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REASSESSING NEO-FUNCTIONALISM: STRUCTURE
AND PROCESS IN THE CONTEMPORARY COMMUNITY

by

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The fact that it was the right policy in the past does not make it the wrong policy today. There will be much to develop but little new to invent. All that is essential in our enterprise has already been begun. All that remains is to act upon it.

Walter Hallstein

In this paper one approach to integration, as described by the neo-functionalists, is reexamined. This school of thought was popular and considered appropriate when describing European cooperation in the first twenty five years following the Second World War. In the past two decades the approach has fallen into disfavor as the actual behavior of the European Community's members failed to live up to the expectations of the neo-functionalists.

It will be argued here that this rejection, while understandable, was too harsh a judgement of the theory. While neo-functionalism failed to meet its predictions it did establish criteria by which to measure integration and the processes by which it is achieved. This paper will survey neo-functionalism's development, the weaknesses that led to its demise, and finally reexamine its relevance in light of the Community's recent developments.

To an extent this paper reviews a dormant theory. It is felt that such an appraisal is deserved since neo-functionalism, unlike other approaches to European cooperation, helps to explain why cooperation continues to occur and increase. Other approaches merely describe what is occurring and how it occurs. Neo-functionalism gives insight into the

motives of the Community's actors and this paper is following Paul Taylor's advice with this reexamination:

The student of the EC in the 1980s therefore needs to return to the writings of a group of scholars - the neo-functionalists - whose writings have for many years been unfashionable. They provide the essential context of theory in which to place the practice of diplomacy and even the speeches of Prime Ministers so that they may be better understood.

Neo-functionalism can help explain the impetus behind the continued cooperation and in doing so belies that in addition to being a theory that explains, it has an ideological attribute of providing practitioners of integration with a creed. And for non-believers, the prophecy of the neo-functionalism contains dogma that challenges their faith in the existing nation-state.

The Rise and Fall of Neo-functionalism

As with all theories, neo-functionalism came from observations of the real practices of political actors and thus conforms to the definition of theory as "an abstract, conjectural representation of reality."² The original formulation of neo-functionalism came from studies of actual cooperation in Western Europe in the immediate postwar period.

At that time it was widely recognized among European leaders that new political structures were required to control the national rivalries that

¹Paul Taylor, "The New Dynamics of EC integration in the 1980s," in Juliet Lodge, ed., The European Community and the Challenge of the Future (New York: St. Martin's, 1989), 23-24.

²Kieth L. Nelson and Spencer C. Olin, Jr., Why War? Ideology Theory, and History (Berkeley and Los Angeles, CA: University of California, 1979), 2.

were often resolved by recourse to violence. These structures were often based on the functionalist approach that had been put forward by David Mitrany and others. According to this view, the outbreaks of war on the continent could be blamed on the inability of national governments to satisfy the welfare of their people. Functionalism argued that supranational institutions needed to be established to carry out the following task:

work for cooperative solutions to social and economic problems and thus root out the material causes of war and promote the establishment of increasingly intensive patterns of social interaction across national borders.³

The wish for such an organization was widespread and included a number of prominent statesmen such as Sir Winston Churchill.⁴ Leaders in other European countries also expressed the need for cooperation among the nations of Europe, in particular those belonging to the various national Christian Democratic parties.

In the immediate postwar period the idea of establishing these strong institutions was most strongly advocated by federalist movements, such as the *Movimento Federalista Europea* led by the Italian Altiero Spinelli and *La Federation* founded by the Frenchman Jean Monnet. These movements relied upon grassroots support to establish a federal Europe

³Leon N. Lindberg and Stuart A. Scheingold, Europe's Would-Be Polity: Patterns of Change in the European Community (Englewoods Cliff, NJ: Prentice Hall, 1970), 6-7.

⁴Churchill's most famous appeal occurred in Zurich in September 1946. There he made an plea "to create the European family in a regional structure, called, it may be, the United States of Europe." Interestingly, Churchill placed Britain in a sponsoring role along with the United States and Soviet Union, reflecting Britain's traditional insularity towards European affairs. Sir Winston Churchill, "Let Europe Arise!" in Carol Edler Bauman, ed., Western Europe: What Path to Integration? (Boston: DC Heath, 1967), 15.

and relied on a traditional approach to political legitimacy "based upon the recognition of competence expressed through approval of the mass of the citizens."⁵

The optimism of the federalist for the transfer of authority from the national to the supranational level in a single step was soon dashed. Nationalism remained pervasive and while the idea of transnational cooperation was widely accepted, the immediate demise of the nation-state was not. As a result the attempts to establish some form of political union were unsuccessful and a more pragmatic approach was taken by proponents of European unity.

