

EUROPEAN INTEGRATION RECONSIDERED: REDISTRIBUTION OF AUTHORITY IN EUROPEAN UNION MEMBER STATES

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Prepared for the Fourth Biennial International Conference of the European Community Studies Association, May 11-14, 1995, Charleston, SC, USA.

DRAFT. Comments welcome.

Abstract

There is growing evidence that decision-making in the modern state is becoming increasingly decentralized and shared by various levels of government as well as non-governmental authorities. Studies referring to concepts such as devolution, subnationalism, territoriality and regionalism point to a rise in the importance of subnational entities, an allocation of economic and political decision-making authority from the center to lower levels, and increasing demands on the part of various societal groups for even more independence in decision-making.

An arena in which the implications of increased subnational authority are particularly important is the European Union. In addition to the decentralization process experienced throughout Europe, the EU states also are undergoing the simultaneous process of supranational institution-building. We see increasing interest in regions and other subnational governments and groups on the part of the EU, such as the long-standing importance placed on regional/structural policy and the recent creation of the Committee of the Regions in an advisory capacity. In turn, the emergence of subnational entities with increased political and economic power has potentially important consequences for European integration.

The current paper first critiques the disparate literature that studies the transfer of governmental authority to a lower level within the nation-state. It then argues that an alternative conceptualization, "redistribution of authority," based on the institutional capacities, functional scope and resources available to various governmental and nongovernmental entities, best captures this complex phenomenon and allows us to analyze its causes and consequences.

The study further proposes that as a result of this redistribution of authority, a complex policy network is emerging. The prevailing theories of integration are critiqued in terms of these theories' ability to include the complex dynamics of interaction among supra-national, national and subnational levels in Europe resulting from the redistribution of authority and proliferation of decision-making centers.

Finally, a preliminary research framework is provided within which propositions regarding the redistribution of authority, the resulting complex policy network, and the consequences for the economic and political development of the EU may be examined.

Introduction

There is growing evidence that decision-making in the modern nation state is becoming increasingly decentralized and shared by various levels of government. Studies referring to concepts such as devolution, subnationalism, territoriality, and regionalism point to a rise in the importance of subnational entities, an allocation of economic and political decision-making authority from the center to lower levels, and increasing demands on the part of various societal groups for even more independence in decision-making. In the industrialized world, increased authority over responsibilities such as taxation or industrial policy is devolved to the Lander, the Canton, the Autonomous Community, etc. Ethnic groups in both developed and developing states claim the right of self-determination and varying degrees of autonomy from the central government. Since the end of the Cold War, a dramatic, and sometimes violent process of fragmentation and decentralization has swept the highly-centralized former Soviet and East Bloc states.

A common thread in these events is that, whether through the peaceful process of bargaining and legislation or the violent process of armed conflict, decision-making authority is being redistributed from a higher, more centralized to a lower, more decentralized level. While in the most extreme cases states are fragmented and new states are formed, in most instances authority is being reallocated within the boundaries of the existing nation-state. France, Italy, Spain and Belgium are but four European examples in which directly elected regional-level authorities have been created in the recent past.¹ Even in Britain, where the centralism of the state has been maintained, there is evidence that subnational entities may be playing a more important decision-making role, particularly within the scope of European Union (EU) initiatives.²

Indeed, an arena in which the implications of increased subnational authority are particularly important is the European Union. In addition to the decentralization process experienced throughout Europe, the EU states also are undergoing the simultaneous process of supranational institution-building. We see increasing interest in regions and other subnational governments and groups on the part of the EU, such as the long-standing importance placed on regional/structural policy, and the recent creation of the Committee of the Regions in an advisory capacity. In turn, the emergence of subnational entities with increased political and economic power has potentially important consequences for European integration.

It is difficult to analyze the potential effects of a process of decentralization on European integration (or on the development of the nation-state in general) because of the lack of a coherent approach to studying the phenomenon. While there exists a body of literature in several disciplines devoted to concepts such as "regionalism," "regionalization," "decentralization," and "territoriality," there has been very little effort to develop a unified conceptualization to describe and explain the phenomenon. "Rather like guests at a badly organized dinner party," points out one analyst, extant studies tend to speak not to, but rather alongside one another.³

I will argue that a conceptualization of "redistribution of authority," based on the institutional capacities, functional scope, and resources available to various governmental and nongovernmental entities best captures this complex phenomenon, and allows us to analyze its causes. Once this conceptualization is developed and evidence of redistribution is established, we can move on to an analysis of the consequences of this redistribution for the nation state, subnational entities, and in the case of Europe, the European Union. I focus the present study on the consequences of redistribution of decision-making authority for the European Union, and the process of integration, while recognizing that the study of redistribution necessarily has implications for the evolution of the modern nation state and the entities which compose it.

My goals in a broader study of the phenomenon are to formulate a researchable conceptualization of the process of redistribution of authority in European member states and test propositions regarding the consequences of this process for the supranational, national and subnational entities it affects and their interaction. Further, I will present alternatives to current integration theorizing that are capable of including the dynamics of this interaction.

Toward these goals, the current paper first examines the disparate literature that studies the transfer of governmental authority to a lower level, and the effects of this transfer on national and subnational entities, as well as EU institutions. These studies will be critiqued with regard to their

ability to capture the phenomenon in a systematic way, and to answer relevant questions such as how and why redistribution has occurred. I then present redistribution of authority as an alternative conceptualization to describe and explain this phenomenon.

