UNIVERSITY OF MANITOBA

QUO VADIS EUROPA?
THE NEED FOR A UNITED STATES OF EUROPE

A THESIS SUBMITTED TO

THE FACULTY OF GRADUATE STUDIES

IN PARTIAL FULFILMENT OF THE REQUIREMENTS OF THE DEGREE OF

MASTER OF ARTS

DEPARTMENT OF POLITICAL STUDIES

BY

ILKA CUDMORE

WINNIPEG, MANITOBA

MARCH 2007

THE UNIVERSITY OF MANITOBA

FACULTY OF GRADUATE STUDIES
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QUO VADIS EUROPA?

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A Thesis/Practicum submitted to the Faculty of Graduate Studies of The University of

Manitoba in partial fulfillment of the requirement of the degree

MASTER OF ARTS

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FACULTY OF GRADUATE STUDIES
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MASTER'S THESIS/PRACTICUM FINAL REPORT

The undersigned certify that they have read the Master's Thesis/Practicum entitled:

Quo Vadis Europa? The Need for a United States of Europe

submitted by

Ilka Cudmore

in partial fulfillment of the requirements for the degree of

Master of Arts

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Date: Friday, March 9th, 2007

(forms\thereptm - 08/95)

ABSTRACT

It is the premise of this thesis to illustrate why the European Union ought to evolve into a federation. In evaluating four theories on European integration – federalism, neofunctionalism, liberal intergovernmentalism, and multi-level governance – specific conclusions are drawn about the level of integration present in the European Union, the extent of transfer of sovereign rights of member states to the European institutions, the extent to which the EU already resembles federal elements, and its implications for the sovereignty of the member states. The assessment will show that none of the theories can adequately account for the dynamic forces that drive integration, but that only an á la carte approach to the four theories can adequately illuminate the phenomenon of European integration. Among the theories, federalism and liberal intergovernmentalism are most influential in gaining a deeper understanding in the process and dynamic of European integration.

ACKNOWLEDGEMENTS

This thesis is the product of many years of work, procrastination, and a vast amount of external assistance. I would like to extend my thanks to all those without whom the completion of this thesis would not have been possible. I would like to thank my supervisor, Professor George MacLean, for the guidance he provided throughout the process of writing this thesis. I could not have imagined having a better advisor and mentor for my thesis, and without his advice, knowledge, and enthusiasm I would never have finished. I am particularly grateful for the numerous insights he provided and the clarifications he required of me. Thank-you to my examiners, Professor Marek Debicki (internal) and Professor Jesse Vorst (external), and Professor Tami Jacoby (chair) for their time and effort in reviewing this work. I would like to thank my friends who kept me sane and put up with me. I am particularly indebted to Rachel who has provided much of the encouragement I needed to complete this thesis. Thank-you to my brother who is always an inspiration to me and who never tired of asking when I would finally bring this thesis to a completion. I am thankful to my parents who encouraged me to pursue a Master's degree in the first place, and who have provided both moral and financial support in this prolonged endeavour. Finally, I would like to thank my husband who has shown a tremendous amount of patience and support during what turned out to be a far longer process than either he or I anticipated.

CONTENTS

CHAPTER ONE

A VISION OF EUROPE

Finally, there will be a fourth kingdom,
Strong as iron – for iron breaks and smashes everything –
And as iron breaks things to pieces, so to will crush and break all the others.
Just as you saw that the feet and toes were partly of baked clay and
partly of iron,
So this will be a divided kingdom;
Yet it will have some of the strength of iron in it,
even as you saw iron mixed with clay.

Daniel 2:40-41b

Introduction

When Winston Churchill announced that "we must build a kind of United States

of Europe" in a speech at Zürich University on September 19, 1946 in order to ensure a

durable peace between the rival nations of Europe, his vision was not a novel one. Even

Edouard Herriot's proposal "let us create, if it is possible, a United States of Europe,"

made by the Prime Minister of France in 1924, was not the first of its kind. Indeed,

proposals for a creation of a kind of United States of Europe originated as early as the

tenth century. Pioneers in the quest for creating a durable peace on the war-plagued

European continent recognized early on that establishing peace is not possible without a

political unification of Europe.

While it was not until the creation of the European Coal and Steel Community

(ECSC) in 1951 that six European countries, notably the former rivals of France,

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Germany, Italy, the Netherlands, Belgium and Luxembourg, had a sincere and genuine

interest in creating a durable peace among them, attempts to end the state mosaic in

Europe by creating a kind of United States of Europe have been part of Europe's cultural

heritage with the likes of William Penn, Abbe de Saint Pierre, Jean-Jacque Rousseau,

Immanuel Kant and Jeremy Bentham among its advocates.

European integration essentially begins after the end of World War II in 1945. But

this thesis will show that the proposal for the creation of a European federation in order to

create peace on the war-plagued European continent, a kind of United States of Europe,

has a long tradition in European thought. Arguably, the member states of the European

Union have overcome their old demons of distrust and power rivalry that have led them

to war in the past, and peace has been firmly established among the member states,

notably through European integration.[1] With peace firmly established among its member

countries, the European Union finds itself at an important crossroads, and faces the tasks

of re-examining its long-term objectives and returning to the long-term goals of its

founding fathers: the creation of a European federation.

The Call for a United States of Europe

The demand for a European federal state is echoed in Joschka Fischer's speech on

the finality of the European Union in which he proposed the creation of a European

federation. However, the consensus in the literature and among European Union officials

is the premise that the European Union will not evolve into a federation. Interestingly,

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[1] David S. Yost, "Transatlantic relations and peace in Europe," *International Affairs* 78 (April 2002) : 284.

there is no consensus on what the European Union should constitute in the future or even what it constitutes at the present. Its nature is described as an international organization, a fledgling state, a *sui generis* combination, and even a *UPO* – an unidentified *political* object.[2] The European Union itself proposed the statement "it is not a state intended to replace existing states, but it is more than any other international organization. The EU is, in fact, unique."[3]

Yet, while the European Union itself vehemently resists the idea of creating a strong, fully sovereign European federation "officially", its actions appear to further that very objective. At present, the members of the European Union enjoy not only a unified European monetary policy, a unified European regulatory system, a unified European environmental policy, a unified European labour standard, a European Court of Justice, and an anticipated European constitution, but also a common flag, anthem, passports and license plates. In addition, the Treaty on the European Union anticipated the transfer of internal and external security which are pillars of sovereign rights of the nation-state, to the sole responsibility of the European Union. Admittedly, the impedimental development of a Common Foreign and Security Policy shows that this is an ongoing process. Furthermore, the introduction of a single currency entailed not only the abolishment of national currencies but also the abandonment of a symbol of national sovereignty (without the participation of the United Kingdom, Denmark and Sweden).

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[2] Michael Emerson, Quoted in Géza Mezei: *Helyreállított Európa* (Europe Restored) (Osiris Kiadó: Budapest, 2001), 19.

[3] "The European Union at a Glance," available from http://europa.eu.int/abc/index_en.htm, Internet; accessed on 5 May 2003.

This thesis will argue that European integration has resulted in a transfer of sovereign rights from EU member states to the European Union. The transfer and subsequent loss of more and more sovereignty to a body that cannot by definition act as a "sovereign" – the European Union – causes weakened member states. These weakened member states are unable to cope with the pressures forced upon states in today's international system. Without creating a fully sovereign European state, the European Union will not be able to achieve the political influence and importance it seeks in the international arena, but will be destined to remain an economic giant but political dwarf. Consequently, the European Union is faced with the decision to either found a European federal state in order to guarantee its own security and prosperity, or to play only a marginal role in world politics in the long term.

Early Efforts in Creating a European Federation

The proposal for the creation of a European federation – a kind of United States of Europe – in order to create peace has a long tradition in European thought and is by no means a novel idea. The earliest efforts to create peace on the war-plagued European continent arose within the Christian tradition, in particular instigated by the French Church which "organized a peace movement in various places and persuaded nobles to renounce and outlaw private war and violence in order to protect pilgrims and travelers" in the tenth century.[4] While this initiative was undoubtedly an improvement to the *Faustrecht* (rule of force) that ruled the greater part of Europe at the time, it had no implications for creating a durable peace in Europe.

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[4] Derek W. Urwin, *The Community of Europe* (London: Longman, 1995), 2.

While the French Church was certainly a precursor in the early 'peace movements,' Pierre Dubois first put forward the idea of creating a European federation that saw a "permanent assembly of princes working to secure peace through the application of Christian principles" in *The Recovery of the Holy Land* in 1306.[5] Dubois recognized that without a political unification of Europe, the alleged Turkish threat to Christianity could not be defied and crusades would remain unsuccessful.[6] However, a common interest in peace assumes contentment with the status quo among the players. Europe at the beginning of the fourteenth century was not homogeneous but consisted of a large variety of kingdoms, principalities, archduchies, archdioceses and others that were immersed in a constant power struggle in which the status quo was perceived as a deterrent rather than an incitement. Hence, without the essential underlying interest in peace and harmony among the players, Dubois' brainchild remained utopian.

The earliest version of Winston Churchill's suggestion of creating a "United States of Europe" can be traced back to Maximilien de Béthune, the Duc de Sully, who not only recognized that peace is a function of power but also "suggested a federation of states that would better be able to defend Europe against Turkish threats."[7] Accordingly, in order to create and maintain a balance of power, de Bethune's *Grand Design* saw a realignment of Europe into fifteen same-size states, the establishment of a European League of Princes that was to be governed by a Federal Council, and Free Trade. While de Bethune's realignment of Europe, notably with the exclusion of Turkey and Russia, may have created a lasting peace among selected European states, his vision clearly

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[5] Ibid.

[6] Wolfgang Schmale, *Geschichte Frankreichs* (Stuttgart: Ulmer, 2000), 311-312.

[7] Urwin, 2.

intended to serve French interests since it was also directed at the ruination of the Austrian Empire.[8] Hence, while both Dubois' and de Béthune's visions for political unity and peace in Europe far protrude the body of thought at the time, both approaches also exposed underlying interests in "achieving a greater political influence for some specific state or dynasty."[9] Consequently, a durable peace on the European continent requires a sincere and genuine interest in creating a durable peace among *equal* players which in turn assumes contentment with the status quo. Due to this absence of contentment with the status quo, all attempts to achieve peace through political unity in Europe could only fail.

Accordingly, William Penn's proposal to establish a European Parliament to end the state mosaic in Europe was futile. Abbe de Saint-Pierre's case for a unifying federation in order to safeguard the peace between nations was unsuccessful; as was Jean-Jacques Rousseau's critique of Abbe de Saint-Pierre's proposal and subsequent call for a federal form of government to unite the European nations. Immanual Kant's *Perpetual Peace* argued in vain for a federation of free states. Henri Saint-Simon's call for a European monarch and parliament remained unanswered. Jeremy Bentham's argument for a common army and European assembly was fruitless. Victor Hugo's proposal for a United States of Europe was only answered with deafening silence. As a result, not a peaceful coexistence of European states marked the first half of the twentieth century but both World Wars originated in Europe.

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[8] Schmale, 316.

[9] Urwin, 2.

The Interwar Years

During the inter-war years and World War II, voices in favour of a creation of a European federation grew stronger. Most notable was Count Richard Coudenhove-Kalergi's publication of *Pan-Europa* in 1923 in which he argued for a European federation. This attracted a cornucopia of interest. Coudenhove-Kalergi envisioned a "constitution of the United States of Europe on the model of the United States of America."[10] While he called for a federal union of European states, centered on France and Germany, he excluded the Soviet Union because he saw it as a threat due to its communist rule as well as Britain "because of its imperial interests."[11] However, while Coudenhove-Kalergi argued that his vision of Europe would prevent war and effectively deter Soviet Russia, he also saw a need for a federal union because it would solve the "economic and social malaise."[12] Accordingly, Coudenhove-Kalergi argued "if Europe wants to win in the competition with the great economic regions of England and America, it must show itself to Russia as an economic unit."[13] Hence, aside from proposing a federal Europe in order to rid the European continent of war, Coudenhove-Kalergi made the leap to call for a federal Europe "to allow it to compete more

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[10] Richard Coudenhove-Kalergi, "Richard Coudenhove-Kalergi, 'Pan-Europe', 1923," in *Building European Union*, ed. Trevor Salmon and Sir William Nicoll (Manchester: Manchester University Press, 1997), 7.

[11] Desmond Dinan, *Europe Recast. A History of European Union* (Boulder: Lynne Rienner Publishers, 2004), 2.

[12] Wim Roobol, "Aristide Briand's Plan: The Seed of European Unification," in *Ideas of Europe since 1914. The Legacy of the First World War,* ed. Menno Spiering and Michael Wintle (New York: Palgrave, 2002), 38.

[13] Coudenhove-Kalergi, 8.

effectively in the world's economic markets."[14] He subsequently introduced an argument that proved viable in the claim for the necessity of a kind of The United States of Europe.

While Coudenhove-Kalergi's *Pan-Europa* had no immediate impact on European unity since the Pan-European Union movement proved unsuccessful in shaping the present, it was instrumental for those that would shape Europe after the end of World War II. Moreover, it was successful in attracting Eduard Benes, Foreign Minister of Czechoslovakia, Edouard Herriot, Prime Minister of France, and Aristide Briand, father of the Briand Memorandum.[15] Referred to as "the seed of European unification" by Wim Roobol, the Briand Memorandum (1930) proposed the establishment of a "voluntary organization of a Pan-European confederation."[16] The memorandum called for a coordination of economic policies and the promotion of political union, and while it was discussed by all European governments, it was rejected as "too radical for most European countries, including Briand's own."[17] However, while the memorandum did not succeed in jumpstarting European integration, a direct link was drawn yet again between the political and economic unity in Europe. Additionally, Albert Speer, "referring to a meeting in September 1943 with Jean Bichelonne ... told an interviewer decades later: 'We agreed that in the future we would avoid the mistakes of the First World War generation, who were now at the helm. Irrespective of national frontiers, Europe had to be economically integrated.'"[18] Hence, while European integration did not start until after

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[14] Urwin, 5.

[15] Ibid.

[16] Roobol, 33.

[17] Dinan, 3.

[18] Ibid., 5.

the end of World War II in 1945, the need for economic ties among the European states had already been established and would subsequently form the backbone of European political unity.

The Aftermath of World War II and Creation of the EEC

Robert Schuman, serving as France's prime minister, foreign minister and finance minister respectively, and Jean Monnet, who provided the inspiration for the Schuman Plan which led to the European Coal and Steel Community in 1951, are commonly referred to as the European Union's founding fathers. Monnet and Schuman proposed a slower process and envisioned a unified Europe beyond the "common market" with the creation of a European identity that would see the creation of a European federal state as its ultimate destination.[19] Altiero Spinelli, an Italian federalist, advocated a "'big bang' solution, an instantaneous and all-embracing transformation into a federal European state" that would see a constitution, an immediate transfer of national sovereignty to a supranational government, and a European army from the outset. Altiero received an honourable mentioning as its Godfather.

The Schuman-Declaration was drafted against the backdrop of the destruction of World War II and the need for establishing a durable peace among former rivals. Given the predominant concern with economic revitalization by the newly formed Western European governments, it provided the blueprint for the establishment of the European Coal and Steel Community in 1951. While the Schuman-Declaration argued that "Europe

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[19] Derek W. Urwin, "The European Community: From 1945 to 1985," in *European Union Politics*, ed. Michelle Cini (Oxford: University Press, 2003), 13.

will not be made all at once, or according to a single plan," it articulated a clear objective

for Europe's ultimate destination.[20] Accordingly, in setting forth the statement "this

proposal will lead to the realization of the first concrete foundation of a European

federation indispensable to the preservation of peace," Schuman and Monnet left no

doubt about their long-term goal for Europe's future.[21]

The Resilience of the Nation-state

The European Union argued that it did not want to evolve intro a European

federation. Accordingly, Tony Blair contended that the European Union seeks to be a

"superpower, but not a superstate."[22] However, the negation of the creation of a

superstate presents the European Union with an interesting conundrum. In the present

international arena, the status of superpower is limited to states. While valid arguments

were presented for the decline of the nation-state and the Westphalian order over the last

few decades, this thesis accepts the notion that the state is still the most important actor in

international relations today due to the focus on sovereignty and the anarchical structure

of the international system.

It is the premise of this thesis to show that the European Union cannot achieve the

political influence it seeks in the world without creating a strong European federal state.

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[20] Robert Schuman, " Robert Schuman, 'Declaration', May 1950," in *Building European Union*, ed. Trevor Salmon and Sir William Nicoll (Manchester: Manchester University Press, 1997), 44.

[21] Schuman, 45.

[22] Tony Blair, "Europe's Political Future," available from http://www.britishembassy.at/speeches/0010pm_warsaw_sp.doc, Internet; accessed on 14 April, 2005.

Thus, any argument in favour of creating a strong, fully sovereign European federal state must not only address but also disarm arguments in favour of the volatility of the state.

While this thesis accepts the notion that there are inherent problems with the concept of the nation-state and sovereignty, the argument is made that the creation of a fully sovereign European federal state, a kind of United States of Europe, will not amplify these problems, but on the contrary, mitigate these problems. It is widely accepted that states are no longer the only players in international relations. Indeed, the rise of organizations and Multinational Corporations over the last few decades presented a threat to the vitality of the nation-state. Accordingly, Susan Strange argued:

> the impersonal forces of world markets, integrated over the postwar period more by private enterprise in finance, industry and trade than by the cooperative decisions of governments, are now more powerful than the states to whom political authority over society and economy is supposed to belong.[23]

Moreover, already faced with the pressures of coping with the rise of organizations and multinational organizations, member states of the European Union deliberately undermine state sovereignty by transferring sovereignty to a body that cannot by definition be a sovereign state. Again, Strange points out "the declining authority of states is reflected in a growing diffusion of authority to other institutions and associations, and to local and regional bodies, and in a growing asymmetry between the larger states with structural power and weaker ones without it."[24] Hence, accepting the notion that external forces put pressure on states rendering their authority futile, the transfer of more and more sovereignty of member states to the European Union institutions appears absurd. Lucio Levi illustrated that point when arguing, "if it [the

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[23] Susan Strange, *The Retreat of the State* (Cambridge: University Press, 1996), 4.

[24] Ibid.

European Union] is to speak with a single voice, Europe must complete the process of federal unification."[25]

Chapter Review

In Chapter Two, European integration theory will be introduced. The first task of the chapter is to provide an overview of the respective approaches and offer definitions. Since it is the premise of this thesis to show that the European Union's integration policies will lead to the conclusion of a creation of a federation as its end-state, the federalism and federation approach will be examined first. A distinction will be drawn between federalism and federation, and a definition of both terms will be provided. Following this, an introduction to neofunctionalism will include a concise overview of functionalism, since Haas' neofunctionalism is largely based upon a critique of Mitrany's work. The three premises presented by neofunctionalism – the spillover thesis, the elite socialization thesis, and the thesis on supranational interest groups – are also introduced. Intergovernmentalism and liberal intergovernmentalism, which effectively challenged neofunctionalism and grew to be the dominant theory in European integration in the 1980s, are discussed next. Rejecting the concept of spillover, the premises as described by (liberal) intergovernmentalism are examined. A brief examination of multi-level governance will complete the introduction to the definitions and premises of the respective approaches.

