

## From Integration to Competition: Britain, Germany and the EU's New Group Dynamics

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Some European governments, most vocally Athens and Budapest, complain about being bullied by the EU's strong political centre. Others, core members like Paris, talk of being taken for a ride by a weak periphery. Such language may be unusually shrill in the trajectory of European integration, but the tensions it reflects are typical of any group whose members are mutually dependent. Sociological research on group dynamics highlights how easily the EU, a setup created to pursue closer integration, might become an arena for competition for 'dominance' between its members. The clash between the German and British governments in December 2011 and again in March 2012 provides a case study of this emerging political dynamic between the EU's core members and the outliers.

Differences of size and wealth between states have been a traditional source of conflict in Europe. In a continent of limited space and resources, smaller and poorer countries have long relied on larger ones to achieve even basic domestic goals. This situation of uneven dependence led to disparities in power, with some countries easily able to overcome the resistance of others in pursuing their own priorities.<sup>1</sup> These disparities in power in turn facilitated the emergence of situations of dominance, described as actors "wanting to have leadership powers – but with no care for others, no reciprocal appreciation from them, and no wish to comply with their social norms".<sup>2</sup> The pre-EU Europe, in other words, followed a dynamic typical of many social groups in which differences in dependence lead to disparities of power, which lead to situations of dominance, which in turn lead to conflict.

European integration aims to recalibrate these imbalances and defuse their conflict potential. It does so via two mechanisms. The *first* is to turn situations of unidirectional dependence between states into relations of mutual dependence. All member states agree to share political competencies, meaning that larger countries share sovereignty with smaller and weaker ones. This was the founding idea of the European Coal and Steel Community, for example, in which a pooling of sovereignty prevented individual states from using their resources as a source of leverage over others, in this case by rearming. The *second* mechanism, by contrast, builds on the age-old assumption that if resources are abundantly available to all, situations of dependence, dominance and conflict will be reduced. Wealth creation is thus the key. This is the founding premise of the EU's internal market, but also the

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<sup>1</sup> The idea that power is relative and can best be measured in the relations between actors is a staple of the literature on 'power-dependence relations'. See Richard M. Emerson, "Power-dependence relations", *American Sociological Review*, Vol. 27, No. 1, 1962, pp. 31-41.

<sup>2</sup> Floyd Rudmin, "Dominance, social control, and ownership: A history and cross-cultural study of motivations for private property", *Journal of Cross-Cultural Research*, 22, 1988, p. 149.

EPIN Commentaries offer concise, policy-oriented insights into topical issues raised by the debate on the political integration of Europe. The European Policy Institutes Network (EPIN) is a network of think tanks and policy institutes based throughout Europe, which focuses on current EU political and policy debates (see <http://www.epin.org> for more information). Unless otherwise indicated, the views expressed are attributable only to the author in a personal capacity and not to any institution with which he is associated.

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Schengen passport-free travel area (originally designed to reduce the costs of the transporting goods) and the common currency.

Both mechanisms are neatly illustrated by the ideas currently being presented to resolve the eurozone crisis. Firstly, there is an emerging agenda on wealth creation and growth based on a deepening of the internal market. This has focused, amongst other things, on increasing market interpenetration and competition in the EU's energy market, on the contribution of the digital economy to cross-border trade and on the negative effects of EU regulation on growth amongst small and medium-sized businesses. Second there have been moves towards greater political integration between the member states even on sensitive domestic affairs such as budgetary discipline (the introduction of deficit rules into national constitutional law and semi-automatic sanctions on deficits) as well as a strengthening of common institutions established in order to overcome tensions between the small and the large – the European Commission and the European Court of Justice. Political sovereignty is being pooled in pursuit of stronger common norms.

### **Power-dependence relations**

The twin logics of EU integration are usually viewed as complementary: it is impossible to create common goods such as the internal market without strong, shared norms. European liberalisation thus causes spill-over effects and interdependencies which must in turn be regulated. And yet, in reality, this two-part model has proved rather divisive, as witnessed by a series of bad-tempered European Council meetings on the resolution of the euro-crisis. The strains at a juncture such as this are easily explained, of course. At a time of financial crisis, competition for resources returns, leading states to favour unilateralism, protectionism and maximum room for manoeuvre. Yet, such an explanation does not actually account for the precise pattern of behaviour on the part of the member states. Rather than favouring unilateralism and protectionism, the member states are all pushing for a common European approach. Yet, there is a heavy polarisation between the two pillars of integration, and the EU members have become divided into two relatively distinct camps, each aggressively advocating one 'common approach' and rejecting the other.