The "Community Method"

The architect of the new approach towards unity was Jean Monnet, who realized that the immediate establishment of a federal Europe was unrealistic and instead undertook a more gradual strategy. The failure to establish a unitary community led Monnet to plan a limited initial step of cooperation that would eventually lead to the formation of an integrated community. Monnet proposed that the European Coal and Steel Community be established as the first step of what would later be described as the "Community Method" whereby:

progress towards political unity [could be achieved] by integrating one sector at a time, as this could be made acceptable to the statesmen concerned. A political objective was made explicit, but the initial approach was not to attempt to establish an overtly political union. The first steps were taken in the economic sector, and in certain clearly defined parts of that sector. A central organization was established in these

⁵Paul Taylor, The Limits of European Integration (London: Croom Helm, 1983), 2.

fields for making the necessary collective decisions, but this would not at first challenge the existing structures of government in the member states.⁶

The establishment of the Coal and Steel Community among the Six would later give rise to the Treaty of Rome that expanded cooperation among the Community's members. It should be noted that those engaged in the regional cooperation were somewhat unclear about exactly what integration meant; according to one observer integration is used to connote the following four concepts in the Rome Treaty: political unification, economic unification, economic and political cooperation, and free trade.⁷ This obfuscation not only demonstrates some uncertainty over the use of the term but also reflects the application of integration to mean both a product and a process.

Neo-functionalism

It was from studying the first decade of European cooperation that the neo-functional theory was developed. The ultimate end of regional cooperation was seen to be the formation of some kind of community. The seminal work for this theory was Ernst Haas' The Uniting of Europe. Haas' interest was in the processes that were driving the Europeans towards the ultimate goal of unity, and led to his oft-cited definition of political integration being:

the process whereby political actors in several distinct national

⁶David Coombes, Politics and Bureaucracy in the European Community: A Portrait of the Commission of the E.E.C. (London: George Allen and Unwin, 1970), 20.

⁷Leon N. Lindberg, The Political Dynamics of European Economic Integration (Stanford, CA: Stanford University Press, 1963), 109.

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 state.⁸

This definition only accounts for one aspect of integration as seen by the neo-functionalists. The establishment of a new political center would not, in itself, mean that a community had been formed. Joseph Nye noted that there were actually three aspects to forming an integrated community:

The concept of integration (defined as forming parts into a whole) can be broken down into economic integration (formation of a transnational economy), social integration (formation of a transnational society), and political integration (formation of a transnational political system). But even at this level the concept of integration groups too many disparate phenomena to be helpful. The three types must in turn be broken down into sub-types, each associated with a relatively clear measurement or particular type of evidence.⁹

Nye's attempt to set down criteria to measure integration will be discussed below, but the three dimensions are important as each is a contributing factor towards community formation.

In the case of European integration the focus of attention was placed on the economic aspects that the member states were engaged in. The progress in regional integration was seen to be predetermined. Ben Balassa supposed that economic integration occurred on a continuum beginning with the removal of trade barriers, followed by establishment of a common external tariff, the free flow of factors of production and policy

⁸Ernst Haas, The Uniting of Europe: Political, Social and Economic Forces, 1950-1957 (Stanford, CA: Stanford University Press, 1958 and 1968), 16.

⁹Joseph S. Nye, Peace in Parts: Integration and Conflict in Regional Organization (Boston: Little Brown and Company), 26-27.

harmonization, and culminating in the unification of political institutions.¹⁰ Balassa's analysis favored integration since it would increase the economic well-being of those engaged in it. Balassa examined the effects of cooperation on trade creation and diversion, comparative advantage, and economies of scale. Since the Treaty of Rome introduced the first two steps and promised, albeit vaguely, the subsequent steps, this continuum was accepted.

Haas focused on the processes of integration relevant to the Community in the 1950s. The process relied upon the most by Haas was known as "spill-over" and described the way in which cooperation extended from one sector to related areas. For spill-over to occur Haas relied upon the twin conditions of a pluralist political culture and central institutions being present. If the political actors had these structural conditions and began to cooperate in economic sectors in ways that proved beneficial, the cooperation would spill-over into adjacent economic sectors. Neo-functionalism was primarily focused on political actors and their actions:

Neo-functionalism stresses the instrumental motive of actors; it looks for the adaptability of elites in line with specialization of roles; neo-functionalism takes self-interest for granted . . . [and relies] on the primacy of incremental decision-making over grand designs.¹¹

While economic integration and the process of spill-over caused cooperation to widen, it also had political and social effects.

¹⁰Ben Balassa, The Theory of Economic Integration (Homewood, IL: Richard D. Irwin, 1961), 1.

¹¹Haas, "The Study of Regional Integration: Reflections on the Joy and Anguish of Pretheorizing," International Organization 24 (1970), 627.

In terms of political integration the economic cooperation had the effect of forcing political elites to interact with one another and to rely upon the central institutions to mediate their competition and disputes. Much of The Uniting of Europe was devoted to examining political actors, such as political parties, labor unions and trade associations, and their knowledge and attitudes towards economic cooperation and the supranational institutions that had been established. In addition, Haas examined their transnational activities and the role played by the supranational institutions and national government.

Haas did not find that powers were automatically transferred to the supranational institutions. From his study of the Coal and Steel Community he concluded that "five years of supranational activity show that the 'federal' executive has grown less federal in nature and the 'intergovernmental' control body more so."¹² But what is more important is that he showed that political integration was occurring as the decisions were being carried out above the national level and on a collective basis expected to lead to greater unity. Haas stressed that such behavior was political integration even if it did not lead to the establishment of supranational institutions or their strengthening.¹³ Thus, governmental elites were acting according to the norms of political integration.

Haas later observed that spill-over required management "by a group of actors with overt or tacit federalist objectives" that would guide

¹²Haas, The Uniting of Europe, 525.