The second part of Chapter Two reviews how most prominent advocates represented federalism, neofunctionalism, (liberal) intergovernmentalism and multi-level

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[25] Lucio Levi, "Globalization and a World Parliament," *The Federalist Debate* 2 (2001) : 5.

governance. To this end, the works of Jean Monnet, Altiero Spinelli and Michael Burgess are discussed and how they contributed to the development of the federalist approach. The focus will then placed on Ernst Haas, Leon Lindberg and Stuart Scheingold who were instrumental in developing the neofunctionalist theory. Intergovernmentalism as presented by Stanley Hoffmann, and liberal intergovernmentalism as put forward by Andrew Moravcsik will then be subject to a closer examination. Finally, a discussion of multi-level governance as developed by Liesbet Hooghe and Gary Marks completes the review of the four European integration theories as set forth by their main proponents. The chapter concludes with a critical analysis of the four respective theories.

In assessing the above four theories on European integration, the analysis of federalism, neofunctionalism, liberal intergovernmentalism and multi-level governance will be guided by the following three questions. First, how well does each theory describe the integrative process? Second, how adequately does the respective theory explain the dynamic forces that drive integration? Third, which end state does the theory under examination envision as a result of the integrative process?[26] Moreover, the critical evaluation will include an assessment of how the respective theories account for and explain the suggested transfer and loss of national sovereignty as a result of the integrative process. Special emphasis will be placed on the issue of the erosion of national sovereignty due to the integrative process.

Chapter Three will follow the integrative process from the early stages starting with the Treaties of Rome spanning to the foundation of the European Union. The focus will first be placed on the building of the European house between 1950-1972. The

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[26] The guiding questions lean closely on those developed by David Mutimer.
David Mutimer, "Theories of Political Integration," in *European Integration*, ed. Hans J. Michelmann and Panayotis Soldatos (Lanham: University Press of America, 1994), 14.

examination will begin with a neofunctionalist interpretation of the integrative process, followed by an explanation of the liberal intergovernmentalist approach of the early integration years. The section will conclude with a federalist view of early integration. Emphasis will be placed on federal implications in early institution building and federal influences in the making of the ECSC/EEC. The discussion will reveal that federal elements played a part in the early building of the European house, and a federal development of the integrative process lies at the foundation of European integration.

The second part of the chapter will focus on the emerging SEA and how both neofunctionalism and liberal intergovernmentalism offer valid accounts of the events leading up the foundation of the SEA. Then, a federalist approach to the SEA will reveal the underlying federal influences affecting the emergence of the SEA.

The last section will examine the most successful example of European integration, the Treaty on European Union establishing the European Union. Once again, an interpretation of all three approaches is offered in order to gain a greater insight into the motivation behind the creation of the Maastricht Treaty. While the newly revived neofunctionalist approach seemed validated in the wake of the TEU, substantiating the claim that cooperation will spillover into other areas, liberal intergovernmentalism also makes an important contribution in explaining the motives of member states in engaging in interstate bargaining. Nonetheless, an account of federal influences and implications will once again show that the federalist objective of establishing a European federation is of undeniable pertinence.

Upon examining the interpretations and views of the above three approaches in regards to the creation of the ECSC/EEC, the Single European Act and the Maastricht

Treaty, the following conclusion will be drawn. The member states remain the masters of the Treaties. That is, the EU itself does not have the power to transfer sovereign rights from the member states to the EU. Since a transfer of sovereign rights is evident on the European level, any such transfer has been sanctioned by the member states, thus allowing the EU to exhibit elements of a federation.

Chapter Four will first explore the areas in which the EU already resembles a federation or exhibits federal elements. Accordingly, the following areas will be the subject of examination: the Common Agricultural Policy, Environmental Policy, Economic and Monetary Affairs and the Euro, Trade Policy, and Economic and Social Policy. While these policies are presented in support of the above claim that federal elements are embedded in the EU, the discussion will be limited to their importance in regards to the corrosion of national sovereignty and subsequent need of creating a European federation. The discussion will not encompass the history or development of these policies.

The focus will then be placed on the multi-level character of the European Union. Once again, the corrosion of state sovereignty will be in the center of discussion. Since Monnet and Schuman also envisioned the creation of a European identity as a result of the integrative process, the existence or development of the same will examined. In examining European identity, the Eurobarometer will provide an aid in accurately determining the attitudes of Europeans towards the Union. First performed in 1973, the Eurobarometer is a number of surveys performed on behalf of the European Commission in order to gain insight to the public opinion on issues relating to the European Union. Hence, it monitors the public opinion and is thus is a mirror of national attitudes towards

the European Union. Lastly, concluding remarks will be offered in regards to the future of the European project.

Conclusion

It was the task of this chapter to demonstrate that the idea of a creation of a European federation is not a novel one but one that is embedded in European thought dating back as far as the tenth century. It took two world wars to create a genuine desire among European countries to embark on an endeavour that would – if not make them incapable of waging war with one another – make waging war less of an option. European countries have finally mastered the art of peace – notably through European integration. European integration is still somewhat of a phenomenon and the last sixty years have produced an array of theories dealing with the integrative process. The following chapter will introduce four theories on European integration in order to gain a deeper insight into the driving forces of integration. While each theory provides a unique aspect of European integration, each theory also holds inherent flaws. The next chapter will illuminate the contributions made to the field of European integration study as well as the shortcomings of all four approaches.

CHAPTER TWO

A CRITIQUE ON THEORIES OF EUROPEAN INTEGRATION

> *The process of European integration*
> *that has produced the European Union (EU)*
> *is the most ambitious and most successful*
> *example of peaceful international*
> *cooperation in world history.*

Andrew Moravcsik[27]

Introduction

European integration is not an isolated process that started after the end of World

War II, but must be viewed in the context of European history. Vast empires are created

by war and threat, not by noble insight and reticent modesty of peoples. Accordingly,

while European integration has its origin in the integration of greater parts of the

European continent by the Roman Empire, it also includes Napoleon Bonaparte's

expansionist campaigns to found a "federation of free peoples" as well as Hitler's

misguided dream of a Germanic Europe for his *"Volk ohne Raum"* ('People without

Space') that subsequently led the European continent into catastrophe. In view of this

dark legacy, the accomplishments of Europeans in regards to European integration are

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[27] Andrew Moravcsik, "Despotism in Brussels? Misreading the European Union," *Foreign Affairs* 80, Issue 3 (May/June 2001) : 114.

truly remarkable. The European dream is not only a benign one, but also one of peaceful coalescence and unity in diversity.

Since the end of World War II, which saw an intensified cooperation among European countries and the establishment of the European Coal and Steel Community (ECSC) and institutions of economic integration, European politics is no longer characterized by conflict but by peaceful cooperation attained through European integration. Over the past sixty years, the phenomenon of European integration has brought forth a coherent body of theory dealing with the changing nature in cooperation among former rivals. Among the various theories of European integration, four main approaches are notable. First, the federalist approach focuses on the role of institutions and contemplates "the ways in which states could engineer some sort of mutual constitutional settlement that involved the delegation of power upwards to a higher form of government."[28] Second, the neofunctionalist approach concentrates on the economic factor in the integrative process. It describes how economic integration in one sector resulting in integration in a neighbouring sector, and seeks to explain "how this economic integration would produce political integration and how the creation of supranational institutions could accelerate these processes."[29] Third, the intergovernmentalist and liberal-intergovernmentalist approach pays attention to interstate bargaining, emphasising that European integration is merely the result of states pursuing cooperation based on national preferences and for their own benefit. Lastly, the multi-level governance approach moves away from the traditional two-tier system of governance and instead

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[28] Ben Rosamond, *Theories of Integration* (New York: St. Martin's Press, 2000), 1.

[29] Ibid., 2.

suggests a multi-level governance – that of the subnational, national and supranational level; thus it seeks to explain the decision-making process in the European Union (EU) and subsequent weakening of national sovereignty. Hence, the various theories and approaches attempt to account not only for the dynamic forces that drive European states to intensify cooperation and integration, but also for the establishment of common political institutions. Moreover, European integration theories also reflect on a possible outcome of the integrative process.

The proposed outcomes of the integrative process by the respective theories are crucial since political union is the deepest form of integration, but the EU is not a political union (yet). It is the premise of this thesis to substantiate the following two claims. First, member states of the EU have weakened due to a transfer of national sovereignty to European institutions, subsequently leading to an erosion of national sovereignty contributed to European integration. Second, due to the loss of national sovereignty, European Union member states are unable to cope with the pressures forced upon states in the current international system. Hence, it is argued that the establishment of a federation is necessary since it will render the constituent units, albeit under the umbrella of a federation, more capable of dealing with state affairs as well as "the impersonal forces of world markets."[30] It is not the objective of this chapter to advance a new theory on European integration. Instead, in assessing the four approaches, this chapter seeks to establish the most precise theory in describing the process of European integration.

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[30] Strange, 4.

While every approach provides an appealing description of the integrative process and an intriguing explanation of the dynamic forces that drive European integration, it is argued that none of the theories can adequately account for the dynamic forces that drive European integration. Thus, the evaluation of the theories will reveal that the federalist approach, focused on the creation of a federal state as the result of the integrative process, neglects to account for the forces that drive integration. Neofunctionalism submitted premises that did not hold true in the reality of Eurosclerosis – a term first coined in the 1980s by Herbert Giersch referring to the relatively poor economic performance of Europe in contrast to dynamic and fast-growing markets in the United States and South-East Asia – and refuses to identify a specific *finalité politique* of the integrative process. Liberal intergovernmentalism, emphasizing cooperation and intergovernmental bargaining, fails to account for day-to-day politics and the multi-level character of the EU, and multi-level governance may prove self-destructive in its inability to bring forth an all-encompassing theory of European integration. However, while each theory is flawed on its own, they complement one another when linked together, thus compensating each other's weaknesses. Hence, only an á la carte approach in regards to the four theories on European integration can adequately illuminate the phenomenon of European integration.

However, among the four theories, the federalist approach and the liberal intergovernmentalist approach are the most instrumental to gain a deeper understanding in the process and dynamic of European integration. While these two theories may be at opposite ends of the spectrum – in context of the interpretation and outcome of the

integrative process – it will be seen how and why these two theories are at the forefront of describing the process of European integration.

Consequently, this chapter will introduce theories of European integration. The chapter will first outline the respective approaches and provide definitions. Federalism and federation approach will be examined first. Often used interchangeably, a distinction will be drawn between federalism and federation, and a definition of both terms will be provided. Following this, neofunctionalism is introduced. While the focus will be on neofunctionalism and its three premises – the spillover thesis, the elite socialization thesis, and the thesis on supranational interest groups – the discussion will include a concise overview of functionalism. Since Haas' neofunctionalism is largely based upon a critique of Mitrany's work, a brief introduction of functionalism is viable for the understanding of neofunctionalism. Intergovernmentalism and liberal intergovernmentalism are the focus of discussion next. Effectively challenging neofunctionalism, liberal intergovernmentalism grew to be the dominant theory in European integration in the 1980s. The premises offered by (liberal) intergovernmentalism are the focus of the examination. The introduction of the theories of European integration is completed with a brief assessment of multi-level governance.

The latter part of this chapter focuses on prominent advocates and their representation of federalism, neofunctionalism, (liberal) intergovernmentalism and multi-level governance. A critical analysis of the four respective theories concludes the chapter. In evaluating the above four theories on European integration, the analysis will examine how well each theory describes the integrative process, how adequately each theory explains the dynamic forces that drive integration, and which end state is

envisioned as a result of the integrative process.

Approaches and Definitions

Federalism, 'Federal Europe' and the 'Federal Idea'

Federalist theory has a long tradition in history and thought, and Ben Rosamond states that "given the diversity among European states, the attractions of federalism for the study of European integration are more than obvious."[31] Accordingly, Murray Forsyth highlighted three different paths of federalist theory that have been integral to the study of European integration. The first related to Immanuel Kant, who advanced the argument of creating a federation of free states in order to abolish war. The second path "sees federal arrangements as the correlate or superstructure of the idea of popular self-government, or of democracy in the classical, participatory sense."[32] Advocates of this strand, among them Rousseau, argued for a federal system that allowed for as "little power as ... necessary ... to be delegated upwards to higher levels, which are by definition less participatory, and that the higher levels themselves should be organized as loose federal units of the lower units, which are by definition more participatory."[33] This of course is reflected in the Treaty on European Union which states that "decisions are taken as closely as possible to the citizen."[34] The third strand of federal theory is "concerned with federalism ... as a phenomenon produced by the pulls and pressures of

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[31] Rosamond, 23.

[32] Murray Forsyth, "The Political Theory of Federalism: The Relevance of Classical Approaches," in *The European Union: Readings on the theory and practice of European integration*, ed. Brent F. Nelsen and Alexander Stubb (Boulder: Lynne Rienner Publishers, 2003), 205.

[33] Forsyth, 205.

[34] Treaty on European Union, 1992, [online version]; available from http://europa.eu.int/en/record/mt/ top.html; Internet; accessed 8 March 2005.

the political world, with its own logic distinct from that of the unitary state or the world

of international relations."[35] While there are different approaches in federalist theory, the

goal appears to be always the same that is "a clearly defined supranational state."[36]

However, while Michael Burgess argues that it is not uncommon to envision a

federal Europe when referring to the outcome of the integrative process, he emphasised

that:

> The phrase a 'federal Europe' refers to a conception of the EU that is constantly
> changing, but which has as its core a set of basic principles or assumptions that
> indicate a voluntary union of states and citizens committed to the shared goals of
> welfare, security, and prosperity, and which is structured in a manner specifically
> designed to preserve nation's identities, cultures, and interests, where these are
> consistent with the overall wellbeing of the union.[37]

Hence, the phrase a 'federal Europe' refers to the European idea and not to the need for

the establishment of a federation. Accordingly, Burgess argued "federalists do not wish to

create a 'European nation-state' of the sort alluded to by Mrs Thatcher. To paraphrase

Jeremy Bentham, this would indeed be 'nonsense on stilts.' It would be inaccurate,

absurd and disingenuous."[38] However, Mutimer's argument "for federalism, the end point

of [political] integration is all important … That end point, clearly, is the establishment of

a federal state," contradicts Burgess' statement.[39] In addition, Rosamond emphasized,

"federalist writers see statehood as either a desirable or inevitable mode of governance.

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[35] Forsyth, 206.

[36] Rosamond, 26.

[37] Michael Burgess, "Federalism and federation," in *European Union Politics*, ed. Michelle Cini
(Oxford: University Press, 2003), 66.

[38] Michael Burgess, *Federalism and European Union: The Building of Europe, 1950-2000*
(London: Routledge, 2000), 17.

[39] Mutimer,17.

… For federalists, the supranational state generates efficiencies of scale through a degree of centralization and upward devolution of policy competence."[40] Hence, the establishment of a federal state is indeed the desired goal of federalist theory and the argument will be made that the creation of a federal "super-state" in regards to the end-state of the European integration process is certainly not 'nonsense on stilts,' but a reasonable conclusion.

Since federalism and federation are quite often used interchangeably, a proper distinction is necessary. While federalism describes an ideology, federation describes its organization at the state-level. According to Burgess, federalism can be can be interpreted in three separate ways. First, as an ideology "in the sense that it is a body of ideas that actively promotes federation"; second, as "a philosophy of federal ideas and principles that prescribes federation as the good life, or as the best way to organize human relations"; and third, as an empirical fact "which pays homage to the complexity of human beings."[41] In the context of the EU, this suggests, "the 'ever closer union among the peoples of Europe' should be based upon the federal principle of 'unity in diversity.'"[42] While Burgess' conception of federalism is effective, for the purpose of this argument federalism is defined as a belief system that prescribes to the idea of establishing a federation.

While there is an abundance of definitions for the term federation, three main definitions may be distinguished in order to gain a better understanding of the concept. King offered the first definition and defined federation as "an institutional arrangement,

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[40] Rosamond, 26.

[41] Burgess, "Federalism and federation," 68.

[42] Ibid., 68.

taking the form of a sovereign state, and distinguished from other such states solely by

the fact that its central government incorporates regional units in its decision procedure

on some constitutionally entrenched basis."[43] While this definition concisely formulates

the concept, Burgess emphasized that far more important than the definition itself are its

underlying core principles. He states "mutual recognition and respect, ... toleration;

cooperation, compromise, bargaining, negotiation, reciprocity, obligation and

responsibility" as the core principles or *moral imperatives* underlying federation.[44] Based

on these core principles, he formulated his own definition of federation:

> A federation or federal state, then, is conventionally understood to be a particular
> kind of state wherein sovereignty is divided and shared between a central (federal)
> government and the constituent (member state) governments, and rooted in a
> written constitutional guarantee that can only be amended by special procedures
> that reinforce legitimacy by maximizing political consent.[45]

However, while existing federations function with two levels of government (a central

government and a state or provincial government), Ernest Wistrich provided a definition

of a federation that does not limit the federation to two levels of government.

Accordingly, his definition of federation in regards to a European federation is as follows:

"the essence of federalism lies in the decentralization of power wherever needs can be

satisfied at lower levels of government, closer to the citizen."[46] Consequently, a

federation can have more than two levels of government. This is crucial in its application

to a possible European federation since "decentralization wherever necessary is the

principle of 'subsidiarity,' which is at the heart of the integrative program of the

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[43] Preston King, *Federalism and Federation* (London: Croom Helm Ltd, 1982), 77.

[44] Burgess, *Federalism and European Union*, 13.

[45] Burgess, "Federalism and federation", 68.

[46] Mutimer, 18.

Maastricht Treaty."[47] Accordingly, Mutimer stated: "Federalism, as it is being developed in the practice of European integration holds out the promise of new form of state. A federation truly based on subsidiarity would not look much like any of our extant federations, as power would be diffused in varying ways and at varying levels throughout the union."[48] However, it is the task of this thesis to demonstrate that the creation of a European federation is "a perfectly feasible and empirically valid component in the overall explanation of the European construction."[49] It is not the task of this thesis to provide a tangible description of how such a federation might actually look like. Regardless of how a European federation may be construed, the end result will still be a sovereign state irrespective of a two-tier or multi-tier structure of government.

The Dominance, Obsolescence and Revival of Neofunctionalism

The theory of neofunctionalism was the dominant approach in European integration studies in the post-war period and was a "product of the new social scientific mindset that emerged in the United States after the Second World War."[50] But when the European integrative process began to stall in the 1960s (notably when Charles de Gaulle's "empty chair" politics paralyzed the institutions of the European Coal and Steel Community, the European Economic Community, and EURATOM) the foremost proponent of neofunctionalism, Ernst Haas, declared neofunctionalism as obsolete.

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[47] Ibid..

[48] Ibid, 18-19.

[49] Burgess, *Federalism and European Union*, xi.

[50] Rosamond, 50.

However, with the creation of the Single European Act and the Maastricht Treaty establishing the EU, interest in the theory was renewed and neofunctionalism remains central in the study of European integration theory.

While neofunctionalism set out to develop a grand theory of international relations, the unique development of political and economic integration in Europe quickly became the focus of neofunctionalism. Neofunctionalism, contrary to federalism, was not concerned with the end-state of the integrative process or how an integrated Europe might look. Instead, neofunctionalism "sought to explain the dynamics of change to which states were subject when they co-operated."[51] Moreover, whereas federalism prioritized the role of the state in the international system, neofunctionalism departed from that claim. Instead, while not entirely dismissing its importance, neofunctionalism recognized the importance of other actors in the international system. Based on this assertion, neofunctionalists focused "their attention on the role of supranational institutions and non–state actors, such as interest groups and political parties, who, they argue, are the real driving force behind regional integration efforts."[52]

Neofunctionalism is primarily focused on the *process* of integration and the factors that drive it. Hence, it is focused on revealing how and why economic integration may result in political integration. Contrary to realist theory, neofunctionalism is based on the premise that human beings are inherently good, capable of cooperation and progress. By extension, international relations was not viewed as a zero sum game but it was believed among neofunctionalists that "economic integration would strengthen all the states

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[51] Carsten Strøby Jensen, "Neo-functionalism," in *European Union Politics*, ed. Michelle Cini (Oxford: University Press, 2003), 81.

