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European Union Integration Theories: Historical Significance and Future Development

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**European Union Integration Theories:
Historical Significance and Future Development**



HONORS THESIS

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I. Introduction and Statement of Purpose

The European Union is a political body like no other. It has maintained its ability to balance a fine line between supranational organization and member state sovereignty. Throughout its conception and subsequent progress, many theorists have attempted to tackle the complexity of the Union's integration. Some focus on the Union's need to widen its membership to include more states, while others explain the necessity to deepen the bonds between existing members. In this thesis I will attempt to answer the question of which integration theories have impacted the European Union most drastically to this point and which theories will be most crucial to explaining the role the Union will adopt in the next decade. Through a vetting of these ideas, it is apparent that while no one theory wholly encapsulates the entire picture, Intergovernmentalism has played the largest role pertaining to integration to this point, however, due to the current political and economic climates, Liberal Intergovernmentalism, supported by less influential theories, will become the most dominant theory to cope with increasing demand for unified actions and decisions.

II. Historical Background

In the years directly following the Second World War, it became apparent that past solutions to reconstruction were not successful. In order to prevent Germany in engaging in a power struggle within the continent, the idea of a European Community emerged to secure peace and promote economic cooperation. With this in mind, the

European Coal and Steel Community was created in 1952 with the goal of integrating these two dominant industries with the hopes of forging strong ties of economic interdependence^I. This union progressed into the European Economic Community in 1957 and included Germany, France, Belgium, Italy, Luxembourg, and the Netherlands with the same intentions of strengthening economic integration^{II}. In 1973 Denmark, Ireland, and the United Kingdom joined the EEC^{III}, and the first European Parliament elections took place. The Single European Currency Unit (ECU), which introduced the concept of the Euro, was proposed in 1979^{IV}. Over the next seven years, Greece, Portugal, and Spain were accepted into the union^V, which was officially renamed the European Union in 1991^{VI}. 1995 brought the inclusion of Austria, Sweden, and Finland^{VII}. The next big step for the Union was the adoption of a common currency, the Euro, in twelve of the member states in 2002^{VIII}. The largest expansion of the EU took place in 2004 with the inclusion of ten new members from Central and Eastern Europe and was followed by the admittance of Bulgaria and Romania in 2007^{IX}.

III. Governance of the European Union

The EU is a unique body unlike any other before it. It is comprised of a mixture of supranational institutions, state policy leaders, and interest groups working together

I Dinan, 20

II Dinan, 34

III Dinan, 40

IV McCormick, 58

V Dinan, 100

VI Dinan, 98

VII Dinan, 135

VIII McCormick, 213

IX Bulgaria, Romania Join the EU

and against each other to function as an intergovernmental organization. Originally formed as a way to curb the development of a regional hegemony on the continent, the European Union has progressed to assume a new identity and purpose.

The Council of Ministers, the key decision making branch of the European Union, is responsible for the coordination of key EU policies, is the primary champion of national interest, and is arguably the most powerful of the Union's institutions^X. The Council is comprised of national government ministers and is considered to be the most intergovernmental of the EU institutions. The Council of Ministers also has a final say in the adoption of new regulations and policies. The ministers are often leading political figures at home, so they are motivated by national political interests. Their views are also ideologically driven, and their authority will depend to some extent on the strength and stability of the governing party or coalition at home^{XI}.

The European Parliament is a 732 member body that holds elections every 5 years in each member state^{XII}. The parliament is led by a president who is elected for a term lasting two and a half years. It has only recently seen an increase in influence since the first direct elections in 1979^{XIII}. Although the parliament cannot pass legislation on its own, it does have the power to prevent its passage and functions as a supervisory role for the Union. Also, it can become more common for like minded state parties to come together to form "Euro Parties" and work as a block or coalition^{XIV}.

The role of the European Court of Justice functions to make sure that national and European laws – and international agreements being considered by the EU – meet the

X McCormick, 79

XI McCormick, 82

XII McCormick, 83

XIII McCormick, 84

XIV Hix, 267

terms and the spirit of the previously ratified treaties, and that the EU law is equally, fairly, and consistently applied throughout the member states^{XV}. The court does this by making rulings pertaining to the “constitutionality” of European Union law and making judgments pertaining to disputes between EU institutions, member states, individuals, and corporations^{XVI}. The court also plays an important role in defining the hierarchy of powers between the Union and member states, and it does this by making decisions when disputes arise between the two but only in areas where the EU has competence to legislate^{XVII}. The court itself is comprised of 27 judges that are appointed by the governments of the individual member states for terms lasting 6 years^{XVIII}.

The European Council is comprised of the heads of governments of the EU member states, their foreign ministers, and the president and vice-president of the Commission^{XIX}. The Council meets twice a year and is seen more as a steering committee or board of directors: “it discusses the broad issues and goals of the EU, leaving it to the other EU institutions to work out the details”^{XX}. The Council has also taken a leading role in the Union’s integration, with many of the most important initiatives of recent years emerging from its discussions, such as the European Monetary System and most recent European treaties^{XXI}.

The European Commission is the only truly supranational organization with the sole intension of promoting the good of the European Union. The Commission is a non-partisan body that is comprised of appointed individuals who are approved by the

XV Dinan, 293

XVI Dinan, 294

XVII Dinan, 293

XVIII McCormick, 86

XIX Dinan, 225

XX McCormick, 89

XXI McCormick, 89

European Parliament and representatives must disavow any alliance to their home state for a five year term^{XXII}. This body also proposes the developments to the Union's policies, monitors that directives being upheld and implemented, acts as an external representative within the international community, and provides executive implementation of Union policies^{XXIII}. Being the bureaucratic arm of the European Union it focuses on further development of policy areas including the single market initiatives and the development of the Euro^{XXIV}.

IV. Defining Integration

The concept of European Union integration is a broad and evolving topic. Apart from being vague it holds different meanings to different theorists and citizens. Some believe that it should focus on a deepening of relations between current member states, while others insist that the Union should expand as much as possible to incorporate as many members as possible. In deciding what integration means and how it should advance, it is important to understand that there is no one clear cut definition and those that are proposed are met with little consensus or agreement. The paramount questions surrounding the continuous debate rests on the struggle of what it means to integrate or be integrated. Is it a formation of political unification? Is it an economic union? Does it have more to do with sociological study and the creation of a commonly held identity? These debates about the goal of integration make it very difficult to compare one theory to another. This dichotomy is famously illustrated in Donald Puchala's likening of the

XXII McCormick, 76

XXIII McCormick, 77

XXIV Dinan, 221

study of integration to the tale of a group of blind men trying to discover what an elephant looks like. Each blind man touches a different part of the elephant. The man who feels the trunk will believe that the animal is tall and slender, whereas the man who touches a leg will believe it is large and stocky^{XXV}. This analogy aptly illustrates the problem of different starting points for analysis.

