hoffmann (1993), *After the Cold War: International Institutions and State Strategies in Europe 1989-1991*. Cambridge, MA: Harvard University Press.

Krasner, Stephen D. (ed.) (1983), *International Regimes*. Ithaca, N.Y.: Cornell University Press.

Laursen, Finn (1986), *L'Europe bleue: La politique communautaire des ressources marines*. Amsterdam: Institute for Global Policy Studies, 1986

Laursen, Finn (1990a), 'Explaining the EC's New Momentum', in Finn Laursen (ed.), *EFTA and the EC: Implications of 1992*. Maastricht: European Institute of Public Administration, pp. 33-52.

Laursen, Finn, (1990b), 'The Community's Policy Towards EFTA: Regime Formation in the European Economic Space (EES)', *Journal of Common Market Studies* Vol. 28 (June 1990), 303-325.

Laursen, Finn (1991a), 'The EC, GATT, and the Uruguay Round,' in Leon Hurwitz and Christian Lequesne (eds.), *The State of the European Community: Policies, Institutions & Debates in the Transition Years*. Boulder: Lynne Rienner Publishers, 1991, pp. 373-385.

Laursen, Finn (1991b), 'The EC in the World Context: Civilian Power or Superpower?' *Futures* 23 (September), pp. 747-759.

Laursen, Finn (1991c), 'Comparative Regional Economic Integration: The European and Other Processes', *International Review of Administrative Sciences* 57 (December), 543-555.

Laursen, Finn (1991d), 'EFTA Countries as Actors in European Integration: The Emergence of the European Economic Area (EEA)', *International Review of Administrative Sciences* 57 (December), pp. 543-555.

Laursen, Finn (ed.) (1991e), *Europe 1992: World Partner? The Internal Market and the World Political Economy*. Maastricht: European Institute of Public Administration, 1991.

Laursen, Finn (1992a), 'Denmark and Political Union', in Finn Laursen and Sophie Vanhoonacker (eds.), *The Intergovernmental Conference on Political Union: Institutional Reforms, New Policies and International Identity of the European Community*. Maastricht: The European Institute of Public Administration; Dordrecht: Martinus Nijhoff Publishers, pp. 63-78.

Laursen, Finn (1992b), 'Explaining the Intergovernmental Conference on Political Union', in *ibid.*, pp. 229-248.

Laursen, Finn (1992c), 'The Maastricht Treaty: A Critical Evaluation', in *ibid.*, pp. 249-265.

Laursen, Finn (1993a), 'The Maastricht Treaty: Implications for the Nordic Countries', *Cooperation and Conflict* 28(2), pp. 115-141.

Laursen, Finn (1993b), 'The EC, the United States and the Uruguay Round', in Alan W. Cafruny and Glenda G. Rosenthal (eds.), *The State of the European Community. Vol. 2: The Maastricht Debates and Beyond*. Boulder: Lynne Rienner Publishers, pp. 245-263.

Laursen, Finn (1993c), 'The EC in Europe's Future European Economic and Political Architecture', in Svein S. Andersen and Kjell A. Eliassen (eds.), *Making Policy in Europe: The Europeification of National Policy-making*. London: SAGE, pp. 215-236.

Laursen, Finn (1994a), 'Denmark and the Ratification of the Maastricht Treaty,' in Finn Laursen and Sophie Vanhoonacker (eds.), *The Ratification of the Maastricht Treaty: Issues, Debates and Future Implications*. Dordrecht: Martinus Nijhoff, pp. 61-86.