[52] Jensen, 80.

involved, and that this would lead to further political integration."[53] Furthermore, neofunctionalism attempted to explain what compelled states to engage in the integrative process. It is argued that it is indeed non-state actors that compelled states to engage in the integrative process. As a result, neofunctionalism advanced three concepts in regards to understanding the dynamics of the integration process: spillover, elite socialization, and supranational interest groups. These concepts will be explored later in this chapter.

Having provided a brief introduction to neofunctionalism, this chapter will furthermore show how the respective proponents of neofunctionalism suggest that integration undermines states' sovereignty, how interest groups are important international actors, and how integration would 'spill-over' beyond states' control.

Liberal Intergovernmentalism – "A Model of Parsimony and Clarity."[54]

The stalling of the integrative process beginning in the 1960s and lasting until the mid 1980s, and the failure of neofunctionalism to account for this development, gave rise to a new theory that not only challenged the dominance of neofunctionalism but also grew to be the dominant approach in European integration theory by the 1980s. Closely connected to (neo-) realism, intergovernmentalism assumed some of its core premises. First, due to the anarchic structure of the international system, nation-states are viewed as the most important actors in international relations. Consequently, intergovernmentalism recognized the importance of states as the key actors in the integration process and

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[53] Ibid., 84.

[54] Thomas Risse-Kappen, "Exploring the nature of the beast: International Relations Theory and Comparative Policy Analysis Meet the European Union," *Journal of Common Market Studies* 34, no. 1 (March 1996) : 53.

believed that "sovereignty rests with the EU's member states, although it may be in states' interests to share/pool sovereignty and to delegate it to European institution."[55] Without the states, integration or cooperation between the states would not occur. In this view, Hix argues that "European integration is driven by the interest and actions of nation states."[56]

Second, while the interests that dominate state behaviour stem from domestic society, they are indeed a reaction to the forces within the international system. Hence, states seek power in order to achieve goals that will ensure their survival in the anarchic system. Furthermore, while the anarchic structure is a constant and the system of interaction is always a constraint, the conditions within the structure can and do change. This is an important factor since it allows for the existence of regimes that may bring a degree of order to the system on the basis of international cooperation. States may cooperate with others as long as it serves their interests. Consequently, intergovernmentalists argue that European states cooperate with one another because it serves their own national interests.

Stanley Hoffmann, the key proponent of intergovernmentalism, advanced a theory that is based upon (neo-) realist premises and distinguished between low and high politics to explain the integrative process. Liberal intergovernmentalism on the other hand incorporated both realist and liberal components and sumbitted the premise that cooperation in the EU is based on interstate bargains between the member states. Hence, Moravcsik asserted, "whereas neo-functionalism stresses the autonomy of supranational

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[55] Michelle Cini, "Intergovernmentalism," in *European Union Politics*, ed. Michelle Cini (Oxford: Oxford University Press, 2003), 97.

[56] Simon Hix, *The Political System of the European Union* (New York: St. Martin's Press, 1999), 15.

officials, liberal intergovernmentalism stresses the autonomy of national leaders."[57] As a result, Moravcsik's theory is based upon a two-level analysis that includes domestic preference formation and EU intergovernmental bargaining. Based on this, Moravcsik determined that integration in the EU takes place through treaty reform. Moravcsik also advanced the statement that integration actually benefits states and strengthens national sovereignty.

Furthermore, just as neofunctionalism does not commit to an end-state of the integrative process, intergovernmentalism also does not attach an outcome to the co-operation among the member states. However, the refusal to commit to an outcome is based on the intergovernmental view of the integration process. Intergovernmentalists argue that "co-operation [occurs] in fits and starts, and not as a trend heading inexorably in one direction, towards some sort of European political community or federal state."[58] Consequently, since intergovernmentalism claims that the integrative process evident in the EU is merely a result of co-operation among member states to strengthen their sovereignty, it can forego addressing an end-state of European integration.

Multi-Level Governance – A New Form of Governance

While federalists, neofunctionalists, and intergovernmentalists were engulfed in a debate over what the EU has evolved into and whether it has evolved through a federal, supranational or intergovernmental process, a new approach to European integration

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[57] Andrew Moravcsik, "Preferences and Power in the European Community: A Liberal Intergovernmentalist Approach," *Journal of Common Market Studies* 34, no. 4 (1993) : 491.

[58] Ibid.

emerged, that of multi-level governance. Accordingly, Andrew Jordan posed the

following question in regards to the EU: "Is it an institutionally 'thick' terrain whose

essential purpose is it to facilitate interstate bargaining or has it gradually metamorphosed

into a unique political system with a life of its own?"[59] Advocates of multi-level

governance adopted the latter approach. Presented as a response to (liberal)

intergovernmentalism, multi-level governance referred "to negotiated, non-hierarchical

exchanges between institutions at the transnational, national, regional and local levels."[60]

Additionally, Peters and Pierre argued:

> MLG refers not just to negotiated relationships between institutions at different
> institutional levels but to a vertical '*layering*' of governance processes at these
> different levels...The important point here is that although we tend to think of
> these institutionally levels as vertically ordered, institutional relationships do not
> have to operate through intermediary levels but can take place directly between,
> say, the transnational and regional levels, thus bypassing the state level.[61]

It is argued that "the emergence of multi-level governance challenges much of our

traditional understanding of how the state operates, what determines its capacities, what

its contingencies are, and ultimately of the organization of democratic and accountable

government."[62] While liberal intergovernmentalism maintains that member states of the

EU are pre-occupied with the protection of national sovereignty and subsequently

strengthen national sovereignty by engaging in cooperative measures, multi-level

governance advanced the theory that national sovereignty is indeed eroding as a result of

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[59] Andrew Jordan, "The European Union: an evolving system of multi-level governance...or government?," *Policy and Politics* 29, no. 2 (April 2001) : 194.

[60] B. Guy Peters and Jon Pierre, "Developments in intergovernmental relations: towards multi-level governance," *Policy and Politics* 29, no. 2 (April 2001) : 131.

[61] Ibid., 132.

[62] Ibid., 131.

the integrative process. In the context of European integration, multi-level governance claimed that "the state is no longer the unrivalled king of the hill; it is being challenged by transnational institutions such as the EU."[63]

In order to defend this claim, multi-level governance attempts to explain the integrative process by moving away from the traditional two levels of government – the national and the supranational level – and instead argues that "European integration is a polity-creating process in which authority and policy-making influence are shared across multiple levels of government – subnational, national, and supranational. While national governments [remain] formidable participants in EU policy making, control has slipped away from them."[64] Member states do not hold authority alone, but there has been a "drift of authority from the national to the European level."[65] While multi-level governance emphasizes the multi-tier level, "it also emphasizes fluidity between these tiers, so that policy actors may move between different levels of action."[66]

Multi-level governance set forth the premise that states have experienced a modification in national sovereignty, but it does not suggest that national sovereignty has been entirely transferred to supranational institutions of the EU. Rather, it argues that power in the European Union has been scattered "among a variety of private and public agents."[67] Multi-level governance recognizes the importance of states, but it also

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[63] Ibid., 132.

[64] Liesbeth Hooghe and Gary Marks, *Multi-Level Governance and European Integration* (Lanham: Rowman & Littlefield Publishers, Inc, 2001), 2.

[65] Ben Rosamond, "New Theories of European integration," in *European Union Politics*, ed. Michelle Cini (Oxford: Oxford University Press, 2003), 120.

[66] Ibid.

[67] Ibid., 121.

acknowledges the importance of other players in the decision making process. Accordingly, beside the European Council and the Council it also emphasises the role of the Commission, European Parliament and interest groups. Hence, multi-level governance moves away from the traditional two-tier system of governance and instead suggests a multi-level governance – that of the subnational, national and supranational level.

Review of Literature

Monnet vs. Spinelli and the Long Road to Federation

While the idea of a federal solution as the result of the integrative process is the common denominator among advocates of the federalist approach, contention lays in the manner of attaining that end-state. Here, two different approaches can be highlighted. While one school promoted the 'big bang' approach, arguing that the establishment of a federation "should be an act of constitutional immediacy," the second school supported a more gradual approach that saw the creation of a federal state by a serious of gradual steps that will ultimately lead to the desired outcome.[68] While the first approach is closely linked to Altiero Spinelli, the second approach is endorsed by Jean Monnet, commonly referred to as the father, architect, and builder of the EU.

Since federalists place a great focus on the outcome of the integrative process (the establishment of a federation), the need to create federal institutions "places intergovernmental bargaining at the heart of the integrative process."[69] In attaining this

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[68] Rosamond, *Theories of European Integration,* 27.

[69] Mutimer, 19.

objective, advocates of the first school followed two distinctly different ways. One strand

saw the realization of federal integration by drafting a preliminary European constitution

that would then be ratified by the constituent member states. It is dubbed the 'big bang'

approach for it saw the establishment of a federal Europe by creating federal-type

institutions, and thus an immediate transfer of national sovereignty to a supranational

government from the outset. But the failure of the Council of Europe as well as the

failure of the European Parliament to produce such a constitution rendered this approach

ineffective.[70] Hence, this approach is volatile in conceptualizing the attainment of a

European federation for obvious reasons. A European federal state based on a European

constitution does not yet exist and therefore, federal institutions have not been created

from the outset nor did an immediate transfer national sovereignty to a supranational

government take place.

When the first strand proved unsuccessful in attaining the objective, a second

strand emerged. This approach no longer focused on the institutions to produce a

constitution establishing a federation but concentrated on "direct intergovernmental

agreement" in achieving a federal union.[71] Accordingly, the argument is made that "the

creation of a federal state involves the member states ceding sovereignty to the central

government, [which] will only be achieved in an intergovernmental bargain."[72] Altiero

Spinelli, formerly a proponent of the 'big bang' approach, was the foremost advocate of

this line of reasoning. He argued that without an instantaneous and all-embracing

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[70] Mutimer, 19.

[71] Ibid., 20.

[72] Ibid.

transformation of European states into a federal European state, Europe would remain nothing more than a "Common Market" since the political centre was too weak.[73] He claimed:

> [Federalists] plan to form a small nuclei [sic] of nonconformists seeking to point out that national states have lost their proper rights since they cannot guarantee the political and economic safety of their citizens. They also insist the EU should be brought about by the European populations, and not by diplomats, by directly electing a European constituent assembly, and by the approval through a referendum, of the constitution that this assembly would prepare.[74]

The 'democratic deficit' evident in the EU institutions appears to support Spinelli's claim of the development of a 'weak centre.' Moreover, his argument asserting the inability of member states to guarantee the political and economic safety of their citizens will prove a viable one in reasoning for the need to establish a European Federation. Though the Single European Act and the Maastricht Treaty were the result of intergovernmental conferences, and this approach addressed the issue of state sovereignty, Mutimer makes a good point in asserting that this approach "shares with other federal approaches the problem of its not accounting for the *reasons* for states agreeing to federal union."[75]

The second approach, endorsed by Monnet, saw the establishment of a federal Europe as the result of an integrative process. While the realization of a federation was always Monnet's goal, he aimed at building a federal Europe by a serious of economic steps. Accordingly, he wrote:

> We believed in starting with limited achievements, establishing de facto solidarity, from which a federation would gradually emerge, I have never

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[73] Derek W. Urwin, "The European Community: From 1945 to 1985," in *European Union Politics*, ed. Michelle Cini (Oxford: University Press, 2003), 13.

[74] Altiero Spinelli, "The Growth of the European Movement since the Second World War," in *European Integration*, ed. Michael Hodges (Harmondsworth: Penguin, 1972), 68.

[75] Mutimer, 20.

believed that one fine day Europe would be created by some great political mutation, and I thought it wrong to consult the peoples of Europe about the structure of a Community of which they had no practical experience. It was another matter, however, to ensure that in their limited field the new institutions were thoroughly democratic; and in this direction there was still progress to be made ... the pragmatic method we had adopted would ... lead to a federation validated by the people's vote; but that federation would be the culmination of an existing economic and political reality, already put to the test ... it was bringing together men and practical matters.[76]

Hence, Monnet can be considered a true hybrid of two schools – the federalist and functionalist approach. Monnet aimed to achieve a federation by forging functional links between the member states that would not directly challenge the member states' national sovereignty but gradually evolve into a federation.[77] While these functional links were primarily economic links in the early stages of European integration, Monnet believed that a federation would be the final stage, although he did not put a time limit on the process. Accordingly, "Monnet's approach meant that the architects of Europe had no need to start with a constitution and never had to concern themselves very much with the contentious question of national sovereignty, a federal Europe was to be the culmination, not the beginning, of a long process of economic integration."[78] Hence, while the Monnet Method entailed the economic integration of the respective member states, brought forward by the establishment of the ECSC and EEC, Spinelli argued that without the creation of strong political institutions that focused on European matters, "national responses would prevail."[79] The laggard development in creating strong European institutions supports Spinelli's claim.

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[76] Jean Monnet, *Memoirs* (New York: Doubleday, 1978), 367.

[77] Burgess, "Federalism and Federation", 77.

[78] Ibid.

[79] Ibid., 75.

Neofunctionalism and the Challenge of Eurosclerosis

While the theory of neofunctionalism can be greatly attributed to Ernst B. Haas,

Haas largely based his theory upon a critique of functionalism developed by David

Mitrany. Though Mitrany cannot be regarded as a theorist of European integration, he did

prove a great influence to later advocates of integration. Therefore, a concise overview

of functionalism is necessary in order to gain a better understanding of neofunctionalism.

Mitrany developed his theory "in the context of the imminent end to World War II

with its need to reconstruct an international order shattered by the War, and against the

backdrop of federalist proposals for a post-war world government."[80] In view of the

failure of the League of Nations to create a lasting peace after World War I, Mitrany

argued that

> a league would be too loose to be able to do it; a number of sectional federations
> would, on the contrary, be too tight to be welded into something like it; therefore,
> when the need is so great and pressing, we must have the vision to break away
> from traditional legalistic ideas and try some new way that might take us without
> violence towards the goal.[81]

Mitrany was opposed to regional federations because he saw their potential for the

formations of super-states. Likewise, he was opposed to world governments.

Instead, Mitrany presented a theory that proposed the transfer of functional tasks

from governments to international agencies in order to establish a lasting peace. While

prioritizing human needs or public welfare, the functionalist approach states that "human

beings need to be both rational about what their needs are and creative with respect to the

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[80] Mutimer, 21.

[81] David Mitrany, *A Working Peace System: An Argument for the Functional Development of International Organization* (London: The Royal Institute of International Affairs, 1943), 7.

construction of authoritative institutions that can perform the *function* assigned to them."[82] Accordingly, Mitrany himself described functional integration as follows:

> What would be the broad lines of such a functional organization of international activities? The essential principle is that activities would be selected specifically and organized separately, each according to its nature, to the conditions under which it has to operate, and to the needs of the moment. It would allow, therefore, all freedom for practical variation in the organization of the several functions, as well as in the working of a particular function as needs and conditions alter.[83]

Furthermore, by clearly differentiating the political from the technical, Mitrany sought to overcome state sovereignty. Accordingly, Mitrany argued that the "most disruptive and intractable of international principles, the principle of state equality, may well be tamed by specific functional arrangements which would not steal the crown of sovereignty while they would promise something for the pursue of necessity."[84] Thus, Mutimer pointed out that "states would ... be tricked into ceding their sovereignty by having it emptied of meaning. States would agree to the functional arrangements because they promised to provide services which the states require, but the formal title of sovereignty would not be transferred to an overarching federation."[85] However, while Mitrany's functionalism "offered a distinctive alternative to normal ways of thinking about a post-Westphalian international order," the assumption of a clear distinction between the political and functional was not only rejected by Ernst Haas but also provided the source for developing a new theory – neofunctionalism.[86]

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[82] Rosamond, *Theories of European Integration*, 33.

[83] Mitrany, 32-33.

[84] Ibid., 29.

[85] Mutimer, 25.

[86] Rosamond, *Theories of European Integration*, 39.

Accordingly, Haas recognized that the political cannot be separated from the functional and argued instead:

> Power and welfare are far from separable. Indeed, commitment to welfare activities arises only within the confines of purely political decisions, which are made largely on the basis of power consideration. Specific functional contexts cannot be separated from general concerns. Overall economic decisions must be made before any one functional sector can be expected to show the kind of integrative evolution that the Functionalist describes.... The distinction between the political and the technical, between the politician and the expert, simply does not hold because issues were made technical by a prior political decision.[87]

Emerging from a critique of functionalism, Haas advanced the concept of spillover in regards to understanding the dynamic of the integration process. The concept of spillover assumes a close interconnectedness of policy areas and refers

> to a process whereby members of an integration scheme-agreed on some collective goal for a variety of motives but unequally satisfied with their attainment of these goals-attempt to resolve their dissatisfaction by resorting to collaboration in another, related sector (expanding the scope of mutual commitment) or by intensifying their commitment to the original factor (increasing the level of mutual commitment), or both.[88]

New goals are achieved in order to accomplish the original goals and political co-operation will extend into areas that were not intended from the outset. Haas himself introduced the concept of spillover as follows:

> Thus a "spillover" into new economic and political sectors certainly occurred in terms of expectations developing purely in the *national* contexts of the elites involved. Yet these expectations were reinforced along supranational lines not only because action was demanded of the High Authority but because continuous lobbying with the labour leaders from other countries became both necessary and possible.[89]

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[87] Ernst Haas, *Beyond the Nation-State: Functionalism and International Organization* (Stanford: Stanford University Press, 1964), 23.

[88] Philippe C. Schmitter, "Three Neofunctional Hypotheses about International Integration," *International Organization* 23, no. 1 (1969) : 162.

[89] Ernst Haas, *The Uniting of Europe : Political, Social and Economic Forces, 1950-1957* (Stanford: Stanford University Press, 1958), 292.

While spillover was to occur in economic policy areas first, it was assumed by Haas that "economic integration will gradually accelerate, spilling over incrementally into larger and larger areas, encroaching further and further into the political sphere, until a 'takeoff' point is reached. After the takeoff point, the central institutions will spill over at a dramatically increased rate, and community building will begin at earnest."[90] Lindberg also applied the concept of spillover and argued "...'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."[91]

Within the concept of spillover, three distinct types can be distinguished. First, functional spillover implies that modern economies are comprised of interdependent parts making it virtually impossible to isolate economic areas from one another. Therefore, when co-operation takes place in one sector, it creates pressures for co-operation in another related area, resulting in integration in those areas.[92] Accordingly, Lindberg and Scheingold argued: "Governments may be forced from one level of accommodation to another."[93] Second, political spillover follows functional spillover and assumes that "policy areas are deliberately linked together, not because they are functionally or technologically related, but for political or ideological reasons."[94] Lastly, cultivated

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[90] Mutimer, 30.

[91] Leon N. Lindberg, *The Political Dynamics of European Economic Integration* (Stanford: Stanford University Press, 1963), 10.

[92] John McCormick, *Understanding the European Union* (Palgrave: London, 1999), 15.

[93] Leon N. Lindberg and Stuart A. Scheingold, *Europe's Would-Be Polity: Patterns of Change in the European Community* (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1970), 117.

[94] Jensen, 85.

spillover occurs in situations where supranational actors such as the European

Commission establish an agenda involving the deepening of political integration at the

supranational level, albeit member states may be hesitant committing to deepening

integration.[95] Hence, neofunctionalists had high expectations in the European

Commission not only to 'cultivate' the process of integration but also to engage interest

groups and national officials in partner-ships to accelerate integration.