The former President of the American Political Science Association, Karl Deutsch, proposed that integration should focus on the “probability that conflicts will be resolved peacefully”^{XXVI}, therefore believing that integration is a condition of affairs between states.

Ernest B. Haas, the founder of Neofunctionalism, posited that integration is “the process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations, and political activities toward a new center, whose institutions possess or demand jurisdiction over the pre-existing national states”^{XXVII}. This thinking would result in a new political community, superimposed over the pre-existing norms and interactions. Haas also believed that integration refers to the practices of sharing and delegating decision-making responsibilities and that it can be achieved without moving towards a new political community^{XXVIII}.

Integration theorist Leon Lindberg held that it was the development of devices and processes for arriving at collective decisions by means other than autonomous actions by national governments^{XXIX}. This theory implies a dependence on neighboring or fellow member states to make decisions on governing that would allude to a forgoing of certain

XXV Eilstrup-Sangiovanni, 9

XXVI Eilstrup-Sangiovanni, 7

XXVII Eilstrup-Sangiovanni, 7

XXVIII Eilstrup-Sangiovanni, 8

XXIX Eilstrup-Sangiovanni, 8

valued principles of strong state autonomy and sovereignty. Lindberg also believed that integration should focus on political or economic unification or a combination of the two^{XXX} as a way of insuring strong and dependable cooperation.

If we go back to Puchala's analogy of the blind men feeling an elephant we can understand the dangers of trying to extrapolate from a few rudimentary observations to a definition of the nature of the whole beast. If each theorist were to continue talking past each other while focusing on only part of the issue of integration, no comprehensive definition will ever be reached. If each blind man continues to convince the others that the entire animal must look like the part that they are examining, they will never arrive at a comprehensive picture, a picture that can easily be reached through a combination of their observations. This is what has been and remains to be the largest problem when comparing and contrasting integration theories. While one theory might explain a bulk of why the Union acts the way it does, it will never be fully explained unless multiple theories are combined.

V. Review of Integration Theories

To grasp which theory or theories have played the largest role in shaping the path the European Union has taken it is important to understand the most prominent ideas. The first set of theories is known as normative pre-integration theories and was first proposed between the 1920s and 1960s. The theories include Federalism, Functionalism, and Transactionalism.

XXX Eilstrup-Sangiovanni, 8

Federalism is the most well known integration theory because of its wide use in domestic political systems and analysis. It was originally discussed following the Second World War because states felt that they could no longer provide protection for their citizens^{XXXI}. Many feared that if Europe was reconstructed in the same fashion as it was after the First World War, there would be further repetition of an unstable and warring continent. The idea of Federalism is a federal system in which at least two levels of government – national and regional – coexisting with separate or shared powers^{XXXII}. These systems would each have independent functions with neither having supreme authority over the other. It usually consists of an elected national government with sole power over foreign and security policy, and separately elected regional governments with powers over primarily domestic issues such as education and policing. There is a single national currency and a common defense policy, a written constitution that dictates the relative powers of the different levels of government, a court system that can arbitrate disputes between them, and at least two major sets of laws, governments, bureaucracies, and taxation policies^{XXXIII}. The local units also help in defining interests of the upper levels of government.

The European Union does possess certain aspects of Federalism. The Union has a complex system of treaties and laws that are uniformly applicable throughout the EU and are applicable to all citizens while being enforced by the European Court of Justice^{XXXIV}. Also, in policy areas where members have agreed to transfer authority to the Union, such as intra-euro trade, environmental and agricultural policy, and social issues, the European

XXXI Eilstrup-Sangiovanni, 18

XXXII Eilstrup-Sangiovanni, 19

XXXIII Eilstrup-Sangiovanni, 23

XXXIV Dinan, 291

Union law supersedes that of individual member state law^{XXXV}. The existence of a small EU budget affords its institutions an element of financial independence^{XXXVI}. The European Commission also had the mandated power to oversee and represent the twenty-seven member states during third party negotiations regarding policy issues such as trade and defense^{XXXVII}. Sixteen of the twenty-seven member states are also members of the uniform European currency the Euro that is overseen by the European Central Bank in Frankfurt.

However, a federation indicated the presence of a codified document or documents that dictate the relationships between the states and the higher levels of government. Because there are few clear cut lines between states' rights and federal organizations' rights there are many disputes between the two in regards to power and policy responsibilities.

Functionalism evolved as a direct alternative to federalism and holds the idea that integration is based on the process of incrementally bridging gaps between states by building functionally specific organizations^{XXXVIII}. Instead of attempting to coordinate large and controversial issues such as economic or defense policy, Functionalism believes it is possible to "sneak up on peace" by promoting integration in relatively non-controversial areas^{XXXIX}. Through the coordination of state agencies, such as postal services or specific sectors of industry, Functionalism utilizes cooperation of supranational or overarching bureaucracies to act as an invisible hand of integration, pushing for a spillover into additional policy areas. David Mitrany, the founder of

XXXV Dinan, 289

XXXVI Dinan, 204

XXXVII Dinan, 204

XXXVIII Eilstrup-Sangiovanni, 24

XXXIX Eilstrup-Sangiovanni, 25

Functionalism, argued that transnational bodies would not only be more efficient for providing welfare than national governments, but they will also assist in transferring popular loyalty away from the state, and so reduce the chances international conflict^{XL}. Mitrany also insists that each state is not required to join in each sector which sits as the foundation of the creation of the Union^{XLI}.

The majority of the criticism surrounding Functionalism pertains to the theory's emphasis on insisting that the supranational bureaucracies be led by technocrats. This lack of political accountability can lead to a less democratic system because it weakens the importance of individuals providing input and heightens the importance of the international group of experts in that particular field^{XLII}. Also, with the increase of transnational organizations providing goods and services that were once dispersed between multiple institutions throughout multiple states, there is the chance of creating a stagnant economy due to a lack of competition.

Transactionalism is the theory that seeks to promote security through integration focused on increasing transactions across borders through communication, trade, or travel^{XLIII}. Transactionalism also believes that the end result will be peace through the creation of security communities between states that have transactions between them^{XLIV}. By elaborating on the international relations theory of interdependence, Transactionalism holds that two countries that are dependent on one another economically will not war with each other. This theory's key hypothesis is that a sense of community among states

XL Eilstrup-Sangiovanni, 26

XLI Eilstrup-Sangiovanni, 26

XLII Eilstrup-Sangiovanni, 28

XLIII Eilstrup-Sangiovanni, 29

XLIV Eilstrup-Sangiovanni, 30

is a function of the level of communication occurring between them^{XLV}. The sense of community that is relevant for integration turned out to be rather a matter of mutual sympathy and loyalties; a “we-feeling” of trust and mutual consideration^{XLVI}. Through greater interactions with different member states, cultures, and individuals, a community is developed that pushes for further cooperation and fewer barriers for cohabitation. The major critique of Transactionalism is that it only functions as a precursor to further integration that takes place through the avenue of another theory, a stepping stone to actual integration^{XLVII}.