Prevailing theories of integration will also be critiqued in terms of these theories' ability to include the complex dynamics of interaction among supra-national, national and subnational levels in Europe resulting from the redistribution of authority and proliferation of decision-making centers. Finally, I provide a preliminary research framework within which propositions regarding the redistribution of authority, the resulting complex policy network, and the consequences for the economic and political development of the EU may be examined.

Decentralization, Regional Development, Regionalism, Territoriality: Common Threads?

The schools of thought which address different aspects of the transfer of authority from central government institutions to some lower level are varied and diverse. As Christopher Harvie points out, "regionalism" is included in several disciplines, including studies in geography, ethnology, sociology, political science, economics and anthropology.⁴ These approaches utilize various terms (e.g. decentralization, regionalism, territoriality), definitions, and conceptualizations to demonstrate and analyze the emergence of subnational centers of economic and political decision-making and the factors contributing to this decentralization.

I will review and critique the theoretical premises and empirical evidence presented in several important studies, focusing particularly on what questions are raised and how answers are formulated. The present analysis is not intended to be an exhaustive summary of the literature, but rather a representative sample. This will be the first step in an effort to develop a conceptualization of redistribution that is capable of considering the economic, social and political aspects of the phenomenon, and will allow for a systematic examination of the process of redistribution, and its consequences, across cases.

Regional Development

One body of literature has arisen around the study of economic and social development of "disadvantaged" regions within states. The questions examined in this literature focus primarily on determining what are the factors resulting in "underdevelopment" of certain regions, and what can be done, either at the state or regional level, to remedy this disadvantage. This literature has been expanded to consider poorer regions within the European Union, and theory and practice come together under the EU's structural policy.

The regional studies or regional development approach, associated with John Friedmann, Walter Stohr and others, draws on theories of modernization, development economics and core/periphery analysis.⁵ In general, these studies focus on the problems of spatially uneven development within both rich and poor states, and how best to address the difficulties of, for example, rural areas of Latin America or Europe. This literature attributes regional underdevelopment to various factors (e.g. incomplete process of modernization in the periphery, external corporate control, the exploitation of the periphery by the center), with many finding it the logical outcome of capitalist development and industrialization.⁶

This work is generally prescriptive, providing economic policy recommendations. These analysts began recommending solutions that could be implemented at the regional or local level by subnational authorities, even to the point of regional autarky and protectionism.⁷ While setting forth reasons why economic planning might be better wielded at the regional level, however, they tend to provide little realistic analysis regarding the political implications of transferring authority from the center (i.e. political will, likely resistance on the part of the center).

Recognizing the existence of differing levels of development within states, however, particularly as these differences might correspond to geographic regions, has had important implications for regional development policy at national, subnational and EU levels.⁸ In addition, some of the precepts in the regional development literature, particularly the discussion of causal factors for

underdevelopment, have been utilized by others in explicitly more political analyses of regionalism and decentralization.

Regionalism, Regional Nationalism, Meso Governments and Territoriality

Hebbert and Machin examine the economic aspects of "regionalization," defined as "the creation of a new tier of government between central administration and local authorities" in three cases, France, Italy and Spain. Their analysis concentrates on economic development issues, but brings in some political components. The various studies compiled in this book focus on the emerging, if "modest" participation of territorial governments in economic policy-making, the factors contributing to this participation, and the implications for conflicting goals between central and subnational authorities.¹

Contrary to traditional "constitutional" assumptions that the economic policy sphere (particularly the regulation of production finance and exchange), does, and should belong to the national government, the case studies provide evidence that regional governments are taking an active role in their own economic policy, and that this role is coming to be accepted by the central governments.²

The authors cite several important factors contributing to this new state of affairs. First, European integration is seen as creating a favorable environment for the evolution of regional government, indirectly through the weakening of the national political systems, and directly through regional economic initiatives. A second factor is the rise of what they refer to as the "corporate economy." The argument here is that, with the postwar concentration of capital and the reorganization of production on a multi-plant basis, small and medium enterprises located in "peripheral" regions remain numerically significant, but their share of national product has fallen. Regional authorities then have the incentive to become territorial pressure groups, lobbying, in effect, for "their" enterprises within the international corporate economy. Further, the international economic crises of the 1970s and 80s have made evident the ineffectiveness of traditional regional incentive policy by the center to relocate manufacturing industry, and therefore has opened up opportunities for regional authorities to "come up with low level alternative policies to make good the deficiencies of national schemes."³

Hebbert and Machin's study is useful in its examination of the role of "regions" in a specific policy area, economic development, and the possible reasons why these entities may be allowed such a role. Most of these explanations, however, are not fully supported by the case studies. For example, the authors' assertion that European integration promotes regions' ability to make policy is not demonstrated, and the alternative argument, that states might use regional policy to strengthen their positions within the EU, is not considered.⁴ Further, the authors fail to provide a satisfactory discussion of the possible implications of regional involvement in economic decision-making. They state that there is an "unstable equilibrium" between the center and the regions in all three of the cases, because it is "defined by a multiplicity of actors."⁵ What the relationships and interactions are between the actors at these two levels and what it is about those interactions that makes them complex and unstable, however, is not examined.