The second concept presented by neofunctionalism is elite socialization. Elite

socialization entails the development of European loyalties and preferences by those who

are involved in the supranational policy process on a regular basis. It assumes that people

working in European institutions will relinquish their loyalty to their own nation-state and

instead, be loyal not only to the institutions they work for but also to the European idea at

large. Accordingly, Lindberg and Scheingold defined the process as follows: "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."[96] Moreover, Jensen stated:

> Neo-functionalists predicted that European integration process would lead to the
> establishment of elite groups loyal to the supranational institutions and holding
> pan-European norms and ideas. This elite will try to convince their national
> governments of the advantages of supranational cooperation. At the same time ...
> international negotiations would become less politicized. It would make it more
> difficult for states to adhere to their national agenda.[97]

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[95] Ibid.

[96] Lindberg and Scheingold, 119.

[97] Jensen, 86.

Neofunctionalists believed that supranational institutions are likely to have their own agenda at the outset, but also argued that the supranational agenda will "triumph over interests formulated by member states" over time.[98] Consequently, Haas argued,

> political integration is the process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectation and political activities toward a new centre, whose institutions posses or demand jurisdiction over the pre-existing national states. The end result of a process of a political integration is a new political community, superimposed over the pre-existing ones.[99]

The European Parliament serves as such an example. When the European Parliament became an elective body in 1979, members of Parliament, just like in national parliaments, grouped themselves along party and ideological lines rather than along national lines. However, recent developments in the EU, including the vote against the ratification of the European constitution by both France and the Netherlands, illustrated that the supranational agenda developed by European institutions may be too far ahead of the member states' people. Therefore, furthering the integrative process, engineered by elite, is impossible without the popular support of the citizens of the EU.

The third concept neofunctionalism explaind, is that of the formation of supranational interest groups. The argument is made that not only civil servants of European institutions develop a supranational orientation, but so will interest groups. Accordingly, Haas argued that "interest groups in question approach one another supranationally while their erstwhile ties with national friends undergo deterioration."[100] This line of reasoning is based upon the assumption that interest groups are committed to

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[98] Ibid., 84.

[99] Haas, *The Uniting of Europe*, 16.

[100] Ibid., 313.

the integrative process. As integration moves forward, interest groups will try to match

this development and reorganize themselves with a supranational orientation.

Accordingly, Lindberg and Scheingold argued: "We do not assume that actors will be

primarily or even at all interested in increasing the scope and capacities of the system per

se. Some will be, but by and large most are concerned with achieving concrete economic

and welfare goals and will view integration only as a means to these ends."[101] Hence,

invested in the integrative process, these interest groups will pressure their respective

national governments to further European integration.[102]

While neo-functionalism refers to 'supranationality,' and the transfer of more and

more state sovereignty to the supranationality, the precise institutional form of this

supranationality is left undefined. While some may suggest a federal solution as the neo-

functional end-result, various other solutions are also possible since neo-functionalism is

not theoretically limited to any particular kind of political integration. In view of that,

Sweeny wrote "institutions are an important outcome of the integration process, that is,

they are a measure of the success of the integration project."[103] Thus, neofunctionalism

only refers to supranational institutions but does not specify a particular end point to

integration. Haas himself refused to take a stand on the subject and addressed the

question of the *finalité politique* of the integrative process as follows: "The verbally

defined single terminal condition with which we worked in the past – political

community, security community, political union, federal union – are inadequate because

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[101] Lindberg and Scheingold, 117.

[102] Jensen, 87.

[103] J. Sweeny, *The First European Elections: Neofunctionalism and the European Parliament* (Boulder, 1984), 25.

they foreclose real-life possibilities."[104] However, he did not take a stand on what these possibilities might be. Therefore, one of the weaknesses of neofunctionalism then is the aversion to taking a firm stand on the end-state of the integrative process.

Liberal Intergovernmentalism

Contrary to neofunctionalists, intergovernmentalists refer to *cooperation* rather than integration when describing the European integrative process. States are rational actors pursuing cooperation based on national preferences and for their own benefit. Advocates of intergovernmentalism argue that European nation-states could only guarantee their survival by cooperating in the post-War period and in the context of the emerging Cold War. Intergovernmentalists maintain that member states did not relinquish their sovereignty at any point. They also make the statement that the European Union is "an experiment in pooling sovereignty, not in transferring it from states to supranational institutions."[105] The argument is made that European institutions are a medium that advances the bargaining process. The European Council and Council of Ministers are recognized as the most powerful bodies since these two institutions are the main decision-making bodies in the EU. While acknowledging their importance, intergovernmentalists view them as "servants of the member states" rather than "playing an independent or autonomous role within the European integration process."[106] As a

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[104] Ernst Haas, "The Study of Regional Integration: Reflections on the Joy and Anguish of Pretheorizing" *International Organization* 24, no. 3 (1970) : 631.

[105] Robert O. Keohane and Stanley Hoffmann, "Conclusions: Community Politics and Institutional Change," in *The Dynamics of European Integration*, ed. William Wallace (London: Royal Institute of International Affairs, 1990), 277.

[106] Cini, 96.

result, member states may delegate sovereignty to these institutions but it is the member states themselves hold the power.

Stanley Hoffmann, the key proponent of intergovernmentalism, criticized neofunctionalism on the grounds of ignoring the greater context of European integration and neglecting the importance of nation-states as the key actors. He stated "[t]he emphasis on the *process* led to a certain neglect of the *context*, or at least to a view of the context that may have been too selective."[107] He subsequently advanced a theory that distinguished between high and low politics. Hoffman argued that while functional integration is possible in low politics that is in the economic sphere where it is in the state's best interest to do so, states are reluctant to push integration in high politics, the political sphere.[108] However, his theory was met with criticism and developments over the last ten years have illustrated that integration in high politics has indeed taken place.

In the early 1990s, Andrew Moravcsik publicized the theory of liberal intergovernmentalism, which Risse-Kappen referred to as "a model of parsimony and clarity."[109] Focusing primarily on the treaties between member states, Moravcsik claimed that "intergovernmental conferences and consequent modifications of the constitutive treaties are completely dominated by Member States [and] that the main object of European studies should be the treaties."[110] Moravcsik argued that European institutions should be viewed as a medium that advances the bargaining process. Substantiating this

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[107] Stanley Hoffmann, "The European Process at Atlantic Crosspurposes," *Journal of Common Market Studies* 3, no. 2 (1964) : 85.

[108] Rosamond, *Theories of European Integration,* 77.

[109] Risse-Knappen, 63.

[110] Álvaro Morcillo-Laiz, *The New Europe,* available from http://www.unc.edu/depts/europe/eui/papers/Morcillo_writing.doc, Internet; accessed on 8 June, 2005.

claim, he argued that "governments delegated and pooled sovereignty in international institutions for the express purpose of committing one another to cooperate."[111] While Moravcsik incorporated both realist and neoliberal premises into his theory, it is argued that he offered "a model of a two-level game to explain European integration consisting of a liberal theory of national preference formation and an intergovernmentalist account of strategic bargaining between states."[112]

Moravcsik's argument is based upon a cost-benefit analysis which entails that "participation in co-operation of this kind will rest on a weighing up the pros and cons of membership and on the extent to which European integration improves the efficiency of bargains struck among its member states. The main aim in engaging in this qualitative cost-benefit analysis is to protect national interests."[113] Hence, Moravcsik claimed that member states' willingness to engage in cooperation rests upon domestic politics determining national preferences. Once national preferences have been determined, governments will bring these to the bargaining table at intergovernmental conferences.[114] Drawing on the rationality of states, Moravcsik argued that

> the primary interest of government is to maintain themselves in office ... this requires the support of a coalition of domestic voters, parties, interest groups and bureaucracies, whose views are transmitted, directly or indirectly, through domestic institutions and practices of political representation. Through this process emerges the set of national interests or goals that states bring to international negotiations.[115]

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[111] Andrew Moravcsik, *The Choice for Europe. Social Purpose and State Power from Messina to Maastricht* (London: UCL Press, 1998), 3-4.

[112] Rosamond, *Theories of European Integration,* 136.

[113] Cini, 95.

[114] Ibid., 136-137.

[115] Moravcsik, "Preferences and Power in the European Community," 483.

Hence, member states will only engage in the bargaining process if national international preferences allow them to do so.

Once national preferences have been determined and states engage in bargaining, Moravcsik made the following assumptions about the bargaining process. First, states enter the bargaining process voluntarily. Second, interstate bargaining takes place in an environment that is "information-rich in two ways: there is wide spread knowledge about the technicalities of EU policy-making and states have a clear idea of the preferences of and constraints upon other states."[116] The third assumption is that the "transaction costs of EU bargaining are low."[117] Based on these assumptions, Moravcsik claimed that EU bargaining not only benefited the respective member states but indeed strengthened the nation-state. Accordingly, he affirmed that

> national governments are able to take initiatives and reach bargains in council negotiations with relatively little constraint. The EC provides information to governments that is not generally available. ... National leaders undermine potential opposition by reaching bargains in Brussels first and presenting domestic groups with an 'up or down' choice ... Greater domestic agenda setting power in the hands of national political leaders increases the ability of governments to reach agreements by strengthening the ability of governments to gain domestic ratification for compromises or tactical issue linkages."[118]

However, this thesis rejects this claim. On the contrary, a closer look at European politics and the level of integration present in the EU today will indeed reveal that European integration has weakened the state.

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[116] Rosamond, *Theories of European Integration,* 138.

[117] Ibid.

[118] Moravcsik, "Preferences and Power in the European Community," 515.

Multi-level governance – The Metamorphosis of the EU

Proponents of multi-level governance claimed that "grand theories such as neofunctionalism and intergovernmentalism have steadily fallen out of favour" since both the neofunctionalist and state-centric approach to European integration are limited to two levels of government.[119] However, multi-level governance maintains that governance in the EU has moved beyond the two distinct levels of government "decision-making authority is gradually dispersing across different sectors and levels of action."[120] Drawing on the importance of multi-level governance, Ian Bache summed up the concept as follows: "While multi-level governance remains a contested concept, its broad appeal reflects a shared concern with increased complexity, proliferating jurisdictions, the rise of non-state actors, and the related challenges to state power."[121] In this view, this section will explore the premises established by multi-level governance.

Understanding the term governance is integral to understanding the multi-level governance approach. Since it is often used vaguely, the following definition illuminates the concept:

> [Governance is] a pattern or structure that emerges in socio-political systems as a 'common' result or outcome of the interacting intervention efforts of all the involved actors. This pattern cannot be reduced to one actor or group of actors in particular ... No single actor, public or private, has all knowledge or information required to solve complex, dynamic and diversified problems; no actor has sufficient overview to make the application of particular instruments effective; no

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[119] Andrew Jordan, "The European Union: an evolving system of multi-level governance ... or government?," *Policy & Politics* 29, no. 2 (April 2001) : 194.

[120] Ibid., 199.

[121] Ian Bache and Matthew Flinders, "Themes and Issues in Multi-Level Governance," in *Multi-level Governance*, eds. Ian Bache and Matthew Flinders (Oxford: University Press, 2004), 4-5.

single actor has sufficient action potential to dominate unilaterally in a particular governing model.[122]

While Kooiman described governance en large, the term is adopted by the multi-level governance approach. Here, EU *governance* is defined as "a political system which is 'fractured, decentred and often lacking in clear spatial ... as well as functional ... lines of authority,' [and] has replaced *government* dominated by sovereign states."[123] Moreover, Jordan suggested "some observes have gone as far as to describe the EU as *the* paradigm example of a post-modern governance system."[124] Hence, by focusing on governance rather than government, it allowed advocates of multi-level governance a different point of departure when exploring policy-making in the EU. Accordingly, Marks maked the following statement:

> The point of departure for [the] ... [MLG] approach is the existence of overlapping competencies among multiple levels of governments and the interaction of political actors across these levels. Member State executives, while powerful, are only one set among a variety of actors in the European polity. States are not the exclusive link between domestic politics and intergovernmental bargaining in the EU. Instead of the two level game assumptions adopted by state-centrists, MLG theorists posit a set of overarching, multi-level policy networks. The structure of political control is variable, not constant, across policy areas.[125]

Drawing on the concept of governance rather than government, multi-level governance presents the following three premises.

First, while multi-level governance recognizes the importance of states in the integrative process, it maintains, "decision-making competencies are shared by actors at

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[122] Jan Kooiman, *Modern Governance: new government society interactions* (London: Sage, 1993), 4.

[123] Jordan, 194.

[124] Ibid., 199.

[125] Gary Marks, "Exploring and explaining variation in EU cohesion policy," in *Cohesion policy and European integration*, ed. Liesbet Hooghe (Oxford: Oxford University Press, 1996), 41.

different levels rather than monopolized by national governments."[126] Hence, an analysis

of policy-making in the EU cannot exclusively be based upon member states but "the

independent role of European-level actors" must be considered in order to fully explain

European policy making.[127]

Second, contrary to the state-centric approach, multi-level governance claims that

"collective decision making among states involves a significant loss of control for

individual national governments … Decisions concerning rules to be enforced across the

EU … have a zero-sum character and necessarily involve gains or losses for individual

states."[128] Hence, it is argued that in an organization as large as the EU, encompassing

twenty-seven sovereign states, the decision making process will inevitably entail

undesirable results among member states.

Lastly, the multi-level governance approach rejects the claim of liberal

intergovernmentalism that a separation between domestic and international politics is

possible. Instead, it claims "subnational actors operate in both national and supranational

arenas, creating transnational associations in the process."[129] Based on these premises,

multi-level governance insists that "European integration has weakened the state."[130]

Therefore, the integrative process does not result in a strengthening of national

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[126] Liesbeth Hooghe and Gary Marks, *Multi-Level Governance and European Integration* (Lanham: Rowman & Littlefield, 2001), 3.

[127] Ibid.

[128] Ibid., 4.

[129] Ibid.

[130] Ibid., 3.

sovereignty as claimed by intergovernmentalists. On the contrary, state sovereignty has actually eroded since the start of the integrative process.

It is the premise of this thesis to substantiate the claim that the European integration process has led to a transfer of national sovereignty to the European level, subsequently eroding the national sovereignty of member states. Thus, the discussion of multi-level governance and how "EU decision making has been compromised by European integration" will be instrumental in supporting the above claim.[131]

Analysis

Federalism

Federalists are often accused of placing too strong a focus on the outcome of the integrative process rather than "understanding the dynamic of the integration process."[132] Having previously alluded to one weakness in the federalism and federation approach – the incapability of accounting for the motives of member states to relinquish national sovereignty in favour of establishing a European federation – the approach may be critiqued on two more levels. The first critique contests the claim of federalists that federations are guarantors of peace. The second critique is based on the state-centric approach of federalists and argues that due to the inherent problems of nation-states, in particular their affinity to war; the goal should be to overcome the concept of nation-

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[131] Ibid., 4.

[132] Mutimer, 19.

states rather than reproducing them on an even greater scale which may result in multiplying the problems.

Regarding the first critique, Monnet's intention to create a European federation is indeed based upon the objective of creating a lasting peace among former rivals. The argument that the creation of a "federation is the best answer to interstate violence" does not hold true, for there are countless examples of interstate violence in history that have not let the establishment of federations.[133] However, the European integration process is a unique one and without precedent. Drawing comparisons is of no avail in determining the outcome of the integrative process. However, Michelmann and Soldatos raised a very important question in regards to the possible establishment of a 'super' federation. They argued: "federation is supposed to guarantee peace by joining states together in a single political union. ... By federating a number of states, one creates a larger and more powerful whole, which is certainly more capable of waging war than any of its constituent units were before they were federated."[134] However, since every member-state of the EU is democratic by nature, it can be safely assumed that the nature of a newly created European Federation would also be a democratic one. Based on this assumption, the liberal democratic peace theory (DPT) is applicable. DPT emanated from Kant's essay *Perpetual Peace*, in which he argued that republican states (Rechtsstaat) would not go to war with one another and thus enjoy eternal peace; the theory holds that "democracies almost never go to war with each other, and the notion that democracies are

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[133] Mutimer, 20.

[134] Ibid.

more pacific in general than other types of states."[135] While the DPT holds true among

democratic states – democratic states have not warred with each other – it is a myth that

democratic states are more pacific in general. Indeed, it has been argued that democracies

often go to war with non-democracies, and are particularly prone to conflict with

democratizing states. Nonetheless, as previously pointed out, it is a safe assumption that a

newly created European Federation would be democratic in character. Consequently, it

would pose no threat to democratic states. While certainly more capable of waging war

with non-democracies, only the future can unfold if this newly founded federation would

indeed wage more wars then its current units are engaged in at the present time.

While this thesis takes the position that the political, economic and military

strengths a European Federation would exhibit is a great advantage in regards to an

external threat, Rosamond presented the following concern:

> The rationale behind the advocacy of federalist solutions is the hope that the
> conflictual tendencies inherent in the (European) state system might be
> overcome. Yet, a normal outcome of federalist engineering is the reproduction
> of a state-like entity, replicating the format of the nation-state, albeit in
> supranational form. The extent to which such an outcome could successfully
> dissolve the existing modalities of international order is questionable. If part
> of the impulse behind federalist thinking is to render actors more capable of
> dealing with existing state affairs, then the root of international conflict has
> not been addressed.[136]

While Rosamond presented a valuable point here, a discussion of the root of

international conflict it not the premise of this thesis. It is, however, the premise of this

thesis to demonstrate that the establishment of a federation is necessary since it will

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[135] Miriam Fendius Elman, ed., *Paths to Peace* (Cambridge: MIT Press, 1997), vii.

[136] Rosamond, *Theories of European Integration,* 27.

render the constituent units more capable of dealing with state affairs, albeit under the umbrella of a federation.

The notion, however, that the EU must result in the establishment of a European federation is met with uneasiness as it naturally assumes the creation of a 'super-state.' Since the state is regarded by some theories as "either ... an irrational capsule for human governance or is poised with inherent warlike propensities," federalists are accused of promoting a replica of an 'evil' that should be abolished rather than established on an even greater scale.[137] Based on the assumption that the concept of the nation-state is inherently flawed, Rosamond indicated two dangers that the possible establishment of a European Federation may face. First, he argued that "the concentration of significant elements of governing capacity at the European level creates a dangerous distance between the governors and the governed."[138] However, if Wistrich's definition of federation is applied to the establishment of a European federation, the 'democratic deficit' apparent in the EU now, may be overcome. The second obstacle Rosamond identified is the notion of the creation of an "Orwellian nightmare of interregional rivalries as 'super-states' reproduce the flaws of a nation-state based international system – but on a bigger scale."[139] Nonetheless, while the creation of an 'Orwellian nightmare' is a vague possibility, the loss of national sovereignty is a reality and can only be overcome by founding a European federation.

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[137] Rosamond, *Theories of European Integration,* 30.

[138] Ibid.

[139] Ibid.

To sum up thus far, while the necessity of the establishment of a federal Europe is demonstrated by the federalism and federation approach, the approach does not account for the engines that drive integration or the motives of member states relinquishing national sovereignty entirely in favour of a federation. Consequently, while a federal Europe is a desirable outcome for the integrative process, the approach falls short in adequately explaining the European integration process.

