
UNIT 2 THEORIES OF INTEGRATION

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2.0 INTRODUCTION

The integration theories present a macroscopic view of the dynamics and consequences of integration. European integration theories reflect on the pattern, logic and implications of increased interactions among European nation states within a regional setting based on systematic conceptual explanation. This exploration goes beyond the factual or observable aspects of the EU and seek to understand systematically the fundamentals leading to the very constitution and operation of such a reality by means of extracting, interpreting and, wherever possible, predicting the line of action. There are a number of European integration theories based on different knowledge domains. Some of them attempt to conceptualise the organizational nature of the EU; others on grand theorizing of the nature of the integration process; and, some others focus on particular aspects of the operation of the EU, especially policy and decision-making. Whatever be the conceptual and analytical focus of such exercises, all these theories aim to find and provide a reliable explanation based on intelligent, perceivable and reliable evidences of the activity under consideration. But in this search for knowledge, notion of knowledge as well as the ways of arriving at that knowledge and evaluative criteria for particular appraisal itself is differently based depending upon its intellectual framework.

In other words, theories as distinct knowledge domains allow space for variety of methodologies and lines of social enquiries to be pursued. This theoretical diversity as well as diverse methodologies and approaches are because of the fact that social enquiry cannot take place in a tightly controlled environment. Human ingenuity often defies precise characterization. Further, most concepts in social sciences do not have commonality of understanding and could even be context or culture specific. Therefore, there is no one universal understanding of social realities. Theories entail different epistemologies and, hence, variety of ontological explanation and this is particularly evident in the analysis of European integration process. In this unit we will have a look on these.

2.1 OBJECTIVES

The study of this unit will enable you to:

- understand theories and approaches for the study of mechanisms and processes of integration;
- distinguish between federalism, inter-governmentalism, and consociationalism; and
- know some of the contemporary theories of integration.

2.2 INTEGRATION THEORY

The European Union is perceptively a complex entity and it defies easy characterization. This is because the impact of EU's nature and functions in relation to its constituent units are subjected to expansive interpretations. These interpretations themselves present complexities as these are undertaken in a dynamic environment in which EU's nature itself undergoes changes. Apparently, the EU combines in itself the federal principles, confederal structures and shared responsibilities in a non-zero sum pattern. EU's governance pendulum often swings between the extremes of intergovernmentalism and supranationalism at various points of time and in performance of certain functions. The absence of historical parallel further adds to the inadequacy of the existing political categories to characterize the nature of evolving EU. In this context, both "normative" theories that proceed with a *priori* commitment to certain values and "empirical – analytical" theories that dissect the EU process and point out the nature and trends in EU governance fails to adequately grasp the distinctive nature of the EU.

However, continuous attempts by the scholars to capture the essence of EU have resulted in large number of concepts, categorizations, methodologies and theories which are not necessarily exclusive or break from the past lines of thought. Often there have been engagements of each with others' thoughts and refinement in response to critical note of competing school of thought and changes in the scenario they purport to explain. The debate between different schools of thought, some of which have attempted eclecticism, not merely adds to the knowledge but also signify the creativity and exploration of new dimensions in theorizing European integration.

Theories in Social Sciences are intellectual mapping exercises aimed to systematically understand and reflect upon the essence of a socio-political activity. Therefore, theories and qualitative social science research compliment and reinforce each other. Theories enable ordered observation of a social phenomenon and, hence, better comprehension and reflection on a complex social activity or a situation. By its intrinsic emphasis on "understanding" theories enable conceptual delineation of distinctive features and underline the logic of complex social reality with out which social science scholarship would be reduced to information gathering.

2.2.1 Uses of Integration Theory

The stage and advancement of the theories indicate the maturity, creativity and scientific character of the discipline. The plethora of European integration theories indicates the attempt of scholars to understand the precise nature of most remarkable experiment of the twentieth century and the good state of the health of European studies. These theories help in the mental construction of the EU and delineate the trends, nature of the inter linkages between the units as well as the pattern and future direction. Therefore, theories are important in academic enquiry and serve useful purposes. These can broadly be renumerated as:

- 1) Theories provide intellectual framework for systematic analysis and evaluation of the subject matter thereby sharpen our understanding.
- 2) Theories make research more reliable and systematic. It structures observation and, thereby, provides direction and consistency in observation and explanation.
- 3) Theories as mental constructs help to perceive the logic of the evolution, nature of the system and direction of the change which is not amenable for sense perceptions. Theories have facilitated exploration

of the undefined and invisible aspects of EU. Without theories focus tends to be on observable 'facts' and choice between host of apparent 'realities' or explanations as well as discerning the logic of the system is not possible. In other words, without theories knowledge becomes narrowly equated with mere information collection.