The growth agenda has been whole-heartedly supported by liberal-minded states in the Nordic, Baltic and Eastern periphery.<sup>3</sup> The common regulatory approach, by contrast, is supported by core northwestern member countries. And both have been associated with a particular champion – the growth agenda with the UK, which coordinated the presentation of a joint letter on growth ahead of the March summit, and the regulatory approach with Germany. The increasing competition between the two agendas is highlighted by the current perilous state of Anglo-German relations. In December 2011, the British government famously tried to block Germany's moves to reinforce rules on fiscal and economic discipline. And in March 2012, Berlin returned the favour by seeking to dilute moves towards a deepening of the internal market, particularly in the services sector. And, whilst both have articulated support for a dual approach recognising the need for both liberal wealth creation and greater discipline, the way each has formulated its priorities in the pillar of its choice has been highly antagonistic to the other.

This odd pattern of behaviour suggests a deeper logic of interaction. For students of 'group dynamics', that logic is easily identified. The two mechanisms behind EU integration lend themselves to two competing strategies of social dominance within a close-knit group – a loosening of relations (in this case through wealth creation that reduces competition for resources), and a strengthening of ties (in this case through common EU rules). Seen in this way, European integration has not overcome situations of dominance and conflict but rather made them more complex. By creating a situation in which advantages do not obviously fall to large, rich, central states, but rather in which smaller, poorer and more peripheral states can also play a role, the EU framework encourages a constant struggle for

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<sup>3</sup> "David Cameron and EU leaders call for growth plan in Europe: full letter", Telegraph online, 20 February 2012 (<http://www.telegraph.co.uk/finance/financialcrisis/9093478/David-Cameron-and-EU-leaders-call-for-growth-plan-in-Europe-full-letter.html>).

the upper hand between its members. This is power-dependence theory in which members of a group use the situation of mutual dependence between them in order to accrue advantages vis-à-vis their partners. Since power only exists relative to other actors, each EU member has a strong interest in the Community remaining whole, but only because that gives it the chance of shifting the balance in its own favour.

Critics of recent German European policy have indeed been quick to identify the drive to agree common rules and regulations as an effort to achieve some kind of 'dominance' (again, defined simply as influence without the requisite readiness for compromise). The idea that this reflects some kind of German strategy is overblown of course, but if Berlin's success at 'norm transfer' does lend itself to some measure of 'dominance-through-conformism',<sup>4</sup> outlier states' demand for a greater respect of 'individualism' is very much in the same vein. The individualist approach, inherent in the liberalism of projects such as the internal market, can, as Richard Schlatter has noted, also be a dominance strategy.<sup>5</sup> Liberalism offers its proponents a means of protecting themselves from interference whilst intervening in the affairs of others. Liberal rights of privacy and of property, principles of subsidiarity and clear demarcations of sovereignty are a means of protecting one's own dominion and confining others to theirs. But by pushing for drastic rights of exchange and competition in certain carefully defined areas, liberals can dominate other group members in those domains where they themselves have a competitive advantage.

For students of group dynamics, in which conformism and individualism are the most commonly observed strategies of dominance, it should come as no surprise to find similar patterns in recent EU relations. The joint letter on stimulating EU growth and deepening the internal market, which was signed by 12 European leaders in the run-up to the March 2012 summit and spearheaded by the British Prime Minister, focused on liberalising those areas such as labour market regulation, financial services and information technology where many of the signatories have a perceived competitive advantage. For their part, those countries like Germany which favour a more heavily regulatory approach, have resisted deeper liberalisation in the service economy, instead mooted common rules, not least the introduction of a European tax on financial transactions. Their liberal critics have in turn rejected such proposals calling them targeted, hostile moves, and the regulatory bloc has for its part resisted the focus on liberalisation, preferring instead the theme of fiscal discipline and mutual oversight.