¹³*Ibid.*, 7.

towards unity.¹⁴ This was in keeping with the focus upon the motives of political actors involved in the integration process and showed that spill-over was not as automatic as Haas had envisioned earlier. Ultimately integration was a political process: the decision to cooperate had to be made, and once undertaken economic integration could occur. In turn this economic cooperation would lead to the formation of a social community, and thereby encourage greater political integration.

Apart from aiding political integration, spill-over also led to social integration. Transnational economic cooperation led to increased contact and familiarity among those people who were involved. Haas clearly saw the growth of transnational contacts as being a symptom of economic integration and ultimately arising from the political will of those involved. In his opinion however, the growth of mutual identification, as seen through transactional analysis, would demonstrate that political integration is occurring and spilling over into the social field.¹⁵ Others in the neo-functional school played down the importance of such social indicators of integration arguing that they did not indicate political integration since they do "not directly measure the growth of community or sense of

¹⁴Haas, "The Study of Regional Integration," 618.

¹⁵Haas, The Uniting of Europe, 284-5. Haas specifically addressed Karl Deutsch's "communications theory" in which integration was seen in terms of the ability to manage the communications network required to manage international transactions. See Deutsch, Political Community at the International Level (New York: Doubleday, 1954). Transactional analysis attempted to show that integration was occurring through the measurement of indices of transnational interaction; see Donald J. Puchala, "International Transaction and Regional Integration," International Organization 24 (1970), 732-763.

obligation, which may lag far behind interactions."¹⁶

The emphasis on economic integration arose in part from the fact that it was in this area that the "Community Method" was most active. The progression from the removal of trade barriers in the coal and steel sectors led to the establishment of wider trade cooperation in the Treaty of Rome. In addition, the Treaty also implied that policy coordination and eventual political union would occur.

Unfulfilled Expectations

The two main works, by Haas and Balassa, that lay the foundation for neo-functionalism were published in 1958 and 1961, about the time when the European Community was emerging. During the next decade the predictions made would not be realized as a result of elements that the two authors had not foreseen. Probably the most significant one to undermine the theory was the return to power of Charles de Gaulle, and his rejection of the supranational concept of integration on the grounds that it limited national sovereignty. In 1963 de Gaulle exercised France's veto to reject Britain's application for Community membership. In 1965 de Gaulle ordered France's boycott of Community activities to retain France's right to use the unilateral veto and to prevent the Community's central institutions from gaining excessive authority. The resolution of this crisis under the Luxembourg Compromise preserved the right of veto and stunted the Community's supranational construction.

In a new preface to a reprint edition of The Uniting of Europe Haas

¹⁶Nye, 32.

acknowledged four oversights in the assumptions of neo-functionalism. The first of these was clearly directed at the emergence of Charles de Gaulle as a major political figure in the Community:

The [neo-]functional theory neglected the important distinction between *background* variables, such as are treated most often in studies of regional transaction, and heterogeneity, conditions, and expectations prevailing at the *time* a union is set up, as well as new aspirations and expectations that develop after the initial experience. The emergence of a new style of leadership at the national level, such as a single charismatic who is able to rule because of crisis in a portion of the union, is an example of such a development, and underscores the need for distinguishing between the causative role of these three temporally differentiated sets of conditions.¹⁷

In addition Haas also took responsibility for overlooking the continued force of nationalism as an ideological force, the global environment, and internal developments that "occurred contemporaneously, but autonomously of, the integration process."¹⁸

Balassa's continuum was undermined by the actual behavior of the member states of the European Community. Rather than follow the series of steps toward greater economic integration, the members of the European Community engaged in different types of cooperation on a piecemeal basis. Trade barriers within the Six were only partially removed in the 1960s as non-tariff discrimination persevered. Some policy harmonization did occur, such as with the agricultural policy, but only in sectors where the Six could arrive at a consensus and not automatically. The free flow of production factors was never fully adopted and restrictions on the movement of labor and capital remained, as well as the use of national

¹⁷Haas, The Uniting of Europe, xiv.

¹⁸*Ibid.*, xiv-xv.

standards and legal barriers.

In addition to the problems of dealing with the wayward development in the European Community, the neo-functionalists had to confront other problems with the theory. Regional cooperation was also being undertaken in other parts of the world, and if neo-functionalism was to succeed in explaining how integration occurred it had to be shown to be relevant to these other cases. However, the liberal economic tenets of the economic aspects of the theory were at odds with the conditions of either Third World or Eastern European attempts at integration.¹⁹ As a result, the generalizations of the neo-functionalists were thrown into disrepute. Furthermore, as efforts at regional cooperation broke down in the Third World or failed to develop according to the theory, neo-functionalism was further discredited.²⁰

Various attempts were made to revamp the theory and to place it back on track,²¹ but would be confronted by new events and behaviors by the actors engaged in integration, and by new explanations for regional cooperation in the European Community. In retrospect de Gaulle's "empty chair" policy in 1965 shook the credibility of the neo-functionalists and their assumption regarding the inevitability of their processes realizing an integrated community according to plan. In the 1970s the nationalist

¹⁹Nye, 27-31.

²⁰With regard to the first type of failure the collapses of the East African and the Central American Common Markets were the most notable example. The Association of South East Asian States (ASEAN) did persevere but took on a more diplomatic than economic character.