- 4) Each theory presents distinct insights and provides intellectual tools not only for the analysis and evaluation of the given but also to comprehend the conditions of recurrence and future direction.
- 5) Since the perception of the 'reality' and choice depends on conceptualizations, familiarity with integration theories help in testing the validity of the concepts in real life situation and posit a better approach to knowledge acquisition by linking concepts and practice.
- 6) By presenting various perspectives and engaging each other critically, integration theories have become instrumental in the development of new ideas and new fields of activity. By drawing parallels and verifying conclusions drawn up by earlier researchers as well as by suggesting potentially fertile questions for further research integration theories have contributed substantially to the increased knowledge about EU.
- 7) Theories are useful in comprehending social reality. Integration theories explain the causality of multiple interactions and processes that have shaped the EU. In the process they have posited normative questions to which these processes have given rise to. This, of course, is presented differently depending upon the intellectual premise, dialect of theory, scope and focus (micro or macro) of the study. Nevertheless, in the process they provide useful insights into the nature and purposes of collective human enterprise, factors that shaped the range and depth of societal interaction and future of such associations.
- 8) Theories as intellectual positions and lines of enquiry enable better organization and acquisition of knowledge and intellectualise perceptions. Significantly, they provide evaluative criteria for judgement and choice. This serves to prescribe correct attitudes by structuring and directing observation, analysis and interpretations. They also help judge one's own action and those of others in accordance with the intellectual and philosophical premises of enquiry and explanation of the theory pursued.
- 9) Integration theories provide perceptive understanding and action as it identifies the nature of the given social process in a broader intellectual and social domain and locate the stage of development in accordance with its theoretical assumptions.
- 10) Often the developments and the concepts like multiple citizenship, sovereignty, etc. in the European Union defy characterization in precise terms as there exists no historical parallels and existing thought and terminologies become insufficient to capture the essence of the EU. Theories aid in grasping the complex reality by identifying significant political variables and describe their mutual relationship. It provides systematic explanation for events in a series of inter connected principles and help conceptualise the essence of changing nature of the EU and categories.

2.3 FEDERALISM

Federalism for long has been an effective organizing political principle guiding power sharing and democratic linkages between different layers of government. With a focus on constitutional arrangements it defines the competences of each organs of the government and safeguards the individual and collective rights. In spite of the universal acceptance federalism it has no universally accepted definition, as it does not emanate from a single source of theory or grand design. It is, therefore, subjected to extensive interpretations. Federal states in practice follow different patterns of federal arrangements. Nevertheless, federal polity is broadly attributed with certain characteristics. These include:

- 1) Power over public policy is divided between federal or central government and regional governments.
- 2) The power to both sets of governments is allotted and protected by constitutional document, which implies the supremacy of the constitution in the federal set-up,

- 3) The judiciary in a federal system is independent and settles disputes over division of power and constitutional propriety.
- 4) A written constitution is essential but not a necessary condition.

In a federal set-up both central and regional governments have coordinate powers and relationship is not one of superior – inferior. Both have responsibilities over public policy although they are not necessarily exclusive. The Government at the central level, however, might have a larger responsibility in providing identity, coherence and protection of the system as a whole and it has responsibilities on important areas such as currency, defence, foreign affairs, etc. Nonetheless, federalism provides for democratic participation of the units and the governance of larger polities. Most federal states provide for bicameral legislatures at the central level in which one house allows for participation and representation of the constituent units of the larger polity although the extent of their participation might depend on the legislative autonomy they enjoy. Hence, there could be variation in the position of the constituent units across federal systems depending upon constitutional equilibrium in the polity.

A large number of scholars and statesmen in European history as well as in contemporary times have envisaged the construction of Europe on federal lines as a way out to meet the requirement of the time. Many in Europe felt that the nation state had outlived its utility and alternative arrangements have to be devised looking beyond the confines of nation state. International law and transnational (European) institutions were advanced as an effective mechanism to prevent nationalistic conflicts and to sustain democracy against authoritarian regimes in Europe. Such a line of thought existed earlier as could be seen in the works of Countenrove – Kalergi, war-time leaders, resistance movements and many others. But this came to be advanced forcibly after the end of the Second World War although opinions were divided on the precise nature of such institutional arrangements and *modus operandi*. Functionalists too had envisaged such institutional arrangements. But federalists unlike functionalists who stressed on ‘process’ rather than end form, considered formal enumeration of institutional/constitutional arrangements as a prerequisite for transformation in the political order.

Federalism is supported by many both as a political movement and ideological prescription to overcome the evils of narrow nationalism, which had led Europe to two world wars, and loss of glory. Federalism also appealed to those who supported institutionalized pluralism and cultural diversity as well as pacifists who with a deep sense of humanism opposed domination in any form. Therefore, federalism presented its case on the premise that popular participation and harmony among diverse interests in Europe can be better organised by a new institutionalized democratic arrangement at the European level serving “higher political purpose” of all European countries.

Nevertheless, the ambition to construct Europe on federal lines was not an easy task. It received a set back with the defeat of European Defence Community (EDC) proposal in 1954 which had envisaged a federal set-up in its European Political Cooperation (EPC) component. Undaunted, federalists like A. Spinelli began to pursue their agenda within the European Community and they were able to contribute significantly to the debate on the future of Europe despite the jolts received from leaders like French President Charles de Gaulle and British Prime Minister Margaret Thatcher. Today a large number of elected Members of the European Parliament and a section of academia have become great supporters of federalism in Europe.

