

**The European Community
and Regional Integration Theory**

**James A. Caporaso
John T.S. Keeler**

**Department of Political Science
University of Washington
Seattle, WA 98195**

**Paper prepared for delivery as a plenary address
at the Third Biennial International Conference of the
European Community Studies Association,
May 27-29, 1993, Washington, D.C.**

INTRODUCTION

The central concern of this paper is a stocktaking of theories of regional integration applied to the European Community (EC). Many will not envy us the task. Given the multiplicity of different approaches, the incommensurability of many concepts, and the arguable historical novelty of the EC, perhaps we would be better off to describe what is happening as best we can, and postpone theoretical explanations until a later day. Without denying either the value of descriptive work or the difficulty of devising satisfying explanations, in the paper we direct our attention to codifying our theoretical past and making some suggestions for the future.

One way of understanding our approach is to see it in archaeological terms, a contemporary "dig" into the partly fluid, partly sedimented belief systems of the recent past. We are interested in our own understandings of new forms of political economy as they center on a regional enterprise whose relations to past forms (confederations, federations, feudal fiefdoms) is disputed. Historically, integration theories have come in successive waves (schools), depositing knowledge (or knowledge claims) in layers. If this metaphor connotes too much discreteness, as if ideas formed separate layers in a cake, we can allow for a marbling effect as ideas move across theoretical boundaries.

While the remainder of the paper will be concerned with

specific theoretical contributions, we take certain preconceptions into our work. Since these preconceptions guided our choice of theories to examine, as well as the criteria applied, we should say a few words about them. First, we decided to approach our subject matter historically, implying that sequences, temporal patterns, and perhaps even learning are important. Second, we wanted to acknowledge the contributions of the oft-neglected "doldrums era," the period stretching roughly from Ernst Haas's The Obsolescence of Regional Integration Theory in 1975 to the mid-1980s. While Americans tended to turn away from the study of the EC and integration theory in this era, those scholars on both sides of the Atlantic who continued working in the field produced a variety of insightful studies and built much of the empirical foundation on which the latest wave of debates over integration theory rest. Third, we wanted not only to examine the "new wave" of literature but also to make some suggestions concerning potentially profitable future directions for research and theoretical refinement.

In the remainder of the paper we will review the major phases of regional integration theory. We will begin with a discussion of functionalism and neofunctionalism. In making functionalism and neofunctionalism the reference points of our paper, we do not mean to imply that other theories were (or are) unimportant. The approach pioneered by Karl Deutsch (1957; 1966) focusing on transactions, messages, and

the emergence of shared values among core groups offered a communitarian approach grounded in cybernetics. This approach had a sizeable following during the 1960s and early 1970s, but seemed to fade more quickly than neofunctionalism and has been all but absent (perhaps unfortunately - see our comments in sections IV-V) in the current debates. After having assessed the rise and fall of neofunctionalism, we will turn to the disparate approaches developed during the "doldrums era" and then to the current wave, which includes, but is not limited to, neofunctionalist and neorealist (intergovernmental) approaches. We will conclude by trying to draw lessons and make suggestions for the way ahead.

I. THE FIRST WAVE: FUNCTIONALISM

The theory of functionalism has historical roots that reach back into the nineteenth century. Indeed, some of the first important international organizations were organized along functionalist lines. But the primary spokesperson for functionalism in the postwar period is David Mitrany, whose Working Peace System (1966) became a bible for functionalist theory and practice.

A powerful attraction of functionalism lies in the fact that its appeal cuts several ways at once. It provides simultaneously a theory of the social structure of advanced liberal capitalism and a theory of action. Unlike realism, whose agents are structural dopesters, functionalism

provides a praxis. In addition, functionalism offers a positive theory of how the world works and a set of prescriptions for how to improve it. While meliorist and incremental in means, the functionalist program offers far-reaching - not to say revolutionary - long-term results.

Given the technical character of regional integration in everyday terms, we often forget the long-term normative charge that functionalism carried. In the eyes of many scholars and practitioners, the functionalist project was tied too much to nation states - to nationalism, militarism, bilateral deals, balance of power, etc. The opportunity to think and speak in terms of transnational economic ties, mutual cooperation, spillover, and community spirit seemed both analytically sensible and morally uplifting.

It was part of Monnet's genius that he created a new way of talking (we are tempted to say new discourse) about what people were doing transnationally and this vocabulary was remarkably non-statist. According to Monnet's stubborn doctrine, the most mundane facts took on major significance. The smallest acts of everyday life - of production, commerce, voluntary associations - could lay the ground for new ways of organizing relations among countries. In this kind of environment, the collection of data became a religious experience.

The Rome Treaty expresses in part the functionalist logic, at least some of its aspirations. It is a dry document of 248 articles which, in Hallstein's words, is

like one of the great Dutch masters. Parts are painted in great detail, and others are left blurred. For better or worse, the detailed parts are technical and the blurred parts political.

But this preoccupation with the technical and noncontroversial, by no means the same thing, and the forestalling of the political, reflects rather well the functionalist logic. Avoid comprehensive plans for integration and minimize the political, at least initially. Take advantage of social differentiation and carve society into sectors; the more specialized and autonomous the better. Beginning with piecemeal cooperation, allow the chief dynamic mechanism - spillover - to do its work. This, in highly simplified form, is the functionalist program.

We do not have the space to elaborate a critique of functionalism here. We mention a few points to ease the transition to neofunctionalism. First, purely as a sociological theory of modern industrial capitalism, functionalism seemed constructed on a contradiction. The differentiation of society into sub-systems, especially sectoral ones, allowed greater role for the expert, and hence greater autonomy. To the extent that distance could be put between various economic sectors and the state, experts had greater room for maneuver and greater freedom to solve problems. Functionalists never theorized the space for autonomous expert action nor provided much of an argument about the conditions under which political agents

would challenge economic integration. Spillover, on which so much depended theoretically, could go many ways, as the terms spillover, spill-back, and spill-around suggest.

Points two and three come together. Functionalism did not have either a well-developed theory of politics or of choice. Its central message, a valuable one, focuses on changing constraints and preferences as a function of exogenously specified social and economic cooperation. But, if we can anticipate a rational choice point, in a world of strategic indeterminacy even with preferences specified, many outcomes are possible. A theory of choice and a theory of politics (i.e. power and bargaining) are needed.

II. THE SECOND WAVE: NEOFUNCTIONALISM

As the prefix implies, neofunctionalism did not constitute a radical break with functionalism. Many key ideas were carried forward in essentially identical form or transmuted into materials more suitable to the explanatory task. The emphasis on the preconditions of integration - late industrial societies, pluralistic social structures, muted ideological conflicts, and mixed economies - was retained. What changed were three things. First, there was a methodological reorientation which can best be described as an effort to systematize and express in social science concepts the subject matter of regional integration. Neofunctionalism relied on a mix of languages drawn from

interest group theory, systems theory, and, to a lesser extent, economics. Second, neofunctionalism would attempt to bring together in a unified model theoretical fragments relating to background conditions, conditions at the time of union, process conditions, and outcomes. As a theory, it sought to present a comprehensive account of how the parts fit together. Third, neofunctionalism sought to provide a theory of politics.

There is an unmistakable feeling that, as theories, functionalism and neofunctionalism recapitulate the substantive process they are trying to explain. Functionalism presented the initial challenge. It problematized the state and introduced the language of interest and incremental problem-solving. It elevated the mundane to the platform of world history. But it did not elaborate the political and institutional details necessary for advancing our understanding. Functionalism went straight from structure to process to outcome, with spillover as convenient intermediary functioning as a touchstone but not as theoretical compass. Initial explanatory successes exhausted themselves, requiring task expansion. Enter neofunctionalism.

Neofunctionalism made several refinements in regional integration theory. First of all, due largely to the work of Haas, Lindberg, Nye, Puchala, and Schmitter, neofunctionalism clarified the dependent variable - regional integration - and set it apart from related terms such as

regional cooperation, regional organization, and regional systems. Haas defined the task as one of "...explaining how and why they [states] voluntarily mingle, merge, and mix with their neighbors so as to lose the factual attributes of sovereignty while acquiring new techniques for resolving conflict between themselves." (1970, p. 610) In contrast to Deutsch (1957; 1966), who saw the flow of goods, services, people, and messages across countries as central, Haas placed emphasis on institutions and attitudes. With regard to institutions, decision making patterns were critical. With regard to attitudes, the learning of integrative habits was important. By identifying authority-legitimacy transfers as the central concern (Haas, 1970, p. 33), Haas provided a dependent variable that was highly general, continuously variable, and not confined to the rigid holistic outcomes (confederation, federation) we worked with.

Second, neofunctionalism contributed importantly to our understanding of spillover. As mentioned, spillover shouldered a great deal of the burden of explaining change. If the concept of spillover can be successfully employed, neofunctionalism has some claim to being a dynamic theory. Without it, it is at best reduced to comparative statics.

Functionalism's treatment of spillover relied on a kind of technical self-determination. Given the right background conditions, the right initial cooperation, and favorable attitudes on the part of elites, cooperation was bound to

expand. Haas and others (especially Schmitter, 1970) recognized the problem and sought to fill the gap between structure and outcome with a theory of politics. At a minimum, neofunctionalism provided an extensive descriptive account of the poorly understood region lying between initial cooperation and integrative or disintegrative outcomes. By doing so, it pointed the way toward what needed to be better understood and accented the need for a theory of politics. In the end, we do not believe this theory was successful, but for the moment we withhold comment.