- Laursen, Finn (1994b), 'The Not-So-Permissive Consensus: Thoughts on the Maastricht Treaty and the Future of European Integration', in *ibid.*, pp. 295-320.
- Laursen, Finn (1995), "On Studying European Integration: Integration Theory and Political Economy," in Finn Laursen, ed., *The Political Economy of European Integration*. The Hague: Kluwer, pp. 3-29.
- Laursen, Finn (1996a), "Relations between the EU and the Central and Eastern European Countries since 1989: Overview and Interpretation," in Finn Laursen and Søren Riishøj (eds.), *The EU and Central Europe: Status and Prospects*. Esbjerg: South Jutland University Press, pp. 3-28.
- Laursen, Finn (1996b), 'The Role of the Commission', in Svein S. Andersen and Kjell A. Eliassen (eds.), *European Union: How Democratic?*. London: SAGE, pp. 119-142.
- Laursen, Finn (1997a), "European Integration and Trade Regimes: From the European Economic Area to the 'Europe' Agreements," in Madeleine O. Hosli and Arild Saether, eds., *Free trade agreements and customs unions*. Maastricht: European Institute of Public Administration, pp. 267-291.
- Laursen, Finn (1997b), "The Lessons of Maastricht," in Geoffrey Edwards and Alfred Pijpers (eds.), *The Politics of European Treaty Reform: The 1996 International Conference and Beyond*. London: Pinter, pp. 59-73.
- Laursen, Finn (2001), "EU Enlargement: Interests, Issues and the Need for Institutional Reform," in Svein S. Andersen and Kjell A. Eliassen (eds.), *Making Policy in Europe*, 2nd edition. London: SAGE, pp. 206-228.
- Laursen, Finn (2002a), "Introduction: Overview of the 1996-97 Intergovernmental Conference (IGC) and the Treaty of Amsterdam," in Finn Laursen (ed.), *The Amsterdam Treaty: National Preference Formation, Interstate Bargaining and Outcome*. Odense: Odense University Press, pp. 1-19.
- Laursen, Finn (2002b), "Institutions and Procedures: The Limited Reforms," in *ibid.*, pp. 565-590.
- Laursen, Finn (2002c), "Explaining and Evaluating the Amsterdam Treaty: Some Concluding Remarks," in *ibid.*, pp. 639-655.
- Lindberg, Leon N. (1963), *The Political Dynamics of European Economic Integration*. Stanford: Stanford University Press.
- Lindberg, Leon N. and Stuart A. Scheingold (1970), *Europe's Would-Be Polity: Patterns of Change in the European Community*. Englewood Cliffs, N.J.: Prentice-Hall, Inc.
- Lipson, Charles (1984), 'International Cooperation in Economic and Security Affairs,' *World Politics* 37 (October), 1-23.
- Mattli, Walter (1999a), *The Logic of Regional Integration: Europe and Beyond*. Cambridge: Cambridge University Press.
- Mattli, Walter (1999b), "Explaining regional integration outcomes," *Journal of European Public Policy*, Vol. 6, No. 1 (March), pp. 1-27.
- Mearsheimer, J. (1990), "Back to the Future: Instability After the Cold War," *International Security*, Vol. 15, No. 1.
- Moravcsik, Andrew (1991), 'Negotiating the Single European Act: National Interests and Conventional Statecraft in the European Community', *International Organization* 45, pp. 651-688.
- Moravcsik, Andrew (1993), 'Preferences and Power in the European Community: A Liberal Intergovernmentalist Approach', *Journal of Common Market Studies* Vol. 31, No. 4 (December), 473-524.
- Moravcsik, Andrew (1998), *The Choice for Europe*. Ithaca: Cornell University Press.
- Moravcsik, Andrew (1999), "Is something rotten in the state of Denmark? Constructivism and European integration," *Journal of European Public Policy*, Vol. 6, No. 4, pp. 669-81.

- Nye, Joseph S., Jr. (1968), "Comparative Regional Integration: Concepts and Measurement," *International Organization*, Vol. 22, No. 4, pp. 855-80.
- Nye, Joseph S., Jr. (1970), "Comparing Common Markets: A Revised Neo-Functionalist Model," *International Organization*, Vol. 24, No. 4, pp. 796-835.
- Nye, J.S (1971), *Peace in Parts: Integration and Conflict in Regional Organizations*. Boston: Little, Brown.
- Pentland, Charles (1973), *International Theory and European Integration*. London: Faber and Faber Limited.
- Pierson, Paul (1996), "The Path to European Integration: A Historical Institutional Analysis," *Comparative Political Studies*, Vol. 29, No. 1, pp. 123-163.
- Rosamond, Ben (2000), *Theories of European Integration*. Houndsmills: Macmillan.
- Sandholtz, Wayne (1993), 'Choosing Union: Monetary Policies and Maastricht', *World Politics* 47: 1, pp. 95-128.
- Sandholtz, Wayne and John Zysman (1989), '1992: Recasting the European Bargain,' *World Politics* 41: 1, pp. 95-128.
- Sandholtz, Wayne and Alec Stone Sweet (eds.) (1998), *European Integration and Supranational Governance*. Oxford: Oxford University Press.
- Sbragia, Alberta M. (ed.) (1992), *Euro-Politics: Institutions and Policymaking in the "New" European Community*. Washington, D.C.: The Brookings Institution.
- Schmitter, Philippe (1969), "Three Neofunctional Hypotheses About International Integration," *International Organization* 23 (Winter), pp. 161-166.
- Snidal, Duncan (1985a), "The Game Theory of International Politics," *World Politics* 38 (October), 24-57.
- Snidal, Duncan (1985b), "Coordination versus Prisoners' Dilemma: Implications for International Cooperation and Regimes," *American Political Science Review* 79 (December), 923-942.
- Snyder, Glenn H. (1971), "'Prisoner's Dilemma' and 'Chicken' Models in International Politics," *International Studies Quarterly* 15, 66-103.
- Stein, Arthur A. (1982), "Coordination and Collaboration: Regimes in an Anarchic World," *International Organization* 36, 299-324.
- Stein, Arthur A. (1990), *Why Nations Cooperate: Circumstance and Choice in International Relations*. Ithaca and London: Cornell University Press.
- Taylor, Paul (1983), *The Limits of European Integration*. New York: Columbia University Press.
- Teune, Henry (1964a), 'The Learning of Integrative Habits,' in Philip E. Jacob and James V. Toscano (eds), *The Integration of Political Communities*. Philadelphia: J.B. Lippincott Co., pp. 247-282.
- Waltz, Kenneth N. (1979), *Theory of International Politics*. Reading, MA: Addison-Wesley.
- Wendt, Alexander (1992), "Anarchy Is What States Make of It," *International Organization*, Vol. 46, pp. 394-419.
- Wind, Marlene (1997), "Rediscovering Institutions: A Reflectivist Critique of Rational Institutionalism," in Knud Erik Jørgensen, ed., *Reflective Approaches to European Governance*. Houndsmills: Macmillan Press, 1997, pp. 15-35.