The federal ideas prominently figured at the time of signing of Single European Act in 1986, in the deliberations of the Intergovernmental Conference in 1990-91, the Maastricht Treaty in 1992 and in the debate on European constitution in the beginning of twenty-first century. The Maastricht Treaty on European Union, in particular, brought the EU closer to a federal set-up and the initiative for a Constitution for Europe was seen by federalists as a vindication of their position. The federalists, therefore, argue that federalism is all the more relevant to the EU today in view of the European and global transformation. They also hope that an enlarged EU can be better managed by a federal structure as federalism has inherent capacity to maintain the balance between EU and states. To them, sovereignty and responsibilities would be shared by the two in a democratic and progressive way considering their effectiveness in specific areas and this enables better decision-making in the EU without depriving the role and identity of member states.

In fact, the supporters of federalism see basic elements of federalism already existing in EU. They are: 1) division of powers between EU institutions and member states; 2) treaties acting like a constitution and specifying competences of each organ of the EU; 3) the European Court of Justice acting like the Supreme Court in upholding the letter and spirit of the treaties and adjudicating disputes over the division of powers; 4) defined, though not exclusive, responsibilities on public policy and increased competences of EU on major issues especially concerning economic and monetary aspects; 5) acceptance of 'Union Citizenship' and subsidiarity principle indicating the recognition of the legitimacy of EU and operation of 'higher political principle'.

However, critics point out that increased competences of EU does not mean that EU has become a federal entity. At best, it shares responsibility with member states on certain defined areas. Member states are still the prime movers of the EU and its developments. They are still in charge of effective control over a large number of areas vital to nation states such as foreign affairs, defence, taxation, provision of fundamental rights, health, education, welfare measures, etc. Moreover, at the EU level, unanimity is required for important decisions such as enlargement, adoption of a constitution, etc. The European Union also does not enjoy power of legitimate physical force over citizens of its territory indicating the absence of traditional features of statehood. At the people's level nation states continues to be the points of identity and attachment. Therefore, especially as French and Dutch referendum in May and June 2005 respectively on the European Constitution Treaty indicated that legitimacy of European institutions are still in doubt and Europe is far from the federalists' goal.

2.3.1 Federalism: An Evaluation

The uneasy experiments with federalism suggest the limitations of federalism in realising its goals. The limitations could be broadly attributed to the following factors:

- 1) preoccupation with prior constitutional arrangements and failure to evolve suitable strategies considering the exigencies of the time.
- 2) the failure to evoke public response through sustained campaigns or awareness programs in civil society; and, federalists' propositions and debates largely confined to academic and elitist circles.
- 3) unresolved differences over strategies and form among federalists. While some federalists were uncompromising on the prescription of a constitution for Europe others were suggesting shaping and advancing EU that would eventually lead to the adoption of a constitution in Europe. These definitional differences have only compounded the problem. While the British mostly considered a federal Europe as one with increased power of the EU at the cost of nation states, others saw it from the dynamic sociological perspective in which 'federalising process' was present in every decision ('co-decision') and shared responsibilities operating in a non-zero sum way.
- 4) Failure to advance convincing public discourse and logical explanation on the desirability of federation over inter-governmental cooperation.

Nonetheless, European federalists and scholars are increasingly reflecting on the theoretical positions with due consideration to the problems inherent in theory as well as societal developments. John Pinder, for instance, in what he terms as 'neo-federalism', advances incrementalist strategies to gather unifying forces and to lend legitimacy to proto-federalist institutions. This is in contrast to classical federalism which emphasis on outright construction of federal Europe with a constitution. So the new federalism attempts to couple economic and political linkages with federalists' concern for constitutional principles and problems.

On the other hand, Alberta Sbragia regards federalism as significant as an analytical tool rather than its normative principles. It represents "institutional creativity" or as a process of novel institutional building not necessarily replacing existing institutional designs. Rejecting the obsession of the theorists with federalism vs **intergovernmentalism**, Sbragia considers integration as a process creatively proceeding towards new body politic, perhaps towards hitherto unknown body politic, without necessarily disintegrating the existing entities. In other words, Sbragia's federalist theory sheds new light on the politics of territoriality in the context of integration by institutionalizing territorial cleavages, in this case at EU level. It recognises them and not aim to

eliminate or transcend them. All these new thoughts represent refinement of federalist theory which has significantly contributed to the European integration debate.

2.4 INTERGOVERNMENTALISM

Intergovernmentalism perceives states as basic actors in the process of European integration and EU institutions as mere facilitators or agents implementing the collective wish of the national governments. In this state-centric perspective, states act together to realize common objectives and the will of the states are expressed through national governments. States are independent to decide on major internal and external issues and no outside decisions can be thrust upon them. States are centres of identity and loyalty of the people and no international organization including the EU can replace the states. Hence, intergovernmentalists consider the Luxembourg Compromise of 1966; cumbersome negotiations, compromised outcome and the rocky roads to referendum on the Single European Act and Maastricht Treaty as well as the negative French and Danish vote in the referendum on the EU constitutional treaty in 2005 as a vindication of their position. They suggest that the EU could move forward only if member states permit it for common benefit indicating the centrality of states in the EU integration process.

However, intergovernmentalism is a broad school of thought. From the basic premise that member states are the driving force of EU integration and they act without surrendering inalienable sovereignty of statehood, intergovernmentalism combines in itself diverse perspectives. Neo-Realism, for instance, looks at the structural arrangements that shape the actions of the states. Others hold different perspectives on the nature of inter-state relations, role of non-state actors and significance of domestic politics in shaping member states' EU policy. Notwithstanding, the centrality of the state remains the hallmark of intergovernmental interpretations concerning EU integration.