Third, and as a continuation of the second point, neofunctionalism attempted to develop a theory of politics on many fronts, not just as applied to spillover. Scanning the table of contents of Haas's The Uniting of Europe (1958), one is struck by the scope of the book's political content. There are chapters on national political parties and parliaments, on trade unions, and on the conduct of member governments, as all of the above relate to European integration. There are similar chapters to discuss politics at the international level. Haas did not commit the errors made by many after him, such as ignoring domestic politics and downplaying politics.

How did Haas attempt to infuse political content into functionalist logic? He recognized that De Gaulle's resistance to European integration was not idiosyncratic but rather a metaphor for a more widespread phenomenon which

corresponded somewhat (at least) with nationalism and the institutional interests of the state. De Gaulle, as chief executive of a major member state, could bring the process of integration to a halt quickly, despite the enormous reservoir of economic benefit tied up in the EC.

Faced with this challenge, neofunctionalism had two options: 1) it could ignore De Gaulle, label the General's actions idiosyncratic, and wait for the long-term economic forces to assert themselves, or 2) it could try to incorporate what De Gaulle represented. To Haas' credit, he took the second path and tried to theorize the limits of a style of decision making that was rooted in fragmented, issue-oriented, incremental problem solving. Haas noted (1968a, p. xxiii):

The chief item in this lesson is the recognition that pragmatic-interest politics, concerned with economic welfare, has its own built-in limits...Pragmatic interests, because they are pragmatic and not reinforced with deep ideological or philosophical commitments, are ephemeral. Just because they are weakly held they can be readily scrapped. And a political process that is built and projected from pragmatic interests, therefore, is bound to be a frail process susceptible to reversal.

This recognition of the limits of functional integration was not just ad-hoc, a descriptive cop-out. It drew a lesson, or perhaps two: first, that integration was not a machine that could go of its own motion; second, that politics and political bargaining could not be ignored for long. Quiet periods of incremental advance were likely to be preceded by a political bargain. Once the limits set by

the political bargain were met, politics entered the fray. The absence of day to day involvement by political authorities should not be misinterpreted.

Fourth, and finally, neofunctionalism recognized the importance of external environment. If Western Europe (or six of its members) was a distinct area, it was nevertheless embedded within a larger international system, and one that impinged on its members in sometimes disturbing ways. Stanley Hoffmann (1966) had been saying this for quite some time and in the preface to the second edition of The Uniting of Europe (1968), Haas gave Hoffmann his due. Hoffmann's point was quite simple, that each member state was a distinct entity with its own culture, interests, "national situation," and capabilities. Members were also situated differently within the broader global system and the tugs and pulls were not the same for all of them. In crucial moments - the oil crisis, expansion, monetary policy - they went in somewhat different directions.

Not much new theory came from this but, as with spillover, there was at least a descriptive recognition that something was lacking. This recognition provided a stimulus that set realists to thinking about the global context of regional integration.

Despite neofunctionalism's advances, some problems remained. The first springs from the fact that the EC represents an n of 1. Findings are not very portable; they do not travel well. The limitation is not statistical,

springing from difficulties of generalizing from one case. The problems run deeper. What passed for theory was often simply empirical generalization (see Haas, 1976, p. 183). Empirical generalizations, while based on observed regularities, do not meet the standard of theory in two senses. First, they are not part of a larger intellectual structure which explains the regularities themselves. Second, they are not counterfactual claims about what "would happen if...." This second limitation is serious since it implies explanatory difficulties. In short, the evidence from observation on the EC cannot do double duty - cannot simultaneously generate a hypothesis inductively and serve as its proof. With few if any other regional units to use as independent sites, and with cross-issue comparisons suspect because of Galton's problem, research on the EC is in a bind. There are some possible resolutions to this problem to which we return later.

A second criticism will be mentioned briefly here. Neofunctionalism still had shortcomings relating to a theory of politics. What it did was to focus our attention on political elites, to argue the significance of parties, interest groups, domestic politics, as well as the bargaining that took place in Brussels and between Brussels and national capitals. But it did not provide either a theory of bargaining or of political choice. Given the close attention paid to the making of particular decisions in the EC, this may seem an odd criticism. Part of the

explanation for this gap may have to do with the structural biases of neofunctionalism; part with the remoteness of strategic theory to the concerns of integrationists during the sixties and seventies.

We return to neofunctionalism in the fourth section of the paper where we argue that its resilience is due to some old strengths and some newly recognized ones. But for now, we move to an examination of developments within the neglected (and even maligned) "doldrums era."

III. THEORETICAL DARKNESS - AND LIGHT - IN THE DOLDRUMS ERA

From the perspective of Ernst Haas and other neofunctionalist scholars who dominated the regional integration field through the 1960s, the European Economic Community represented an exciting phenomenon whose development seemed explicable in terms of a remarkably powerful theory. As Haas summed up the situation as it appeared in early 1965, the Community's activities seemed to have "come close to voiding the power of the national state in all realms other than defence, education and foreign policy" and "the functional logic which may lead, more or less automatically, from a common market to political unification, seemed to be neatly illustrated by the history of the EEC" (Haas, 1967, pp. 324-325, emphasis added). But the ink was barely dry on such assessments of Euro-reality and theory when the 1965-66 Empty Chair crisis

provided the rudest of jolts. By 1967 Haas was already attempting to cope with the possibility that De Gaulle had "killed the Common Market" by revising his theory to account for the prospect of "disintegration," and by 1975 he was announcing the "obsolescence of regional integration theory" (Haas, 1967, p. 316; Haas, 1975; Haas, 1976).

Although the EC was not in fact "killed" by De Gaulle, it certainly lost its status as an exciting phenomenon in the wake of the Empty Chair crisis and the economic crises that followed. The period from the early 1970s to the early 1980s has thus often been characterized as the doldrums era or the "dark ages" for the Community (Keohane and Hoffmann, 1991, p. 8). Moreover, it has frequently been portrayed - at least by American scholars - as a dark age for the development of integration theory. From the perspective of the early 1990s, to what extent does the "dark age" image do justice to both the reality of the EC and theory related to it as they evolved from the early 1970s to the mid-1980s?

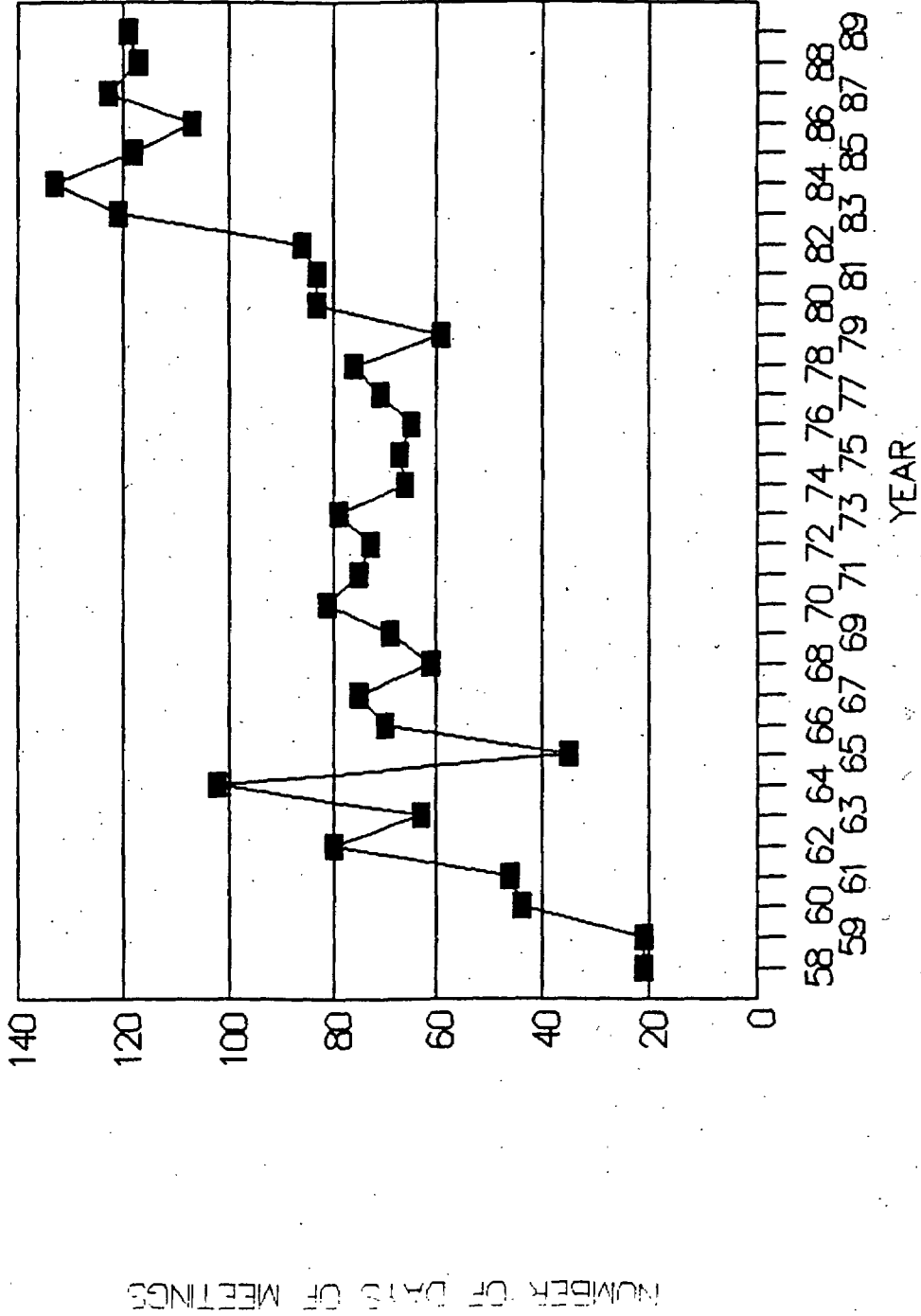
In terms of some important measures, it is indisputable