Other studies bring in explanations additional and complementary to the economic analysis, and some of these provide more systematic evidence that decentralization, regionalism, territorial fragmentation, etc. is a demonstrable trend, particularly in the modern democratic state, and have sought to analyze the causes and consequences of this trend.

Hueglin argues that neither politicians nor political scientists have paid sufficient attention to "decentralization as a general trend" in all advanced industrial democracies, and have thus failed to anticipate the impact of regional movements on politics in western Europe.⁶ He characterizes "regionalism" as a common denominator used to understand "overlapping concepts" such as territoriality, ethnicity, and socioeconomic disparity as the same general phenomenon:

The concept focuses on the objective existence of regional differences within and across the boundaries of nation-states and on the subjective perceptions of these differences...Regional differences can be political, economic, sociocultural, or, most likely, a combination of these. Regionalism can then be defined as the persistence of subnational and transnational differences, identities, and commitments.⁷

Hueglin's regionalism manifests itself in various ways, including demands on the part of subnational (or cross-national) groups for sociocultural autonomy, political federalism, or separatism, as well as the result of these demands. Hueglin's evidence for the decentralist trend is provided by a general discussion of historical circumstances since the French Revolution, and more detailed case studies of Spain, Britain and France. He also cites a survey of "regionalism" in Western Europe which lists 50 active regionalist movements.⁰

One of the major problems with Hueglin's analysis is the ambiguity surrounding his conceptualization of "regionalism." We are left wondering what connection, if any, exists between the existence of active regionalist movements and any sort of decentralization of authority. An important oversight in this study is Hueglin's failure to differentiate sufficiently between causes of decentralization, its consequences, and the decentralization itself. All three seem to be referred to interchangeably by the term "regionalism." He makes the statement that "regionalization came to Spain after a long period of autocratic dictatorship."¹ Here, "regionalization" would seem to mean the actual institutionalization of the regional governments, but this is never made clear. Later, he discusses "particularism of local cultures" as a new phenomenon and political perspective in its "unexpected resurgence and potential for political mobilization and its capacity to make the nation-state responsive to its demands."² It would seem, then, that he would consider this mobilization and response to be the dependent variable in the study, and is looking for links between this phenomenon and "regionalism" as defined by persistent subnational differences.

Hueglin builds the argument that "regionalism" is in large part a "protest movement against political-administrative and socioeconomic centrality,"³ which has characterized capitalist industrial development. It is, in this sense, a logical step toward "a generally more fragmented type of political accommodation in postindustrial societies." But regionalism in these terms is not just a "backward-oriented reaction" against the problems of centralization; it may well be a rational process which will "shape the fate of western society, and the nation-state, for the foreseeable future."⁴

Hueglin does provide some convincing evidence regarding what factors do not account for regionalism or regionalization in post-war Europe. For example, he rejects the thesis based on core/periphery analysis that lower levels of industrialization and development might spur discontent and regional reactions against the center by providing evidence that some of the most vocal and active regionalist movements occur in areas characterized by relatively higher income and development levels (e.g. Catalonia).

Little direct evidence is provided for his own theory of regionalism as the next step in modernization, but some aspects of this conceptualization are interesting and worth considering. As the nation-state's role as guardian of its citizens' economic and security interests is increasingly challenged by the threat of nuclear weapons and global economic interdependence, the "turbulence"⁵ and difficulties involved in running a "highly complex industrial democracy" under such conditions increase. The only means of successfully administering and regulating the highly complex systems that result may be "to replace hierarchical organization by nonhierarchical, interdependent...forms of interaction among the horizontally associated subsystems and thus to reduce rationally the state's role of sovereign exclusivity to one subsystem among several."⁶ If conceptualized in a more systematic way, these ideas may move us toward us a broad view of why decentralization occurs, and what the consequences are in terms of interaction between levels of authority.

Lawrence Sharpe provides more systematic evidence for "decentralization" in the modern democratic state in terms of "growth in governmental activity" as measured by increased expenditures on the part of subnational, compared to national governments since the end of World War II.⁷ He speculates on several possible explanations for this decentralization, including the following: expansion of public services such as education, health, welfare, transportation and communications at the subnational level due to "suburbanization" of western societies, and the center's off-loading of its tax burden and other responsibilities to subnational levels. Sharpe rightly cautions that expenditure is an imperfect indicator of government activity or authority. It would seem to be a useful measure of decentralization, however, particularly if employed to support other evidence for this trend.

Sharpe expands on this analysis in a later study of the rise of "meso governments" he sees as having been established in nearly all West European states over the last 20 years.⁰ The "meso" is defined as a "decision-space," or "...a level within the government structure that is more appropriate for certain kinds of decisions and policies than either central or local government."¹ Sharpe examines,

through a series of case studies of eight European states, several factors contributing to the emergence of this middle level decision-space. These include a rise in regional ethnic nationalism and its accompanying demands,² regional planning and development efforts, the necessity of enlarging the local government structure in order to cope with urbanization and new service responsibilities, and the tendency of central government to "use" the meso level in order to avoid public resistance to increased taxation by divesting itself of many of these service responsibilities, the ideological association of decentralization with enhanced democracy, a shift in public attitudes against the bureaucratization and centralization characteristic of the post-war capitalist welfare state, and a reaction of regional interests against traditional corporatist arrangements.³

Sharpe's conceptualization of the "meso" is useful in that the case studies examine actual, institutionalized structures between the center and local levels. The possible importance of other levels below the meso, however, is not addressed. The author raises many important questions regarding the possible factors behind the creation of the meso, but does not manage to establish clear causal links between these factors and the actual emergence of mid-level government.