Stanley Hoffman, an American academic, for instance, argues that in the post-World War II period it was politico-economic and security considerations rather than supranational/integration logic that prompted European states to adopt a regional approach. The European Community was, therefore, a limited arrangement for serving common purpose and it did not alter the basics of nation-states as cooperation was limited only to few areas ("low politics") that were not significant to the core of nation states. To him, historical legacies, cultural and linguistic differences and diverse outside aims are hard to overcome and EC technocratic elites' prescriptions amounting to federal construction of Europe is impractical. Therefore, any attempt to discard nation states in Europe would be futile exercise since nation states were obstinate rather than obsolete players in the game of international politics.

In certain conceptualization centrality of the state continues but domestic politics is seen as having significant bearing on the actions of the state. In this perspective, EU policy decisions are viewed as outcomes of the "two level game" in which domestic politics is linked with state centrism. This "two level game" conceptualization, most famously advanced by R.D. Putnam, argues that at the international level political leaders engage in bargaining with other states in ways that enhances their position domestically by meeting demands of key domestic constituents. This implies a continuous bargain and reconciliation of competing domestic (national) preferences within the EU regime. This conception of a two level game narrows down the boundary between the domestic and international domain, provides a practical explanation of the integration process instead of grand theorization or a *priori* moral positions. Nevertheless, in this perspective states are still significant in determining the integration outcomes but the rigidity associated with the statehood is relaxed in favour of a cooperative polity that is not supranational but intergovernmental in decision-making though based on hard bargaining.

2.4.1 Consociationalism

Another variation of the state-centric model is consociationalism. Developed prominently by Arend Lijphart, consociationalism envisages successful governance by a grand coalition consisting of governing elites representing segmented interests but operating on a consensual basis. This model envisages a system in which fragmented segments, not necessarily geographical, are represented by political elites proportionately in the decision-making process. The decisions are reached on the basis of compromise and consensus facilitated by continuous interaction between elites. Hence, the decisions are more than the lowest common denominator

and majority decisions are not thrust upon the minority especially when major or sensitive issues are involved. Positively, such system promotes interactions and community wide sentiments across segments. But at the same time it could be negative as the very basis of consociationalism is preservation of segmented autonomy and distinctiveness within a cooperative system which even has the possibilities of disputes.

The consociational model has been advanced differently by different scholars in the EU context. Paul Taylor uses the consociational model to represent the inherent paradox of states' elite cooperating in pursuit of their separate interest agendas. To him, EU represents a symbiosis – mutual dependence – between participating units, i.e. member states and collectivity, i.e. EU structures. This symbiosis has proved conducive to effect cooperative endeavour as it preserves and, in some ways, even advances the role and authority of both the participating units and collectivity. Here, the balance exists between fragmentation and integration arising out of the need of elites to increase resource capabilities at the supranational level with a hope of gaining benefits for their segments and at the same time ensuring autonomy of the segments so that supranational resource build up would not gloss over segments and weaken their constituencies. Significantly, such collective actions for self-preservation do not pose challenges to the states sovereignty as such a move is hardly driven by supranational momentum identified by the federalists or functionalist paradigm.

Dimitris Chrysochoou is another exponent of the consociational model who argues that consociational arrangements require neither a "sense of community" nor popular affirmation of shared values. It is also not necessary to have the existence of a single and undifferentiated "demos" united by the overarching power of a higher civic "we-ness". Rather it is *a priori* acceptance of the need for cooperative shared rule to advance political and economic interests among political leaders in view of the threat and problems of fragmentation. So instability commits them for mutual governance and cohesion of the system. In other words, a distinct "demos" continue to exist and national interests are not given up for the sake of common good.

Chrysochoou also introduced the model of "**confederal consociation**" to define EU in which the European Union is defined along the lines of a compound polity whose distinct culturally defined and politically organized units are bound together in a consensual form of union without either losing their sense of forming collective national identities or resigning their individual sovereignty to a higher central authority. Mutual concessions are extended by national governing elites to meet challenges of joint decision-making in matters of common concern but quest for autonomous action within their domestic arenas are not lost sight of. This results in a new dialectic between extension of common functional arrangements and the concomitant rise of pressures encouraging self-rule. Strengthening the collectivity has in fact strengthened states and, therefore, Union represents a case where states are not subsumed by political codetermination. In fact, the confederal nature of the Union is substantiated by the fact that the European Union remains a "contractual union of states" and Union citizenship is conditional upon national citizenship and international legal personality of the Union is dependent on the component states in critical ways. The legislative extension of Community competences remain vested in the executive branches of the constituent units and the Union is composed of self-determining collectivities. This does not in any fundamental way challenge their constitutional capacity to determine the fate of their respective polities. Therefore, to Chrysochoou the European political order suggests a system in which sovereignty in general and constitutional attributes of statehood in particular, rest firmly with the participating entities rather than with a super-ordinate central authority and EU governance is limited only to procedural aspects.