²¹The entire issue of Winter 1970 International Organization addressed the problems encountered by the theory.

tendencies of the Community's members persisted and integration was seen to stagnate. Taylor observed that the essential elements of neo-functionalism had all but died:

Europe then was a Europe of coordination of policy, rather than of supranationalism, and of contradictions among policy preferences rather than spill-over; and of managed authority.²²

Within the neo-functional school the failure was acknowledged by Haas himself in what can be considered to be a post mortem analysis.²³

Neo-functionalism's apparent failure can be ascribed to a number of factors. Underlying all of them is the expectation of continued success of regional cooperation that was not realized in a timely fashion and the mistake of over-estimating the strength of the neo-functional process to the extent that the following conclusion was reached from Haas' theory: "Economic integration of countries such as those in Western Europe, if directed at central institutions, automatically culminates in a political community."²⁴ Once it became evident that the expectations would not be fulfilled in the immediate future the approach was dropped.

Many of the factors that prevented the theory from meeting its expectations have already been mentioned. The conflict between national and supranational aspirations begun by de Gaulle would continue through the next two decades as other member states, in particular Britain, sought

²²Taylor, The Limits of European Integration, 15.

²³Haas, The Obsolescence of Regional Integration Theory (Berkeley, CA: Institute of International Studies, University of California, 1975).

²⁴Marie-Élisabeth De Bussey, Hélène Delorme and Françoise de la Serre. "Approches théoriques de l'intégration européenne." Révue Française de Science Politique 21 (1971): 615-653. Repr. as "Theoretical Approaches to European Integration" in European Integration, F. Roy Willis, ed., trans. Helen Baz (New York: New Viewpoints, 1975), 90. (Translated version cited.)

to safeguard their sovereignty. The Community continued to exist and grow, but its decision-making structure was altered or by-passed through the use of summitry and the formal establishment of the European Council. The Council undermined efforts to place authority in the hands of European institutions and kept power in the hands of the member governments. Integration was also adversely affected by change in the global environment. Of particular importance was the period of stagflation following the 1973 oil crisis. Even before this time the global economy was under stress due to the breakdown of the currency exchange system and the dollar crisis. The economic environment was not conducive towards cooperation as it made bargaining within the European Community more akin to a zero-sum game when compared to conditions in the two decades of high growth following the Second World War. In the 1970s the member states would argue over the division of the costs of cooperation which was harder to resolve than the division of benefits that occurred previously.

In addition, the European Community became more complex as a result of enlargement. The formal expansion of the Community's membership and its effects had not been seriously considered by neo-functionalism, but in hindsight it altered the decision-making structure and brought new concerns regarding the direction to be taken by regional cooperation.

The attempts to generalize neo-functionalism to areas outside of Western Europe also weakened the theories credibility. These attempts ignore Haas own constraints on the application of neo-functionalism in the original preface to The Uniting of Europe: "I would hesitate to claim validity for it in the study of regional political integration in Latin

America, the Middle East, or South-East Asia."²⁵

Perhaps the final factor leading to the demise of neo-functionalism arose from intellectual growth. The proponents sought new explanations for international relations and entered into new subject areas. In one sense they generalized from the experience of studying regional integration, such as Nye's analysis of interdependence. However, the discarding of the theory left students of the European integration with a problem in explaining the behavior in the European Community. Roy Ginsberg noted that the attempts to explain this behavior without neo-functionalism left much to be desired:

The search for conceptual explanations of EC policy behavior was derailed in the 1970s when the EC fell short of full-blown economic and political union predicted by U.S. integration theorists of the 1960s. Many dismissed the EC in one fell swoop, either writing off the EC as secondary in political importance to its member governments or subsuming the politics of the EC to those of the international system. Others tries to squeeze the enormous complexity of the EC into unconnected atheoretical case studies or into the narrow and inappropriate concept of international regimes.²⁶

With the theory now reexamined and exposed, warts and all, it can be examined in light of the Community's recent developments. To gauge its usefulness the indices of neo-functional integration will be used to see if there has been a notable change since the demise of neo-functionalism and thereby to see if integration, as defined by the approach, has occurred.

²⁵Haas, xxxvi.

²⁶Roy H. Ginsberg, Foreign Policy Actions of the European Community: The Politics of Scale (Boulder, CO: Lynne Rienner, and London: Adamantine Press, 1989), 9.

Indices of Neo-functional Integration

The three aspect of Community formation - economic, social and political integration - need to be shown to have occurred in the past two decades based on the neo-functional criteria. Nye has argued that neo-functional integration cannot be shown by a single indicator, and is supported in this by Leon Lindberg.²⁷ Instead Nye suggests that each aspect needs to be examined using a number of different types of measurements.

Economic Indices

Balassa's suggestion that economic integration can be measured by examining the removal of trade discrimination is an appropriate measure for the European Community. While the continuum suggested by Balassa as a measurement of the degree of integration has not occurred according to his progression, it is worth pointing out that the Community has moved forward along each of the indices. Since its foundation the European Community has removed internal tariffs and quotas, established a common external tariff, and common policies in some economic sectors before neo-functionalism entered its dormancy with the Community's stagnation.