Insert Figure 1 here

that the reality of EC development during that period is consistent with the dark age metaphor. Figure 1 plots the number of days devoted to EC Council of Ministers' Meetings from 1958 to 1989. A crucial component of Haas' concept of integration was the shift of political activities by

FIGURE 1:

EC COUNCIL OF MINISTERS MEETINGS



national actors toward "a new and larger center" (Haas, 1966, p. 92), and the trajectory of such shifting to the EC Council was obviously impressive up until the Empty Chair Crisis; thereafter the frequency of Council meetings failed to increase steadily until the preparation of the SEA in the 1980s. Figure 2 tracks a commonly employed index of

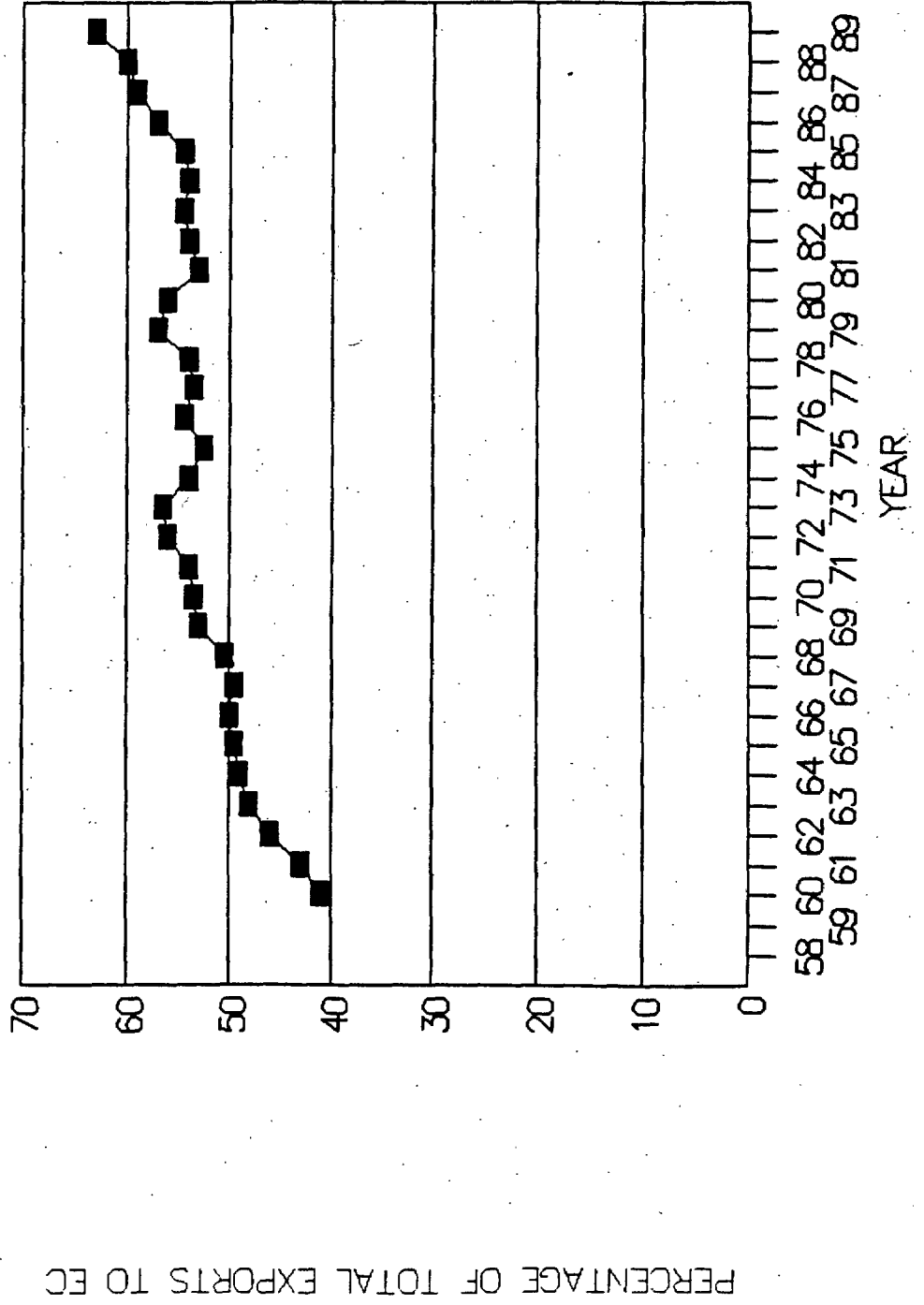
 Insert Figure 2 here

economic integration: the percentage of total EC exports directed within the Community (see Smith and Ray, 1993, p. 26). The trajectory here is similar to that of the data in figure 1 (indeed, the correlation between them is .61, significant at the .001 level), with the impressive progress of the early 1960s unmatched until the burst of the mid-1980s.

It should be noted here that, while these rough measures of political and economic integration manifest integrative stagnation during the EC's "dark age," they do not manifest the sort of precipitous disintegration that Haas and others once thought possible (see Heathcote, 1966, p. 171). Many scholars, especially in Europe, have persuasively argued that the EC's mere survival "with so little damage to its basic structure" in the face of the adverse environment of the 1970s should be viewed as a considerable achievement (W. Wallace, 1982, p. 63). Such an assessment seems even more cogent when one acknowledges that

FIGURE 2:

INTRA-EEC EXPORTS/TOTAL EXPORTS



Source: Dale L. Smith and James L. Ray, eds. The 1992 Project and the Future of Integration in Europe (Armonk: Sharpe, 1993), p. 26.

the Community managed to widen its membership substantially and make gains in other areas during that era (see Webb, 1983, p. 2; Smith and Ray, 1993, p. 20ff; Sbragia, 1993, p. 96; Weiler, 1982). From 1970 to 1980 the perceived power of "Brussels" was sufficient to generate an increase in the number of Euro-lobbying groups from approximately 300 to 439 (Andersen and Eliassen, 1991). The resilience of the EC during these troubled times looks even more impressive from the post-1989 perspective; after all, the Community has now outlived a good number of nation-states created long before its inception!

William Wallace (1982, p. 58) has argued that, compared with Europeans (Britons included!), Americans became over-pessimistic about the development of European integration in the 1970s in part as a reaction to their over-optimism in the 1950s and 1960s. That certainly may be one reason for the prevalence of the dark age image in the United States. Another reason, one might speculate, could be that as the EC rapidly became less exciting and thus less newsworthy across the Atlantic, Americans simply assumed that it had slipped proportionally in importance as well. To gauge at least roughly the extent to which the EC actually did become less of a "hot topic" in the U.S. after the early 1970s, we extracted from the New York Times index the number of Times articles published on the EC each year from 1958 to 1992. The results in Figure 3 show clearly that the EC did indeed

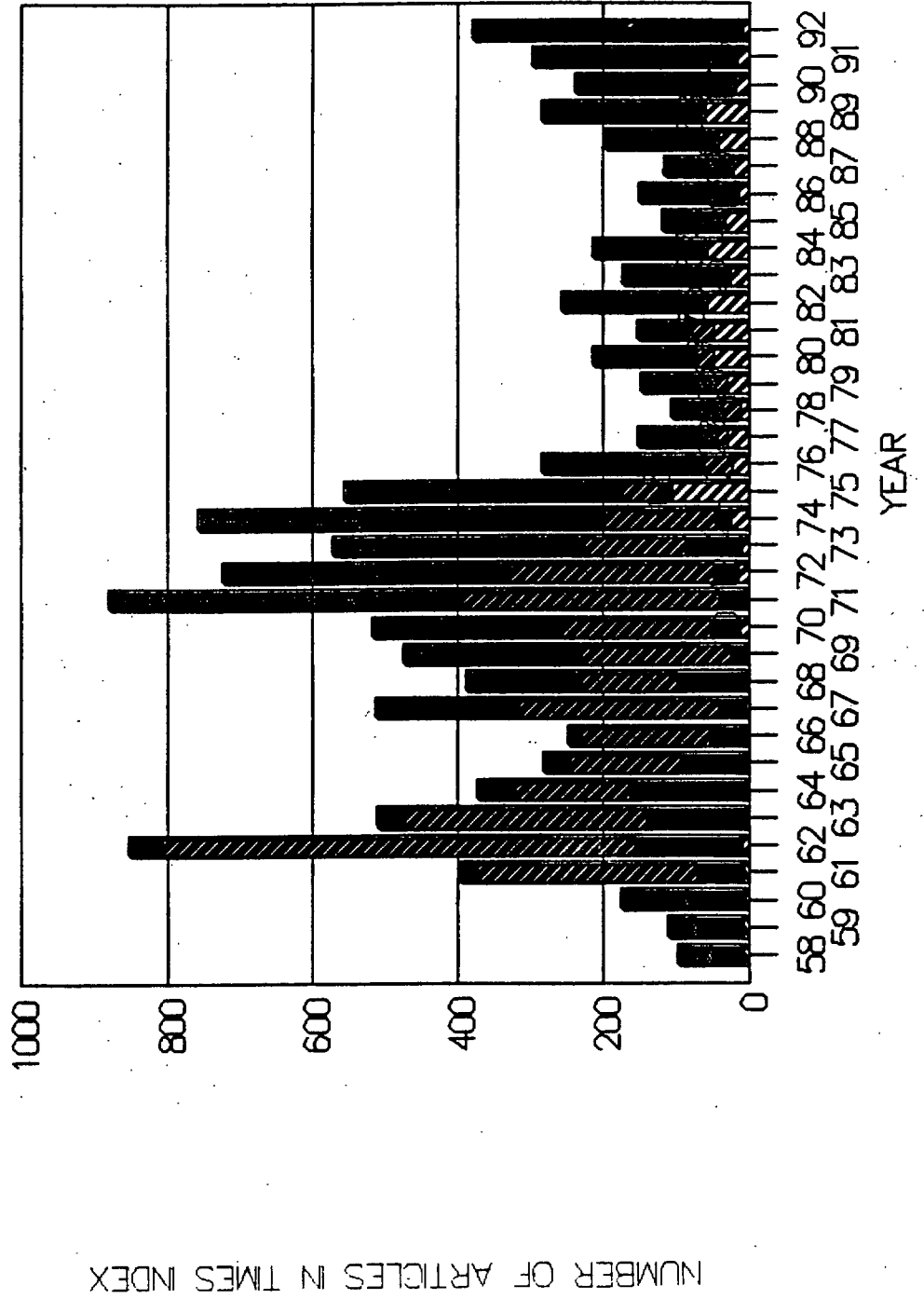
fall swiftly out of the headlines as the "dark age" unfolded. The drive for integration in the early 1960s and

Insert Figure 3 here

the debates over expansion in the early 1970s generated more than 800 Times articles in peak years, but from the mid-1970s onward the EC ceased being viewed as a source of political or economic drama; the integrative spurts of the 1980s do yield a sharp upturn in coverage, but (revealingly and rather surprisingly) even then the figures of the earlier era are far from being matched.