However, the pro-activity of the elites and centrality of states in intergovernmentalism only partly explains the EU situation. EU today is much more than a classical intergovernmental organization. It possesses its own identity and the activities of its central institutions today to a significant extent influence the policies of the member states. To ignore the role of EU institutions and to attribute "democratic deficit" tag to EU linking it to the incapacity of EU in developing a European demos would be an underestimation. Second, operating with the logic of the "sovereignty discourse" intergovernmentalism often presents a prescription, an *a priori* position for integration and ignore the subtleties in the integration dynamic. By focusing on states and role of elites in negotiations, it often overlooks the role of non-state actors in the negotiation as well as integration process.

Third, these state-centric approaches apprehend challenges to statehood only by entities analogous to the state and consider the EU as not having state-like properties. Therefore, it does not concede displacement of

power and authority of state by EU. But as whole literature on governance, in particular multilevel governance, makes it clear that there is dispersion of authority in EU structure and though theoretically states are sovereign, in reality states' exercise of authority is conditioned by intricate interactions and negotiations in which several factors and actors including non-state actors, interest groups and lobbies, EU institutions and others matter. Hence, the very interactive and negotiation process is as important as the final outcome. But intergovernmentalism undermines the nuances involved in the process and treats EU integration as solely state directed one. This refusal to admit the role and significance of other actors influencing EU integration as well as failure to look at EU from a discourse distinct from state versus supranational and as a new entity not comparable with the known models constitute a clear limitation of intergovernmentalism.

2.5 NEO-FUNCTIONALISM

Neo-functionalism in the late 1950s and the 1960s emerged as a paradigm seeking to provide a theoretical explanation to the complex process of Europe's integration. Prominently developed by American scholars, in its initial days neo-functionalism represented to a concern for methodological rigour and rejected the idealism of the federalist movement as well as functionalist versions of supra national paradigm. It did share with them some intellectual ground such as obsolescence of the nation-state and dangers to peace and progress inherent in the realist account of international relations; but, provided different explanation for such a phenomena. Neo-functionalism did not despise state system as an evil; rather, viewed it as becoming irrelevant and outliving utility in contemporary period.

Neo-functionalism became a strategy and a theory explaining the gradual erosion of the rigidities associated with nation-state. It is not a model that describes the end shape of constituent units in the integration process. Neo-functionalists partly agreed with the classical functionalists on the strategy but not its design and held that it was inadequate to promote peace and progress. Functionalism, best represented by David Mitrany, held that in a fast changing society, for efficiency in the provision of welfare, common administrative or functional agency / institutions could be created involving many states primarily in "non-political" or non-controversial technical areas. These technical or economic areas tend to expand automatically to include 'political' areas as practical cooperation become coterminous with a totality of interstate relations and the "world community" begin to emerge. In this, sovereignty instead of being surrendered will only be pooled up to the extent required for joint performance of functions. The creation of these new international networks would merely change the dimensions of nationalism but not its nature.

Neo-functionalism, initially propounded by Ernst B. Haas in 1958, did not believe in functionalisms' "automatic" expansion of the technical and economic areas into political areas in integration process as well as in the creation of large number of functional agencies. Neo-functionalism, on the other hand, argued that integration in one sector would advance gradually to include to other sectors in a step-by-step process as such integration would be influenced by "interests" rather than moral principles. Therefore, modifying functionalism, neo-functionalists argued that the process of integration beginning with an economic sector, depending on interest group involvement and incremental creation of *de facto* solidarity would lead, even by "stealth, to further integration. Here, integration is not automatic but takes place because of the "expansive logic of integration", i.e., integration in one sector creates necessary pre-conditions for integration in another sector, what in neo-functionalism jargon prominently referred as "spill over" effect. This is because without integrating the obstructing sector the purpose integrating the original sector will not be realised and considering benefits new areas will be brought under integration.

Second, integration has to begin with "low politics" attempts of technical harmonisation in areas of common concern instead of sensitive "high politics" such as defence, currency etc. This has added advantage of bringing new actors such as the national bureaucracy and national and transnational interest groups into the integration process. Given their high stake in it they could be expected to put pressure on their national governments to proceed further with integration.

Third, this change in the attitudes and loyalty of crucial elites of government, interest groups and political parties - "elite socialisation" — takes place because of societal circumstances like industrialising economy and pluralist democracies and also by an expectation that their interests can be best served by supranational

action / level. This gives a political push to the intergovernmental process ("cultivated spill over") leading to supra national decision-making system.

Fourth, mass support is not a necessary "prerequisite" for integration although attitudinal changes could take place as a "result" rather than "cause" of integration. Fifth, Community (supranational) institutions like the European Commission could be expected to provide leadership in the step-by-step integration process by facilitating "upgradation of common interest" rather than merely settling at the intergovernmental "minimum common denominator bargaining" and move the Community towards a supranational Europe.

2.5.1 Limitations of Neo Functionalism

An optimistic position on European integration as discussed above, soon came to be nullified by the actions of French President Charles de Gaulle in the late 1950s and the early 1960s. De Gaulle was opposed to the dilution of sovereignty and national identity and an increase in the autonomous powers of the community which reflected the limitations of neo-functionalist assumptions. That is, as Stanley Hoffman pointed out, **neo-functionalism** missed entirely those "enduring political dynamics" of competing national interests and differences between European countries rooted in cultural identities, geo-historical situations, linguistic differences and outside aims.