The second phase of theories is known as explanatory integration and was proposed in the 1950s and has continued to be elaborated upon. The first theory is Neofunctionalism and is an evolution of functionalism. Neofunctionalism argues that preconditions are needed before integration can occur, including a switch in public attitudes away from pragmatic rather than altruistic reasons, as well as the delegation of real power to a new supranational authority^{XLVIII}. Once these changes take place there will be an expansion of integration caused by spillover, described by Lindberg as a process by which “a given actions, 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 need for more action”^{XLIX}.

In regards to spillover, Lindberg proposed three different forms. Functional Spillover implies that economies are so interconnected that if states integrate one sector

XLV Eilstrup-Sangiovanni, 30

XLVI Eilstrup-Sangiovanni, 30

XLVII Eilstrup-Sangiovanni, 32

XLVIII Eilstrup-Sangiovanni, 90

XLIX Eilstrup-Sangiovanni, 94

of their economies, it will lead to the integration of other sectors^L. Technical Spillover implies that disparities in standards will cause states to rise or sink to the level of the state with the strictest or loosest regulations^{LI}. An example of Technical Spillover was seen in the admittance of Greece and Portugal into the European Union, who were both encouraged to adopt stronger environmental regulations due to the Union's decision to dictate strict environmental policy modeled after those in Germany and the Netherlands^{LII}. Political Spillover assumes that once different functional sectors are integrated, interest groups such as corporate lobbyist and labor unions, will switch from attempting to influence national governments to influencing regional institutions which will encourage them in an attempt to win new powers for themselves^{LIII}. As this happens, politics will increasingly be played out at the regional rather than the national level. Interest groups will lobby the supranational government, giving it legitimacy. Philippe Schmitter also proposed Spillaround: letting EU organizations expand to new policy areas but preventing them from gaining too many powers, Buildup: buildup of responsibilities or tasks leading to the creation of another organization such as the Court of First Instance emerging from the European Court of Justice, Retrenchment: states working together to subvert the power of the intergovernmental organization, and Spillback: a reduction in both the breadth and depth of the authority of the intergovernmental organization^{LIV}.

The second explanatory integration theory is Intergovernmentalism, which is a direct response to Neofunctionalism and its heavy handed concentration on the internal dynamics of integration without paying adequate attention to the global context, as well

L McCormick, 9

LI McCormick, 9

LII McCormick, 9

LIII McCormick, 10

LIV McCormick, 10

as Neofunctionalism's inflated emphasis on interest groups^{LV}. Intergovernmentalism argues that while organized interests play an important role in furthering integration, as do government officials and political parties, the pace and nature of integration is ultimately determined by national governments pursuing national interest^{LVI}; they alone have legal sovereignty, and they alone have the political legitimacy that comes from being democratically elected. Intergovernmentalist theorists critique Neofunctionalism in this regard, stating that national governments have more autonomy than Neofunctionalism allows^{LVII}.

Intergovernmentalism bisects politics into realms of high and low. High politics are those that are critical to state interest and include defense, security, and foreign policy^{LVIII}. Low politics are those that pose secondary concerns and include transportation, welfare, and economic policy^{LIX}. The theory is rooted in issues pertaining to state sovereignty, national interests, and the notion that states have an inherent desire to survive. The most prominent Intergovernmental politician is former British Prime Minister Margaret Thatcher, who governed with the belief in national governments' ability to dictate integration^{LX}.

As the theory continued to develop, there emerged two further concepts: Realist Intergovernmentalism and Liberal Intergovernmentalism. Realist Intergovernmentalism (RI) is based on the link between international cooperation and underlying national

LV Eilstrup-Sangiovanni, 97

LVI Eilstrup-Sangiovanni, 97

LVII Eilstrup-Sangiovanni, 97

LVIII Eilstrup-Sangiovanni, 99

LIX Eilstrup-Sangiovanni, 99

LX Ginsberg, 70

security interests^{LXI}. Realist Intergovernmentalists see integration in post-war Europe as a function of intra-European geopolitical concerns, such as the peaceful reintegration of West Germany^{LXII}. They see that the paramount motivation behind integration has been to institute a lasting safeguard against renewed conflict among European states. RI portrays integration as a strategy of “soft hegemony” whereby a comparatively weak regional power seeks to assert its influence through cooperation rather than dominance, showing that smaller states can use integration as a way of binding a rising regional hegemony and preventing it from reaching a dominant position^{LXIII}. However, RI sees European Union integration as ephemeral and in the absence of both a powerful external threat and a bipolar international structure, integration is destined to eventually relapse^{LXIV}.

Liberal Intergovernmentalism (LI) holds that states are rational actors who utilize a cost-benefit analysis in making decisions, are unitary actors, and calculate the utility of alternative courses of action while selecting the ones that maximize their individual benefits^{LXV}. LI dictates that governments first define a set of interests and then bargain among themselves in an effort to realize those interests, which results in the shaping of the demand and supply functions for international cooperation and the overall foreign policy behavior of the state^{LXVI}. The increase of transborder transportation of goods, services, factors, and pollutants creates international policy externalities which creates an incentive for policy coordination between them. Therefore, states have an inherent desire

LXI Eilstrup-Sangiovanni, 187

LXII Eilstrup-Sangiovanni, 186

LXIII Eilstrup-Sangiovanni, 186

LXIV Eilstrup-Sangiovanni, 187

LXV Eilstrup-Sangiovanni, 187

LXVI Eilstrup-Sangiovanni, 188

to coordinate whenever possible to prevent them^{LXVII}. LI states that the institutions of the European Union strengthen the power of member state governments not weaken them, by increasing the efficiency of interstate bargaining, creating a common negotiating forum and decision making procedures, which reduces the cost of identifying, making, and keeping agreements^{LXVIII}.

The third phase was comprised of neo-institutionalist and governance approaches and became popular in the 1980s. New Institutionalism draws on the general theories associated with domestic and international institutions to explain the development of integration. The theory was founded by political scientists and students of international relations in studying the effects of institutions on political processes, and the European Union being one of the most densely institutionalized settings in the world, made it an easy target of study^{LXIX}. New Institutionalists see EU institutions as independent bodies with intervening variables which crucially affect actors' strategies and goals in the area of integration^{LXX}.