In the past two decades policy harmonization has continued, although slowly. A number of new common policies have been introduced and earlier ones refined. Two examples are the efforts at monetary union and the development of a regional policy. The developments in both of these

²⁷Nye, 26, and Leon N. Lindberg, "Political Integration as a Multivariate Phenomena Requiring Multivariate Measurements, " International Organization 24 (1970), 649-651.

area demonstrate that spill-over continues to occur though at a slow pace. In both of these cases the members of the Community realize that further cooperation is necessary but are uncertain of the exact extent they should take.

The decision to introduce a European Monetary Union was made at a summit of the heads of government of the Six in 1969. The failure to quickly adopt this plan has often been seen as symptomatic of the lack of integration within the Community. However, the slow progress in this area has not ended the attempts of various political actors to introduce a better system of monetary cooperation in an environment marked by economic uncertainty and currency fluctuations. The 'snake' was used in the 1970s, with some success but also disappointment, and plans for a European Monetary System (EMS) were first put forward in 1977. This was adopted, and while not all members of the Community participated from the onset, the number has increased and efforts for more elaborate monetary schemes continue to be put forward.

The Community has developed new methods to deal with the regional problem of disparities in the level of economic development. These disparities have grown as the Community's membership has been widened and accentuated the core-periphery distinctions on the continent. The European Social Fund, originally established in 1958, was revamped in 1974 to address problems of unemployment. The European Regional Development Fund (ERDF) was set up in 1975 to provide a source of funding for regional development projects. In the 1980s the European Community has established a number of agencies to assist in research and development in

new technologies in a number of different fields.²⁸ While neither of these policies are given large amounts of resources, they do show the willingness of governments to cooperate when confronted with a common problem, or if an issue of particular concern to one member state. With regard to the latter, the response of the Community to Greece's fears and threats lead to the adoption of the Mediterranean Policy to address the problems of development in the Community's southern periphery.

With the Single European Act non-tariff restrictions to trade will be removed. Overall these developments indicate that economic integration is continuing as the Community has been the setting for the coordination of economic policies of the member states. The Single European Act is perhaps the most notable attempt at economic cooperation since it heralds a new step in economic integration. By removing physical, technical and fiscal barriers within the Community, the member states hope to save ECU 200 billion.²⁹ While the Act is designed to remove trade barriers, it should be pointed out that it also delegated some powers to the supranational institutions, to the extent that it has been claimed that eighty per cent of future national legislation will have to conform to Community standards.

Balassa's model of economic integration is not the only possible

²⁸These include the European Strategic Program for Research and Development in Information Technology (ESPIRIT), Strategic Programme for Innovation and Technology Transfer in Europe (SPRINT), which are linked to the Community. The European Research Co-ordination Agency (EUREKA) is not formally a part of the Community structure and includes not only the Community's members, but also those of the European Free Trade Area (EFTA).

²⁹Paolo Cecchini with Michael Catinat and Alexis Jacquemin, 1992, The European Challenge: The Benefits of a Single Market (Brookfield, VT: Wildwood House, 1988), xviii.

bench mark to use. Nye notes that the removal of trade barriers in itself does not mean that integration is occurring, since it "may not be followed by significant economic interchange," and suggests that economic integration can also be measured by examining the growth in intra-regional exports as a portion of total exports, and by the joint expenditures of member states.³⁰

By using Nye's second alternative measure of economic integration, the joint expenditures by member states, a similar pattern emerges. In Peace in Parts Nye ignore the expenditures that supported the Common Agricultural Policy, though the growth in both sets of figures are given Table 1. These show that on either count the amount of resources being consumed by the Community members continues to increase. While the size of the budget has increased in part due to the two Southern enlargements, the growth exceeds the effects of the three new members and has been continuous between enlargements. In absolute terms the Community's budget increased six fold between 1970 and 1990, but until 1985 there was a steady increase in non-agricultural expenditures. The drop in the non-agricultural component can be attributed to the 'entitlement' character of the Agricultural Policy, though the member governments introduced measures in 1988 to restrain growth in this area of spending.

³⁰Nye, 30.

Table 1

Budget expenditures of the European Community
(millions of EUA or ECUs), 1970 - 1990³¹

| Year | EC Budget | EC Budget without CAP |
|------|-----------|--------------------------|
| 1970 | 5 578.5 | 350.2 |
| 1975 | 6 213.6 | 1 627.0 |
| 1980 | 16 057.5 | 4 461.4 |
| 1985 | 28 223.0 | 7 676.6 |
| 1990 | 31 247.8 | 4 725.8 |

It should also be noted that the figures in Table 1 do not include the non-compulsory expenditures of the Community, which have increased over the past two decades and now account for one third of the Community's overall spending.³² While these contributions may be affected by the sense of investment in the Community they do constitute a voluntary expenditure on the part of member governments for services or policies that are provided them by the Community. As such, they reflect the political commitment to the Community and the types of rewards that it can offer.

³¹European Community, Bulletin, No. 6, and XXIV General Report (Brussels: Office of Official Publications of the European Communities, 1990).

³²In 1990 non-compulsory expenditures were 15 563.9m ECU. European Community, XXIV General Report (Brussels: Office of Official Publications of the European Communities, 1990).

Social Indicators

A number of indicators exist for the measurement of the degree of social integration, though this aspect is generally conceived to be the most difficult aspect of integration to measure. As with economic indicators there is no single measure that can measure social integration. The use of transactional analysis is one means, though it has been criticized by Nye since "it does not directly measure the growth of community or sense of obligation, which may lag far behind interactions".³³ As a result it may more sense to devise other means to measure the degree of social integration.