Second, as integration touches the areas of "high politics", despite a supranational mediator, "common interests are so much harder to discover and upgrade", unlike "low politics" where goods could be quantified and costs and benefits could be measured precisely.

Third, the very nature of "high politics" as "composed of discrete issues, among which there may be discontinuity" made the operation of the spill over difficult not only from area of "low politics" to "high politics" but also within these areas where politics as usual prevails. Neo-functionalism overlooked this possibility.

Fourth, unlike what **neo-realists** argued, there is no evidence of the inevitability of a spill over leading to political integration; and, what has been achieved within the Community depended upon political leadership by national elites and by political agreements between national governments.

Fifth, undue optimism was laid by neo-functionalists on the potential promotive role of "quasi-federal" or "supranational" institutions like the European Commission overlooking the differences between domestic and international politics. Here, formal powers of governments in political process was underestimated and the group activity and informal powers were overemphasised. In reality, the assumed locomotives of integration, i.e., interest groups, often operated with limitations since they had neither mass membership nor could evolve / represent "community" interest. In fact, the overwhelming power concentration of the member states within the Community framework has proved to be a decisive factor not only in shaping the Council which represented them and the Community in general but also parties and interest groups to a large extent.

Neo-functionalists had to consider the new situation and the perceptions those underwent changes in the light of emerging realities. Initially, the major exponent of neo-functionalism, **Ernst Haas** himself admitted the role of "dramatic – political" actors capable of diverting incremental or pre-dedicated course of integration. Spill over was now defined as the effect first taking place in economic or technical issues and its impact on politics (supranationalism) was seen as being dependent upon the state of relations in high politics. Neo-functionalism thus began to witness lots of refinement and interpretations.

The "new dynamism" of Western Europe in the 1980s, for instance, was explained by Jeppe **Tranholm-Mikkelsen** in refined neo-functionalist terms. Different terms of spill over, though not exclusive, were seen as operating in the European Community and they were identified broadly as functional, political and cultivated. A functional spillover was apparent in the "1992 project" which steadily expanded to include among others, social dimensions, single currency and Economic and Monetary Union. Political spill over was evident in great advances made in supranational decision-making since the mid-1980s as evident in the "motor role" of the European Commission, common use of qualified majority voting in the Council and support of judges of the European Court of Justice to integration activity. Cultivated spill over **which** represented the deliberate sponsorship of integrative initiatives by supranational actors was seen in the entrepreneurial actions of the **Delors Commission**.

Others used neo-functionalism in circumscribed manner. Anne-Marie **Burley** and Walter Mattli, using core concepts of neo-functionalism, demonstrated the role of the European Court of Justice in promoting legal integration of the Community. Wayne Sandholtz and **Alec Stone Sweet** recognised policy leadership of the **Commission** in the drive for market unification but added that (regional) integrative steps need to be understood in the context of pressures of globalisation and limitations of domestic politics. In this context, EU is seen not as a single regime but a series of regimes and depending upon the challenges supra national governance varies between policy sectors. Hence, spill over, unlike earlier explanation, is not seen as a natural process but conditioned by circumstances.

Nevertheless, despite reformulations, the developments in EU have not always matched with neo-functionalist explanations particularly as the fate of referendum on EU Constitution has indicated. It is evident that EU's policy areas have increased manifold but it does not mean that nation states have been marginalised. In other words, **neo-functionalists** are yet to make distinction between the scope of EU activities and levels of integration and provide a satisfactory explanation regarding the linkage between the two considering the existing situation in Europe.

2.6 NEO-REALISM

Realism, best represented by Hans J. Morgenthau, was a dominant explanation in the post-World War II period explaining the nature of international relations. Realism held that at the international level there is no overarching authority to ensure order and conflicts are inevitable in such an environment. But self-interested state actors rationally interact with one another for self-preservation. But, any plan or institutions to dissolve state system would be a futile exercise. However, from the late 1950s onwards realist tenets were subjected to scrutiny by the scientific, interdependency, Marxists and peace theorists and realism was attacked for its methodological and empirical deficiency as well as its value structure.

Nevertheless, since the 1970s **realism** witnessed a revival by **neo-realists** who effected certain modifications to the realist tenets. For instance, in the works of **Kenneth Waltz**, in which the initial neo-realist perspectives were best articulated, the elements of value neutrality and objectivity of the scientific theory, structural framework of the structuralism and rational decision making from game and micro-economic theories could be seen as added to the core of realism. So revising the explanation but not deviating from the core of realism Waltz attempted to provide a rationalised explanation for the power struggle in international relations. For Waltz, the international system was characterised by an overarching structure of anarchy and the constituent units, that is, states have to operate rationally for survival within this structure. States, though equal in **principle**, are in fact endowed with varying capacities which accordingly influenced their **behaviour**. Alliances and forms of cooperation are pursued as it is a rational act for survival. Therefore, the anarchy can produce order but would not result in stable alliance system because states behaviour are linked to their related capabilities and competitive and rational nature of inter-state game would not allow for a permanent tie-up. In fact, the nature of the system is defined by the interest and actions of powerful states and alterations in the distribution of power are hard to effect and, if altered, it changes the balancing of the states as well.