New Institutionalism is as a whole comprised of three subset theories: Rational Choice-Institutionalism, Historical Institutionalism, and Sociological Institutionalism. Rational Choice-Institutionalism has strong commonalities with Liberal Intergovernmentalism in that it views states as instrumentally rational unitary actors^{LXXI}. It states that institutions are created by states because states benefit from the functions they perform. Institutions are said to reduce transaction costs and solve problems of incomplete contracting, monitoring, and enforcement. This theory implies that states are

LXVII Eilstrup-Sangiovanni, 189

LXVIII Eilstrup-Sangiovanni, 191

LXIX Eilstrup-Sangiovanni, 194

LXX Eilstrup-Sangiovanni, 194

LXXI Eilstrup-Sangiovanni, 196

still rational actors and when necessary, can alter the role and decisions of the institutions, as seen with the weakening of the European Court of Justice^{LXXII}. Therefore, institutions are strategic actors who realize that its power is contingent on the acquiescence of member states and therefore refrain from making decisions counter to state demands^{LXXIII}. States will continue to have a strong role in the future development of the Union and institutions will continue to be an important part of daily operations and serve a distinct purpose of expansion.

Historical Institutionalism focuses on how institutions develop over time and affect the position of states in ways that are often unintended or undesired by their creators. A distinguishing feature of Historical Institutionalism is that it accepts basic Intergovernmentalist assumptions pertaining to primacy of national governments in the creation and reform of international institutions^{LXXIV}. This theory posits that institutions are created by instrumentally motivated states to serve their collective interests, however over time, increasing returns and lock-in effects imply that institutions often become entrenched and difficult to alter even in the face of changing policy environments^{LXXV}. Historical Institutionalism adheres to the principle that institutional development is subject to increasing returns, believing that the reversals of directions become increasingly unattractive over time. Due to the ratification of unanimous voting systems it becomes hard to approve changes leading states to adapt to new rules and make investments based on expectations that these rules will continue, thereby increasing the

LXXII Eilstrup-Sangiovanni, 197

LXXIII Eilstrup-Sangiovanni, 197

LXXIV Eilstrup-Sangiovanni, 198

LXXV Eilstrup-Sangiovanni, 199

cost of policy change^{LXXVI}. This results in states having an imperfect control of how the European Union will develop and integrate^{LXXVII}.

Sociological Institutionalism holds that the key to explaining policy outcomes is not the formal attributes of European institutions, but rather the informal rules, norms, and shared systems of meaning, which shape the interest of actors. It argues that institutions are likely to alter not only material incentives but the very identities, self-images, and preferences of actors^{LXXVIII}. When institutions act they are compelled to adhere to the internalized duties and obligations that are defined by institutional identity. Therefore, institutions have not merely a regulative role but a constitutive one in regards to politics^{LXXIX}. The theory is sociological because actors internalize the rules and norms, when then influence how they see themselves and what they perceive as their interests. This is a gradual process which alters the attitudes and beliefs of actors over time in often imperceptible ways^{LXXX}. When actors interact with European Union institutions they come into contact with new ideas and arguments which may change their understanding of their own rules and interests. As a result, they alter their behavior in ways that are unexplained by interest and identity formation^{LXXXI}. This relationship is mutual, leading to institutions developing with actors to convert at congruent concepts, values, and ideas. Institutions will not act as solitary actors that are lobbying on behalf of their own agenda,

LXXVI Eilstrup-Sangiovanni, 199

LXXVII Eilstrup-Sangiovanni, 200

LXXVIII Eilstrup-Sangiovanni, 394

LXXIX Eilstrup-Sangiovanni, 395

LXXX Eilstrup-Sangiovanni, 394

LXXXI Eilstrup-Sangiovanni, 396

but through interactions with the actors, will progress integration in a mutually beneficial way^{LXXXII}.

The second section of this phase is comparative and governance approaches. These theories see the European Union as a national body of its own and less like an international organization, and its theorists therefore enhance their understanding of the Union by applying general understandings of the main process in domestic political systems. One way of doing this is to conceive of the EU as a quasi-federal polity and to compare political processes within the Union to those in federal states like Germany, Canada, and the United States^{LXXXIII}. This is seen in the way the Union's regulatory agencies have been developed^{LXXXIV}. But some say that traditional federalist states have a clear division of powers and dictate when one trumps the other. Therefore, we should look more at it as we do a normal democracy. Furthermore, the decisions made at the EU level have increasingly affected the allocation of values, and influences who gets what, where, and how in European society^{LXXXV}. As a result, conflict over European integration can no longer be reduced to a single dimension between forces favoring more integration and forces favoring less integration. Rather, political conflict increasingly falls along a traditional left-right dimension familiar to domestic systems. Therefore, we reject normal international relations theories and accept those of normal domestic politics^{LXXXVI}.

The fourth and final phase revolves around constructivist and critical perspectives and was introduced in the 1990s. The most prominent theory from this phase is

LXXXII Eilstrup-Sangiovanni, 396

LXXXIII Eilstrup-Sangiovanni, 328

LXXXIV Eilstrup-Sangiovanni, 329

LXXXV Eilstrup-Sangiovanni, 329

LXXXVI Eilstrup-Sangiovanni, 330

Multilevel Governance. This theory is part of a new wave of thinking where the EU is thought of as a political system. However, it has a more ambiguous picture of what it is, viewing it as neither reducible to a domestic political system nor a system of interstate bargaining. Rather the EU is best understood as a new form of complex multilevel systems in which decision-making and implementation authority is shared across multiple tiers: sub-national, national, transnational, and supranational^{LXXXVII}. On these levels, Multilevel Governance states that the sovereignty of the Union member states is being eroded. Externally, factors that undermine state sovereignty include the deregulation of trade and financial markets and the increased volatility of international capital that has deprived the state of much of its traditional capacity to govern their economies. Regionally, collective decision-making within the EU and the consequences of delegation to supranational institutions is weakening states' influence. Sub-nationally, local and regional authorities have become more assertive vis-à-vis national governments wearing away executive control in many policy areas^{LXXXVIII}. The result is that decision-making authority is dispersed across different spatial locations, which challenges the logic of supranationalism^{LXXXIX}. Multilevel Governance insists that integration has not resulted in an ever-increasing power shift to supranational institutions and views states as crucial players in many policy areas. The emerging picture, therefore, is a complex and pluralistic policy-process not firmly under control of member states but not explicable in terms of supranational entrepreneurship either^{XC}.