Leonardo Parri takes as given the existence of "subnational governments" and their origins and provides one of the most complete attempts to explain the effect of these governments on the policy-making processes within the state. He suggests a conceptualization of "territorial political exchange" between central and subnational governmental entities.⁴ Parri sees subnational governments as neither independent nor dependent on national government, but rather interdependent with it, each possessing various resources (e.g. information, funds, legitimacy) of value to the other. The state finds it necessary, during the decision-making process, to negotiate the content of policy outputs and outcomes with other actors, particularly subnational governments. Parri sees this process of political exchange "as a relational process where possibilities for action, linked to the possession of mutually valued resources, are exchanged between complex organizations during the formulation and implementation of public policies..."⁵

The literature on decentralization, regionalism, etc., provides preliminary evidence that there is a process occurring in the modern nation-state in which economic and political authority and resources are being redistributed to a lower level. As we have seen, various factors, including a rise in ethnic nationalism, a reaction to the centralization and bureaucratization of capitalist development, the impetus of greater democratization, off-loading of duties and responsibilities by the center, have been set forth as contributing to this process. The results of the proliferation of sub-national entities, and their effect on the policy-making process within the state, is also tentatively explored.

The literature, however, is not cohesive, and does not set forth specific propositions regarding the process of redistribution that may be examined systematically across cases. A clear conceptualization of the problem is not developed. Concepts such as regionalism are described, for example, as both a contributing factor (as demands for sociocultural or political autonomy) to such decentralization, and as the decentralization itself. Without a coherent conceptualization of the phenomenon to be studied, it is difficult to examine its causes and consequences.

There is also an emerging literature that specifically discusses subnational entities within the European Union. This literature builds on some of the evidence presented above, expanding the analysis to take into account the possible influence of EU institutions on subnational entities, and, conversely, the influence of these entities on the EU. In the European-based studies, we find arguments, as well as problems, similar to those that we see in the regionalism and decentralization literature.

Subnational Entities and European Integration

In the specific context of the European Union states, several empirical studies seek to provide evidence for the increasing importance within the EU of subnational and transnational entities, including regional and local governments and interest groups. Three major areas of study can be discerned in this emerging literature: the role of the EC/EU in influencing the decentralization of member states, concentrating primarily on the effects of the completion of the internal market and Community regional policy; attempts of regional and local governments and interest groups (both within and outside the state structure) to influence EU policy; and transfrontier cooperation among subnational entities within the EU.⁶

Assertions about the effects of internal market initiatives on the regions are based primarily on economic analyses that envision increasing regional disparities, drawing on the regional development literature.⁷ Keating argues that the 1992 program, as well as proposals for monetary and political union, will tend to increase territorial disparities while at the same time reducing national governments' ability to protect vulnerable sectors and regions, in turn encouraging the formation of coalitions within the regions for their defense.⁸ Regions will compete for mobile investment on a European scale, while national governments are less able, and willing, to control this type of competition. As the spatial economy restructures, large costs are imposed on communities in terms of job losses, migration and social stress, and the ability of regions (in terms of their natural endowments and institutional structures) to cope with these factors varies greatly across the EU. For Keating, the "conflict between the economic conception of Europe based on market liberalism and the social conception based on solidarity and welfare" is played out at the local and regional level.¹

Kellas also uses evidence of increasing disparities as a cause of rising "regionalism" in the EU. As integration progresses, a concentration of wealth develops in central areas and peripheral regions become increasingly marginalized. It follows that as EC institutions issue directives to move the Community toward the single market (and beyond, toward economic and political union), citizens in these peripheral areas will feel threatened from this "distant government" over which they have no direct control, but which affects them adversely in their material interests. The result will be a "political reaction," one form of which could be increased nationalism and regionalism.²

The stated aim of EU regional policy has been to address these problems of uneven development. Several of the studies under consideration cite EU regional policy as an attempt to affect both regional economic development, and also as having an impact on the political importance of the regions within the EU. Evidence of the economic and political effects of EU regional policy varies, however. Some authors argue that with the 1988 reform of the structural funds, the European Commission has increased its role as an active participant in the formulation and monitoring of regional development programs, and that through principles such as "partnership," the Commission has taken steps to seek subnational participation throughout this process.³ Others maintain, however, that the Commission staff remains too small to truly monitor compliance with principles such as "partnership," that decisions regarding regional development remain primarily at the state level, and even that EU legislation has encroached upon policy areas in which regional governments previously had responsibility.⁴

Discussion also focuses on the intentions and effects of organizations created at the European level to provide a forum for subnational input, such as the Committee of the Regions established in the Treaty on European Union. While it is recognized that this type of organization remains primarily consultative, the institutionalization of these organizations demonstrates an increasing interest in regional and local issues at the level of EU institutions.