The European Community itself has placed weight on the use of public opinion polls and conducts its own research in this area. The results of some question in the past two decades are noted in Table 2, and show that integration is supported by the populations in the member states. This sentiment has wavered somewhat, reaching a low point in 1980, but has for the most part supporters for unification have made up two-thirds of the population, and this group is now larger than it has been in the past two decades.

Similar result are found in Table 3, where polls asked about citizen attitudes towards their states membership of the Community. The most negative responses came in 1985, when just over 1 in 10 saw membership as being detrimental to their state. The most positive responses are in 1990, when eighty per cent of respondents replied positively.

³³Nye, 32.

Table 2

Public Opinion on Unification

Response to the question: "Are you for or against efforts being made to unify Western Europe?"³⁴

| Degree \ Year | 1970 | 1975 | 1980 | 1985 | 1990 |
|--------------------|------|------|------|------|------|
| Very much in favor | 34 | 35 | 27 | 35 | 33 |
| Somewhat in favor | 40 | 34 | 46 | 42 | 47 |
| Somewhat against | 4 | 5 | 9 | 7 | 8 |
| Very much against | 2 | 4 | 4 | 3 | 3 |
| No Response | 20 | 22 | 14 | 13 | 9 |

More recent polls had included a distinction between mass and elite attitudes. In order for political integration to occur, according to the neo-functionalists, elite perceptions of the Community are of paramount importance since it is through their activities that the locus of decision-making shifts to the international level. The 1990 data shown in Table 4 demonstrates that elites, as defined on the basis of income, education and self-described opinion leaders, are more favorable to the benefits of

³⁴European Community, Eurobarometer Nos 32 and 34 (Brussels: Office of Official Publications of the European Community, December 1988 and 1990).

Table 3

Public Opinion on Membership I

Response to the question: "Do you think that your country's membership is a good thing or bad thing or neither?"³⁵

| Reply \ Year | 1975 | 1980 | 1985 | 1990 |
|--------------|------|------|------|------|
| Good thing | 63 | 61 | 60 | 68 |
| Bad thing | 5 | 6 | 11 | 8 |
| Neither | 24 | 23 | 22 | 19 |
| Don't know | 8 | 10 | 7 | 6 |

Community membership, and are supported by this by a majority of those in the low income, low education categories. While mass opinion can be considered to be an important direct indicator in the functionalist school, the neo-functionalists have had a tendency to play down its importance. However, the existence of a popular foundation of support for the Community is indirectly important since elites are apt to echo that feeling in pluralist societies.

While it is clear that there is some confusion over how to best measure the social aspect of integration support for the Community does exist. What is perhaps of some concern is that this is not always converted into behavior, as the low turnouts in European

³⁵ *Ibid.*

Table 4

Public Opinion on Membership II

Social Standing and response to: "Do you think that your country's membership is a good thing or bad thing or neither?"³⁶

| Attitude\ Social Standing | High Income (++) | Low Income (--) | High Education (++) | Low Education (--) | Opinion Leaders |
|---------------------------------|------------------------|-----------------------|---------------------------|--------------------------|--------------------|
| Good thing | 77 | 61 | 80 | 63 | 80 |
| Bad thing | 14 | 21 | 12 | 20 | 11 |
| Neither | 5 | 9 | 5 | 9 | 7 |
| Don't know | 3 | 9 | 3 | 8 | 2 |

Parliament elections since the introduction of direct voting has shown. This may be due to the perceived weaknesses of the Parliament as a supranational institution rather than disdain for the integration process as a whole. With some minor exceptions, the Community has been accepted by political actors at the grassroots and elite level, and their support has been consistently strong among the member states.

³⁶European Community, Eurobarometer No. 34 (Brussels: Office of Official Publications of the European Communities: December 1990).

Political Indices

At the heart of political integration is the interaction among the decision-makers of the Community. According to the neo-functional definition of political integration put forward by Haas it must be shown that political actors have shifted "their loyalties, expectations and political activities toward a new center."³⁷ Nye suggested in Peace in Parts that there are four dimensions to political integration: institutional, policy, attitudinal and that of Deutsch's security-community.³⁸

In terms of the first two dimensions two different areas are suggested by Nye: bureaucratic size and the authority of common institutions. With regards to the Community's bureaucracy the staff has only increased by twenty five per cent in the past two decades, with the Community employing some 16 000 people. This small figure needs to be augmented to include some areas of cooperation that do not formally exist as part of the Community structure but are entered into by the member governments outside of the Community framework. As a result, the political will to cooperate has resulted in the establishment of the European Council, with a small secretariat, and various research and development agencies. The small size of the Community bureaucracy also overlooks the number of national bureaucrats who are implementing or following Community directives. As more decisions are taken on the Community level, a greater portion of national civil servants are working within the context and constraints set by Community guidelines.

³⁷Haas, The Uniting of Europe, 16.

³⁸Nye, 37.

The jurisdictional aspect of the Community institutions is an area where progress has also been made. The dimensions of scope and level of integration are of use to examine the role that the common institutions now play. Scope has been defined as "the number of functional areas which were linked together in some way within the larger territory" while level is "the extent to which they are ruled from new centers which could act independently of government."³⁹ In terms of scope it is clear that the Community has expanded into new areas, as was seen in the examination of the growth of common policies and the relative decline of the Agricultural Policy as a portion of the total Community budget.