LXXXVII Eilstrup-Sangiovanni, 330

LXXXVIII Eilstrup-Sangiovanni, 330

LXXXIX Eilstrup-Sangiovanni, 331

XC Eilstrup-Sangiovanni, 333

VI. Prominent Theories of Past EU Integration

While no single theory is responsible wholly for its formation, Intergovernmentalism provides the most comprehensive explanation when placed into historical contexts. Intergovernmentalism is a theory that emphasizes the importance of state governments and political leaders, while positing the importance of state sovereignty and autonomy. Another of its distinguishing features is its concept of high and low politics. These guiding principles of Intergovernmentalism have drastically shaped integration to this point and have played the paramount role in explaining the current institutions and power dynamics.

Most obviously, Intergovernmentalism explains then how and why certain sectors of policy have been integrated. The low politics such as transportation, trade, and economics have all but been transposed to the supranational levels. Agricultural policy is the most prominent example with strict regulation and control resting with the Union itself^{XCI}. In addition, international transportation and travel has been deregulated from state control to be transformed into a cohesive Euro zone with no internal border checkpoints or controls^{XCII}. Trade has also been centralized within the European Union itself by the allowance of the Trade Commission to represent the Union as a whole in trade agreements with international partners such as the United States and China^{XCIII}.

Areas of high politics like national security, foreign policy, and defense, in comparison have remained at the individual state level, and their centralization in the EU has been met with strict opposition. The lack of a comprehensive defense policy is the

XCI Dinan, 48 and McCormick, 169

XCII Chrisman and Queyreyre, 43

XCIII Dinan, 519

most glaring example of how high politics have functioned^{XCIV}. Also, there is no conglomerate military; instead the individual state militaries have continued to act independently of one another, as seen in the most recent confrontations with Iraq and Afghanistan^{XCV}.

The other main point of Intergovernmentalism that has had a large impact on European Union integration is the role that political leaders play. The most prominent example is Charles de Gaulle and the “empty chair incident” where as the President of France, de Gaulle utilized his absence at EEC functions as a form of protest to policy propositions he personally opposed^{XCVI}. His strong opposition to Britain’s admittance to the European Economic Community effectively staved off Britain’s acceptance for thirteen years^{XCVII}. De Gaulle’s commitment to opposing Britain’s acceptance shows the powerful role individual member states can play in the European Union’s integration, even when it is not in the best interest of the Union as a whole.

As previously stated, Margaret Thatcher is another instance of a strong state political leader shaping European Union policy. As a strong critic of federalism, Thatcher was an advocate for centralized power remaining with national governments^{XCVIII}. She strongly opposed devolution of powers and supported measures of asserting state sovereignty. As such, Thatcher famously stated that the European Union should remain a European family and adopt a League of Nations-esque mentality where states collaborated in regards to certain issues but maintain strict autonomy of

XCIV McCormick, 97

XCV Dinan, 599

XCVI Dinan, 49

XCVII Dinan, 52

XCVIII Reitan, 23

others^{XCIX}. This mentality has played out in the Union's cooperation on trade deals and transportation but a weak commitment to a uniformed foreign policy and military cohesion. Thatcher's comments have also arisen during the recent global economic downturn, where individual member states ignored a call for unified action and instead immediately responded by taking immediate action within their own states, most notably seen in Ireland's national subsidies for its banks^C. Thatcher's opinions have been perpetuated in former Prime Minister Tony Blair, as well^{CI}.

Intergovernmentalism can also explain the different bodies of the EU and their lack of power. For example, the European Parliament is still formed by electing representatives from member states that are not forced to relinquish state ties^{CII}. The Union also often offers opt out options to its members as seen with Britain and Denmark's refusal to adopt the Euro^{CIII}.

Federalism is another more minimal theory that has played a role in the Union's development and was strongly supported by Jacques Delors, a former Commission President^{CIV}. At a glance, it seems Federalism is the most appropriate explanation for past integration because of the current structure of EU institutions. The existence of two levels of governance and the shared/separated powers have a stark resemblance to Federalism. Member states still have distinct responsibilities that in some instances overlap with supranational institutions and maintain a distinct level of autonomy.

XCIX McCormick, 116

C Protests in Ireland: In a Stew

CI Bhagwati

CII McCormick, 83

CIII Enlarging the Euro: Faces at the Window

CIV Dinan, 181

However, in areas that the states have delegated powers to the Union level, EU law trumps all^{CV}.

These key features of Federalism show the importance this theory has been to integration. But the lack of distinct segregations of powers dictated in a formal constitution, inequality of states' powers in the form of asymmetrical federalism, and a weak federal system, all show that its importance was minimal^{CVI}.

Functionalism also shaped early integration. Its principles can be seen in the foundation of the Union itself. The European Coal and Steel Community personified key Functionalist points in that it was the creation of a supranational organization with the intention of linking two independent states together in a common union with the goal of staving off potential conflict^{CVII}. Less obviously, Functionalism is seen in EU institutions created to regulate different sectors of the economy, such as agriculture and transportation^{CVIII}.

However, Functionalism has yet to make a large impact beyond these basic points. There has yet to develop EU institutions for each sector of the economy, and little indication to suggest it is headed that direction. The Union also has not adopted the acceptance of implementing technocrats to run each state agency, instead, moving towards a more equitable system of appointments and ratifications through citizen elected bodies.

CV McCormick, 101

CVI "The number of seats is divided up among the member states roughly on the basis of population, so that Germany has 99 while Malta has just five.

This formula means that bigger countries are under-represented and smaller countries over-represented, so while Germany, Britain, France, and Italy each have one MEP per 800,000 citizens, the ratio for Belgium, the Czech Republic, Hungary, and Portugal is about 1:425,000 citizens" McCormick, 83

CVII Dinan, 26

CVIII Dinan, 48 and McCormick, 169

Neofunctionalism impacted integration, but expanded upon Functionalism's ideas to include spill-over. Functional spill-over is depicted in the way the EU managed to expand its governing power through the inclusion of one sector of the economy. By securing control of agricultural policy, the Union was able to make the case that to transport the food, there needs to be a uniformed rail policy, and road policy, and eventual an air travel agreement^{CIX}. Technical spill-over, as stated before, was seen in the Union's adoption of environmental standards that were congruent with strict policy in Germany and the Netherlands^{CX}. In addition, political spill-over was seen when the automobile industry shifted their lobbying focus away from individual member states' governments, and redirected their efforts towards European Union institutions like the Commission and Council^{CXI}. Retrenchment was also seen when Denmark and the United Kingdom worked together to subvert the power of the Union by refusing to participate in the Euro. But there are no examples of spill-back during recent developments, and power control still resides with member states and not supranational institutions specific to each sector of the economy.