Regarding the ability and the means through which subnational levels may be able to influence EU decision-making, Keating and Jones list several possible "channels of influence" for regional interests: through the regional government (if one exists), and then the national government, to Brussels; through the regional government and then directly to Brussels; directly to Brussels, via a national or European interest grouping.⁵ The authors also provide evidence of national interest groups that may have an influence through their membership in European-wide federations and/or formal EC consultative committees, e.g. the National Farmers Union of Scotland membership in the Comitéte and civil society is growing, in the sense that economic and social groups are increasingly enabled to pursue their particular aims and interests, but not necessarily at the expense of state authority. The European Union, through directives, initiatives, etc. itself may also serve to expand responsibilities. Indeed, Leon Lindberg and Stuart Scheingold have described the European integration process as "a way in which new forms of decision capability are created to cope with new problems and to achieve new goals."⁷

Drawing on the useful elements of these various analyses, I consider "authority" for the purposes of this study to be the capability of governmental and non-governmental entities at the supranational, national, and subnational levels to influence the decision-making processes (including the stages of formulation and implementation of decisions) involved in carrying out the tasks and responsibilities of governance. Authority here is considered as enabling, relational, and exchange-based, allowing for

shifting and shared power relationships, depending upon the policy-making situation. Redistribution of authority, then, occurs when the capabilities of the various entities to influence and affect the decision-making process change over time in relation to each other.

Redistribution in this sense implies a political process, with interaction among decision-makers in the supranational, central and subnational levels within the EU system. As is evident in the available literature, decisions to decentralize are made primarily at the level of the national government, which may of course be reacting to various external and internal economic and political pressures. Redistribution, as the dependent variable, is the actual transfer of functions within the context of politics in the nation-state. This conceptualization allows us to then study the contributing factors emerging from the literature, e.g the rise of ethnic nationalism, pressures toward greater democratization, etc. as the independent variables in this process.

The process has important implications in the context of the European Union. An examination of the prevailing theoretical efforts to explain the formation, evolution, and decision-making processes of the EU reveals, however, that these theories and propositions do not take into account adequately the emerging importance of subnational decision-making centers and their interaction with other actors in the system.

Neofunctionalism

Neofunctionalism is perhaps the most influential theory of integration, having been discussed, modified, rejected, and revived from the time the classic text by Ernst Haas was published in 1958 until the present.⁰ Haas defines political integration as:

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. The end result of a process of political integration is a new political community, superimposed over pre-existing ones.¹

Earlier proponents of functionalism believed that integration could be achieved through cooperation in functional, non-political areas. The means of starting the process of integration was to concentrate on particular societal tasks, problems or functions which could be separated out from political issues of ideology or sovereignty. The process continued, then, through functional spillover. As cooperation and the ensuing benefits are achieved in some areas, a wide variety of groups in society realize the practical advantages to be attained, begin to change their attitudes regarding the spheres which may be included in such functional cooperation, and spillover automatically, in a sense, moves into more "political" areas.²

Neofunctionalism retained the concept of spillover, but rejected the notion that technical tasks could be separated from politics. For integration to occur, it must be perceived by political elites in various groups to be in their own self-interest. Spillover is, then,

...a given action, related to a specific goal, [which] creates a situation in which the original goal can be assured only by taking further actions, which in turn creates a further condition and a need for more action, and so forth.³

This upgrading of common interests or engrenage, is influenced by institutions (e.g. the Commission) which may act to alter the ideas and expectations of state actors, or to engage other influential segments of society that may then pressure their respective state representatives to move the integration process forward.

There are many well-known and oft-cited critiques of neofunctionalism. Among them are that the major premises of the model do not account for the periods of "Eurosclerosis" and later movement forward, i.e. the "stop-go nature" of the EU.⁴ Functional spillover, and to a certain extent, the modified neofunctional version, are seen as deterministic. Even when the importance of political consensus on the part of the actors involved in the process is recognized, the theory still assumes incremental movement forward, through the "upgrading of common interests" toward greater supranational

decision-making authority. The theory may also be criticized for not taking into account the variation of progress across policy domains or sectors.

On the other hand, there are fairly convincing analyses that attribute the forward movement of the EU to aspects of neofunctionalism, especially in analyzing the White Paper and the Single European Act.⁵ Even some neorealist theorists admit that spillover has a place in the analysis of intergovernmental bargaining. Keohane and Hoffmann, for example, assert that after "prior programmatic agreements among governments," successful spillover may occur.⁶ Sandholtz and Zysman introduce the "policy entrepreneurship" of a supranational actor, the European Commission, into their primarily intergovernmental framework.⁷

At least some important components of neofunctionalist theory, then, would seem to have continued relevance to the study of European integration. What concerns us here, however, is whether or not neofunctionalism is capable of considering the importance of subnational actors and the complex network of interactions that is emerging among the various centers of decision-making authority within the European Union.

Neofunctionalism and the Role of Subnational Actors

Neofunctionalism offered an alternative to the realist, state-centric approach to theorizing in international relations by introducing both supranational and subnational actors into the analysis of European integration.⁸ If political actors shift their loyalties to a new supranational center, and supranational institutions such as the Commission foster the upgrading of common interests, subnational groups also play a role in the spillover process.