### **The shifting balance between liberal and regulatory states**

In a mutually dependent community, the situation is never static, and actors constantly seek to effect a rebalancing in their favour. For liberal actors, the most basic means of loosening the grip of their interfering, conformist partners is disengagement. By distancing themselves from the rest of the community, they try to shift the fulcrum of influence in their own favour. In its least sophisticated form, this will see actors that have been unhappily pushed into rules reassess their values and begin skimping on implementation (what Richard Emerson calls "withdrawal"<sup>6</sup>). Non-implementation turns the tables on the regulators, who are not prepared to follow suit and ignore their own rules, leaving them bound whilst others free-ride. This tactic has been activated most notably by Greece, in which non-implementation has become a reaction to unfavourable EU rules. Yet, it is an avenue that jeopardises the continued existence of the community, and is thus usually avoided. Most liberals resort instead to 'network extension', Emerson's second tactic.

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<sup>4</sup> Both 'dominance' and 'conformism' are loaded terms in the context of EU integration, especially at the current political juncture. There is thus a danger of applying to a complex political setup such as the EU this sociological terminology typically used of other, less significant or less politically-charged social groups. The terminology is used in the present essay with that caveat in mind.

<sup>5</sup> Richard Schlatter, *Private Property: The History of an Idea*, New Brunswick, NJ: Rutgers, 1951.

<sup>6</sup> Emerson, op. cit., p. 36.

Network extension involves identifying allies outside the group who could provide an alternative means of realising goals usually pursued together with the group. The aim is not actually to cooperate with an external partner, but rather to disrupt the balance within the group. Eastern member states have long pursued this tactic, looking to transatlantic cooperation as a means of reducing their reliance on the EU's political core, and thus making the core work hard to get them on board. And it has been practiced in a more sophisticated form by the UK in the euro-crisis. London has not only stressed its lack of responsibilities in the European debt crisis, citing its non-membership of the euro. During his November 2011 visit to Berlin, Cameron also sought to confer upon Germany a special status and responsibility for solving the bloc's problems, thereby preventing Germany from distancing itself from the rescue attempts. London was combining network extension with the third of Emerson's techniques, "conferral of status" – a ploy that enhances "the weaker member's power to control the formerly more powerful member through increasing the latter's motivational investment in the relation".<sup>7</sup>

Individualist tactics are, however, highly risky. By distancing themselves from the critical mass of cooperation, individualist actors invite exclusion. This plays into the hands of conformist actors, which can put themselves in a position of influence. By investing in the norms that govern the EU's common goods, conformist or regulatory states gain increased control over rights of access and membership, allowing them to exploit rights of participation as a source of leverage. This applies most obviously to their power over aspirant members of the bloc – in the case of the EU, by defining the rules attached to the accession process. But it also applies to actors that are formally members, that have rights of parity and equal participation, but dislike the idea of regulation. By demanding from all parties active commitment to the rules pertaining to the common good, conformist actors can effectively consign more hesitant actors to second-class membership.

The most obvious means of achieving this hold over other member states who enjoy formal parity is Emerson's fourth technique, namely "coalition formation". A coalition, Emerson says, "is characterised by the fact that (a) its common environment is [...] to be controlled and (b) its unity is historically based upon efforts to achieve that control". The coalition parties – call them actors A and B – tend however to see this dominance in rather abstract and apolitical terms and "instead of having the control of actor C as its end, the group attempts to control actor C in the interest of achieving X, some 'group goal.'"<sup>8</sup> In other words, regulatory states can seek out partnerships with like-minded actors, forming a dominant coalition which exploits the language of integration and the common good in a rather exclusionary manner. Although this option is also available to individualists, regulatory states often have the advantage for the simple reason that – almost by definition – individualist states are unlikely to forge stable relations with one another.

Much of the recent criticism heaped upon Berlin has indeed focused on its coalition relationship with France (the so-called 'Germance' between Chancellor Merkel and President Sarkozy) and the suspicion that the pair has taken ownership of the integration process in a rather exclusionary and divisive way. But it is not the first time other member states have been asked to make the choice between active commitment and exclusion. The example of the 2005 Prüm Treaty saw a small *avant garde* of EU states led by a northwestern core agree to home affairs commitments on subjects such as data exchange and combating illegal immigration, which were actually replicated in existing proposals for EU rules. The protagonists stressed that their aim was to integrate the Prüm commitments into EU law – resorting to an *avant-garde* grouping of pro-European states in order to overcome blockages in the usual EU process. Yet, those EU member states which had not felt able to commit to *the avant-garde*, found themselves subsequently integrating the Prüm provisions one-to-one into EU law,

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<sup>7</sup> Emerson, op. cit., p. 39.