Intergovernmentalism has the most complete explanation for European Union integration. By examining the ways Intergovernmentalism has affected the Union's progress, it is plain to see the importance of this theory, but it is also obvious that it alone cannot account for each and every aspect of its governance. Through the incorporation of other theories like Federalism, Functionalism, and Neofunctionalism, it is possible to form a comprehensive image of integration that no one theory is able to provide. The

CIX Eilstrup-Sangiovanni, 94

CX Eilstrup-Sangiovanni, 94

CXI Eilstrup-Sangiovanni, 95

combination of theories to best explain historical progress and setbacks also works when deciding which direction the European Union is headed.

VII. Crises within the European Union

Future European Union integration is at a unique crossroads. The Union has distinct options to choose from: widening its community to include more member states, focusing on deepening the bonds between its current members, or a combination of the two. To formulate an educated hypothesis pertaining to the path the EU will be taking within the next ten years, it is important to expand upon the current problems the Union is facing to decide that the Union will be expanding minimally while primarily focusing on deepening.

The economic crisis has negatively affected the Union in many ways. After first signs of problems emanated from the United States, the ripple was felt within the EU. As the prospect of collapsing banks became a definite possibility within most member states, a uniformed plan for managing the problem was abandoned. Member states began to individually decide how to best manage their own crisis while ignoring the cry for pursuing a collective plan. As the institutions of the European Union were crafting a strategy to best manage the possibility of financial collapse, individual member states like France, Ireland, and Belgium all unilaterally decided to bail out their failing banks^{CXII}. Excuses for individual action were rampant, most notably from French Prime Minister Francois Fillon who told the French parliament that it was “logical for national governments to take the lead in saving their own banks. After all, a collapse might

CXII Financial Crisis: How Europe Responds

threaten at 2am, and no minister would want to ‘wake up’ his twenty-six EU counterparts to debate a rescue with them”^{CXIII}. The response taken by member states hints at a common held belief: when times are good, the Union functions the way it was designed to, but in the mist of crisis, multilateral and collectivist mentalities are sacrificed for individual state policy^{CXIV}. The over all reasons for the nation-by-nation response was best explained by *The Economist* in their article “Managing the Credit Crunch: The European Union’s Week from Hell” which states:

The EU’s founding fathers thought monetary union would go hand in hand with economic union, and the convergence of fiscal and monetary policies. Many assumed that political union would follow before too long. But history took a different turn, and the EU has ended up a strange hybrid: its members have pooled big chunks of sovereignty, and 15 of them share a currency. But it is not a federal state. The European Central Bank controls monetary policy for the euro zone but banking supervision remains under national control^{CXV}.

The current financial crisis is also propagating cries for a deglobalization movement. Whereas once globalization was seen as a source of profit and increased power^{CXVI}, the economic downturn has jeopardized the movement of Union unification. If the policies that emerged for managing individual banks is indicative of the current sentiment of state leaders, the possibility of tariffs and import taxes could be around the corner. However, the blunders that came from these individualist responses could usher

CXIII *Managing the Credit Crunch: The European Union’s Week from Hell*

CXIV *Managing the Credit Crunch: The European Union’s Week from Hell*

CXV *Managing the Credit Crunch: The European Union’s Week from Hell*

CXVI *Globalization: Turning their Backs on the World*

in a stronger need for unified actions during crises that could spill over into other policy initiatives.

There is also the problem of a collective foreign policy. The most recent example of a strong divide between member states was the United States' led invasion of Iraq. At the build up to the invasion, there was a rift between major power players of the European Union. Siding with the United States was the United Kingdom, Denmark, Spain, and Italy. In direct opposition to any direct military involvement were the "Old Europe" leaders, France and Germany^{CXVII}. Many viewed the struggle for a unified response a test case for how the Union will handle the possibility of military action. If it is to be treated as such, the overwhelming response would be that the EU failed^{CXVIII}. The lack of institutionalized procedures for arriving at a collective response was never as apparent as the lead up to the 2003 invasion.

VIII. The Outlook for Expansion

In the debates for expanding the borders of the European Union, rests the idea that a greater base of member states will lead to a greater power and legitimacy being given to the Union as a whole. But at this point, the EU has incorporated all major economic players in the region and an increase in member states could lead to further economic strain and the possibility of retrenchment.

When looking for future member states, it becomes a guessing game of where the Union will chose to expand. The 1980's rejection of Morocco as a candidate state was

CXVII Spyer

CXVIII Spyer

based on the claim that Morocco was not a European state^{CXIX}. This past action is a good indication that the Union will not choose to incorporate states in northern Africa because of the belief that these states exist on the other side of the cultural divide and do not meld with the current picture of a European society.

In the same vein as northern Africa are countries that border the Middle East. An example of this is seen in Israel which has previously made statements attesting its willingness to seek candidacy for the European Union. Although there has been no formal bid from Israel, many Union leaders have discussed their support for full integration with Israel, the group's strongest ally in the region, but has stopped short of supporting their induction to the EU^{CXX}.

Another Middle East country that has garnered greater international attention with its candidacy to the European Union is Turkey. The country has been on a non-stop reform of its major policies, governance, and human rights record in order to make its candidacy stronger^{CXXI}. During his recent trip to the country, United States President Barack Obama has publicly stated his support for Turkey's acceptance into the Union. However, the major question of international security has held up Turkey's chances. The state neighbors Iran, Iraq and Syria and due to the Union's open border policy between member states, would be forced to depend on Turkey to provide adequate border protection between the Union and the Middle East^{CXXII}. Other issues have been centered around Turkey's weak economy (in comparison to other member states) as well as cultural problems. If admitted, Turkey would become the first country to become a

CXIX Dinan, 537

CXX Dinan, 538

CXXI Dinan, 533

CXXII Dinan, 534

member of the European Union with a large population of Muslim citizens, roughly 99 percent^{CXXIII}; questioning the predominately Christian monolithic sentiments of the current makeup of the Union.