One of Haas' "key findings" in his study of the European Coal and Steel Community was that elites in various groups (e.g. political parties, trade associations and business groups) would generate pressures that "will spill over into the federal sphere and thereby add to the integrative impulse." Indeed, it would be these interest groups, rather than the "good Europeans," who provide the primary impetus for continuation of the integration process:

...the process of community formation is dominated by nationally constituted groups with specific interests and aims, willing and able to adjust their aspirations by turning to supranational means when this course appears profitable.¹

In a later modification of integration theory, Schmitter presents a model of several cycles through which the integration process could be expected to move. Once integration has been initiated and begins to move forward, it will pass through what he calls "transforming" cycles, in which "major structural changes in the nature and relative role of the actors [e.g. states, supranational institutions] occur."² The most important change is in the national actors within the member states. During prior stages of integration, the expanded scope and level of supranational institutions has started to affect the relative status and influence of groups in domestic politics. As more and more domestic actors (e.g. autonomous agencies, ministries, associations, parties) have become involved in the "apparently successful earlier rounds of regional decisionmaking," they have acquired more resources and status (e.g. proportion of the budget, votes, etc.). At the stage of the "transforming" cycles, then, Schmitter characterizes states as "differentiated" actors, rather than as units with a single strategy. They are a "plurality of negotiating units," including classes, status groups, subregions, bureaucratic agencies, etc.

These "subnational actors," each with their respective strategies, combine into stable "transnational coalitions" of support and opposition...National governmental actors may continue to play the preponderant role in the concatenation of strategies, but they can be circumscribed, if not circumvented, by coalitions of other governmental actors with subnational groups and regional technicians.³

At the time, Schmitter saw no evidence that any attempt at integration had arrived at this stage of "transforming cycles," and in any case, was not attempting to provide empirical evidence for his model.

We might argue that neofunctionalism could be modified quite easily to include the concept of redistribution. Subnational government elites or specifically regional interest groups could be considered as other actors among many, who, realizing that their interests are better served at the supranational level, put pressure for further integration on the central government of their respective member states. Regional interest groups (such as the Association of Maritime Regions or the Association of Border Regions) which promote cross-state cooperation and provide a forum for acting

in concert, apart from their respective governments, could be an example of the type of integrative pressure Haas, Lindberg and others described.

A key assumption in most neofunctionalist theory is that governmental and nongovernmental groups would come to see the integration process to be, on balance, in their interest. This assumption is based primarily on the economic argument that these groups would have a common interest in the free functioning of the internal market, and the consequent economies of scale, opening of markets, increased competitiveness vis-a-vis the US and Japan, etc., and would therefore support further integrative efforts. Subnational interests, however, especially of poorer regions and others who view themselves as standing to be hurt by further integration, may pressure for just the opposite--less integration, or only for payoffs to help offset negative effects. Others (e.g. the fishing industry) may have narrow interests, and work primarily to limit the freeing of markets. Proliferation of subnational interests and centers of authority may thus have a disintegrating, rather than an integrating effect. Neofunctionalists tend to see the integration process resulting in the "transfer of loyalties to a new center." What is not considered (as brought out by Kellas and Keating in the discussion above), is that movement toward further integration may result in the transfer of loyalties down, toward subnational groupings, rather than, or at the same time as, up toward supranational institutions.

Schmitter's model is one of the few that recognizes explicitly that interests can diverge, and provides us with a possible framework within which conflicting subnational actors may be considered. His model, however, still assumes forward movement. The next step past the transforming cycles involves increasing supranational sovereignty at the expense of the state. The state, having effectively given up sovereignty to a new center, is replaced by "large transnational coalitions in favor of and opposed to diverse issues."⁴ The "differentiation of the state" is seen as one component of a stage through which the integration scheme passes on its way to increasing supranationality. The assumption is that one actor, in this case the supranational one, will ultimately come to possess a greater degree of power and resources than the other actors.

While Schmitter recognized the complexity created by the "differentiated state," he does not provide us with a way to analyze this complexity, or consider subnational entities as integral actors in the system.

This framework does not allow us to examine the actual interactions of the variously formed actors, and their relative authority and resources, across different levels (supranational, national, subnational) and policy areas. As I will argue below, an examination of these patterns of interaction may hold significant explanatory power for the functioning of the EU.

Neorealist Explanations of European Integration

While neofunctionalism places explanatory importance on supranational and to some extent subnational entities in the integration process, theories or approaches informed by the realist school of thought emphasize the primacy of the nation-state in that process.

In the realist world, states, as rational, power-maximizing actors, pursue their "national interest," as they bargain with other states. Realism assumes that the system in which the states interact is anarchic, and that this anarchy, as well as the global distribution of capabilities among states, provide the "permissive conditions" which limit state actions in both conflictual and cooperative situations.⁵

Analysts applying neorealist assumptions to the study of the integration process, then, see the founding and subsequent progress of the EU as a bargaining process among states on the basis of national interests and relative positions of power. Progress is made when the interests of major states converge. Moravcsik, for example, in his study of "intergovernmental institutionalism" in the negotiations leading up to the SEA, concludes that:

While spillover and forward linkages may in some cases suffice to prompt the intensification of international decision making under a specific mandate within a given sector, they play a minimal role in the processes of opening new issues, reforming decision-making procedures and ratifying the accession of new members. Movement in these areas requires active intervention by heads of state and a considerable amount of nontechnocratic interstate bargaining.⁶

Neorealism: No Room for Subnational Groups?