Neofunctionalism

While neofunctionalism was the dominant theory on European integration in the 1950s and 1960s, the absence of the predicted intensification of spillover into the political spheres opened the doors for an array of critiques. Neofunctionalists were attacked on both empirical as well as theoretical grounds. On empirical grounds, the approach was critiqued on the basis of the absence of the predicted accelerated spillover which obviously did not take place. Instead, Europe's economic performance stagnated and deteriorated climaxing in Eurosclerosis (term coined by economists to describe the 'disease' of the apparent stagnation of the economy in the European Community). Haas himself even referred to a "spillback" rather then spillover.[140] In view of that, in 1982, the cover of the March issue of the Economist featured a gravestone with that read as follows: "EEC, BORN MARCH 25, 1957, MORIBUND MARCH 25, 1982, CAPAX

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[140] Jensen, 88.

IMPERII NISI IMPERASSET." ('It seemed capable of power, until it tried to wield it')[141]

Theoretical criticisms of neofunctionalism are threefold. First, rather than becoming more Europeanized as neofunctionalists argued, the case was made that national representatives would indeed become "more nationally oriented when vital political issues were on the agenda."[142] The second set of objections came from Haas himself. By the late 1960s, Haas had accepted that his predictions in regards to European integration and the concept of spillover did not portrait the European integration process accurately. As a result, he developed a different approach, largely based upon the theories of interdependence developed by Keohane and Nye, and argued that "institutions such as the EC/EU should be analyzed against the backdrop of the growth in international dependence, rather than as regional political organizations."[143] Disillusioned by the downward movement of the integrative process, Haas soberly asserted: "What once appeared to be a distinctive 'supranational' style looks more like a huge regional bureaucratic appendage to an intergovernmental conference in permanent session."[144] Hence, Haas did not only distance himself from his own theory but he rejected it entirely.

The third criticism is based upon the supranational element in the theory and the nominal importance neofunctionalism places upon the nation-state. Not surprisingly, this line of attack is brought forth by the intergovernmental approach. Advocates of

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[141] *The Economist*, March 25, 1982, 8.

[142] Jensen, 89.

[143] Ibid.

[144] Ernst Haas, *The Obsolescence of Regional of Integration Theory* (Berkley: Institute of International Studies, 1975), 6.

intergovernmentalism argued that neofunctionalism does not place enough emphasis on the nation-state and that "regional forms of co-operation should be analyzed as intergovernmental organization."[145] Since intergovernmentalists regard the nation-state as the key actor in the international system, it is argued that member states do not engage in the integrative process as outlined by neofunctionalists but that nation-states will only engage in co-operation if it furthers their own interests and is viable for their own survival. Thus, intergovernmentalists rejected neofunctionalism and argued instead that "nation states are thus prepared to cede formal competence to supranational institutions only if by so doing can they ensure, or possibly regain, control of specific areas of policy."[146] The claim that nations-states actually strengthen their sovereignty by cooperating with each other will be examined in greater detail in the discussion of intergovernmentalism.

Additionally, while neo-functionalism explained the dynamics on integration, it did not address the end-state of integration. According the Charles Pentland, the integration process involved giving "greater powers and competence to common organizations, and [increasing] the range and importance of the decisions taken jointly rather than separately by national governments."[147] Neofunctionalists deliberately undermined and even relinquished national sovereignty and envisioned "integrated neofunctionalist institutions [that] involve the exercise of parts of states' sovereignty 'beyond the national state', but without these powers fully being relinquished to an

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[145] Jensen, 89.

[146] Ibid.

[147] Charles Pentland, *International Theory and European Integration* (London: Faber, 1973), 100.

autonomous institution."[148] With the pressures nation-states are confronted within the international system today, the effects of the transfer of national sovereignty could prove disastrous for the member states. Yet, neofunctionalism's lack of possible suggestions for a *finalité politique* presents a serious limitation when addressing European integration.

The last type of criticism does not attack the theory itself but rather criticizes that "neo-functionalism [is] not merely a scientific and objective theory of regional integration, but has also become an essential part of a model of European integration."[149] As a result, it has forgone the distance necessary to provide an objective account of the integrative process. While neo-functionalism was abandoned as the dominant theory during the years of Eurosclerosis, it experienced a revival with the creation of the Single European Act and the creation of the EU. While it remains a valuable theory in understanding the dynamics driving European integration, it is "by no means obsolete," but indeed "indispensable to the understanding of European integration."[150] Jeppe Tranholm-Mikkelsen also stated that neofunctionalism does not "constitute an all-encompassing framework for the understanding of the integration process."[151] Hence, Tranholm-Mikkelsen unmistakably supported the claim of this chapter, which states that each of the respective theories is flawed on its own. Subsequently, only an amalgamation

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[148] Mutimer, 31.

[149] Cini, 89.

[150] Jeppe Tranholm-Mikkelsen, "Neofunctionalism: obstinate or obsolete? A reappraisal in the light of the new dynamism of the EC," *Millennium: Journal of International Studies* 20, Issue 1 (1991) :18-19.

[151] Ibid.

of the four theories can adequately explain the European integration process, thus

compensating for each other's weaknesses.

Liberal Intergovernmentalism – "Shallow and incomplete"[152]

Since liberal intergovernmentalism primarily focused on the major treaties, it is

not surprising that most of the criticism is geared towards that very limitation. One of the

foremost critiques on liberal intergovernmentalism is its neglect of everyday politics in

the EU and its primary focus on the major treaties. Helen Wallace, in reviewing

Moravcsik's work, voiced the following concern:

> The eye of the artist is selective, capturing some parts of the process more
> thoroughly than others; and it slides over some of the elements that displease the
> eye. Or, to put it another way, this is one of those irritating jigsaws (like those
> hideous ones of only baked beans) where the pieces can be put together in more
> than one combination; or, even more irritating, a jigsaw with similar, but not
> identical, pictures on each side. And not quite all the pieces of the jigsaw are on
> the table.[153]

While liberal intergovernmentalism as advanced by Moravcsik is often praised for its

clarity in explaining European integration, it is equally criticised for its selectiveness. The

broad range of criticism is exemplified by Schimmelpfenning who criticised liberal

intergovernmentalism on the following two levels.

The first critique is based on the biased case selection liberal intergovern-

mentalism provided to advance and support its theory. Hence, it did not take into account

the Commission or the Court that have also led to constitutional changes. In support of

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[152] Michael Burgess, "Federalism," in *European Integration Theory*, ed. Antje Wiener and Tomas Dietz (Oxford: Oxford University Press, 2004), 35.

[153] Helen Wallace, "Piecing the Integration Jigsaw Together," *Journal of European Public Policy* 6, No.1 (March 1999) : 156.

this argument, Hooghe and Marks also pointed out that the European Parliament can no longer be discounted as an important player that "has altered the institutional balance in the European Union."[154] Hence, by exclusively focusing on the national governments as the primary decision-makers in the European integration process, Moravcsik was able to present an argument that is rich in clarity but lacks comprehension.

While the theory may hold true for the grand bargaining, Schimmelpfenning argued that national governments can very well change their preferences and will then "be constrained by unanticipated and/or undesired consequences of their previous decisions, which are difficult or costly to redress."[155] Schimmelpfenning stated what has been reiterated numerous times in the literature. The MLG approach rejected liberal intergovernmentalist assumptions and argued instead that domestic political interests cannot only influence the national preference formation of their respective national governments but also exert influence on the European level. In view of this claim brought forth by MLG, Chapter Four will not only provide an in-depth analysis of how domestic political interests exert influence but also present an argument supporting MLG's claim that the European integration process has indeed weakened member states' sovereignty.

In view of the above limitations of liberal intergovernmentalism, the theory may accurately address the major treaties decisions and the dynamic forces behind them. However, it fails to address other variables that contribute to the decision-making or influence the formation of state preferences. Hence, while liberal intergovernmentalism made an important contribution in understanding the driving forces behind European integration, it cannot capture the entire picture of the integration process in all its facets.

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[154] Hooghe and Marks, 9.

[155] Ibid.

Multi-level governance

While the concept of multi-level governance is certainly intriguing in explaining the decision-making process in the EU and subsequent weakening of national sovereignty, it does not address the process of European integration nor does it address its *finalité politique*. Emerging as a relatively new concept in the wake of the SEA in 1987, multi-level governance primarily focused on decision-making process at the European level. As liberal intergovernmentalism is selective in its approach, so is multi-level governance. However, advocates of the multi-level governance approach did not aspire to present an all-encompassing theory on European integration. Accordingly, Hooghe and Marks themselves argued: "Multi-level governance may not be stable equilibrium. There is no explicit constitutional framework. There is little consensus on the goals of integration."[156] Moreover, Rosamond stated: "In many ways MLG represents an attempt to capture the complexity of the EU, but is also represents a clear denial of the idea that there can be a single all-encompassing theory of the EU."[157] While the multi-level governance approach, similar to the neofunctionalist theory, recognized its own limitations in presenting an all-encompassing theory of European integration, the awareness of those very limitations supports the claim of this chapter. That is, only an amalgamation of federalism, neofunctionalism, liberal intergovernmentalism and the multi-level governance approach can reflect a true picture of the integrative process.

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[156] Hooghe and Marks, 28.

[157] Rosamond, "New Theories of European integration," 120.

Conclusion

While the discussion on theories of European integration was limited to four major theories on the subject, the examination has shown that none of the discussed theories alone can adequately explain the dynamics of the European integration process and offer a satisfactory explanation of the *finalité politique* of the integration process. While every approach provides an intriguing explanation and account of the dynamic forces (with the exception of federalism that falls short in accounting for the dynamics of the integrative process) that drive European integration, every theory contains either questionable premises that may lead to its self-destruction (neofunctionalism) or neglects to account for the integrative process at large (liberal intergovernmentalism). Another approach to explaining European integration may be an a la carte approach since only the entirety of the above approaches can provide a satisfactory explanation of the dynamics of the integrative process and offer a satisfactory vision of the end-state of the integration process.

Having provided a broad overview of the respective theories, the following chapter will present a discussion of the process of European integration itself. The analysis will reveal that the European integration process has indeed evolved through a combination of federal, supranational, as well as intergovernmental elements. While this thesis embraces liberal intergovernmentalism as an important theory in understanding European integration and does not negate that intergovernmental elements played an important part in the evolution of the integrative process, it does reject its claim that integration has indeed strengthened the state. Hence, the fourth and final chapter of this thesis will present arguments in support of a loss of sovereignty by member states as a

direct cause of European integration. For this reason, the founding of a European

federation is indispensable for member states of the EU and is the only logical

consequence theoretically.

CHAPTER THREE

THE EVOLVING PROCESS OF EUROPEAN INTEGRATION FROM ROME TO
MAASTRICHT AND THE PERSEVERANCE OF FEDERALIST IDEALS

*A realization that integration is the central and explicit objective
of the Treaties is essential to understanding the workings of the EU.*

Michael Welsh[158]

Introduction

While regional integration is not an exclusively European phenomenon, European

integration is certainly is most successful one. The first step towards an integrated Europe

was taken with the creation of the European Coal and Steel Community (ECSC) in 1952.

In 1957, the Treaties of Rome established the European Economic Community (EEC)

and Euratom.[159] Several enlargements saw the Community grow from the original six

member states to twenty-seven member states in 2007. While the ECSC was little more

than a trade agreement, the European Community moved beyond trade with the

establishment of the European Monetary System in 1979. After years of stagnation,

member states of the EC moved closer towards building an integrated Europe with the

foundation of the Single European Act in 1987. Finally, the Maastricht Treaty on

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[158] Michael Welsh, *Europe United? The European Union and the Retreat from Federalism* (St. Martin's Press: New York, 1996), 1.

[159] The Treaties of Rome are hereinafter referred to as the "Treaty of Rome" which is the common designation.

European Monetary and Political Union in 1992 established the European Union (EU). The Maastricht Treaty has undoubtedly marked the deepest level of integration yet.

While the previous chapter provided an analysis of federalism, neofunctionalism, liberal intergovernmentalism and multi-level governance and set up the thesis that only an amalgamation of the above approaches can accurately account for the phenomenon of European integration, this chapter seeks to show that European integration indeed evolved through a process that is marked by federalist, neofunctionalist and liberal intergovernmental elements. Hence, this chapter will focus on examining the integrative process from the establishment of the ECSC to the ratification of the Maastricht Treaty. Since multi-level governance is a relatively new approach, emerging only in the aftermath of the SEA, and describes the level of integration present in the European Union rather than describing the forces driving the integrative process, it will be part of the discussion in Chapter Four when determining the extent of European integration evident at the European level. An analysis of the integrative process, starting with the EEC and spanning over the SEA to the European Treaty on European Union, will expose that federal ideas and influences, targeted at the foundation of a European federation, were always at the undercurrent of the integrative process, may it be overtly or covertly. Notwithstanding that spillover effects and inter-state bargaining also played a major role in the evolution of European integration. Thus, this chapter is not intended to give a comprehensive account of the evolving integrative process but rather to provide a broad overview of the process while highlighting federal influences.

The Building of the European House 1950 - 1972

A Neofunctionalist View of Early Integration

It has been established in the previous chapter that neofunctionalism is primarily focused on the *process* of integration and the forces driving it. When the foundation of the ECSC in 1952 was followed by the foundation of the EEC in 1958, it marked a rapid development in European integration. Haas, in *The Uniting of Europe* in 1958 based his theory upon observation of the events leading up to the foundation of the ECSC and EEC and "sought to develop a theory that explained why, once an initial commitment was made, forward momentum of integration was inevitable."[160] Hence, Haas explained the European integrative process by introducing the concept of spillover. That is, integration in one policy area will lead to cooperation among member states in other related areas. Writing retrospectively, cooperation on the coal and steel policy appeared to trigger cooperation in other policy sectors leading to the foundation of the EEC. Furthermore, both the European Court of Justice (ECJ) and the Commission appeared to have carved out constitutional roles for themselves. Additionally, based upon observation, Haas argued, "industrial sectors initially opposed to integration for a variety of motives do change their attitude and develop expectations if they feel that certain common problems can be more easily met by a federal authority."[161] In order to support his claim, Haas drew on labour organizations, coal and steel industries, and shipping industries.[162] While Haas' argument is certainly valid since it is based upon his observations of the early

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[160] Andrew Moravcsik, "The European Constitutional Compromise and the neofunctionalist legacy," *Journal of European Public Policy* 12, Issue 2 (April 2005) : 350.

[161] Haas, *The Uniting of Europe*, xxxiii.

[162] Ibid., 291-298.

integrative process, the claim that the integrative process should be understood in terms

of 'spillover' is only valid as long as the integrative process moves forward and gains

momentum. However, the further development of the integrative process did not follow

the conclusions Haas had drawn. Accordingly, Haas' concluding statement in *The*

Uniting of Europe foreshadowed the inherent problems with neofunctionalism in the

future when the integrative process came to a halt in the following decades:

> Though not federal in nature, its consequences are plainly federating in quality
> merely because it activates socio-economic processes in the pluralistic-industrial-
> democratic milieu in which it functions, but to which conventional international
> organisations have no access. And to this extent the vision of Jean Monnet has
> been clearly justified by events.[163]

However, at the time of the foundation of the ECSC and EEC, neofunctionalism offered

"the most comprehensive and sophisticated attempt to provide a general theory of

European integration."[164] While neofunctionalism's predictions that European integration

would only gain momentum came to a halt in the late 1960s, when the integrative process

came to a halt and Eurosclerosis set in, it did experience a revival with the establishment

of the SEA.

A Liberal Intergovernmentalist Approach to Early Integration

Unsatisfied with the account of European integration provided by

neofunctionalism, Moravcsik presented an account of the early integrative years focusing

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[163] Ibid., 527.

[164] Andrew Moravcsik, "Preferences and Power in the European Community: A Liberal
Intergovernmentalist Approach," *Journal of Common Market Studies* 31, no. 4 (December 1993) : 474.

on interstate bargaining. For Moravcsik, European integration began with a failure. He declared: "The history of the European Economic Community begins with a failure. In the summer of 1954 the defeat of the European Defence Community (EDC) crushed hopes that the European Coal and Steel Community (ECSC) … would lead automatically to deeper integration."[165] Rejecting the claim by neofunctionalism that the effects of spillover led six European countries form the EEC, Moravcsik argued that the foundation of the EEC was based on the national preference formation of each member state. Focusing primarily on the member states, Moravcsik claimed that it was in the best interest of the member states to form the EEC. Only the investigation of both national preference formation by member states and interstate bargaining can reflect an accurate picture of European integration. Among the six member states of the ECSC, Germany and France are undoubtedly the most important and economically strongest as well as former archrivals. Hence, only their national preference formation will briefly be highlighted in order to extract their fundamental motivation to support the foundation of the EEC as outlined by liberal intergovernmentalism.

Germany's National Preference Formation

In regards to Germany, Moravcsik painted a picture of a country predominantly concerned with building and fostering strong relations with its allies.[166] Due to its unique geographical location bordering the Iron Curtain, the German government had a strong interest in integrating Germany with Western allies and "to embed Germany in common

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[165] Moravcsik, *The Choice for Europe.* 86.

[166] Ibid., 90.

multilateral institutions such as NATO, the West European Union, and not least, various schemes for European integration."[167] Domestically, Germany's interests were conflicting. On the one hand, the governing Christian Democratic Party under Adenauer saw Germany's future in further integration with Western allies. On the other hand, the Social Democratic Party (SPD) was reluctant to support the national government's efforts for further integration since it still believed in the possibility of a reuniting with Eastern Germany and was reluctant to undermine this prospect by further integration with the West.[168] However, after hopes for reunification had been shattered, the SPD shifted its focus towards European integration as well.[169] Furthermore, Germany's economic interest in integration was based on "unilateral liberalism and agricultural protection."[170] In regards to the domestic decision Germany's in favour of European integration, Moravcsik maintained that Germany was spilt in two factions, "one concerned with economic imperatives, the other with geopolitics."[171] However, geopolitical concerns won over economic considerations.

France's National Preference Formation

Moravcsik suggested that France's geopolitical interest in European integration was driven by four factors: First, the German problem; second, financing the French

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[167] Ibid., 94.

[168] Ibid., 95.

[169] Ibid.

[170] Ibid.

[171] Ibid., 99-100.

nuclear weapons program; third, a pro-European ideology; and fourth, the influence

European integration would have on France's status as a great power.[172] France's

economic interest in the EEC in regards to a Common Agricultural Policy was high since

France wanted to gain access to German and British markets. Domestically, support for

the EEC was shaky "and only domestic economic reform, to come under de Gaulle, could

consolidate support for the Treaty."[173]

Interstate Bargaining

In contrast to federalists who focused on federal influences, and self-confessed

federalists in key positions during the negotiations for the EEC and neofunctionalists who

focused on non-state actors and the natural 'spillover' effect as the fundamental

motivations for the foundation for the EEC, Moravcsik primarily focused on the

governments and interstate bargaining. Entering interstate bargaining for the EEC,

member states came into the negotiations with predetermined national preferences.

Rejecting both the federalist and neofunctionalist claim that Monnet was instrumental in

the emerging EEC, he states "interstate bargaining was dominated by governments,

which were quite capable of bargaining efficiently without the assistance of supranational

entrepreneurs like Monnet, whose actions were at best redundant and futile."[174] Since

governments dominate negotiations, the outcome is based on each state's individual

capability to implement their own national preferences. Accordingly, "outcomes reflected

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[172] Ibid., 104-107.

[173] Ibid., 122.

[174] Ibid., 157.

the relative ability of governments to make credible threats and promises to veto

proposals, exclude other governments, or link issues. The weakness of French support for

trade liberalization and the strength of German support led to major concessions to

France in other areas."[175] While neofunctionalism advanced the concept of spillover

which has more natural elements to it, Moravcsik's view of European integration is based

on the relative capabilities of member states and their ability to wield influence over

weaker states in the bargaining rounds.