Other countries that are on the cusp but at this point, look to be in a stand still are Croatia, Ukraine, Liechtenstein, the Balkans, and the Black Sea countries. In October of 2006, then Enlargement Commissioner Olli Rehn stated that if Croatia will be able to “reform its judiciary and economy with rigor and resolution, then it is likely to be ready around the end of the decade”^{CXXIV}. However, the current economic crisis looks to have halted any progress Croatia has made in the past few years. Many have criticized Ukraine’s prospects based on the fact that the country is too poor, which has now become a larger factor to admittance than it once has. The problems surrounding Liechtenstein is that unlike other constitutional monarchies within the European Union, the Prince of Liechtenstein possesses strong executive powers which directly combats the Union’s affirmation of constitutional republics and a limited power of monarchies^{CXXV}. To be considered for EU candidacy, the Prince would be forced to relinquish these powers. The European Union had previously set a goal of 2005 for the acceptance of the Balkans, but like Croatia and Ukraine, the economic climate has staved off any chance of the state being admitted within the next ten years. The Black Sea countries are in a unique position after gaining the strong support of Queen Elizabeth II^{CXXVI}. However, EU power states like France and Germany are hold outs, believing the states do not represent strong liberal democratic principles. Countries that have previously held public

CXXIII Turkey

CXXIV Olli Rehn Presents his New Book: ‘Europe’s next Frontiers’

CXXV Liechtenstein

CXXVI Britain’s Queen Elizabeth’s Visit to Turkey Continues

referendums pertaining to seeking European Union candidacy, like Norway and Switzerland, are likely to maintain their current relationships with the Union and opt not to pursue acceptance due to the financial problems all of Europe is feeling^{CXXVII}

The last major political player of the region that has made no moves towards declaring an interest in joining the European Union is Russia. Former Russian President Vladimir Putin has said that “Russia joining the EU would not be in the interests of either Russia or the EU”, but has advocated for close integration in various dimensions including the establishment of four common spaces between Russia and the EU, including a united economic, educational and scientific policy as it was declared in the agreement in 2003^{CXXVIII}. More recently, the current Russian representative to the EU has stated that Russia has no intention of joining the Union.

The most recent case of a state actively seeking acceptance to the European Union is Iceland. In light of the country's economic meltdown, political leaders are seeing membership as a solution to massive deficits, a stagnant economy, and the growth of political capital^{CXXIX}. With projected debts totaling the 2007 Icelandic gross domestic product, the government and citizens have become more receptive to candidacy negotiations^{CXXX}. Olli Rehn, the EU Enlargement Commissioner, has stated that there are no ostensive obstacles to Iceland's candidacy, however, Iceland's historic concern regarding national fishing rights have staved off legitimate Union acceptance from within the state^{CXXXI}. The country currently abides by two-thirds of EU law and is

CXXVII Financial Crisis: How Europe Responds

CXXVIII EU-Russia: Four Common Spaces and the Proliferation of the Fuzzy

CXXIX Neuger
 CXXX Neuger
 CXXXI Valdimarsson

unquestionably a strong liberal democracy^{CXXXII}. Recently, the Icelandic government has submitted a proposal to the parliament pertaining to the opening of negotiations with the EU, and with the most recent election resulting in the expansion of the Social Democrats lead passage is looking promising^{CXXXIII}. When ratified by the parliament Iceland's acceptance to the Union is projected for 2011 following Croatia^{CXXXIV}.

IX. The Outlook for Deepening

While it has become apparent that the international crises that are affecting the European Union have lead to a point that an expansion of its borders is no longer a sound idea , the case for deepening the bonds between current member states has become increasingly strong. The Union lacking a unified financial policy, foreign policy, security policy, and the opting out of many states regarding key Union policies, it is apparent that the opportunities to seek areas of greater integration are abundant.

The Treaty of Lisbon would take steps to produce a congruent and effective foreign policy for the Union. To date, all member states have approved the Treaty sans Ireland which failed a public referendum on June 12, 2008^{CXXXV}. The treaty would create the Foreign High Representative by merging two posts: the High Representative for the Common Foreign and Security Policy and the European Commissioner for External Relations and European Neighborhood Policy, while granting the position the additional responsibility of acting as the Vice-President to the Commission and allowing

^{CXXXII} Neuger

^{CXXXIII} Valdimarsson

^{CXXXIV} Valdimarsson

^{CXXXV} Ireland Rejects Lisbon Treaty in Referendum, Deals Blow to the EU

he or she to propose defense or security missions^{CXXXVI}. However, the treaty would still require that foreign policy issues be approved unanimously by the European Council.

Currently, there exists the Conference on Security and Cooperation in Europe which was formed under the Maastricht Treaty in 1990^{CXXXVII}. This conference allows for the appointment of heads of policy initiative when issues of foreign policy importance arise and has seen some major foreign policy initiatives. Most notably, the conference has proved successful in handling peace keeping efforts in parts of Africa and handling conflicts in Macedonia in 2003 and Ukraine in 2004, while proving ineffective in during the crisis in Yugoslavia^{CXXXVIII}.

The European Security and Defense Policy was a component of the failed 2004 Constitution that was defeated by French and Dutch voters in May and June of 2005^{CXXXIX}. The ESDP called for a common security and defense policy which would lead to a common defense under the prevue of the European Council. It would recommend to the member states the adoption of such a decision in accordance with the respective constitutional requirements^{CXL}. The ESDP also incorporated many of the imperatives of the Petersberg Tasks and extended them to the end of 2010, which include the use of humanitarian and rescue missions, peacekeeping, and tasks of combat forces in crisis management, including peacemaking^{CXLI}. The ESDP's aim was not to create a standing army for the European Union, but through cooperation make a readily available

CXXXVI Laatikainen

CXXXVII Dinan, 71

CXXXVIII Dinan, 588

CXXXIX Dinan, 598

CXL Dinan, 597

CXLI Dinan, 600

number of forces to be deployed to international hot spots and pressing conflicts^{CXLII}. The policies that were outlined in the failed 2004 constitution and the Lisbon Treaty have indicated the direction member states are currently headed. The progress in comparison has been astounding, but compared to its potential, the results have been underwhelming. It is important to understand that the EU “is not a state; therefore, it does not have (or aspire to have) statelike military forces. The EU is not even a mutual defense organization”^{CXLIII}, but the past attempts at creating a uniformed foreign policy, no matter how passive or peacekeeping focused, is an indication of the policy avenues that the European Union is trying to obtain. Through an increase attention to deepening bonds, these attempts should soon become reality.

The renewed focus on deepening bonds can also be applied to strengthening the role of the Union’s already established institutions; nowhere is it more needed than in the European Parliament. The Lisbon Treaty would increase the power of the parliament by extending the codecision procedure with the Council to new areas of policy, affectively granting similar powers to the parliament that were once specifically under the guide of the Council^{CXLIV}. In the few remaining special legislative procedures, parliament would either have the right to consent to a Council measure, except for a few cases where the old consultation procedure is still applied: where the Council would need to consult the European Parliament before voting on the Commission proposal and take its views into account^{CXLV}. The Council would not be bound by the parliament in many instances, only be forced to consult with parliament, which is still a large step forward to granting new

CXLII Dinan, 602

CXLIII Dinan, 605

CXLIV Treaty of Lisbon

CXLV Treaty of Lisbon

powers to the once limited body. The number of MEPs would be set at 750 and would also reduce the maximum number from each member state to 99 while increasing the minimum number from five to six^{CXLVI}. The parliament would also gain greater powers over the European Union budget and its authority would be extended from obligatory expenditure to include the budget in its entirety^{CXLVII}. All of these expansions of powers could lead to a greater level of credibility for the institutions that it currently lacks in the minds of the European people^{CXLVIII}.