The data of figure 3 become all the more intriguing when set against measures of the trajectory of mainly-American scholarship on European integration. To what extent did the more theory-driven scholars in the US abandon studies of integration and the EC when, after Haas' obsolescence declaration, the development of the Community stagnated and news of it dropped from the press? Figure 4 attempts to answer this question by plotting the New York Times data from figure 3 (now presented in a slightly different form: the average for each three-year interval) against two measures of theory-driven scholarship on integration and the EC: 1) the number of articles on regional integration and the EC in International Organization; the average number of such articles for each three-year period is listed at the mid-point year, i.e., the

EC ARTICLES IN THE NEW YORK TIMES



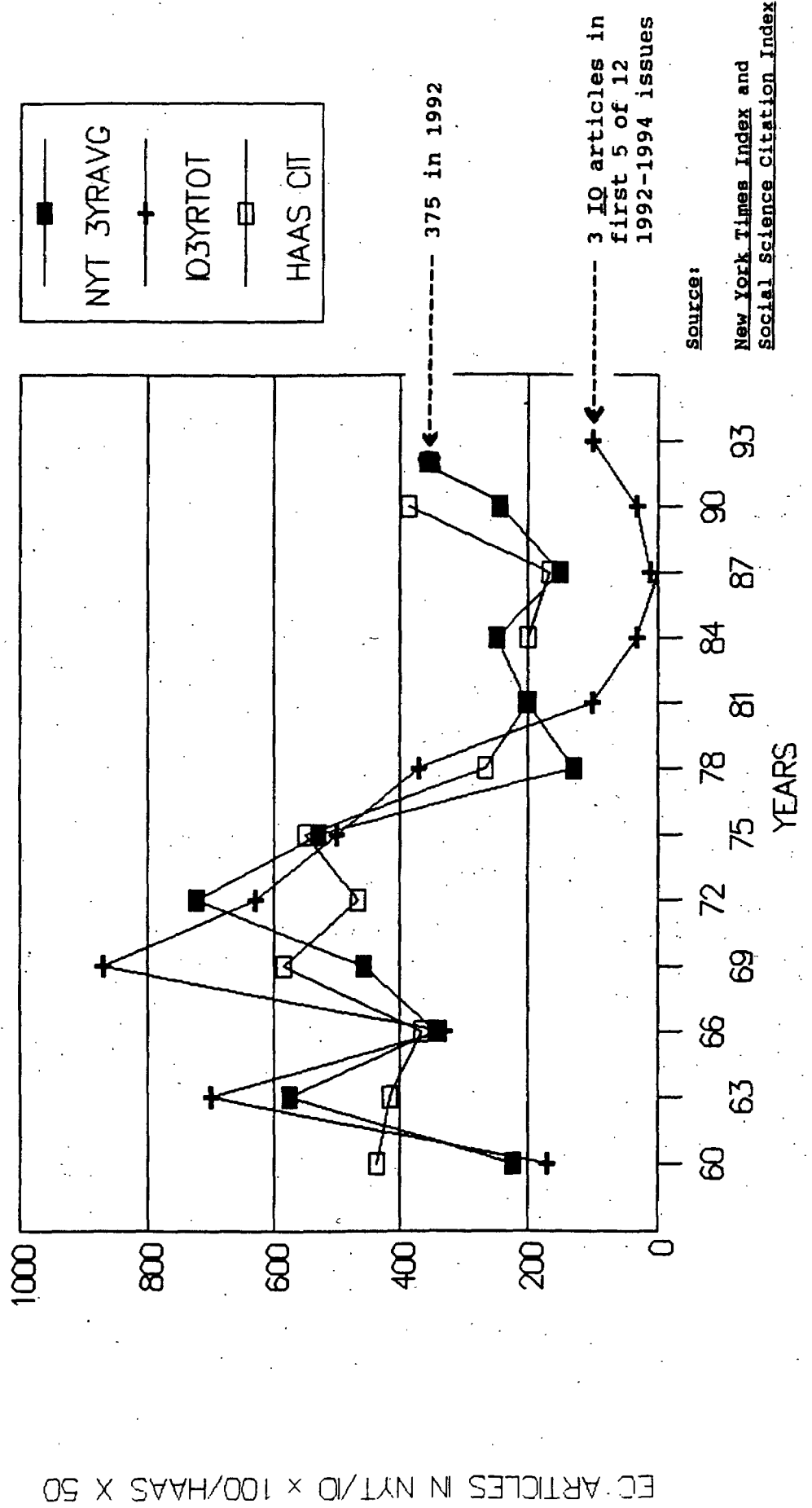
1990 figure includes 1989-91 (see Smith and Ray, pp. 32-33; their data are updated to include data for 1989-91 and the first 5 issues for 1992-94) and 2) the average number of citations of Haas' The Uniting of Europe in the Social Science Citation Index for each three-year period. As Smith and Ray note in their recent study, the IO data provide a useful but obviously imperfect measure of "the rise and fall of integration studies." We thus felt that it would be illuminating to complement their measure by using references to Haas' classic, which is cited in virtually all articles (especially by Americans) on the EC and integration that have any theoretical component; the Haas measure is also useful given that his book's original publication date (1958) made it available for citation throughout the years on which our data focus. To lend the three data sets approximately equal graphic weight on figure 4, the IO articles are multiplied by 100 and the Haas citations are

Insert Figure 4 here

multiplied by 50. As figure 4 shows, the three data sets clearly co-vary in graphic terms and statistics validate this perception: the correlation between the Times data and the IO articles is .78, while that between the Times data and the Haas citations is .71; the correlation between the IO and Haas data is .77 (all three correlations are significant at the .01 level).

FIGURE 4.

EC NEWS AND INTEGRATION SCHOLARSHIP



As noted above, the view of EC reality from the other side of the Atlantic seems to have been at least somewhat less bleak (or more realistic). The amount of scholarly attention devoted by Europeans to the Community was also substantially greater. But how important was this work and that of the relatively few Americans who retained a focus on the EC? A recent essay (by Americans) discussing the evolution of scholarship on European integration reflects well what seems to be the general American perspective in this regard. After discussing the evidence of precipitous decline in American scholarship on integration, Smith and Ray (1993, p. 33) assert that integration studies "did continue, mainly in Europe, but the focus was most often on microlevel case studies rather than the theory-building orientation that was a large part of earlier work." In the same vein, two other authors began a recent article by asserting that the European integration field has been deemed "academically moribund for much of the past two decades" (Burley and Mattli, 1993, p. 41). Is this a fair assessment, or should at least the major studies of the putative dark ages be viewed as a useful component of an on-going effort at integration theory-building?

Our contention is that the "dark ages" scholarship does merit more attention and respect than it has often been accorded. It is true that a good deal of this work was self-consciously atheoretical and indeed sometimes mocked Haas-style efforts at grand theory with alleged predictive

capacity. However, it is also true that the best "dark age" research presented cogent theoretical insights or produced "microlevel case studies" that implicitly made significant contributions to the enterprise of theory-building. What were those contributions?

First, this literature effectively challenged Haas' argument that the institutions of the Community would not be able to endure in a state of messy equilibrium. In his "Turbulent Fields" piece, Haas had disagreed strongly with those (e.g., Puchala, Taylor, Lindberg, Scheingold and Wallace) who argued "that...the present mixed institutional structure is likely to continue indefinitely." The "halfway house" could not last, he insisted, because its lack of a clear central authority would make it ineffective in "coping with complexly linked and highly controversial issues on the European agenda" and would ultimately lead to a collapse of legitimacy (Haas, 1976, pp. 203-204).

Two of the responses to this position are particularly worth noting. William Wallace acknowledged that the EC "may not survive the slow erosion of its authority," but he also stressed that the "halfway house" which seemed inherently untenable within the bounds of Haas' neo-functionalism might appear far more promising if viewed in terms of an evolutionary federalist theoretical perspective. Wallace could chastise American scholars, ironically enough, for forgetting that in domestic political systems like their own (or that of West Germany) federalism entailed an often

messy, constantly shifting sharing of authority (W. Wallace, 1983, p. 407; see also H. Wallace, 1983, p. 46). He also stressed that federations or confederations "do not follow unilinear paths from unity to disunity (W. Wallace, 1982, p. 63). Authority crises might thus represent only temporary setbacks followed, under changed environmental conditions, by greater federal/EC authority and capability.