A Federalist View

Federal implications in early institution building

In 1950, Robert Schuman declared "Europe will not be made all at once, or

according to a single plan. ... This proposal will lead to the realization of the first

concrete foundation of a European federation indispensable to the preservation of

peace."[176] While Schuman's statement that Europe could not be built overnight still rings

true sixty-six years later, he also set an expectation for his vision of Europe – a European

federation. This vision of a federated Europe is mirrored in the early institution building

of the ECSC. While "the general objective of the ECSC treaty was to foster 'economic

expansion, growth of employment and a rising standard of living,'" federal elements can

be recognized in the institutions launched with the establishment of the ECSC.[177] Instead

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[175] Ibid.

[176] "The Schuman Declaration" in *The European Union: Readings on the Practice of European Integration,* ed. Brent F. Nelsen and Alexander Stubb (Boulder: Lynne Rienner Publishers, 2003), 14.

[177] Urwin, *The Community of Europe,* 49.

of leaving final decisions on key issues with member states, a High Authority, a Council

of Ministers, a Common Assembly and a Court of Justice was established.

The High Authority, consisting of nine members, was designed to manage the

coal and steel industries of the member states and as such act as "a supranational

authority with the necessary powers to determine what the policies of the member states

ought to be."[178] While the High Authority was certainly not a sovereign body and was

subject to restraints, Urwin emphasised that "the significance of the High Authority was

its ability to influence the national coal and steel industries without being countermanded

by national governments."[179]

The Council of Ministers, consisting of one representative from each member

state, was established to represent the member states as well as to serve coordination

between the High Authority and the member states. It was also intended to monitor the

High Authority in some cases.

The Common Assembly is composed of representatives sent by national

governments and was "the first international assembly in Europe with legally guaranteed

powers."[180] Its intend was "to be the repository of ultimate control."[181] However, once

created, it only served in an advisory function. Furthermore, since it was not elected

directly by the people of the member states, it was not a legislative body in the true sense.

The fourth and last institution created, the Court of Justice, was tasked to ensure

that law is upheld in regards to interpreting and applying the ECSC treaty. While the

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[178] Ibid.

[179] Ibid., 50.

[180] Ibid.

[181] Ibid., 51.

Court of Justice ruled "on the legality of any High Authority action on the basis of

complaints submitted by either national governments or industrial enterprises," the Court

of Justice's decisions were final and could not be appealed.[182] Hence, any complaint

submitted by a member state and subsequently rejected by the Court of Justice actually

strengthened the institutional structure since it acted as a check "upon individualistic

action by national governments."[183]

Consequently, while the institutions created were certainly flawed, the

institutional structure created with the ECSC was something entirely new and

fundamentally different from all other organisations. A structure had been created that

mirrored with its Council of Ministers, the Common Assembly and the Court of Justice

more the structure found among national political systems rather than an international

organisation. In view of that, Diebold observed that the ECSC would "appear as one of

the first stages by which it [a federal Europe] was achieved," if a federal Europe should

be created in the future.[184] Moreover, Burgess emphasised "it was the federal elements in

the ECSC which confirmed that 'sovereign states' could work well together in novel

ways."[185] The federal elements inherent in the institutional structure created in the wake

of the ECSC clearly exposed the intentions of its founding fathers to build – over time – a

federal Europe.

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[182] Ibid.

[183] Ibid.

[184] William Diebold, *The Schuman Plan, A study in economic cooperation, 1950-1959* (New York, Published for the Council on Foreign Relations by Praeger, 1959), 664.

[185] Burgess, *Federalism and European Union*, 66.

The Road to Rome

With the ECSC established and its institutions created, the European Defence

Community (EDC) was intended to be the next step on the road to an integrated Europe.

Against the backdrop of the Cold War and the outbreak of the Korean War, it was first

proposed by René Pleven. While the plan saw the formation of a pan-European defence

force, it also saw the Federal Republic of Germany included in the defence of Western

Europe. Though the plan did not foresee a German rearmament, it advocated a European

army instead of national armies. While a treaty was signed in 1952 for the establishment

of the EDC, it failed to come into effect when the French Parliament did not obtain a

majority for its ratification in 1954. As Burgess indicated, the failure of the EDC is

usually viewed "as confirmation that national governments would never sacrifice their

sovereignty."[186] Similarly, Moravcsik chose the apparent failure of the EDC as his point

of origin for advancing his theory. However, Burgess also emphasised that the failure of

the EDC could be viewed differently. He argued that the other member states had already

ratified the EDC with Italy waiting in the wings for France's decision. Hence, a different

approach could suggest that it did not fail but rather almost succeeded. The following

argument can be advanced: "Its greatest legacy was that, in coming so close to success,

the EDC-EPC episode confirmed that federal ideas and influences could have a major

impact upon practical policy-making in Europe."[187] Moreover, looking at the EDC

experience in retrospect, Edward Furston argued that the EDC actually laid the

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[186] Ibid., 70.

[187] Ibid.

foundation for a security and defence of Western Europe and states: "in this, following

the unique series of paradoxes characteristic of the EDC, its failure was its success."[188]

  After the 'failure' of creating the EDC which would also have meant the creation

of a European Political Community, the focus was now shifted towards economic

integration concluding with the creation of the European Economic Community (EEC) in

1958. In view of the 'failure' of the EDC and subsequent launch of the EEC, Milward

contested that the idea of a federated Europe was "relaunched" by Monnet and Spaak but

claimed that "most of this is myth, nurtured by federalists and other advocates of political

unification as an end in itself."[189] However, it can be argued that both Monnet and Spaak

were instrumental in promoting "federal influences which helped to transform the idea of

European unity into the practical politics of European integration."[190] Furthermore,

Burgess also pointed out that federal influences "derive from the institutional context."[191]

Here Burgess drew on Pierre Uri and Hans von der Groeben who, alongside Paul-Henry

Spaak, drafted the Spaak Report and were federalists. The appointment of Walter

Hallstein, a federalist, as the President of the European Commission only supports

Burgess' claim "that federalism and federalists played a significant part in the origins and

evolution of European integration."[192] Hence, federal influences and ideas clearly run

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[188] Edward Furston, in Michael Burgess, *Federalism and European Union: The Building of Europe, 1950-2000* (London: Routledge, 2000), 70.

[189] Alan Milward, *The European Rescue of the Nation-state* (London: Routledge, 1992), 119.

[190] Burgess, *Federalism and European Union,* 74.

[191] Ibid., 72.

[192] Ibid., 74.

through the early years of European integration and continue the nurture and nudge the integrative process towards one objective – the establishment of a European federation.

The Single European Act

A Neofunctionalist View

As previously suggested, the revival of the European integrative process in the mid-1980s was also a revival for neofunctionalist theory. Neofunctionalists now focused on "the relationship between economic integration and political unification with a view to assessing the political implications of market completion."[193] If the SEA should prove successful in implementing an internal market, this success would naturally lead to a political spillover in the member states, thus altering national economic policies. Consequently, "1992 was a useful test case of the validity of neofunctionalism precisely because 'the blatantly political implications of so many of the economic measures being taken' made them 'perfect candidates for spillover.'"[194] It is argued that "both the Commission and the EP were actively engaged in promoting 'enhanced political integration.' There was already a framework in place 'into which political authority' could 'spill, and to which political identification' could shift."[195] Nonetheless, this hesitant optimism soon turned into a confession that neofunctionalism is "not sufficient

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[193] Ibid., 179.

[194] Ibid.

[195] Ibid.

for understanding the progress of political integration."[196] Conceding to the weakness of

neofunctionalism in comprehensively explaining European integration only supports the

advanced thesis that none of the respective theories on European integration can provide

an all-encompassing account of the integrative process.

Another account of the revival of neofunctionalism in the wake of the SEA can be

attributed to Jeppe Tranholm-Mikkelsen who claimed that "since 1985, the Commission

had made a conscious effort to pursue a neofunctionalist strategy much more openly,

skilfully and with more successful results than previously."[197] Accordingly, he argued

that neofunctionalism "played an important part in speeding up integration."[198] While

neofunctionalists were enthusiastic about the anew intensification of European

integration, they also recognized the limitations of the theory in fully understanding the

revival of the integrative process.

A Liberal Intergovernmentalist Interpretation

Whereas neofunctionalism concedes to its own limitations, Moravcsik claimed

not only to hold the answer for the revival of European integration but also to present an

all-encompassing theory on European integration. While Moravcsik acknowledged "that

supra-national institutions, like the Commission, had an important role to play in

'cementing existing interstate bargains,' [...] he insisted that the primary source of

integration lay 'in the interest of the states themselves and the relative power' that each

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[196] David Mutimer, "1992 and the Political Integration of Europe: Neofunctionalism reconsidered," *Journal of European Integration* 13 (1989) : 100.

[197] Burgess, *Federalism and European Union,* 179.

[198] Tranholm-Mikkelsen, 16.

brought to Brussels."[199] Since national interests of member states play an undeniable part in the integrative process, the national preference formation of both Germany and France as presented by Moravcsik will undergo a brief examination to gain a better insight into the fundamental underlying motivation of the above countries for entering negotiations.

Germany's National Preference Formation

As previously established, Germany was eager to further integration from the very beginning and thus has traditionally been in support of European integration. Accordingly, Moravcsik argued: "Federalist ideas enjoyed considerable parliamentary, as well as public, support. Some major German proposals, such as an expanded role for the Parliament and strengthened foreign policy cooperation, were widely viewed, not least within the Bundestag, as desirable steps toward eventual political union."[200] Furthermore, Germany's industry was also in favour of "open and unhindered access."[201]

On the domestic front, Moravcsik described the German attitude towards the SEA as "endorsement without excitement."[202] Hence, Germany supported the SEA domestically as long as its own economic interests were not threatened. Accordingly, "the German government welcomed internal market reform, though it did not propose many concrete measures; but vetoed stronger monetary, R&D, and regulatory policies. It

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[199] Burgess, 180.

[200] Moravcsik, 327.

[201] Ibid., 328.

[202] Ibid.

proceeded cautiously on agricultural reform."[203] Thus, as far as Germany was concerned, it was in favour of entering into another round of negotiations.

France's National Preference Formation

After years of boycotting further integration, the failure of the socialist experiment shifted France's geopolitical and ideology towards a support in favour of a pro-European position. Mitterrand himself declared: "I have two ambitions: the construction of Europe and the promotion of social justice. The EMS is necessary to achieve the first, but limits my ability to achieve the second."[204] However, Moravcsik was careful to point out that while Mitterrand's pro-European statements were at first purely symbolic, he only adopted an overtly pro-European position when it served his own personal needs.[205] Be that as it may, France was once again in support of the European idea.

In regards to economic issues, France was ready to replace its "traditional French system of extensive industrial subsidies, controlled credit, and closed financial markets" with "more market-oriented, open arrangements."[206] While the domestic agenda hinged on Mitterrand, the President began to adopt a pro-European position once the socialist experiment had failed. In a Parliamentary speech made by Mitterrand in 1984, he even began "to adopt the rhetoric of European federalism, calling for reconsideration of the

[203] Ibid., 327.

[204] Francois Mitterrand, in: Moravcsik, 333.

[205] Ibid., 334-335.

[206] Ibid., 341.

Luxemburg Compromise and advocating procedural reform as long as it was limited to

the Council and the Commission and did nit imply a radical democratisation of EC

politics."[207] Hence, both Germany and France were positioned in such a way that allowed

for once again entering into interstate bargaining that would result with the foundation of

the SEA.

Federal Influences and Implications

The EEC experienced a number of changes since its foundation in 1958, namely

the merging the executives of the three Communities (ECSC, EEC and Euratom) in 1967

thus establishing the European Community (EC), and enlargements that saw Denmark,

Ireland and the United Kingdom join in 1973, Greece in 1981, and Spain and Portugal in

1986. The integrative process peaked with the foundation of the European Union in 1992.

In 2004, the fifth enlargement saw its largest growth when ten new countries joined the

EU. When Bulgaria and Romania joined in 2007, the number of EU member states

increased to twenty-seven countries. While the member states' national governments

originally sent the representatives of the European Parliament, the first direct elections

for the European parliament were held in 1979, allowing citizens of the member states for

the first time to vote for the representative of their choice and thus making the European

Parliament a more powerful player.

While stagnation and Eurosclerosis had plagued European integration in the

1960s and 1970s, in the years leading up to the Single European Act (SEA), namely

between 1985-1988, the EC finally moved from "'its stagnant to its dynamic phase' [and]

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[207] Ibid., 343.

underwent 'an extraordinary transformation' which was tantamount to the rebirth of the

European idea."[208] Similar to the neofunctionalists, who were astonished by the

stagnation apparent in the integrative process, federalists were just as astounded.

However, with integration once again picking up momentum, Burgess suggested "the

years 1985-88 can be construed as a time when the European construction entered

perhaps its most vigorous and fruitful period since 1955-57."[209] While there were

certainly other motivations for the foundation of the SEA as the discussion of

neofunctionalism and liberal intergovernmentalism identified, the influence exerted by

federalists was more covert than overt. Conceding to liberal intergovernmentalism,

Burgess advances the following statement in regards to the SEA:

> [The SEA] was a typical Community compromise which could be conveniently
> reduced to minimalism versus maximalism. Some competences were carefully
> safeguarded for the member states and, on some issues such as culture, education,
> energy and consumer protection the SEA's silence was deafening. Here the
> intergovernmental interpretation was confirmed.[210]

The SEA was not ratified until 1987, and in 1984, Jacques Delors, a self-confessed

federalist, was appointed as President of the European Commission. In an address to the

College of Europe, Delors clearly situated himself as a federalist in the following excerpt

from his speech:

> It is a happy coincidence that this year your College has chosen to pay tribute to
> Denis de Rougemont ... First of all, as a militant European, I, like many others,
> am carrying on the work he began in his time. He was an ardent federalist. For
> him federalism was a many-splendoured thing; he saw it as a method, an approach
> to reality, a view of society. I often find myself invoking federalism as a method,

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[208] Burgess, *Federalism and European Union*, 159.

[209] Ibid.

[210] Ibid., 170.

with the addition of the principle of subsidiarity. I see it as a way of reconciling what for many appears to be irreconcilable: the emergence of a United Europe and loyalty to one's homeland; the need for a European power capable of tackling the problems of our age.[211]

Thus, with a federalist in one of the most important positions in the EU, the federalist movement gained hope to advance their own agenda. The argument was that "the singular focus upon Delors ... also demonstrate[d] yet again, the importance of networks influence promoting the federalist cause."[212] Federalists were quick to point out that federalists staffed some of the important positions. This supported the claim that federal ideas were exerted covertly and crept in through the backdoor. Accordingly,

> A study of Delors' cabinets reveals distinctly similar federalist networks to those which we have already surveyed in the Hallstein Commission a quarter of a century earlier. There was a veritable web of behind-the-scenes federalists who were able to weave their influence in putting the ideas and strategies of Delors into practice. The activities of his long-serving chef de cabinet, Pascal Lamy, his deputy chef de cabinet, Francois Lamoureux, and later Riccardo Perissich who became the director-general for the single market, Jerome Vignon, head of the Commission think-tank, and the secretary general, David Williamson, all worked in the federal cause.[213]

Hence, it can be argued that federalists were infiltrating the highest levels of the EU in order to attain their objective. Moreover, Burgess argued in regards to the European Commission: "Its institutional context predisposed it toward the federal goal. But the caution with which it had traditionally allowed itself to be associated with federalism suddenly seemed to evaporate in the late 1980s. Even the term 'federalism' itself ceased

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[211] Address by Jacques Delors. President of the Commission of the European Communities, Burges, 17 October 1989, in: *The European Union: Readings on the Theory and Practice of European Integration*, ed. Brent Nelson and Alexander Stubb, 56.

[212] Ibid., 175.

[213] Ibid., 175.

to be taboo in Commission circles."[214] While the federal cause to establish a European

federation may have experienced a temporary setback in the years of Eurosclerosis,

Delors was in a prominent position, allowing him to further the federalist cause. Based

upon an observation of Delors' Presidency, Grant even claimed:

> At the end of Delors' first presidency, the Community had moved much closer to a federal system of government in two important respects: first, member states had transferred powers to EC institutions via constitutional changes and new laws; and second, they had transferred money from their own budgets to that of the community.[215]

Furthermore, even when Delors did not have the "formal power to implement his federal

ideas, he resorted to Monnet's tactics: persuade others to promote them. Helmut Kohl's

EMU initiative in 1988 was a classic example of his ability to do this."[216] To sum up this

far, while federalists may not have been in the position to overtly pursue the

establishment of a federation, the positioning of key players allowed the federal cause to

grow and prosper at the highest levels of the EU.

The Establishment of the European Union – The Maastricht Treaty

A Neofunctionalist Approach

Against the backdrop of the fall of the Berlin Wall in 1989, the reunification of

Germany, the end of the Cold War and the growing power of East Asia, European

integration was once again intensified. However, in the debate of the integrative process

and its driving forces, advocates of neofunctionalism were marginalized. While

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[214] Ibid.

[215] Ibid., 176.

[216] Ibid.

neofunctionalism constantly struggled to reinvent itself and present a relevant theory, it was restricted by its own limitations to present a coherent theory. Stone Sweet and Sandholtz attempted to give new relevance to the neofunctionalist approach when they presented a revised neofunctionalist-transactional model that focused on the institutional development.

The approach bridged a common obstacle it suggesting that European integration can no longer be seen in terms of either intergovernmental or supranational. Indeed, it argued that both supranational and intergovernmental elements appear with the EU.[217] Departing from the neofunctionalist theme of 'spillover,' the approach instead introduced a "transactions-based theory," thus focusing on high level transactions such as communications spanning across EU borders.[218] As the "levels of transnational exchange" rise, the argument is that policy in these areas will be more likely "to move more quickly toward supranational governance than others."[219] Hence, this approach rejects the intergovernmentalist claim that supranational institutions only have the task of 'pooling' states' sovereignty but instead "expect[s] supranational bodies to work to enhance their own autonomy and influence within the European polity, so as to promote the interests of transnational society and the construction of supranational governance."[220] In view of the growing importance and autonomy of supranational

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[217] Alec Stone Sweet and Wayne Sandholtz, "Integration, Supranational Governance, and the Institutionalization of the European Polity," in *The European Union. Readings on the Theory and Practice of European Integration*, ed. Brent F. Nelsen and Alexander Stubbs (Boulder: Lynne Rienner Publishers, 2003), 223-224.

[218] Ibid., 230.

[219] Ibid., 232.

[220] Ibid., 237.

organizations and its officials, advocates of neofunctionalism interpreted the Maastricht negotiations in terms of the "agenda-setting supranational officials."[221]

While there were other efforts to reinvent neofunctionalist theory, they all have one common denominator. None of the approaches presented can adequately account for all aspects of European integration but are limited (and limit themselves) to explaining only certain aspects of the integrative process. Thus, neofunctionalism almost exhibits chameleon like qualities in its ability to adapt to a changing environment in European politics.

A Liberal Intergovernmentalist Approach

As previously mentioned, negotiations for the Maastricht Treaty coincided with major political developments in Eastern Europe. The fall of the Berlin Wall was quickly followed by the reunification of Germany. While Germany had been an important actor due to its economic power, a united Germany once again raised fears among its former enemies turned allies. Germany was quick to disperse any hegemonic tendencies and to reassure hesitant European allies of its commitment to further integration. However, Moravcsik presented a slightly different view of Germany's motivation for engaging in negotiations for the TEU.