While it is true that the member governments found it easier to engage in negative integration - the removal of governmental controls as opposed to the transfer of those controls to new institutions - it is also apparent that many of the new policy development have in fact resulted in a greater harmonization of standards across the Community's membership.⁴⁰ There has been greater difficulty for the Community institutions to control, independently, new areas of jurisdiction, but even in areas of positive integration they have slowly eroded the control of the member governments.

An example of the increased authority can be seen in the control of the European Regional Development Fund. When it was originally established each member state was assigned a quota. In 1979 the Community institutions were given control of 5 per cent of the Fund to be

³⁹Taylor, The Limits of European Integration, 106.

⁴⁰John Pinder, "Positive and Negative Integration," The World Today 24 (March 1968), 88-110.

used in a discretionary manner; Community control was expanded in 1985 through the use of the flexible quotas that allowed the Community to effectively control 12 percent of the Fund.⁴¹ The Regional Fund shows an example where the member governments of the Community were confronted with a problem (regional disparities) and increased the scope of the Community to meet that problem, and eventually permitted the Commission to have some discretionary control to meet the problem, and thereby increased the level of integration.

The Commission's increase in authority stems from its role as the implementor of policies and from the personal that make up the executive. Other institutions of the European Community have also increased their jurisdiction. Over the past two decades the supremacy of Community law over national law has been implemented and reflects the strongest, though least cited evidence of a change in the level of integration. The extent to which Community law affects national sovereignty varies though it is increasing as the scope of activities widens:

Community law touches on many aspects of national life. For example, banking, insurance, taxation, company law, the law governing monopolies and restrictive practices, patent and trade marks, private international law and law of the sea have all been considerably affected. In areas such as immigration, control of foreign workers, matters relating to equality between the sexes, consumer and environmental protection, on which the Treaty of Rome gives guidelines, national law has been challenged or influenced. All this represents a loss of sovereignty by the member states.⁴²

⁴¹Jeffrey Harrop, The Political Economy of Integration in the European Community (Aldershot, England: Edward Elgar, and Brookfield, VT: Gower, 1989), 121-122.

⁴²Anne Daltrop, Politics and the European Community, 2d ed. (New York and London: Longman, 1986), 50.

The expanded jurisdiction of the Court occurred in part because the member states agreed to expand the areas in which they were cooperating. Before concluding that this occurred as a result of neo-functional integration it is necessary to examine how this expansion occurred, and in particular to examine the motives of the actors involved.

The Single European Act

The Single European Act is perhaps the single major innovation that demonstrates that political integration continues to occur. The origins of the Act are to be found in the European Parliament which, in an attempt to strengthen the Community institutions, passed the Draft Treaty on European Union in 1984. This attempt would run into the opposition of the British government which was against any further strengthening of the Community though it was at the same cognizant of a need to widen cooperation. The evolution of the Draft Treaty to the Act thus reflects dual forces at work:

A curious symbiosis has emerged between national interest and the Community: regional processes and systems are seen to be reaching the point at which increasingly frequently the former can ironically only be satisfied by making real concessions to the latter.⁴³

In adopting the Single European Act the member state compromised between the two distinct forces of national recalcitrance and further integration. While the Draft Treaty, with its greater emphasis on changing the level of integration, was not fully implemented, the reaction to it was to increase the scope of cooperation. The institutions did benefit however:

⁴³Taylor, "New Dynamics of EC integration," 4.

the European Parliament's budgetary powers were increased, especially in the area of non-compulsory expenditures.

The Single European Act was a compromise between national interest and cooperation. Its development, however, showed that the members of the Community were not willing to disengage from the Community method or allow others to develop the Community without all members being involved. Taylor makes the point that the Single European Act was adopted as a result of tension between preserving national independence and continued integration:

Two closely interrelated arguments are developed: the key to further integration was getting the British to move and the perception of the need to do this, particularly in the calculations of the French, was itself a crucial factor in placing high on the EC's agenda items extending the scope of integration and strengthening the central institutions.⁴⁴

Thus the Community provided a framework in which the individual members were forced to expand their cooperation, even if it was only to serve their national interests.

Juliet Lodge noted that the motivations of the member states was centered on self-interest, which follows Haas' thesis. Some states saw further cooperation as meeting their goal, those that did not were forced to comply because to not do so would undermined their existing invested interests in cooperation:

The effect on the EC of many states using it instrumentally to advance national interests was, paradoxically and contrary to the assumptions implicit in many integration theories, to reinforce and consolidate rather than weaken it. Many appreciated that the political implications of the processes of economic integration

⁴⁴Ibid., 3-4.

could not be forever ignored.⁴⁵

John Pinder reinforces this view, and goes so far as to see the Single European Act as merely adding impetus to the political integration since to be effective further integration, both in terms of scope and level, are required:

The SEM [Single European Market] required, at the very least, institutions that will apply the rule of law to the regulation of the market: the vast programme of EC legislation outlined by the White Paper and the activity of the Commission and the courts to ensure that it is implemented. The view presented here, however, is that this minimum is not enough: that the EC's powers in the field of trade need to be supplemented by the powers to create a monetary union and to have a budget of correspondingly greater importance, with adequate policies for technological development, social solidarity and cohesion and environmental protection; and that the existing EC institutions need to be reformed so as to be efficient and democratic to carry out these responsibilities. In short, if the SEM is to succeed it must be accompanied by other steps to create the European Union.⁴⁶

The need described by Pinder is nothing more than an extension of the Community method put forward by Monnet in the Schuman plan forty years ago, and then described by neo-functionalists.