Puchala's (implicit) response to Haas focused on a different issue. In his "Domestic Politics" piece of 1975, Puchala stressed that his case study on regional harmonization showed little evidence that the EC commission was very "supranationally authoritative" even in the era before the empty chair crisis. "In contrast to notions about how regional systems should supercede enfeebled nation-states," wrote Puchala, "the European experience demonstrates that successful integration demands strong national governments for purposes of carrying regional programs into effect." The power of the EC's member states had thus hardly been "voided" (Haas' term) and the commission often acted more like a "pussycat" than a commanding authority, yet "European" solutions could still be achieved (Puchala, 1975, pp. 510-515; see also H. Wallace, 1972, and P. Taylor, 1975).

Second, the "doldrums era" literature both elaborated useful models of the EC's policymaking process and specified the sort of dynamics that allowed for integrative outcomes. In terms of the general model to guide analysis of

policymaking, a consensus emerged that earlier work on the EC had been far too Brussels-centric, for "the Community institutions themselves represent but the tip of an iceberg" (Webb, 1983, p. 4). Precise formulations of a more realistic model varied from Puchala's "Concordance System" to Webb's "dense network" to Wallace's "confederation" or "partial political system." All of these models converged, however, on the central point that the Community needed to be studied as a complex, multi-level system encompassing numerous actors at the EC, national and even sub-national levels.

In terms of the dynamics of integration, proponents of these models were unable to offer a parsimonious alternative to Haas' "spillover" (indeed, Puchala made a point of noting sardonically that "nothing spilled anywhere" in a case-study he assessed), but they did offer a realistic and useful emphasis on complex bargaining, side-payments, and log-rolling (Puchala, 1983, p. 243.; Webb, 1983; W. Wallace, 1982; Bulmer, 1983). As will be noted in the next section, exemplars of the latest wave of more self-consciously theoretical integration analyses often pick up where these "dark ages" analysts left off.

A crucial point made repeatedly in the work of Puchala and others who carried out (oft-maligned) case-studies of policymaking was that the integration/bargaining process is often making more continuous - but painfully slow - progress in particular sectors than might be apparent to generalists

and casual observers. Through what Puchala deemed "political reverberation," policies were seen as normally shuttling back and forth several times between the EC level and the national (or even subnational) level before a "European" solution can be achieved. Slow and tedious though the process is (one might note with some irony that Haas described the integration process as occurring in small steps, but often seemed to expect larger steps than were observed!), and absent though it might be from headlines, it often leads to a successful outcome. It has taken as long as fourteen years to achieve harmonized policy involving matters ranging from VAT to jam! (Puchala, 1980; Welch, 1983, p. 56).

Third, the "dark ages" literature clearly established that the "EC system" was developing in an asymmetrical fashion, with certain policy sectors maintaining or steadily acquiring relatively high levels of policy integration while little progress was made elsewhere. Agriculture was widely recognized to be the only economic sector in which the Community approached "the full powers of a federal government" (Scharpf, 1988, p. 251). Doldrums era scholarship by Feld (1980) and Pearce (1983) on the Common Agricultural Policy greatly clarified the scope - and perhaps more importantly, the limits - of Brussels' power in this issue area. The basic thrust of their analyses was that agriculture is largely governed by the member states, yields policies much less "common" (in terms of both

uniformity and administrative control) than often assumed, and has been increasingly "re-nationalized" over time.

In a very different issue area, work by Stein (1981) and Weiler (1981; 1982) demonstrated the extent to which - precisely during the allegedly dark age - the European Court of Justice had managed to make the legal sector the one most closely approximating the dynamic of a truly federal system. During the EEC's first decade the ECJ was not yet prepared, in either jurisprudential or (using the term broadly) political terms, to make its presence felt beyond the narrow bounds of the legal community. However, the ECJ set the stage for a more visible future during those years by elaborating the principal doctrines (especially "supremacy" and "direct effect") and establishing the contacts with national courts that would steadily increase its case load and enable it to make a significant impact. By 1980 the Court was delivering more than four times as many rulings

Insert figure 5 and table 1 here

per year as it had in 1968; and as figure 5 and table 1 show, the rate and range of ECJ decisional output - and the constraints posed by its jurisprudence - would continue to increase greatly throughout the 1980s. We will return in section IV to issues posed by the ECJ's bold development of "a constitutional framework for a federal type structure in Europe" (Stein, 1981, p. 1).

FIGURE 5:

ECJ DECISIONS PER YEAR: 1959-92

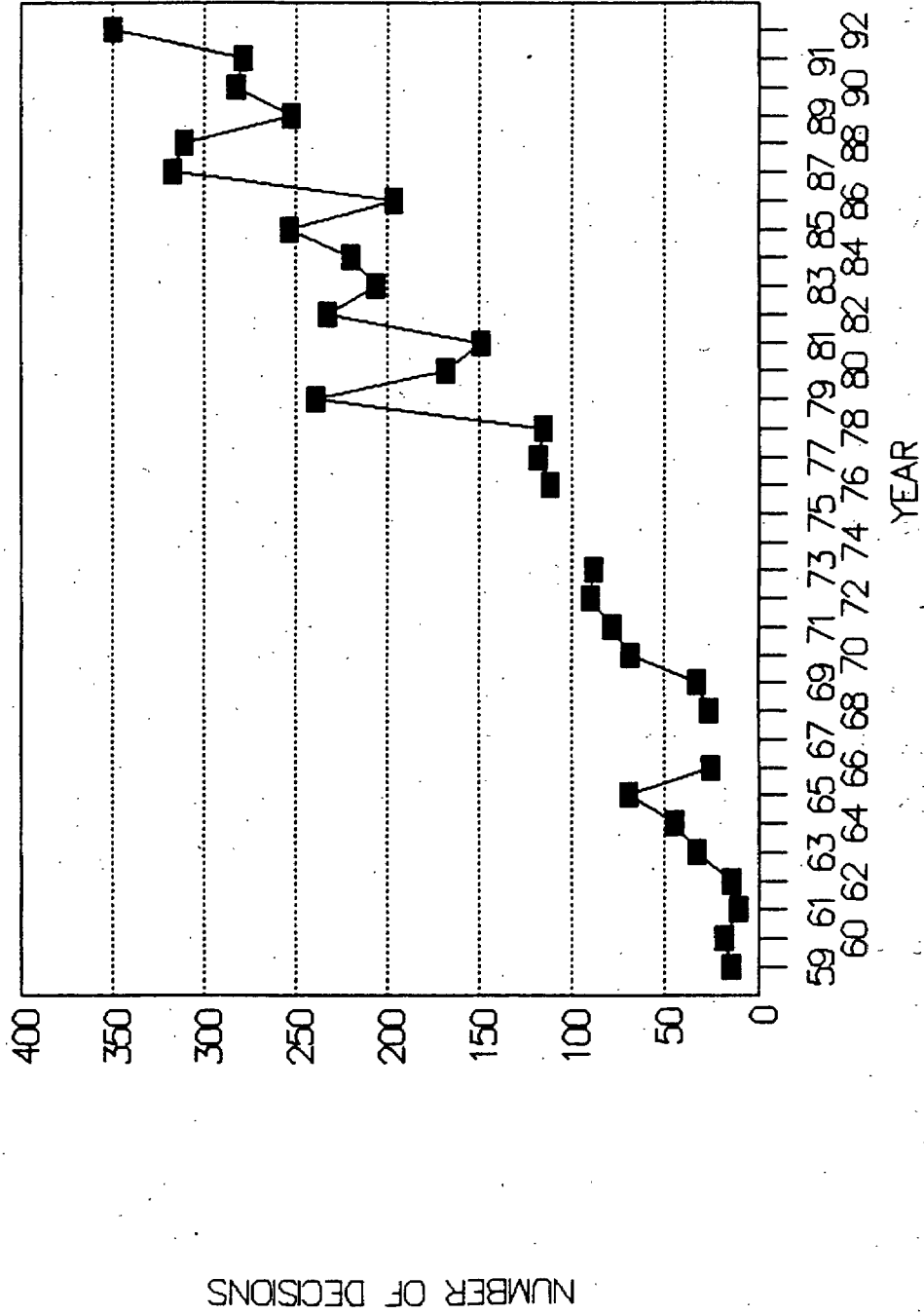


Table 1:

ECJ ACTIVITY: 1968, 1980, 1992

	<u>1968</u>	<u>1980</u>	<u>1992</u>	<u>1992/1968</u>
CASES FILED				
Total since 1953	560	3447	8070	14.4
Number for latest year	34	280	553	16.3
CASES DECIDED				
Total since 1953	418	1787	4829	11.6
Number for latest year	26	168	350	13.5
 <u>OF EEC CASES DECIDED:</u>				
CUSTOMS UNION AND FREE MOVEMENT OF GOODS				
Total since 1958	26	169	602	23.2
Number for latest year	2	31	41	20.5
COMPETITION (INCLUDING TAX)				
Total since 1958	23	167	635	27.6
Number for latest year	9	21	74	8.2
SOCIAL CASES				
Total since 1958	20	157	478	23.9
Number for latest year	1	18	49	49.0
AGRICULTURE				
Total since 1958	24	462	1084	45.2
Number for latest year	4	36	51	12.8

Sources: 2nd (1968), 14th (1980) and 26th (1992) General Reports on the Activities of the European Communities

The persistent asymmetry of Community development and the precise nature of policy-making dynamics in sectors such as agriculture and law fit poorly with both initial neo-functionalistic predictions and the later, more pessimistic projections of Haas. Although no doldrums era grand theory emerged to explain these developments, a variety of authors did view them as grounds for accepting what Sbragia would later term a "segmented federalist" perspective on the EC's integration process (Sbragia, 1992, p. 262).