Moravcsik does take into account domestic interests in his subsequent "liberal intergovernmentalist" approach. This framework views integration as a process of international conflict and cooperation in which two successive stages occur. Governments define a set of interests, then bargain with other states in an attempt to achieve these interests.⁷ In examining the first stage of the process, Moravcsik specifies a liberal theory of national preference formation to address one of the major criticisms of neo-realist approaches, i.e. the treatment of the state as a "black box." Instead, the national interest formation model assumes that societal groups have autonomous interests, and that state policy emerges as political institutions aggregate conflicting pressures from these various groups.⁰

While this model does grant a limited consideration of subnational interest groups, the assumption of the primacy of the state allows little room for a meaningful analysis of the role of subnational entities. First, only private groups such as business and exporters are considered. The model does not consider that "government" in many European states may be institutionally decentralized to lower levels. These levels may well have interests different from those of the center (as well as from each other), and possess considerable bargaining influence vis-a-vis the state, in some cases deriving this influence from exclusive authority over certain competencies. A second assumption is that the "state" is always able to aggregate competing interests in order to present a common interest at the international bargaining table. Thus the possibility is not admitted that various subnational and transnational entities (e.g. regional government information offices in Brussels or the Four Motors Alliance) may be presenting different views directly to EU institutions.

Sandholtz and Zysman expand the intergovernmental bargaining framework to include the Commission as well as business interests in the negotiation of the SEA. They cite the example of the Roundtable of European Industrialists, organized by powerful business interests across the Community, as an important source of pressure in favor of completing the internal market. They point out that it is hard to determine whether the business community influenced Europe, or "was itself constituted as a political interest group by Community action."¹ They also provide a telling example of the mutual influence between the Community and another interest group, the Union of Industrial and Employers' Confederations in Europe:

The secretary general of UNICE...described the union's working groups and lobbying as follows: "nine-tenths of our work comprises the regular, invisible interchange of ideas between our experts and the EC Commission's civil servants."²

While Sandholtz and Zysman admit the influence that may be placed on Commission and nation-states by certain business groups, they maintain the realist assumption of the primacy of the state and do not address the possibility that other groups besides business may play a similarly influential role. Other analyses have shown, however, that this same "regular, invisible interchange of ideas" is taking place between interest groups and regional governmental offices in Brussels, for example, and the Commission, and does appear to have an impact on a variety of EU policies.

3

An Alternative Approach to Integration Theory: Multilevel Governance

Some authors have, either explicitly or implicitly, included subnational entities in an explanation of EU functioning and development. Gary Marks sees existent integration theory (neofunctionalism on the one hand and intergovernmentalism on the other) as two points on a continuum, both approaches conceptualizing institutional outcomes in terms of the relative role of supranational versus national institutions.⁴ This contention is supported by the convergence we have seen in some current theorists' writing: Sandholtz and Zysman and Keohane and Hoffmann recognize that once intergovernmental bargains establish a base, spillover is probably a useful concept for describing subsequent processes and introduce the Commission as an important player. Meeting them halfway, Tranholm-Mikkelsen admits that the frameworks of intergovernmentalism and interdependence theory may provide a better explanation for some factors involved in the integration process than his preferred neofunctionalism.⁵

Marks uses a case study of EU structural policy to illustrate that both these approaches miss the growing importance of subnational levels of decisionmaking and these levels' connections with other tiers of government. He speculates that the "decisional reallocation" to EU institutions may be seen as one aspect of a centrifugal process in which decisionmaking responsibility is "spun away" from the

member states in two directions: upward to the supranational level or downward to the various units of subnational government (or, depending upon the policy area, in both directions simultaneously).⁶ He refers to the resulting configuration as "multi-level governance," which is

...characterized by co-decisionmaking across several nested tiers of government, ill-defined and shifting spheres of competence (creating a consequent potential for conflicts about competencies), and an ongoing search for principles of decisional distribution that might be applied to this emerging polity.⁷

Marks argues that "beneath the highly visible politics of member state bargaining" that results in the signing of treaties and in major agreements, is a process of institutional formation and development necessary to the actual implementation of the agreements. The treaty is only the starting point for negotiation among interested parties, and it is necessary to understand the subsequent process of "post-Treaty interpretation and institution building."⁸ In his examination of structural policy, the author provides evidence that the European Commission has played "an autonomous and powerful role" in formulating and implementing policy, as well as in spending. In addition, through the principle of "partnership," the Commission has mobilized subnational governments and non-governmental groups in the decision-making process.

Marks provides an alternative to neofunctionalist and intergovernmentalist theorizing which brings subnational entities into the analysis of EU decision-making processes. His discussion is especially useful in pointing up the importance of the actual "practice" of EU policymaking, implementation, and institution-building in the "post-treaty" context. Indeed, these day-to-day operations may well be as important to the evolution and functioning of the EU system as the treaty decisions and other negotiated agreements. Marks does not explore why subnational entities have become more important, however, outside the influence of the European Commission. He provides a schematic of "post-1992 policymaking" to include subnational entities, implying that they have become important only because of Commission efforts within the framework of the Single European Act and structural policy. I would argue, however, that while the influence of the EU is one factor contributing to the mobilization of subnational interests, the increasing importance of these entities is part of a larger process of governmental and societal restructuring, and that subnational involvement likely pre-dated 1992.