Experience shows that the optimism of the neo-functionalist was inflated but not necessarily wrongly placed. Haas noted some of the problems in 1968 though at that time still had confidence in the predictions of the theory. Thus confidence, in itself, would cause the failure of the theory in the 1970s since it led to an over generalization of

⁴⁵ Juliet Lodge, "Introduction: internal perspectives," in The European Community and the Challenge of the Future, ed. Juliet Lodge (New York: St Martin's, 1989), 84-5.

⁴⁶ John Pinder, "The Single Market: a step towards European Union," in The European Community and the Challenge of the Future, ed. Juliet Lodge (New York: St Martin's, 1989), 108.

the neo-functionalism and did little to actually reduce the expectations of those favoring integration and ultimately led to the theory's downfall.

The experience of the past two decades has shown that many factors can impede integration from occurring, but they do not show that the processes describe by the neo-functionalists are redundant. The "anti-integration" factors have been described over the past two decades, but were summarized by Roy Pryce and Wolfgang Wessels to include the following: national, international and Community environments and the constraints they placed on cooperation; and the roles and motivations of national political actors such as elites, national leadership, and political groups.⁴⁷ However, as shown by Taylor these factors, when manipulated by pro-integration actors, can lead the Community to further cooperation along the lines described by the early neo-functionalists.

Neo-functionalism needs to be reformulated and reapplied. The dearth of a theoretical model to give greater understanding of the behaviors of the Europeans in the past two decades has meant that no comprehensive model that can readily explain integration exists. Regime theory is too broad an analysis to explain the cooperation adequately, while approaches focusing on the national interactions overlook the steady increase of the Community's institutional authority and detracts from the behavior of actors on that level. Neo-functionalism is not without its weaknesses, and the factors that led to the lack of immediate fulfillment of its expectations need to be incorporated. However, as William Wallace put succinctly, "the

⁴⁷Roy Pryce and Wolfgang Wessels, "The Search for an Ever Closer Union: A Framework for Analysis," in The Dynamics of European Union, Roy Pryce, ed. (London: Croom Helm, 1986), 3-22.

collapse of integration theory does not necessarily carry with it the collapse of European integration."⁴⁸

The collapse of neo-functionalism can be attributed to the expectations of its success in terms of quickness, in the case of the European Community, and range, in terms of its global applications. These expectations were not met but only because of the under-estimation of the factors opposing further cooperation and the assumptions of a pluralist setting in Haas's original theory were overlooked. The processes of neo-functionalism have proved, in this superficial application, to still be valid. The motivations of elites is of primary importance, be they in a national or transnational setting, and whether they are supportive of further integration or not. There is strong acceptance that the Community provides the framework in which the self-interest of elite actors must be pursued, and it is through this pursuit and the competition arising from it that cooperation continues to spill-over into new areas and the central Community structures play a greater role.

While the attitudes towards further integration may shift over time it is clear that there is a strong basis of support for the ideals of greater cooperation. Political elites, both in the national and international arenas, continue to see the Community as the forum for solutions to problems faced by the region, as shown by Commission President Jacques Delors call for a 'Social Europe.' The Community will continue to disappoint those with faith in the process, and the exact form that it takes remains unclear:

Public and elite expectation of what it can deliver exceed its

⁴⁸William Wallace, "Europe as a Confederation: the Community and the Nation State," Journal of Common Market Studies 23 (1982), 57.

capacity. The notion that the EC is a political animal is accepted. M. Delors tried to set out some parameters and to project a vision of a future EC. The precise details of the vision are less important than the fact that the vision makes clear that domestic and external policy sectors are irrevocably intertwined.⁴⁹

The process of spill-over, as seen by the need to increase the scope in which policies are coordinated by the member states, remains a potent force that preserves and encourages further integration. In addition, it is also clear that the member governments of the Community no longer seriously consider the prospect acting alone unless consultation with their partners prove fruitless. The members of the Community realize that there are too many advantages in working together to attempt to strike an independent course and are thus committed to working with one another. While the member states continue to have different visions of what the Community should be, they recognized that it is the only realistic framework that they have. In addition, the member governments are urged to cooperate by the activities of the Community's institutions. Even if national governments do not aspire for more integration, they are threatened or goaded to do so by the actions of the Commission and Parliament.

Neo-functionalism was based upon two premises that would lead to further integration: the process of spill-over and the motivation of political elites. In pluralist societies it was thought that the success of some cooperation would encourage more integration and a transfer of the locus of decision above the national level. This did not necessarily mean the creation of supranational institutions, but it did mean that regional

⁴⁹Lodge, 85.

organizations would become increasingly important to national elites. In the case of Europe the neo-functionalist process continues to hold true, and it was only the over-generalization and optimistic expectations of neo-functionalists that led to the theories demise. However, the processes that lead to integration are still clearly relevant.

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