Fourth, those who worked on the issue of mass attitudes toward the EC during the "dark ages" produced findings that are quite relevant now in the post-Danish referendum era: studies undertaken in the 1970s found no evidence of a "socialization-pushed movement" for integration (Handley, 1981; see also Inglehart and Rabier, 1980) and a case study of German attitudes showed that EC affairs seemed "grossly boring" to most citizens (Noelle-Neumann, 1980). In the wake of the no-vote in Denmark and the near-no vote in France on the Maastricht Treaty, these studies stand as a reminder that it might be time for integration theorists to direct some research once again, Deutsch-style, to the issue of the extent to which Euro-progress will necessitate the cultivation of a community with genuine "we-feeling" - and to the issue of how the Community and member states have or have not successfully engaged in furthering such a spirit.

IV. THE NEW WAVE: CURRENT THEORY AND RESEARCH

While the "doldrums era" thus produced more significant contributions than many (especially American) scholars have been inclined to recognize, it is true that it was marked by a decline of interest in both the EC and integration theory. As figure 4 illustrates, the 1992 program and the agreement on the SEA in the mid-1980s generated a marked reversal of this trend. As the real-world integration enterprise in Europe began to gain momentum once again, a plethora of academics (including Americans) "rediscovered" Haas' neofunctionalism, rekindled old debates, and also began to apply new theoretical perspectives to aspects of the integration process. In this section, we will focus on four developments from the new wave of theory and research:

(1) the reemergence of grand theory; (2) attention to the micro-foundations of regional integration; (3) a focus on institutions and multi-level governance; and (4) a recognition of the increasing importance of the European Court of Justice and law for the integration process.

(a) Reemergence of Grand Theory. Without diminishing the importance of the prior empirical and theoretical efforts, the post-1987 period reintroduced theoretical debates on a grand scale. Old themes appeared along with the new. Realism has its contemporary advocates as does neofunctionalism. In addition, there are newer approaches emphasizing the importance of institutions and transnational

society that owe much to recent developments in institutional theory and liberalism.

To a striking extent, however, the new debates parallel the old. Realism and neofunctionalism remain important and for all the grumbling and dissatisfaction with the "outcomes" of integration captured by pure intergovernmentalism at one extreme and supranational federation at the other (see Sandholtz, 1993, p.3; Marks, 1993, p. 3), these categories still organize much of the subject matter of our research. Neofunctionalism remains for the most part a theory of advanced capitalist society, a way of understanding how opportunities for private gain can be surreptitiously exploited in alliance with supportive international institutions in such a way as to produce integrative outcomes. Realism, however, has subtly changed the terms of discourse. The kind of realism relevant to European integration certainly has to do with something beside the consequences of shifting power relations within anarchy. It focuses more on domestic interests, interstate bargaining, and the preservation of sovereignty.

In the U.S., Sandholtz and Zysman got the debate off the ground with their article "1992: Recasting the European Bargain." They argued that changes in international economic structure "triggered the 1992 process" (1989, p. 95). These changes had to do principally with the economic successes of Japan and the newly industrializing countries

and with the relative economic decline of the U.S. However, Sandholtz and Zysman do not provide a pure structural explanation. They acknowledge the importance of the Commission, which, along with business groups, "...was able to mobilize a coalition of government elites that favored the overall objective of market unification" (1989, p. 96).

Sandholtz and Zysman point to the importance of many factors, including domestic politics, international institutions, and changes in the international economy. But one comes away feeling that changes in the international economy are crucial, not in the sense that they determine outcomes (they don't) but in the sense that they provide the source of changing opportunities and constraints. It is interesting to note a connection here to Haas' reflections of 1976 on the "obsolescence" of integration theory. In his "Turbulent Fields" piece, Haas asserted that the "phenomenon of externalization may well increase in importance beyond anything previously imagined" (emphasis added). But of the two meanings that had been attached to "externalization" in the 1970s, he thought only one seemed relevant for the future: "perceptions of interdependence with non-regional actors is [sic] likely to interfere with efforts at increasing regional harmonization and institutionalization." However, what the events of the early 1980s did was to provide a reminder that, as Haas had noted, externalization could have another very different meaning as well. Certain international developments could lead to a re-emphasizing of

the regional focus of action: "the fear of strong non-regional actors" could "persuade the regional actors to coordinate and harmonize policy more intensively" (Haas, 1976, p. 176). As William Wallace (1983, p. 430) commented presciently just before the 1992 program was launched, external pressures might "push an unwieldy system towards" new policies, and the EC's relations with its "major economic and political partners...contain the potential for provoking change."

Andrew Moravcsik's "Negotiating the Single European Act" (1991) is an important response to the Sandholtz and Zysman piece. Setting his sights on the negotiations leading up the SEA, Moravcsik challenges the view "...that institutional reform resulted from an elite alliance between EC officials and pan-European interest groups" (1991, p. 20). Instead, he presents a model based on intergovernmentalism, lowest common denominator bargaining, and strict limits on sovereignty transfer (1991, p. 25). This model mirrors the central claims of realism with the important exception that interests are not structurally derived, i.e. position in the international power distribution does not determine interests. For this, Moravcsik argues, we must turn to domestic politics. By referring to domestic politics as the source of state interests, he provides an explanation based on second- and third-image views of international politics.

Moravcsik's story is told in terms of domestic actors and domestic politics. Critical events include the advent to power of conservative governments in Britain and Germany, the French turnaround, the clash between different wings of the socialist party in France and the failure of Keynesian policies. The convergence of interests among leaders of France, Germany and Britain is an important precursor of agreement on the Single European Act.

A central component of Moravcsik's argument is that interests are treated as exogenous. Once interests are given, the negotiating history is supportive of the intergovernmental model. But taking interests as given is a powerful move that allows realism (modified to be sure) to claim much theoretical ground. We should recall that neither classical realism nor neorealism says much about state interests.

Moravcsik's argument is persuasive to the extent that he can show that state leaders not only made the final decision (it is hard to imagine it otherwise), but that they made them independently of the causal influences that are captured by neofunctional theory. In other words, if neofunctionalism can explain state interests, through a logic of spillover or elite socialization process, the intergovernmental model loses much of its theoretical bite. We do not try to resolve this issue here but return to it as an important future area of research.

The response to the intergovernmental paradigm can logically follow two paths. First, one could return to neofunctionalism's preoccupation with economic forces and international actors and argue that the full extent of their influence has not been appreciated. Second, one could try to provide an account, consistent with neofunctionalism, in which preferences are determined. Maria Green's paper, "Setting the Agenda for A New Europe: The Politics of Big Business in EC 1992" (1993), strives to do the former. Wayne Sandholtz's "Choosing Union: Monetary Politics and Maastricht" (1993b) and David Cameron's "British Exit, German Voice, French Loyalty: Defection, Domination, and Cooperation in the 1992-93 ERM Crisis" (1993) try to do the latter.

Maria Green's argument is interesting. She not only argues the importance of business groups and multinational corporations. She intensively examines the activities of the European Roundtable of Industrialists (ERT) and finds an important role in structuring the EC agenda. Thus, by the time state leaders came to the bargaining table, a substantial amount of prior work had been accomplished. Green reasserts the importance of neofunctionalism by arguing that the negotiation process responded to options shaped by economic forces and economic actors.

In "Choosing Union," Sandholtz establishes for himself the difficult task of explaining state preferences. On the one hand, systemic perspectives claim too much.

International capital liberalization does not force a specific institutional response in monetary affairs. On the other hand, sometimes domestic politics claims too little, substituting a description of domestic activities for explanation. Sandholtz critiques the intergovernmental model for implying that preferences are formed by some "hermetic process" and then transported to Brussels (1993b, p. 3). He agrees with Moravcsik that "Community decisions are bargains that reflect state interests, but those interests are shaped in part by membership in the EC" (1993b, p. 3). Sandholtz's analysis of the effects of the EC on state interests provides a theoretical bridge between international institutions and domestic preferences. By doing so, he succeeds in recovering some of the ground that neofunctionalism lost to realism.

Sandholtz argues that, in trying to understand the choice of monetary union, spillover may be a necessary but not sufficient part of the explanation, e.g. spillover from the 1992 project to Maastricht. However, an additional part of the explanation centers on within-EMS politics. One element of preference formation simply has to do with constraints. As countries integrated into EMS, the costs of exiting increased. Also, France, Belgium, the Netherlands, and Italy felt that they had more leverage inside a new, more fully integrated monetary union than in an Bundesbank-dominated EMS.

David Cameron's recent paper (1993) on the 1992-93 ERM crisis pushes Sandholtz's stress on the importance of EC membership for state preference formation a step further. Cameron argues that a structural realist approach to this case "underpredicts" the outcome while a domestic politics approach "seriously mispredicts" the actual outcome, as it "leads one to expect that it would have been Britain, not France, that would remain in the ERM and France, not Britain, that would exit" (p. 4, emphasis in original). For Cameron, the "British Exit, French Loyalty" outcome is explicable - and even predictable - if and only if one takes into account the impact on preference formation of the ERM regime "viewed as a polity." In his account, France's position is attributable to the fact that the policy preferences of its officials were "transformed" (i.e., pushed toward convergence with German preferences) by long interaction within the ERM and Franco-German cooperation was further facilitated by the "internalization of norms." Lacking such a "history of interaction, shared norms, convergent preferences and cooperation," Cameron argues, British officials were almost inevitably led to the "exit" option (pp. 4, 58 and 63).