The Results of Redistribution: the Emerging European Decision-making System

Traditional theories used to describe and explain the evolution of the European Union do not allow us to take into account the results of the redistribution of authority across EU states. Marks' analysis provides a good starting point toward alternative theorizing to include subnational entities. His analysis may be modified and expanded in order to provide a framework within which to examine the interaction of these entities with actors at other levels in the system.

I propose that the functioning and institution-building process of the European Union can be at least partially explained through an examination of the EU as a complex decision-making system, and that this system may be examined by using a modified framework first introduced by Mortin Grodzins to examine American federalism, that of a "marble cake."

As a result of the redistribution of authority to levels above and below the traditional nation-state, an intricate network of actors at the supranational, national and subnational levels, possessing varying degrees of authority over governmental functions and resources, has emerged across the EU polity. The interactions among actors in this system result in policy outcomes that affect the operation and evolution of the EU.

In order to understand the functioning and development of the EU, then, we need to be able to describe and explain the dynamic interaction within this complex system. Marks' multi-level governance serves to capture broadly the macro-level relationships among the supranational, national and subnational levels, as an alternative to neofunctionalist and intergovernmentalist theorizing. His analysis also recognizes the inherent complexities of the interactions in this system. When we move toward a more micro-level analysis of the actual functioning of the system, however, the use of a model depicting "levels," is inadequate in

that it implicitly suggests that interactions flow fairly neatly "up and down" between the supranational, national, and subnational "layers" of the system.

Rather, it is more likely that within this EU-state-subnational arena of interaction, governmental and societal actors converge, diverge, collaborate or dispute with one another in various ways depending upon the policy domain, or even specific issues within a particular policy domain. Different configurations emerge and allegiances form at various times during the decision-making process (e.g. EU + regions vs. central state; central state + localities and business interests vs. regions; regions + central state vs. localities).

Instead of Marks' multi-levels, a more accurate image might be that of the marble cake.¹ Although it may be structured in discernable layers, proliferating units inside these layers, with various and changing degrees of authority, constitute coalescing and diverging formations across policy domains (i.e. the thicker and thinner "marbling" patterns that appear at various points throughout the cake).

Redistribution of Authority and its Causes and Consequences: A Framework for Analysis

In order to analyze the phenomenon of redistribution of authority in Europe, examine its causes and resulting network of interaction, and the effects of this interaction on the EU, it is necessary to divide the study of these interrelated phenomena into at least three distinct parts, as illustrated in the schematic in Figure 1, on the following page: 1) the process of redistribution of authority and its causal factors; 2) the resulting complex policy network (marble cake); and 3) the interactions within this policy network.

It is beyond the scope of this initial effort to provide a detailed research plan for each of these areas. What I offer instead are questions to be asked and propositions that may be examined within this framework.

A study of the process of redistribution of authority and its causes and consequences should begin by posing several basic questions. What evidence exists for redistribution of authority across Europe? To what extent has the redistribution of authority been implemented juridically, institutionally and politically both within states and toward the European Union? That is, has and how has authority been transferred to subnational levels of government or non-governmental groups within the state structure and to supranational and/or transnational groups and institutions?

A second set of questions arises around the policy network resulting from the redistribution process. What does this emerging network of decision-making centers look like, i.e. where does authority for the functions of governance and decision-making lie? If we can determine the locus of responsibility and authority within the European network, we may then ask how the various public and private entities interact in decision-making processes, given the authority or power in their possession. Further, what are the effects of this dynamic interaction among supranational-national-subnational entities on decision-making within the European Union, and on the process of integration?

I would offer the following as initial propositions to be examined in a study of redistribution of authority and the effects of this phenomenon on the process of integration:

- 1) Two important characteristics of the redistribution process and its results are that it is uneven and complex. The central state government can no longer be considered as a unitary, cohesive decision-maker; authority is shared, and in some cases belongs exclusively to some lower or higher level. However, both across states, and across policy areas in a single state, how this authority has been redistributed is not uniform. Internal state structures vary from state to state. Within most states, authority to make decisions and affect policy varies depending upon the policy domain, and division of authority among levels is not always clearly defined and is often overlapping.
- 2) Considering the increasing proliferation of units vested with governing authority, the process of institution building and decision-making in the EU is likely to become more complex and cumbersome.
- 3) This proliferation of both governmental and non-governmental entities with a diverse set of interests may contribute to a slowing of the integration process, as we see the emergence of a myriad of conflicting pressures and differing goals, depending upon the issue, the group, etc.
- 4) On the other hand, what might be occurring is a shifting of loyalties and support toward the EU system, as envisioned by Haas and Lindberg. While

groups may differ on particular issues, the overall support of the EU as a legitimate system of which these entities are a part may support forward movement of the EU.

5) The central state as one (albeit generally more powerful) actor among many will find it increasingly necessary to compete and cooperate with differing levels of authority in order to achieve its goals within the EU.

6) Non-uniform development of EU policy may be explained by the varying interactions within the "marble cake." If policy domains elicit different governmental and societal configurations of public power and sharing, we should not expect a harmonious or necessarily coherent development of governmental responses, ultimately, at the EU level.