Another issue that can be dealt with during a time of increased deepening would be the creation of a strong European identity and citizenship. Currently, most citizens of the European Union continue to identify more with their member states than with the Union as a whole. The bonds that exist between state and citizen are not likely to be surmountable; however, the forging of a strong connection between citizen and the EU will solve multiple problems ranging from voter apathy during EU elections to furthering integration while increasing the European Union's legitimacy domestically and internationally. The EU has currently gone about achieving this through the forcing of a superstate as a way to promote a European identity^{CXLIX}. It should be the goal of the EU to create a strong common identity within the next ten years. By creating an "excitement and anticipation of future common endeavors" the Union will have an easier time at

CXLVI Treaty of Lisbon

CXLVII Treaty of Lisbon

CXLVIII Miller "In Sweden, the Pirate Party, which advocates legalizing online copyright infringement, is expected to pick up two seats. In London, 19-year-old Steven Cheung says he can win with a coalition of Chinese immigrants, many of them restaurant owners like his father. This year, ultranationalist parties from the U.K. to Romania may for the first time win seats, running on anti-immigrant planks."

CXLIX Bauböck

attempting to expand into other policy areas and attracting greater growth once the current crises have been managed^{CL}.

X. Important Integration Theories Pertinent to Future Development

As previously stated, the European Union is at a crossroads of deciding where to go from this point on, and that through examining the current political and financial climates, it is evident that the Union should focus on deepening as opposed to widening. With this policy recommendation, comes a set of integration theories that will play the largest role in shaping where the EU will head in the next ten years. Of these theories, Liberal Intergovernmentalism will play the largest role in crafting integration while being supported by the theories Federalism, Neofunctionalism, and Sociological Institutionalism.

The key principles of Liberal Intergovernmentalism that will become more prominent are the theory that states are rational actors, the importance of domestic issues, and the power of institutions. First off, as states enter into the financial crisis, they will increasingly focus on individual interests. This assumption is based on the idea that states are rational actors who perform cost-benefit analyses in order to reach policy objectives and to realize their own interests. Many states have already demonstrated the power of this theory in working on a nation-by-nation level to cope with their failing banks. Liberal Intergovernmentalism also has a dictated path that domestic issues are formed. This process of actors working through institutions taking place at the domestic level states that governments first define a set of interests from its citizens and then

bargain among themselves to reach those demands. As the need for states to focus on domestic issues increases in the next few years, the process of states bargaining with each other will become an increasingly more important way of reaching policy objectives. Liberal Intergovernmentalism also states that institutions strengthen the power of government, not weaken them. Institutions increase the efficiency of interstate bargaining, so as states work with each other to reach agreement on policy, the already established institutions of the EU will facilitate this development. All of these theories of Liberal Intergovernmentalism allow for states to keep a certain level of sovereignty. Through the observation of how states have interacted throughout the past year, the importance of maintaining sovereignty of domestic issues will continue to play an important role in the next decade. Although it has been a key policy objective of the Union in the past to obtain greater supranational power, the economic problems will force the EU to focus on reaching a higher level of intergovernmentalism.

Federalism will also play a large role in the future integration of the European Union. The current push for the adoption of the Treaty of Lisbon is an indication of states' willingness to clearly define the roles of the EU and the states. Through the dictating of these roles, the interaction between the two levels can become clearer and more pronounced. Although the Union may not be gaining any greater power over the states during the next decade, the defining of state and Union roles will progress. To solve the financial crisis, the European Central Bank will be forced to play a more active role in regulating the financial industry, which will increase the Union's power. Also, as states interact more on the deepening of policy areas, the European Court of Justice will also see an increase in work while trying to managing an increase in disputes. One of the

key facets of Federalism, however, is a uniform monetary system. So far, this has been seen in the Euro, but with the current fall of the Euro's value, it is unlikely that any of the states that chose to opt out of its usage will decide to adopt its use.

The next theory that will play a role in the integration of the EU throughout the next decade is Neofunctionalism. The paramount idea of Neofunctionalism that will shape the way the Union will integrate is the concept of spillover. Spillover is the idea that as states work together in some areas, it will become natural for that cooperation to spillover to other policy arenas as well. Through a deepening of the bonds between states, states will be forced to interact with one another more frequently and when dealing with an increasing number of policy issues. Through this interaction, the realization that cooperation in other areas will be beneficial becomes realized. As states try to stabilize the Euro through revamping their economies, spillover will occur. Whether it be working with Germany to curb their problems of falling exports or adopting a more nationalistic economic policy like France, states will need to cooperate in different policy areas to obtain a strong currency. Specifically, political spillover will play the largest role. Political spillover is the assumption that once different sectors of industry are integrated, groups such as corporate lobbies and labor unions will diverge away from lobbying national governments and will focus their attention on lobbying supranational organizations. This has been seen in the automotive industry which lobbied the Commission collectively to reach a uniformed policy objective^{CLI}. As bonds deepen, industry sectors will be further integrated, and with the new roles the EU's institutions will be given, industry lobbyists will begin to pay greater attention to the role these institutions will play in achieving policy goals.

The last integration theory that will play a pivotal role in the next decade is one that also works towards the formation of a strong European identity: Sociological Institutionalism. This theory posits that institutions are likely to alter not only material incentives but also the very identities, self-images and preferences of the actors they interact with. Therefore, institutions do not merely have a regulative role but a constructive role as well. However, the relationship is reciprocal. As institutions develop so do the actors they engage to meet at congruent concepts, values and ideas. Through these interactions, actors or citizens gain a greater understanding of what the European Union actually does. And the institutions benefit through the interactions by gaining knowledge of what its constituency believes and wants. As the Union plays a larger role in pushing more ambitious treaties and a possible constitution, the interactions with the people of the member states will increase, and hopefully lend greater legitimacy to the organization. By utilizing this legitimacy, the EU can garner greater support for new policy endeavors, including a uniform financial policy and foreign policy while forging a strong European citizenry.

XI. Conclusion

To this point in history, Intergovernmentalism has most drastically affected the way the European Union has integrated and developed. However, as the global financial crisis unfolds and impacts all member states' economies, a shift in paradigm is required: and Liberal Intergovernmentalism can most adequately address the needs and concerns of the coping Union. While there is much debate surrounding integration and the role that

the Union should take in the next decade, this supranational organization will be forced to take a journey that no other political body has traveled; one that balances a precarious line between supranational organization and maintaining state sovereignty. The European Union is a political body like no other, and as such, it is sure to find a solution that will be equally unique.

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