In his very comprehensive analysis of Germany's national preference formation in engaging in negotiations for the TEU – also setting an agenda for the European Monetary Union (EMU) – Moravcsik challenged the notion that Germany was predominantly driven by its need to reassure its allies of its commitment to a "European Germany."

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[221] Moravcsik, *The Choice for Europe*, 381.

Instead, Germany's motivation was also driven by economic interest to support the EMU, to which Germany would only concede to its own terms. More specifically, these were the "'economist' preconditions demanded by the Bundesbank."[222] Hence, aside from reassuring the member states of the EU that Germany was still committed to European integration, and as such it was in favour of Qualified Majority Voting (QMV) and a stronger European Parliament, Moravcsik argued that Germany's interest was predominantly economic.[223]

In contrast, France's support for the TEU and EMU was more ambiguous. While it is generally assumed that France's motivation was driven by a threat of a newly united Germany, Moravcsik dismissed this claim and instead argued that its motives were indeed economically driven, with "French businesses strongly supporting EMU."[224] To sum up, Moravcsik's attempt to challenge the existing interpretation of the Maastricht negotiations provided a greater insight into the motives of the key players of the EU. Moravcsik himself asserted in regards to the traditional explanations of the Maastricht negotiations that "none is wholly incorrect."[225] Hence, while acknowledging that other interpretations may also hold true, Moravcsik's inability to embrace these contributions places limits on his own theory in accounting for an all-encompassing account of the integrative process.

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[222] Ibid., 404.

[223] Ibid., 391-404.

[224] Ibid., 416, 405-416.

[225] Ibid., 381.

A Federalist View

The federalist ideology is one of the traditional interpretations Moravcsik

challenged in view of the Maastricht negotiations. While intergovernmentalism clearly

focuses on the economic components, the federalist approach rather focuses on achieving

a political union. Against the backdrop of the end of the Cold War and a subsequent shift

in international politics, Burgess argued that "Jacques Delors in the European

Commission, Helmut Kohl, in a new unified Germany and Francois Mitterrand in France,

together with a host of federalist forces throughout the EC ... struggled to achieve the

goal of European Union first promulgated in 1972."[226] Helmut Kohl said in a speech

made in November 1989:

> We are already making preparations for the further development of the European
> Community beyond this date, with political Union as our goal ... The Federal
> German government ... is a staunch supporter of the completion of the European
> Union. We see no alternative to the continuation and strengthening of the process
> of European unification.[227]

However, Kohl's statement as the Chancellor may have been tainted by the desire to

reassure members of European Parliament of Germany's conviction to stay true to

European integration and the building of a 'Europe's Germany' rather than a 'German

Europe.' While Moravcsik was dismissive of any claims suggesting integration

intensified once again because of a possible threat of the united Germany and the

foremost wish to embed Germany deeply in the European Community, Burgess raised

exactly these concerns. He stated in regards to France's motives that "after 1989,

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[226] Burgess, *Federalism and European Union,* 191.

[227] Helmut Kohl, "Speech to the European Parliament," in *Federalism and European Union,*
Michael Burgess, 92.

Mitterrand's European policy was ... constrained by one overriding purpose: to secure

Germany's place in Europe."[228] Moravcsik himself supported the claim that federal

influences drove French motivations: "We cannot [reject] the possibility that European

federalist ideas held by some policy-makers in a relatively autonomous French state may

well have intervened in an important way between structural economic pressures and

policy."[229] Any concession made by an advocate of a rivalling theory is much more

meaningful than any statement by a federalist in support of their own theory.

Almost half a century after the creation of the ECSC, Monnet's vision of a federal

Europe is still persevering. While this would happen gradually, Monnet envisioned that

"federation would be the 'culmination' of an existing European economic and political

reality, tried and tested, rather than the 'starting-point' for building Europe."[230] However,

after the successful implementation of the SEA, European Union institutions still

remained weak since "its institutional implications were extremely limited."[231] In view of

these limitations, federalists as well as member states desiring a deeper integration

pushed for a new treaty that would pursue the ultimate goal of a political union. The fall

of Eastern Europe represented new opportunities in regards to a political union of Europe

as it spread an enthusiasm that was not only contagious but also implied that anything

was possible. Delors himself was less cautious and quite optimistic about the future of the

EC when he declared: "My objective is that before the end of the millennium [Europe]

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[228] Ibid. 192.

[229] Moravcsik, *The Choice for Europe*, 417.

[230] Burgess, *Federalism and European Union*, 200.

[231] Ibid., 200.

should have a true federation."[232] However, uniting twelve different countries with twelve different outlooks on the future of the European Union based upon their national preferences is a monumental task. For this reason, consulting Moravcsik's description of each member state's national preference is valuable in gaining a deeper insight into the motivations of the national governments in engaging in interstate bargaining for the TEU and EMU. Especially when federalists concede that interstate bargaining rather than covert federal influences shaped negotiations for the TEU and the EMU. However, as disappointed federalists were with the negotiations surrounding the TEU as well as the outcome of the TEU, Burgess suggested: "Federal ideas, influences and strategies had successfully co-mingled and competed with conventional intergovernmental conceptions of European Union to arrive at a new crossroads in 1992."[233]

Furthermore, federal influences continued to persist and prevail in European thought. While the pursuit of a European constitution was temporarily derailed with the French and Dutch rejecting its ratification, history has taught that rejections of treaties are only absolute until the next referendum. While the federal pursuit of an establishment of a European federation has been marked by obstacles, the pursuit does prevail.

Conclusion

It was the task of this chapter to provide a brief overview of the process of European integration and to demonstrate that the integrative process has indeed evolved through a combination of neofunctionalist, intergovernmentalist and more importantly,

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[232] Charles Grant, *Delors: Inside the house that Jacques built* (London: Nicholas Brealey Publishing, 1994), 135.

[233] Burgess, *Federalism and European Union*, 212.

federalist elements. Hence, the integrative process can only be fully understood and explained by drawing on elements of all three respective approaches. While there is an overwhelming amount of literature suggesting the EU is not yet a federation, the debate clearly suggested that the EU exhibits enough federal elements to be a subject of contention. The decision to found a European federation was a difficult one since it assumes a complete and total transfer of states' sovereignty. However, the following chapter will determine the extent of sovereign transfer already evident on the European level. The chapter will also provide conclusions about the degree of integration currently present in the EU by consulting multilevel governance. Special focus will be placed on the concept of European identity and to what extent Europeans experience nationalism.

CHAPTER FOUR

THE EUROPEAN UNION AT A CROSSROADS

> *"Federalism might make Eurosceptics laugh,*
> *but with the creation of the euro the half-way stage would be reached.*
> *Four key organisms would have a federal or quasi-federal status:*
> *the Central Bank, the Court of Justice, the Commission, and the Parliament.*
> *Only one institution is missing: a federal government."*

Jacques Lang (foreign affairs spokesman, French National Assembly),
Guardian, 22 July 1997

> *"Transforming the European Union into a single state with one army, one*
> *constitution and one foreign policy is the critical challenge of the age."*

Joschka Fischer (former German Minister of Foreign Affairs),
Guardian, 26 November 1998

Introduction

In 2007, the European Union will celebrate the fiftieth anniversary of the signing

of the Treaty of Rome. It certainly is a cause for celebration – the EU and its predecessor,

the EEC, are undeniable success stories. Inspired by a common desire to establish a

lasting peace on the European continent, six European countries overcame their old

demons of distrust and power rivalry to pursue this common goal. On the eve of the

anniversary, peace is firmly established not only among the original six but twenty-seven

countries that the European Union now proudly calls members. However, brought

together against the backdrop of World War II, the post World War II rationale is no

longer enough to inspire people in today's world. The anniversary should not only give

reason for celebration but also prompt member states to re-examine its long-term

objectives and take decisive steps towards the future. European integration has

undoubtedly been a success in regards to economic integration. But Monnet and

Schuman envisioned a unified Europe beyond the common market. Indeed, the founding

fathers saw the development of a common market only as a step-stone for the subsequent

creation of a European federal state. A European federation, not the common market, was

to be the ultimate destination of the integrative process. As a by-product, Monnet and

Schuman also envisioned the creation of a European identity as a result of European

integration.

It will be the objective of this chapter to determine the extent to which the

integrative process has produced the outcomes envisioned by the founding fathers.

Arguably, EU member states transferred more sovereignty to the European Union than

members of any other non-sovereign regional organization. As a result, the EU began to

take on the character of a federation in certain areas. At present, the EU

> possesses sovereignty rights in a wide variety of policy sectors reaching from
> exclusive jurisdiction in the area of Economic and Monetary Union to far-
> reaching regulatory competences in sectors such as transport, energy,
> environment, consumer protection, health and social security and, increasingly
> penetrating even the core of traditional state responsibilities such as internal
> security (Schengen, Europol).[234]

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[234] Tanja A.Börzel and Thomas Risse, "Who is afraid of a European Federation? How to
Constitutionalise Multi-Level Governance System," *Jean Monnet Working Paper* (2000), available from
http://www.jeanmonnetprogram.org/papers/00/00f0101.html; Internet, accessed on 18 October, 2006.

But possessing sovereignty rights does not constitute a sovereign nation. Regardless of its resemblance to a federation in certain areas, the European Union still is an unidentified political object with no clear destination.

This split character of the EU must be reconciled. Since member states are still the masters of the Treaties, it is necessary for these states to recognize the danger this schism presents to the individual statehood and work towards the only possible solution – the creation of a European federation. While the EU was primarily focused on economic integration over the last decades, and has enjoyed tremendous success in this area, it must now place its primary focus on political integration. Hence, this chapter will not only discuss the extent of transfer of sovereignty by member states to institutions of the EU, but will also focus on the federal elements evident in the institutions of the Union. Furthermore, conclusions about the level of integration present in the European Union, and the implications for the sovereignty of the member states will be the subject of examination. The following conclusions will be offered. First, the continued transfer of national sovereignty to a body that cannot by definition act as a "sovereign" will destine the European Union to remain the "economic giant but political dwarf." Second, it will also consist of ever-weaker growing member states, incapable of dealing with the pressures of the newly created internal market as well as the forces of globalization.

The focus will then be placed on the multi-level character of the European Union. Once again, the corrosion of state sovereignty will be in the center of discussion. Since Monnet and Schuman also envisioned the creation of a European identity as a result of the integrative process, the existence or development of the same will examined.

Federal Features in the European Union

While it is very much contended that the European Union already constitutes a federation or confederation, it is widely accepted that the European Union possesses federal elements. Arguably, the European Union is not a federation yet – hence the title of this thesis "The Need for a United States of Europe".

Common Agricultural Policy (CAP)

The Common Agricultural Policy is characterised by cynics, as "the single most idiotic system of economic mismanagement that the rich western countries have ever devised."[235] Faced with food shortages following Word War II, the Common Agricultural Policy (CAP) was originally intended to make the original six members states self-sufficient in food and benefit the original six in equal measure. But by subsidizing production, Western Europe aimed not only at self-sufficiency and at food security. CAP also was "designed to help restructure Western European agriculture by encouraging fewer, larger, and more efficient farms."[236] In accomplishing these goals, CAP required a high degree state interventionism by the EEC. While this caused concern for some, Lindberg saw the autonomy CAP enjoyed as a reason for celebration and pondered its application in other areas as well. Accordingly, he argued:

> Here the community institutions have the power to legislate for the Union as a whole, without being required to refer back to the national parliaments ... It represents the Union's first effort to develop a common policy in major economic sphere. Such common policies are central to the successful implementation of the

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[235] *Economist*, 29 September 1990.

[236] David M. Wood and Birol A. Yeşilda, *The Emerging European Union* (New York: Pearson Longman, 2004), 51.

broader goal of economic union as well as the efficient operation of the custom's union.[237]

The general objectives of the CAP were first defined in the Treaty of Rome. However, the policy did not come into force until 1962. The objectives were set out in Article 39 as follows:

    (a) to increase agricultural productivity by promoting technical progress and by ensuring the rational development of agricultural production and the optimum utilisation of the factors of production, in particular labour;

    (b) thus to ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture;

    (c) to stabilise markets;

    (d) to assure the availability of supplies;

    (e) to ensure that supplies reach consumers at reasonable prices.[238]

By the time CAP came into force, the following three major principles guiding CAP had been established: market unity, community preference and financial solidarity. With an estimated expenditure of 42.9 billion Euros going towards CAP (for direct aid and market measures) of the 2006 EU budget , 35 percent of the annual EU budget is appropriated for CAP.[239] With such a large portion of the budget going towards CAP, along with the almost exclusive power the EU is exercising over CAP, it is not surprising that the following argument is brought forth in regards to CAP: "The scale of political

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[237] Lindberg, Leon N., *The Political Dynamics of European Integration* (Stanford: Stanford University Press, 1963), 219-220.

[238] Treaty establishing the European Community. As Amended by subsequent Treaties, Rome 25 March, 1957; available from http://www.hri.org/docs/Rome57/Part3Title02.html; Internet, accessed 30 August 2006.

[239] EU Budget 2006; available from http://ec.europa.eu/budget/library/publications/budget_in_fig/dep_eu_budg_2006_en.pdf; Internet; accessed 30 August 2006.

governance reach proportions resembling those of a federal government."[240] Chris

Rumford made a similar statement in arguing that "until recently the Common

Agricultural Policy (CAP) was widely considered to be the most obvious example of

statist interventionism in the EU."[241] While CAP has undergone several reforms, it still

takes up a large amount of the EU's budget, and will remain a policy of contention. The

importance of CAP in regards to the above claim is not the challenges it faced in the past

and continues to face, but that the EU has exclusive competency over CAP.

Economic Policy, Monetary Affairs, and the Euro

In the eighteenth century, English jurist William Blackstone wrote, "The coining

of money is in all states the act of sovereign power." When the Economic and Monetary

Union (EMU) was implemented in 1999 and subsequently followed by the circulation of

a single currency – the Euro – in 2002, it resulted in a sacrifice of a symbol of national

sovereignty. The EMU is widely recognized as a success story. Accordingly, the EMU is

characterized as follows: "Economic and monetary union (EMU) is one of the most

ambitious and successful policy projects undertaken by the European Union … Economic

and monetary union (EMU) is one of the most innovative accomplishments of European

integration."[242] While the EMU is certainly a success, David McKay argued that the

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[240] Elmar Rieger, "Agricultural Policy. Constrained Reforms," in *Policy Making in the European Union*, ed. Helen Wallace, William Wallace and Mark A. Pollack (Oxford: Oxford University Press, 2005), 164.

[241] Chris Rumford, "Rethinking the state and polity-building in the European Union: the sociology of globalization and the rise of reflexive government," *European Political Communication Working Paper Series*, Issue 4 (2003) : 16.

[242] Kathleen R. McNamara, "Economic and Monetary Union," in *Policy-Making in the European Union*, ed. Helen Wallace, William Wallace, and Mark A. Pollack (Oxford: Oxford University Press, 2005), 141-142.

implementation of the EMU will result in "increased economic centralization ... [and] will elevate the government of the European Union to that of a quasi-federal state."[243] Moreover, since the introduction of a single currency required the establishment of a single central bank, the European Central Bank (ECB), national governments suffered a loss of control over monetary policies. Otmar Issing, chief economist of the German Federal Bank, maintained: "there is no example in history of a lasting monetary union that was not linked to one state."[244]

With member states having abandoned their national currencies, except for the United Kingdom, Denmark and Sweden, it was the task of the ECB to develop a "monetary policy with the goal of price stability as its top priority."[245] At the same time, it also faced "challenges arising from the disjuncture between a single currency firmly entrenched at the federal EU level whilst much of the political authority for economic governance remains national."[246] But the ECB proved to be an independent actor that does not respond to intimidation. Alberta Sbragia argued that the EBC "has not tailored its interest rate policy to the wishes of the member states, nor to societal actors. The ECB has become an important, and very independent, actor in economic policy-making."[247]

As much as a success story the EMU may be, Hans Tietmeyer, President of the German Federal Bank, declared 1991 in regards to the upcoming introduction of a single

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[243] David McKay, *Federalism and European Union. A Political Economy Perspective* (Oxford: Oxford University Press, 1999), 154.

[244] Otmar Issing, Chief Economist of the German Federal Bank; available from http://www.free-europe.org/blog/?itemid=274; Internet; accessed 12 August 2006.

[245] Alberta Sbragia, "Key Policies," in *The European Union: How Does it Work?*, ed. Elizabeth Bomberg and Alexander Stubb (Oxford: Oxford University Press, 2003), 123.

[246] McNamara, 159.

[247] Alberta Sbragia, 124.

European currency: "A European currency will lead to member-nations transferring their sovereignty over financial and wage policies as well as in monetary affairs ... It is an illusion to think that states can hold on to their autonomy over taxation policies."[248] Fifteen years later, member states have yet to hand over control over taxation policies but Tietmeyer's notion is reflected in the following statement: "Over the next few years, EU policy makers will be forced to wrestle with the design of new institutions to coordinate fiscal policy, by revising the SGP [Stability and Growth Pact], by strengthening the Eurogroup, or by creating an EU level institution with the policy capacity for European wide taxing and spending."[249] These are by no means isolated concerns as Jürgen Habermas' statement echoes a similar notion: "A currency union at first creates more problems than it solves – that is to say, if it does not go hand in hand with a unified social and economic policy for the states which relinquish their fiscal sovereignty but insist on retaining their sovereignty in most other policy fields."[250] While all of the above statements suggested that a greater transfer of sovereignty in economic policies is needed, none of the above authors made the obvious leap and recommended a total and complete transfer of sovereignty to a European federal state.

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[248] Hans Tietmeyer, President of the German Federal Bank; available from http://www.free-europe.org/blog/?itemid=274; Internet; accessed 12 August 2006.

[249] McNamara, 159.

[250] Jürgen Habermas, "Beyond the nation-state? On some consequences of economic globalization," in: *Democracy in the European Union*, ed. Erik Oddvar Eriksen and John Erik Fossum (Routledge: London, 2000), 34.

Trade Policy

Trade was arguably the predominant concern with economic revitalization after World War II that led to the establishment of the ECSC in 1951. By creating a common market that would inevitably link former rivals to one another, and thus making war less of an option, peace could be guaranteed on the European continent. Accordingly, the preamble to the Treaty constituting the European Coal and Steel Community reads as follows: "Resolved to substitute for historic rivalries a fusion of their essential interests; to establish, by creating an economic community, the foundation of a broad and independent community among peoples long divided by bloody conflicts; and to lay the bases of institutions capable of giving direction to their future common destiny."[251] With economic integration in the foreground of European integration, it is not surprising that exclusive competency over trade policy was established as early as 1957 with the establishment of the Treaty of Rome. Hence, the EEC would speak "'with one voice' in negotiations involving international trade policy."[252]

While the Commission led negotiations on behalf of the community with external agencies such as the WTO, the Commission did not decide on the mandate it represented in international trade negotiations. Accordingly, the process of reaching a mandate involved the Commission initiating and drafting proposals in collaboration with sectoral interests, NGOs, and the European Parliament. Once the Commission finished negotiations with the above actors, it would then be up to the Council to decide on the

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[251] "Preamble to the Treaty establishing the European Coal and Steel Community," available from http://www.ena.lu/mce.cfm., accessed 30 September, 2006.

[252] Sbragia, 123.

mandate it wishes the Commission to adopt in international trade negotiations.[253] This process however, has changed in favour of the Commission. Stephen Woolock argued "that national trade administrations, sectoral lobbies, and NGOs have now shifted their focus to EU decision-making. National lobbying continues, but it is recognized that key policy decisions are taken in Brussels."[254] The fact that the individual member states were capable of joining together in pursuing a common interest and now speak with a single voice in the international arena, albeit in an economic area, gave rise to the hope that member states will be able to speak as one in political areas of European policy as well.