Compelling though the Sandholtz and Cameron arguments for a non-realist perspective on preference formation may seem, it must be noted here that they are based largely on inference rather than hard evidence. It is important and illuminating that such views are being presented now with

increasing frequency, but clearly they need to be refined and probed through further research. Some reflections on this issue will be offered in our concluding section.

(b) Micro-foundations: Rational Choice Theory. Both realism and neofunctionalism are macro-structural theories. They deal with economic, social, and political aggregates. For realism, the first-order facts concern anarchy and the distribution of power. Interests and bargaining serve as second-order variables. Neofunctionalism deals with background variables such as size and scope of transactions, regime types, social complexity, bureaucratic expertise and process-level variables such as spillover. While the important facts pointed to by each theory are different, they are both structural. Both lack a theory of agency.

Why is this a problem? One general answer is that there might not be a straight line from structure to outcome. Collective action problems provide good examples of gaps between individual preferences and collective outcomes. Since integration involves cooperation, and since many cooperative situations imply collective action problems, a sound micro-theory might be deemed relevant.

There are numerous people working in the rational choice approach to integration, broadly defined (see Garrett, 1992; Garrett and Weingast, 1991; Lange, 1993; and Scharpf, 1988). For illustrative purposes, let us comment briefly on Garrett and Weingast's "Ideas, Interests, and Institutions: Constructing the EC's Internal Market" (1991).

Garrett and Weingast take institutional outcomes, in particular the organizing principle of the internal market, as the dependent variable. Very simply, they treat these outcomes as results of rational instrumental calculations. In much the same way that policies are chosen, so too are institutions.

But there is immediately a problem, quickly recognized by the authors - there is no unique institutional solution to a problem facing an integrative union. As the authors put it, "...there are many stable paths to cooperation that cannot readily be differentiated in terms of their consequences for aggregate welfare" (1991, p. 3).

What is at stake is neither rationality nor efficiency - these are assumed. At issue is how choices are made along the Pareto frontier. Accident, history (path-dependence), clear precedents, and force might help to decide the outcome. The factor singled out by Garrett and Weingast is ideas, i.e., the influence of constructed focal solutions centering on some prominent idea, in this case the principle of mutual recognition. The basic logic of the approach is functional. The European Court of Justice's decision in the Cassis de Dijon case is "good" for the member states. The set of principles decided by the ECJ are those (or are among those) that states might decide for themselves.

While rational choice theory opens up some interesting lines of inquiry, there are problems of integrating this line of research into the acquis of integration theory.

Some might say "so much the worse for integration theory!" But it behooves us to examine the reasons for the difficulties. The major reason is that the terms of debate are shifted. Categories of analysis are used that are often incommensurate with neofunctionalism and realism. For example, international systemic forces (power shifts and economic shifts) are not represented. Indeed, domestic politics - apart from preferences of key decision makers - are not represented.

Rational choice theory brings together all the above forces into a final pattern, and represents them in the utility function of decision makers. They converge in the final path and are registered as proximal causes of integration - as manifestations of the preferences of key actors. This does not give us much leverage in terms of adjudicating the major debates of regional integration theory.

(c) Political Institutions and Multilevel Governance.

In prior waves of research, neither realism nor neofunctionalism provided a very good account of the role of institutions. Realism offered a view that made institutions redundant with power. Institutions simply reflected the first-order facts about the distribution of power. Neofunctionalism allowed a distinctive role for institutions but treated them primarily as dependent variables, and at that dependent variables varying along an intergovernmental-

supranational continuum. Furthermore, neofunctionalism tended to offer explanations of institutional outcomes on the basis of an explanatory structure that was itself lacking in institutions.

How should we conceptualize the overall institutional structure of the EC? Many are not satisfied with treating institutional outcomes as lying somewhere on the intergovernmental-supranational continuum (Ludlow, 1991; Marks, 1993; Huelshoff, n.d.; and Schmitter, 1993). It is becoming increasingly clear to many scholars that models which may have been useful for understanding the formation of nation-states, may not be useful for understanding how states organize their affairs among one another. In short, EC developments cannot always be shoehorned into our pre-conceived categories.

Dissatisfaction with the current state of affairs does not mean that there is agreement on alternatives. In the remainder of this section, we explore two conceptions of multi-level governance.

In his forthcoming article, "Structural Policy and Multilevel Governance in the EC" (1993), Gary Marks raises a big question: "What kind of order is emerging in Europe...?" (1993, p. 2) Echoing sentiments expressed by Puchala (1975) years ago, Marks argues that the debate over EC institutions has been misguided because it is based on a conception of the relative power of the EC compared to that of the Community's member states. There is a fixed pie (of power?

of performance?) and EC institutions compete for scarce resources at the expense of other institutions.

In his examination of structural policy, Marks (p. 17) comes to this conclusion:

Structural policy in the EC does not fit along a continuum running from continued nation state predominance to the emergence of a Euro-state. Instead, it appears to be a two-sided process, involving decentralization of decision making to subnational levels of government as well as centralization of new powers at the supranational level. If we encompass the experience of structural policy in our notion of the future European policy, it can be viewed as the leading edge of a system of multi-level governance in which supranational, national, regional, and local governments are enmeshed in territorially overarching policy networks.

For Marks, then, institutional changes should not be viewed as taking place on a continuum from decentralization to centralization. Instead, there is a simultaneous devolution and centralization and the emergence of complex processes of institutional cooperation. Moreover, compared with the situation Puchala described almost two decades ago, the current system features both more empowered Commission officials - armed with a larger budget and room for autonomy in the implementation process - and an unprecedented "mobilization and empowerment of subnational governments" (p. 24).

The focus of Fritz Scharpf is quite different. In "The Joint Decision Trap: Lessons from German Federalism and European Integration" (1988), he explores the pathologies of decision making which emerge when policies are jointly decided at two levels, in this case presumably the Council

of Ministers and member governments. Scharpf sees problems when two conditions exist: (1) when central governments depend on the agreement of constituent units; and (2) when this agreement must be unanimous (1988, p. 254).

The problem with this institutional structure has to do with the conflict between what is optimal with respect to policy and with respect to institutional interests *per se*. Regarding policy, there are often political economies of scale associated with larger units of government. As the problems dealt with assume broader scope - because of changes in division of labor, interdependence, strategic linkages - the case for more comprehensive policy making is strengthened. However, these more comprehensive arrangements do not necessarily (or even normally) apply to the institutional interests per se, especially to those occupying institutional roles.

As a result, Scharpf argues that Politikverflechtung (joint decision making) produces substantive deficiencies in outcomes that are not explainable by reference to the goals of the actors, their resources, or to the behavior of interest groups. The problem is with political technology, in short, with institutions.

Scharpf's analysis may be less salient today when the requirement of unanimity has been somewhat relaxed. However, his central point is relevant. The interplay of private and public forces, of interest groups, MNCs, and nation states, will not ensure optimal outcomes (optimal

does not mean perfect; just the best given resources and preferences). These factors tell only part of the story. It is still necessary to pay attention to institutional design.

(d) The ECJ and Integration Theory. The dramatic emergence of the ECJ from its previous obscurity has generated one of the more interesting debates within the new wave's "segmented" (as opposed to "grand") integration theory literature. The central question in this debate is the following: how can one explain the extraordinary progress of legal integration, i.e., the fact that, of all the Community institutions, the Court has been willing and able to go "farthest in limiting national autonomy" (Keohane and Hoffmann, 1991, p. 11) of the member states?

Within the literature produced since the seminal articles of Stein and Weiler cited earlier, the most provocative and contradictory positions on this debate have been staked out by Garrett (1992) and by Burley and Mattli (1993). Garrett's rational choice approach explains the growth in the power of the ECJ by focusing not primarily on the Court itself, but rather on the preferences of the member states. His basic argument is that the member states have enabled and encouraged the ECJ to limit national autonomy in certain respects because doing so serves, in general terms, their collective interests. Only by delegating substantial power to the ECJ can member states be certain that compliance with EC regulations will be

effectively monitored and that the "incomplete contracting problem" will be overcome through the Court's elaboration of vaguely defined rules (pp. 556-558).

At this point in his argument, Garrett adds two important caveats. First, while member states have been willing to allow the ECJ to constrain their autonomy, they have done so at least in part because of the limits of ECJ power and autonomy. A host of safeguards serve to limit severely any threat potentially posed by the Court: 1) the ECJ must "strive not to be overturned" if it is to retain its authority and legitimacy; since the Court is "not explicitly supported by a written constitution," it must be "fearful" that an excessively intrusive ruling could yield systematic non-compliance, a more politicized (anti-activist) policy of appointment of justices by member states, or even a treaty revision diminishing the Court's powers or jurisdiction; 2) the ECJ can be effective only with "the continued willingness of domestic courts to acquiesce in the supremacy of EC law"; 3) the sanctioning powers of the Court are limited, and member state's can "partially subvert" the intent of the Court through delay or incomplete compliance. Second, the most powerful EC states have the least to fear from the ECJ, because "the principles governing decisions of the European court...are consistent with the preferences of France and Germany." Certainly on matters related to the internal market, he contends, "the EC legal system serves the purposes of the French and Germans

extremely well" (pp. 556-559; see also Garrett and Weingast, 1991).

Burley and Mattli sharply criticize certain elements of Garrett's state-centric theory of EC development before presenting their own court-centric view. A review of the latter will reveal their broader differences with Garrett, but three of their particular points should be noted at the outset. First, they argue that Garrett "is simply wrong" in claiming that the ECJ's rulings "are consistent with the preferences of France and Germany." As evidence for this contention, they note that both Germany and France have "argued explicitly and strongly against the Court's ultimate position" in a good number of cases (p. 51). It is true that Garrett does not directly address this issue at all; indeed, he discusses very few cases, and his account of the crucial Cassis de Dijon case neglects to acknowledge that it produced a ruling staunchly opposed by Germany (see Alter and Meunier-Aitsahalia, 1993). However, it should be noted that he could certainly claim that his general caveat explains away the apparent force of the Burley-Mattli critique, i.e., that the German and French governments have been willing to accept negative court rulings in certain cases either because their broader interests - maximizing export potential through development of the internal market and assuring compliance by other states - were served by the Court, or because (as was true of France in the "sheepmeat"

cases) they could get away with delayed and merely partial compliance in the wake of offensive rulings.