Applied to regional context, neo-realists logic places organisations like the European Union in the wider structural context. Post war European integration is seen as a product of move towards a bi-polar system and intense inter-state cooperation within the overall context of the Cold War. **John Mearsheimer**, for instance, argued that integration proceeded apace because of the perceived threat of the Soviet bloc and US support. But once these conditions are removed integration **would** not proceed smoothly; instead, suspicion and conflicts arise as autonomy lost and gains from cooperation would now be debated by European Powers. Therefore, European integration is seen by neo-realists as a rational act to **maximise** state benefits in view of global and regional pressures and challenges; and, hence, are critical of federal / neo-functionalist logic.

The neo-realists emphasis on structured international system does not negate the role of states in any way and the state-centric approach is the hallmark of neo-realism. As **Alan Milward** argued European integration represented the adoptive response of Europe's major but war-ravaged states daunted by global pressures in the aftermath of the Second World War. In these challenging circumstances, they cooperated with similarly

positioned states rather than compete in order to pursue and maximise their interests within the new international order. This was a way of rescuing the nation states rather than surrendering.

Robert Keohane and Stanley Hoffman too argued that the European community is a mechanism for pooling of sovereignty in order to maximise national benefits through intergovernmental cooperation in the context of changing global political economy. The dense networks established here are just limited arrangements entered into freely for mutual convenience and self-interest rather than realising supra-national goal. So, to the neo-realists regional integration confined to the demarcated areas was intrusive of sovereignty only in a limited sense and states' discretion is always retained even while acting within the larger framework.

The neo-liberal institutionalist variant of neo-realist doctrine, while upholding the realist understanding of international anarchy, national interest and power, acknowledged the positive consequence of international institutions as a way of mitigating stressful effects of anarchy. This account without discounting states as principle actors see international institutions in utilitarian terms. The notion of institutions as facilitators of positive sum bargaining for national benefit is well established in the perceptive works of A. Moravcsik. His framework termed as "liberal intergovernmentalism" seeks to explain on the one hand interactions between states and international organisations; and on the other, the relationship between national preference formation, coalition behaviour and interstate bargaining. The former (interaction) is relative to the latter (relationships) as the framework is built on three assumptions, viz. (1) states act rationally; (2) state goals are shaped by domestic pressures and interactions which in turn are conditioned by economic (transnational) interdependence; and (3) key role of governments in effecting interstate relations and policy outcomes depending upon relative bargaining powers and advantages foreseen. Thus, establishing a link between domestic and regional politics through state executives, Moravcsik contends that the Community regime "has developed through a series of celebrated intergovernmental bargains, each of which sets agenda for an intervening period of consolidation" and, the primary source of integration lies in the interest of states themselves.

However, such a line of thought as well as neo-realism in general has been criticised on several grounds. It treats states as the only principal actors in European integration process. But in the process it underestimates the influence of supranational actors such as the European Commission, the European Court of Justice and transnational actors and processes such as European firms, interest groups and policy networks in the European integration process. A number of empirical studies demonstrate that these actors have played a significant role in inducing integrative momentum; in effecting political behaviour of states through norm-setting and supplementary legislation and also in shaping integration outcomes. Further, a closer look at EU also makes it clear that power and authority in EU is dispersed rather than concentrated in any one unit.

Second, states' supposed rationality is overplayed and impact of actual decision rules, institutional preference, ideology, belief and symbolism are down played. Third, it emphasises too much on formal and final stages of integration such as Treaty reforms and denies due place to the informal integration which impacts the former. In fact, these are very often responsible for upgrading the existing level of integration. Fourth, the "state" is presented as an unproblematic entity and in pursuing "objective" analysis, the complex issues pertaining to the historical evolution and direction of the states, its nature, purpose and utility are not adequately dealt with. In reality, the "state" itself is a contested concept and there is no consensus even within domestic spheres about the nature of the state and "national interest" that state pursues. The state-centric theory overlooks these aspects. Therefore, despite commendable work on evidence gathering and refinements, neo-realism remains narrowly focused and fail to grasp the subtleties and nuances of the integration process.

2.7 OTHER CONTEMPORARY THEORIES

Apart from main theories to explain the European Integration process, there are some other theories also that some times are suggested as providing theoretical justification for formation of European union. These are as given below:

2.7.1 Confederalism

Confederalism is not a meticulous theory but a framework that represents a variant form of **intergovernmentalism**. It argues that the relationship between the Community and state is a limited but meaningful partnership that safeguards national autonomy through a consensual form of governance. It lays premium on the "unity in diversity" principle; but, at the same time it points to the limits rather than possibilities of regional constitutionalisation and community building process.

Structurally, confederalism is different from federalism. While the latter stresses on units within a state, confederalism represents a "contractual union of states" in which member states voluntarily decides to band together by way of 'mutual agreement' and the set up takes the shape of common but not identical features of a state. In this set up the Union government is subordinate to regional (member states') government and the Union can only act on those areas authorised by member states. Union government cannot encroach on the jurisdiction of the member states. Yet the confederation could possess "legal personality" which has the potentiality to develop "real personality" of its own. Therefore, a confederal set-up allows for setting up of a special regional order without depriving units of their identity, functions or sovereignty and each unit, if it wishes, can **secede** from the Union. Confederation enables joint exercise of power for mutual benefits and prevents hegemony of monopoly or power.