Environmental Policy

Since environmental problems transcend borders, it only made sense for member states to adopt and adhere to EU environmental policies. With environmental concerns almost nonexistent in the early stages of European integration, it was not until the Paris Summit in 1972 that environmental policies were first adopted. As a result of the summit, the Environmental and Protection service was established and an environmental policy was adopted. Since that time, the EU's environmental policy goals have been outlined in six Environmental Action Programmes (EAP) with varying success rates.[255] For those member states that maintained their own environmental regulations and/or failed to adhere to EU regulations, it is the Commission's responsibility to enforce the

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[253] Stephen Woolock, "Trade Policy," in *Policy-Making in the European Union*, ed. Helen Wallace, William Wallace, and Mark A. Pollack (Oxford: Oxford University Press, 2005), 398.

[254] Ibid., 398.

[255] Wood and Yeşilda, *The Emerging European Union* 168.

implementation of European environmental policies. If member states did not comply

with these regulations, the Commission is empowered to instigate infringement

proceedings against member states. Moreover, the Commission can, as a last resort,

impose fines against member states that do not comply.[256] Consequently, EU

environmental policies supersede national ones, and member states were now subject to

community regulations. However, member states are welcome to supplement community

environmental policies "in many areas …primarily those outside of pollution

control…with more robust standards or additional environmental requirements."[257]

Subsequently, while environmental policy certainly revealed federal elements,

competence is not exclusively in the hands of the EU but is shared with its member

states. Nonetheless, by giving the EU competence to become a 'standard setter,' *de facto*

authority was given to the European Union.

Social Policy

While member states remain the main players in regards to social policy, the

pressures placed on the member states by globalization as well as internal market forces

have allowed the EU to gain *de facto* authority over national social policies, especially in

regards to welfare policies. The following statement corroborates this:

> The process of European integration has eroded both the sovereignty (the legal authority), and autonomy (*de facto* regulatory capacity) of member states in social policy … The movement towards market integration carries with it a gradual erosion of the autonomy of national welfare states *and* their sovereignty,

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[256] "Environment Infringements". 20 September, 2006, available from http://ec.europa.eu/environment/law/index.htm.

[257] Sbragia, 128.

increasingly situating national regimes in a complex, multi-tiered web of public policy.[258]

According to Leibfried, three processes altering national welfare states marked this development. First, 'positive' initiatives that are aimed at developing social standards at the community level were an immediate result of *direct* pressures of the integrative process.[259] National and gender equality, and health and safety are examples of social policy developed by the EU. In regards to regulations on product safety, EU regulations pre-empted national policies, requiring member states to alter national policies in order comply with EU regulations. Second, 'negative' policy reforms occured "through the ECJ's imposition of Markey compatibility requirements – via the four freedoms – that restrict[ed], but also redefine[d] the social policies of member states."[260] Lastly, indirect pressures, such as *benchmarking*, were placed on the national welfare state by the integrative process, encouraging member states to alter national policies and "emulate successful policies formulated elsewhere."[261]

Similar to environmental regulatory policies, member states can always implement stricter policies than those put forward by the EU. However, member states must comply with the minimum standards developed by the EU. Hence, "EU legislation provided a 'floor' for any national legislative activity" in those areas, subsequently

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[258] Stephan Leibfried, "Social Policy. Left to the Judges and the Markets?," in *Policy-Making in the European Union*, ed. Helen Wallace, William Wallace, and Mark A. Pollack (Oxford: Oxford University Press, 2005), 244.

[259] Ibid.

[260] Ibid., 245.

[261] Sbragia, 117.

making the EU the *de facto* – the primary 'standard setter' in certain areas of both environmental and social policy.[262]

To sum up, the EU unquestionably resembles a federation in the above areas since it either enjoys exclusive competencies or adopted *de facto* competency in areas in which it previously shared jurisdiction with the member states. This presents the European Union as well as the member states with unique challenges. Member states' sovereignty is weakened by transferring more and more national sovereignty to the institutions of the EU. While the EU's institutions are strengthened, the European Union is by definition not a sovereign state. Accordingly, the following statement adequately addresses the dangers of this lose-lose situation: "All of this, in turn, not only engenders the oft-noted 'democratic deficit' within the EU, it also creates a democratic deficit in the national arenas by undermining the democratic legitimacy of elected governments that are no longer accountable for many of the politics they implement."[263] Furthermore, this position is also echoed in Börzel and Risse's argument that "neither the EU nor the modern welfare states enjoy the capacity for autonomous action of a nineteenth century nation-state."[264] Consequently, European integration has created a conundrum that can only be resolved by making the European Union what it already resembles – a European federation.

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[262] Ibid., 128-129

[263] Vivian A. Schmidt, "European 'Federalism' and its Encroachments on National Institutions," *Publius* 29 (January 1999) : 20.

[264] Börzel and Risse.

Multi-level Governance in European Governance

Governance in the European Union is a system of multi-level governance. Multi-level governance refers to a system that is characterised by the sharing of power across the subnational, national, and supranational level – multiple levels of government. In the unique terms of the EU, the multi-level system of governance can best be described as follows: "[it] not only encompasses national governments and supranational institutions such as the Commission, the European parliament, the European Court of Justice, and the European Central Bank, but also transnational interest groups and other private actors in government networks of varying density and scope."[265] The following argument solidifies the claim that governance in the EU is indeed of a multi-level structure:

> Governance in the European Union is more multi-level than it is intergovernmental, given the growing numbers of supranational, national and subnational institutional actors that have gained decision-making clout in an ever-expanding system of mutual dependencies with mixed patters of contestation and collaboration.[266]

While MLG is an accepted concept, Romano Prodi, former Commission President of the EU, made the concept part of the European Union vocabulary. Accordingly, he stated in regards to political authority and power in the EU "the sub-national, national and European levels must therefore be brought together on an equal footing before decisions are taken … Cooperation is therefore needed as the working method for promoting links between the various actors and establishing multi-level governance."[267]

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[265] Ibid.

[266] Schmidt, 21.

[267] Romano Prodi. Report by Working Group on "Multi-level Governance: Linking and Networking the various Regional and Local Levels," May 2001, available from http://ec.europa.eu/governance/areas/group10/report_en.pdf; Internet, accessed 8 October, 2006.

Prodi also stated that the "growing importance of 'multi-level governance' and of the sub-national level does not herald the decline of the nation-state."[268] But Vivian Schmidt presented a compelling argument in favour of the demise of national autonomy that is in direct correlation with the multi-level structure of European governance. In support of her claim, Schmidt made three arguments: "(1) the European Union is a quasi-federal system with a confusion of powers. (2) the European Union generally undermines national autonomy and control; and (3) the European Union has a differential impact on national institutional structures, with greater adaptational difficulties for unitary than federal states."[269]

> All member states have experienced a diminution in parliamentary power as European integration has progressed. This is related not so much to the presence of the European Parliament (although if it were to increase its own powers, the power of member states' parliaments would naturally diminish in relation to it) as to the way in which the European Union has taken over legislative powers traditionally exercised by national parliaments in such areas as economic policy, trade policy, tariff policy, and agricultural policy.[270]

Schmidt presented a very interesting argument here. While it is widely argued in literature that the European Parliament needs strengthening in order to bridge the democratic deficit in the European Union, she argued that a strengthening of the EP would irrevocably result in a weakening of national member states' parliaments.

Furthermore, Schmidt also refuted the argument brought forth by liberal intergovernmentalism that European integration has strengthened the nation-state, not contributed to its corrosion. Accordingly, she argued "although the power of national executives has increased on the European level, as the bilateral negotiations of the past

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[268] Ibid.

[269] Schmidt, 22.

[270] Ibid., 25.

have given way to the common European policies of the present, their autonomy has diminished, as they must negotiate with others at the supranational level on the approval of policies that in the past had been their alone."[271] This statement is especially true in light of the previously discussed loss of jurisdiction by member states in the area of environmental and social policy.

While the role of the European Court of Justice and the power it carved itself out have been discussed in Chapter Three, the role of the Commission was discussed in the context of trade policy. Hence, the following statement is not astonishing: "only the European Court of Justice seems to occupy the role that traditional democratic theory gives to supreme judicial courts, but it is one that the ECJ has conferred on itself. Much like the EU Commission, it too acts as a 'purposeful opportunist.'"[272] Schmidt substantiated this claim by arguing that societal interest groups increasingly use the ECJ to pursue their own agenda. These interest groups seek protection for their nationals that the government is not willing to provide but must implement if adopted by the EU and enforced by the ECJ. Schmidt points out that this has been the case in the UK.[273] Thus, the autonomy of the member state is further diminished. Schmidt fortified the argument that European integration had a negative impact on the member states' sovereignty. Due to increased negotiated exchanges among institutions at the supranational, subnational and national levels, national sovereignty did not strengthen, but indeed eroded as a direct result of the integrative process. Member states are constantly challenged by the institutions of the EU and are often lose out in a power struggle over autonomy.

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[271] Ibid., 32.

[272] Ibid., 39.

[273] Ibid., 40.

European Identity

The member states of the European Union not only have the euro in common, but also a common flag, anthem, and passport. The passport inherently makes them European citizens. While nationalism was first born on the European continent with the development of the modern state after the Peace of Westphalia, it will be the purpose of the section to examine to what extent "European citizens" view themselves as Europeans. The attitude of EU citizens towards the European unions will also be the subject of discussion with the aid of the Eurobarometer. First performed in 1973, the Eurobarometer is a cross-national survey conducted among EU member states on behalf of the European Commission. It is performed in order to gain insight to the public opinion and attitudes of citizens of EU on issues relating to the European Union. Hence, it monitors the public opinion and is thus is a mirror of national attitudes towards the European Union.

Monnet and Schuman envisioned that the development of a European identity would be a natural by-product of the integrative process. While the term "identity" is one of great ambiguity, it is frequently used by the European Union. Accordingly, in the Treaty establishing the European Union, Art. 6 paragraph 3 EU uses the term identity as follows: "The Union shall respect the national identities of its Member States." In Art. 2 EU, the European Union "assert its identity on the international scene," thus implying the concept of a European identity. While the European Union may imply the existence of a European identity, the real attitude towards the Union and European identity can be established by consulting the Eurobarometer.

The following questions and responses are samples taken from the Eurobarometer on the Future of Europe in order to gain a better understanding of the attitude of

European citizens towards the European Union in general.[274] When asked to determine

the degree of interest taken in domestic and European politics, sixty-three per cent of the

respondents declared to be "very interested" in domestic affairs versus a minority of

forty-five per cent declaring to be "very interested" in European politics. This very low

interest in European politics is reflected in the low voter's turnout at European

Parliamentary elections. At the 2004 European election, the voter's turnout was a meagre

45.5 per cent. While the election was largely fought on national issues, the 2004 election

had the "lowest turnout in the history of the European elections, suggesting an increasing

distance between the EU institutions and the citizens."[275]

When presented with the general question if respondents felt that "things are

going in the right direction or in the wrong direction" in the European Union, thirty-nine

per cent felt that things are going in the right direction in the EU. Only thirty-four per

cent felt things were going in the right direction in their own state. However, only half of

the respondents replied that their country's membership in the EU is a good thing.

Respondents were also asked to determine if the objectives of the founding fathers have

been achieved. However, the following quote was shown to respondents on which they

had to base their opinion: "Referring to the foundation of the "House of Europe", Jean

Monnet declared: 'This first Common Market, these first supranational institutions, are

the first steps towards the unification of Europe. The rules, institutions, which we will

establish will contribute essentially to guide the action of the men and women of Europe

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[274] "Eurobarometer, The Future of Europe," February – March 2006, available from http://ec.europa.eu/public_opinion/archives/ebs/ebs_251_en.pdf; Internet, accessed 12 November, 2006. The following questionnaire samples are available at the same site.

[275] "European Parliament Elections: Results," available from http://www.euractiv.com/en/elections/european-parliament-elections-2004-results/article-117482; Internet, accessed 12 November, 2006.

towards peace.'"[276] While less than half of the respondents (43 per cent) considered peace the most positive result, twenty-nine per cent named the Single European Market and ten per cent the Euro. Interestingly, a European social welfare system and a common Constitution were seen as the best ways of strengthening European citizenship. While eight per cent spontaneously answered that they do not wish to be a European citizen, five per cent felt that a European Olympic Team would strengthen European citizenship. In general, citizens of the European Union view the EU positively but take hardly an interest in European politics which is reflected in the voter's turnout in European elections.[277]

Since 1992, the Eurobarometer has asked citizens in regards to European identity versus national identity. Respondents were asked if to rank their preferences in terms of national identity only, European and national identity, national and European identity, and European identity only. The results of the surveys conducted between 1992 and 1998 showed that a slightly higher percentage of people identified themselves as a national and European identity (44 per cent) than those who only identified themselves as national identity (41 per cent). The percentages of those who identified themselves as European only (5 per cent) and European and national identity (6 per cent) are comparable. Since the question was first included in the survey, no major development of a European identity can be identified.[278] In view of this data, it must be conceded that "there is little evidence to suggest that, as a whole, the peoples of Europe have acquired a level of

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[276] "Eurobarometer, Standard Eurobarometer 49," April-May 1998, available from http://ec.europa.eu/public_opinion/archives/eb/eb49/eb49_report_en.pdf; Internet, accessed on 12 November, 2006.

[277] Ibid.

[278] Ibid.

identity with European institutions that is in any way equivalent to their identification with existing nation states and regions."[279] However, as previously mentioned, the state precedes the formation of a nationality. Hence, living in an exiting state, Europeans are naturally challenged to feel loyal to an organization as ill-defined as the European Union.

Conclusion

When Germany assumed the EU Presidency in the first half of 2007, the focus will be on Angela Merkel, current German Chancellor, to provide directions to further the European project. While Merkel calld the EU an "undeniable success" as a "peace-community," she also urged to rethink Europe's mission, saying that the post World War II rationale was no longer enough to inspire people in the post-Cold War world. "I don't want to dramatise things, but I believe a new rationale is more necessary than ever. We must, and I am deeply convinced of this, critically review the state of the European project."[280] However, she lacks a clear directive on what the European project may look like.

It was the task of this chapter to substantiate the claim that EU possesses quasi-federal powers. Accordingly, several areas of EU policy were the subject of discussion to illustrate that a transfer of sovereign rights from the member states to institutions of the

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[279] David Mckay, *Federalism and European Union. A Political Economy Perspective* (Oxford: Oxford University Press, 1999),173.

[280] Angela Merkel, "European Policy Statement by Federal Chancellor Angela Merkel in the German Bundestag," May 11, 2006; available from http://www.bundesregierung.de/nn_6568/Content/EN/Regierungserklaerung/2006/05/2006-05-11-european-policy-statement-by-federal-chancellor-angela-merkel-in-the-german-bundestag.html; Internet; accessed 20 July 2006.

European Union has indeed taken place as a result of the integrative process. The chapter also provided conclusions on the erosion of national sovereignty as a result of multi-level governance. Lastly, attitudes of European citizens towards the European Union were discussed. In conclusion, this chapter has clearly demonstrated that member states are constantly challenged in their autonomy by institutions of the European Union.

CONCLUSION

"One basic formula for understanding the Community is this:
'Take five broken empires, add the sixth one later,
and make one big neo-colonial empire out of it all.'"

Johan Galtung, Norwegian sociologist

With efforts to create peace and a political unification of Europe dating back to

the tenth century, the pursuit of the idea of establishing a European federation proved a

constant challenge and was marked by countless obstacles. When the Treaty establishing

a Constitution for Europe was adopted in 2004, a milestone was reached on the road to

establishing a European federation. With a unanimous vote in favour of the Constitution,

it was anticipated to have the Treaty ratified in the latter half of 2006. The ratification of

the Treaty was of vital importance to those in favour of the creation of a federal Europe.

According to Guy Verhofstadt, Belgian Prime Minister: "The Constitution is the capstone

of a European federal state."[281] Moreover, Hans Martin Bury, German Minister for

Europe, argued that "the EU Constitution [was] the birth certificate of the United States

of Europe."[282] However, hopes for a swift implementation were shattered when the

people of France and the Netherlands rejected the Constitution in 2005. While the quest

for implementing a European constitution was delayed, it was not abandoned. The need

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[281] Guy Verhofstadt, Financial Times, 21-06-2004.

[282] Hans Martin Bury, Die Welt, 25-02-2005.

to push forward the integrative effort is reflected in Franco Frattini's spin on the "bicycle theory" when he said: "Europe is like a bicycle, either it goes ahead or it falls down."[283] While there is a consensus that the integrative process must continue, there is no consensus where it ought to strife towards.

This thesis provided a comprehensive analysis of four major theories of European integration, notably federalism, neofunctionalism, liberal intergovernmentalism, and multi-level governance. In doing so, this study consulted the vast literature on European Union. While it was not the objective of this thesis to develop a new theory on European integration, it was unique in its approach of not limiting an interpretation of the integrative process to one single theory. No single theory can adequately account for the process of European integration and at the same time, provide a satisfying finalité of the integrative process. Upon closer examination, all four theories were flawed in either describing the process or lacked an objective of the process. Hence, it was shown that European integration is not necessarily explained by one single theory but is best understood in the context of all the above theories. While seemingly exclusive of one another, it was argued that only a combination of all four approaches can effectively illuminate the phenomenon of European integration. While each theory is flawed on its own, they complement one another when linked together, thus compensating for each other's weaknesses.

While federalism has a clear objective of the integrative process – the establishment of a federation, it can not always adequately describe the process of

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[283] Franco Frattini, "Management of Migration flows," Joint debate – Freedom, Security and Justice – Immigration (EP), Strasbourg, 27 September 2006, available from http://europa.eu.int/rapid/pressReleasesAction.do?reference=SPEECH/06/539&type=HTML&aged=0&language=EN&guiLanguage=en; accessed 30 September, 2006

European integration. Neofunctionalism can effectively describe the early stages of the integrative process but falls short to account for stagnation. It also lacks an objective for European integration. Liberal intergovernmentalism provided a unique perspective to the interpretation and can effectively explain why states chose to cooperate in the integrative process. Multi-level governance, on the other hand, is inadequate in terms of describing the process of European integration. However, it provided a unique perspective of the governance structure in the European Union as a result of the integrative process.

This theoretical foundation provided an excellent underpinning in support of the thesis. The thesis made the claim that European integration has resulted in a transfer of sovereignty from the member states to institutions of the European Union causing an erosion of national sovereignty. The erosion of national sovereignty has left weakened member states unable to cope with the internal market pressures caused by European integration as well as the pressures forced on states by globalization.

On examination, the European Union possessed numerous elements that resemble a federation. However, the European Union is by definition not a state. Subsequently, it was argued that the objective of the integrative process must be the creation of a nation-state. Without it, it remains an unidentified political object. Arguments in support of this claim were comprehensively discussed.

The following conclusions can be drawn. First, the European Union possesses quasi-federal powers and institutions in the fields of agriculture, trade, monetary policy, environmental and social policy. The introduction of the euro has been an undeniable success and has given the Union an instrument making it equal to the United States.

While the European Union is an equal partner in economic terms, it is still remains a dwarf in political terms. The argument was made that nation-states are still the most important actors in international relations. Regardless of how powerful the European economy may be, the European Union will be unable to reach its full potential without formal sovereignty. It is these two factors – the inability to become a major player in international relations and the erosion of national sovereignty as a result of European integration that leads to one logical conclusion: the need for the establishment of European federation; a kind of United States of Europe.

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