<sup>8</sup> Ibid., p. 37.

without the usual rights of discussion. EU integration was thus driven forward, but only in a very narrow and formalistic sense.<sup>9</sup>

### **Conclusions: Integrating difference**

European integration aims to turn uneven relations of dependent states into a situation of more equitable and growing mutual dependence. This occurs via the creation of liberal common goods, designed to increase exchange, stability and prosperity within the bloc. It is also realised via the creation of common rules and a pooling of sovereignty. Yet, these two logics can push in very rather directions, one loosening the bonds between members, the other increasing them. This in turn opens the door to two different strategies of competition on the part of states. The liberalism inherent in the creation of shared goods such as the internal market lends itself to 'individualism' in which members loosen relations except in areas that favour them, and the agreement of common norms to 'conformism' in which members export domestic rules. Rather than merely hosting a classic struggle between large and small, rich and poor, then, the EU is also home to a more complex and multi-dimensional struggle between liberal and regulatory states.

If the style of interaction in the EU has shifted markedly in the past year away from integration and in favour of competition, it is likely due to a growing intolerance towards differences displayed by governments. Integration, after all, is based upon each party recognising the different positions and qualities of partners and seeking to combine these into a whole. Dominance, by contrast, is essentially cooperation without compromise. The sharp tone taken by governments about one another suggests that the respect for difference that is necessary for real integration is in short supply. Any resulting shift to 'conformism', in which states attempt to transfer their own norms to the rest of the group, marks a failure to see that integration and difference are the same thing: "With the integration of differences, something new is created that never has existed before".<sup>10</sup> An unwillingness to accept a new, shared mode of behaviour thus drives conformism. Yet, for all their talk of individualism as a necessary principle for the respect of differences within the EU, liberal states can also fall into intolerance. This form of liberalism "is an attempt at atomistic living; the desires, purposes, standards, values, welfare of others do not count; it is rugged individualism of a highly ingrowing order."<sup>11</sup> Individualism, in its negative sense, is about a fear of, rather than a respect for, other's differences.

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<sup>9</sup> Daniela Kietz and Andreas Maurer (2006), "From Schengen to Prüm: Deeper integration through enhanced cooperation or signs of fragmentation in the EU?", SWP Comments C15, SWP, Berlin.

<sup>10</sup> Harold Anderson, "An examination of the concepts of domination and integration in relation to dominance and ascendance", *Psychological Review*, Vol. 47(1), 1940, p. 23.

<sup>11</sup> *Ibid.*, p. 22.

## About EPIN

EPIN is a network of European think tanks and policy institutes with members in almost every member state and candidate country of the European Union. It was established in 2002 during the constitutional Convention on the Future of Europe. Then, its principal role was to follow the works of the Convention. More than 30 conferences in member states and candidate countries were organised in the following year.

With the conclusion of the Convention, CEPS and other participating institutes decided to keep the network in operation. EPIN has continued to follow the constitutional process in all its phases: (1) the intergovernmental conference of 2003-2004; (2) the ratification process of the Constitutional Treaty; (3) the period of reflection; and (4) the intergovernmental conference of 2007. Currently, EPIN follows (5) the ratification process of the Lisbon Treaty and – should the treaty enter into force – (6) the implementation of the Treaty.

Since 2005, an EPIN Steering Committee takes the most important decisions. Currently there are seven member institutes: CEPS, Clingendael (the Netherlands), EIR (Romania), ELCANO (Spain), HIIA (Hungary), Notre Europe (France) and SIEPS (Sweden).

### Structure

Currently there are 34 EPIN members from 25 countries, also from countries outside of the EU. The 'hard core' work of the network is based on the cooperation of about 10 most active institutes. The member institutes are quite diverse in size and structure, but are all characterised by political independence and the absence of any predetermined point of view or political affiliation.

EPIN organises at least three events across Europe per year. The network publishes Working Paper Series and other papers, which primarily focus on institutional reform of the Union. The network follows preparations for the European elections, the EU's communication policy, and the political dynamics after enlargement, as well as EU foreign policy and justice and home affairs.

### Achievements

EPIN is a network that offers its member institutes the opportunity to contribute to the 'European added-value' for researchers, decision-makers and citizens. The network provides a unique platform for researchers and policy analysts to establish personal links, exchange knowledge and collaborate on EU-related issues. Members bring their national perspectives to bear on the issues tackled and through collaboration they contribute to establish a 'European added-value' (e.g. on EU communication, flexible integration). By doing so they strengthen a common European dimension in the national debates on Europe.



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