The European Community has been viewed by some as closely corresponding to the confederal design. Robert and Stanley Hoffman, for instance, point out that to the study of Community confederal model could be better applied since "the central institutions [of the EC] are: (a) largely intergovernmental, (b) more concerned with establishing a common framework than with networks of detailed regulations, (c) apparently willing to tolerate a vast amount of national diversity". Therefore, EU is a "half way house" between normal inter-state **and** intra-state relations with constituent states reserving the right of self determination. In other words, it is between intergovernmental and supranational Europe and the arrangements are directed towards achieving common purpose in the face of global pressures but each unit retaining its sovereignty and identity.

The **confederal** approach to European integration is justified on the ground that the Community as it has evolved today is the result of intergovernmental bargain among sovereign states and accommodation of varying preferences in a mutually acceptable way without threatening their perceived national interest. The existing structure of the EU based on international treaty rather than a constitution also supports the confederal character viewpoint. Further, despite the majority rule applicable in the Council member states treat dissenting states with caution and often "package proposals" are made to accommodate different viewpoints. These only suggest the sensitive approach of the EC as the structure essentially consists of sovereign states. Nevertheless, the approach suffers from the same limitations of state centric approaches, that is, focus on institutions rather than processes; on structures rather than functions.

2.7.2 Interdependence

The Interdependence school of thought became prominent in the 1970s in the context of increased role of national governments in the operation of the European Community **as** well as increased complexities in global economic and political situations and emergence of large number of actors operating and cutting down the traditional divide between domestic and external spheres. The actions of French President Charles de Gaulle and Luxembourg Compromise (1966) had increased the role of Council within European Community with a setback to the European Commission and made nation states significant actors. Externally, **the** collapse of Bretton Woods system and the first oil crisis (1973) induced the states to come politically closer for greater economic exchanges but not necessarily inducing integrative momentum. Hence, in the emerging context "interdependence" was seen as more practical and analytical term to depict European relations rather than integration.

The Interdependence theory places politics in the European Community in a wider pluralist perspective and diverts attention from structured analysis of hierarchical conception of an integrative system to a diffused and even fragmented structure of European policy coordination, transnational coalition formation and regional

economic management. In essence, the interdependence **perspective** challenges the dominant state centric image of realism by presenting a picture of a **diffused** global order characterised by multiple actors among whom states are important but not alone. Other non-state actors including supranational organisations, multinational corporations, transnational interest groups and sub-national entities are seen as equally important in shaping the global order. Their actions and operations were seen as blurring the traditional distinction between domestic and international policies. This interconnected world order is different from previous patterns of international relations; and, regional integration is one way of reconstituting the elements of international system.

Critical of the emphasis of Realism on power and military security, the interdependence line of thought as expounded by Robert Keohane and Joseph S. Nye argued that the growth of interdependence would compel states to re-examine the concept of "national interest" and states now understand that their interests are better protected by building common positions with other states. These close ties would be facilitated by the international institutions which themselves are the creations of interdependence.

By bringing in the multi actor scenario in the set-up, interdependence framework in the analysis of the European Union helped in avoiding the shortcomings of rigid intergovernmentalism and unidirectional supranationalism. The Interdependence theory points out that increased interactions and interdependence does not necessarily lead to integration. But at the same time states would not also pursue closed nationalistic policies in ways contemplated by realism. States cooperate and coordinate to pursue beneficial policy framework in order to "manage" affairs and pressures of global economy. In this process, policy outcomes are important than models of governance and institutionalisation. Governments aided and constrained by non-state actors achieve policy coordination rather than integration. So the focus is shifted from formal institution building to managing the problems arising from the conditions of market forces and global economy.

The Interdependence model points out that in the given situation power of decision making is diffused and the cost and benefit of a policy framework may vary across the countries. Hence, actors may indulge in intense interaction and negotiations so as to arrive at a beneficial policy option and there might be even "transnational coalition" formed between national governments, transnational actors and supranational institutions.

However, the interdependence model has been criticised on the ground that it does not recognise the dynamics of institutional spillovers and forward linkages which push **forward** the integration movements. Second, it does not spell out clearly whether interdependence is a particular stage of integration or a condition that motivates states to take measures to preserve their autonomy. Third, it is ambiguous in dealing with the crucial question of how political power is organised within a highly interdependent system and whether complex interconnectedness is mere activity without significant policy implications.

2.8 SUMMARY

In this unit we have discussed some of the theories that are provided as a background to the process of European Integration. These theories are based on different knowledge domains. Some of them attempt to conceptualise the organizational nature of the EU; others on ground theorizing of the nature of the integration and some others focus on particular aspects of the operation of the E.U. These theories include : Federalism, Intergovernmentalism, Consociationalis, Neo-Functionalism, Neo-Realism, Confederalism and Interdependence.

2.9 EXERCISES

- 1) Describe the importance and uses of integration theories.
- 2) Critically examine federalism as a theory to explain the process of European integration.
- 3) Discuss intergovernmentalism as a theory of European integration.

- 4) Critically examine the neo-functional theory of European integration.
- 5) How relevant do you think is the neo-realist explanation of the process of European integration?
- 6) Discuss the confederalism and the interdependence theories of European integration.

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