Second, they argue that "there is absolutely no evidence that the Court actually attempts...to track the positions of the member states" (p. 51). It is true that Garrett merely infers this and provides no concrete evidence to support his position. However, Burley and Mattli seemingly undermine their own critique in this regard by noting in their piece that "the ECJ uses the EC Commission as a political bellwether," taking the Commission's "position as an indicator of political acceptability to the member states" (p. 71, emphasis added; see also p. 51). Surely the Commission "tracks" member state interests in a sense, and although the Commission argues against the positions of states in particular cases (see Stein, 1981), one would assume that the Commission makes calculated assumptions about - in Burley and Mattli's words - "how far the member states can be pushed toward the Court and the commission's vision of maximum integration" (p. 51; emphasis in original).

Third, Burley and Mattli note that the "Maastricht Treaty on European Union reflects a determination on the part of the member states to limit the ECJ." Not only is the Court "entirely excluded from two of the three 'pillars' of the treaty: foreign and security policy and cooperation in the spheres of justice and home affairs," but also "a number of specific articles are very tightly drafted to

prevent judicial manipulation." At first glance, they concede, these Maastricht provisions "appear to confirm the Garrett-Weingast theory" regarding the limits on the autonomy of the Court. However, they argue, the Maastricht provisions actually undermine the Garrett thesis: "if indeed the Court ensures the protection of its authority and legitimacy by assiduous fidelity to state interests rather than to law, then why worry?" (p. 74, emphasis added) - that is, why should the member states worry enough about potential ECJ action to exclude it from the new pillars? The response from a neorationalist (or neorealist) perspective seems obvious: while state's have been willing to risk potential negative rulings by the Court on particular cases in exchange for the collective gains provided through the Court's role in the economic sphere, they have not viewed the risk-gain equation as equally acceptable in the "high politics" issue areas covered by the Maastricht pillars. As Corbett (1992, p. 278) has written of the Maastricht drafting process, the ECJ and other "federal characteristics" of the Community "were sufficiently important to make some Member States wary about giving the Community full competence in the sensitive areas of foreign policy and, especially, security." By the same logic, he notes, when the SEA "gave treaty status to EPC for the first time," it did so "without incorporating it into the Community Treaties."

Burley and Mattli's critique of Garrett's thesis thus seems far from satisfactory, but they do present a fascinating counter-theory. Whereas Garrett explains the broad political limits to the ECJ's power, Burley and Mattli explain how and why the ECJ has been willing and able to test and incrementally stretch those limits over the past thirty years. They categorize their theory as neo-functionalism because "the drivers" of the process of legal integration, like those of economic integration in the Haas scheme, "are supranational and subnational actors pursuing their own self-interests within a politically insulated sphere" (p. 43). As they document, the ECJ has worked to develop close relations with the member states' lower courts as well as community law professors, and this coalition of legal community actors has steadily advanced the process of legal integration in a manner that has entailed "reciprocal empowerment" (p. 64). The ECJ has had "the power to pursue its own agenda" (p. 75) with considerable autonomy mainly because the technical and seemingly non-political nature of its legal behavior has enabled it, in neofunctionalist fashion, to be "shielded from the interplay of direct political interests" (p. 57). With law functioning "both as mask and shield," Burley and Mattli contend, the "pursuit of individual interests" by the European justices has allowed for the extension of the ECJ's jurisdiction through a dynamic reminiscent of functional spillover and resulted in "the accretion of power" on the part of the Court (pp. 65,

72-73). Proof of the Court's power vis-a-vis member states, they argue, may be found in the fact that "different governments strongly disagree" with particular rulings of the court but, over time, "they tend to accept the Court's position and regard the path chosen as inevitable." Neorationalism à la Garrett, they insist, "is at a loss" to explain such an outcome (p. 51).

The Burley-Mattli portrayal of ECJ development is compelling in certain respects. It provides an important corrective to Garrett's depiction of a "fearful" Court more conscious of its limits than its potential reach; on the basis of Garrett's account alone, one would have a hard times understanding the recent appearance of works depicting the ECJ as extremely or even excessively activist (Rasmussen, 1986; see also Volcansek, 1992). It also gives a more politically realistic explanation for the ECJ's steady integrative progress than one finds in traditional "legalist" studies (see Burley and Mattli, pp. 45-46). However, on the crucial question of the Court's power and autonomy, it is hard to accept the Burley-Mattli assessment, for several reasons.

First, neorationalist (or neorealist) perspectives are hardly "at a loss" to explain the grudging tolerance member states have frequently manifested for negative rulings by the Court. As noted in the Garrett section, such cases may seem acceptable in light of the collective benefits secured through Court action. Moreover, however "ferociously" (p.

51) certain states may have criticized some decisions, the practical losses inflicted by those decisions should not be exaggerated. The "sheepmeat cases," for example, could hardly have been expected to generate a judicial-political confrontation on a par with that which ensued in France when the ECJ's domestic counterpart, the Constitutional Council, invalidated the Mitterrand government's nationalization law (see Keeler and Stone, 1987). During the 1960s and 1970s, as Shapiro has argued, the Court often "spoke the brave language of teleological interpretation" but its legal doctrine was "relatively modest and set few limits, either substantive or procedural, on the organs of national... government" (Shapiro, 1992, p. 127). The famous Cassis de Dijon case, often depicted as an exemplar of the Court's bold assertiveness, has been shown by recent scholarship to have gained its reputation largely through a Commission "communication" that greatly "exaggerated the meaning of the decision" (Alter and Meunier-Aitsahalia, 1993, p. 7). Furthermore, in applying the Cassis doctrine of mutual recognition, "the Court has tended to allow the member states broad leeway and the benefit of the doubt on proportionality" (Shapiro, 1992, 133-34).

Second, one must ask just how effective the Court's legal "mask and shield" have been. Burley and Mattli portray the ECJ as effectively "preserving its ability to camouflage controversial political decisions" (p. 70), but they would appear to be "at a loss" to explain such

developments as the member states' restriction of the Court's jurisdiction in the SEA (see Shapiro, p. 127, and Corbett above) and exclusion of the Court from two of Maastricht's three pillars.

Whichever theoretical approach one finds more compelling at this point, it is quite clear that a definitive assessment of the ECJ and the legal integration process must await further research. Some suggestions in this regard will be included in our final section.

V. NEW DIRECTIONS FOR EC RESEARCH

What are the principal directions for future EC research which might be proposed on the basis of our review of the literature? Needless to say, hundreds of topics could profitably be examined, but the following seem especially intriguing and potentially useful for the development of integration theory.

(1) Preference Formation and Elite Socialization. A host of recent articles on the EC and integration theory make arguments based largely on alternative visions of preference formation within member state governments (Moravcsik, 1991; Shackleton, 1991; Garrett, 1992; Sandholtz, 1993; Cameron, 1993). To what extent are such preferences actually determined by the increasingly frequent interactions between, or information flows between, officials of the member states and the EC? To what extent

are they shaped by a socialization process involving "the internalization of norms" or identity with an EC "culture"? If state actors have not shifted their loyalty to the supranational level as once expected by neofunctionalists, have they not at least acquired a secondary loyalty or identity with political and theoretical implications? Questions related to such issues have not been posed often since the "spirit of the Community code" (Lindberg and Scheingold, 1970a, p. 155) was dashed by the Empty Chair Crisis, but it now seems appropriate to consider research projects that could provide some answers to them.

(2) Efforts to Shift Mass Loyalties. In the wake of the Maastricht referendum defeat in Denmark and near defeat in France, and in the context of calls for steps to rectify the "democratic deficit," many commentators began to speculate that integration could no longer advance simply through elite bargaining (see Dalton and Eichenberg, 1993). To what extent will further integration necessitate the sort of shift in mass loyalties with which Deutsch and Haas were both concerned, if from very different perspectives, decades ago? What evidence is there that efforts in Brussels (e.g., the PR campaign for the 1992 program, enhanced student exchange programs) and nation states (e.g., the Mitterrand government's many symbolic gestures, from displaying EC flags and playing the EC "anthem" at the 1992 Olympics to transferring ceremoniously the remains of Jean Monnet to the Pantheon) have had any pro-integration effect?

(3) Commission Autonomy. Since the Empty Chair Crisis, the Commission has generally been portrayed as a "pussycat" (in Puchala's phrase) rather than the sort of relatively autonomous pro-integration actor that it seemed to be under Hallstein, and that many argue the ECJ is today. But clearly the Delors era has raised questions about this categorization. New studies have begun to provide some answers to these questions, e.g., those by Marks (1992; 1993) on structural policy and those on the Court which stress the Commission's importance in shaping both the content of judicial decisions and states' understanding of how such decisions are to be applied (see Alter and Meunier-Aitsahalia, 1993). Other scholars (e.g., Ross, 1993) have recently undertaken research on the evolving political behavior of the Commission, but it is evident that there is room for a great deal of additional research in this area..

(4) ECJ Autonomy and Member State Interests. It is more true now than it was a decade ago that, in Weiler's words, "the time is at last ripe for a serious political-sociological analysis" of many aspects of the Euro-judicial process that have so far been dealt with mainly through inference and reasoned speculation (Weiler, 1982, p. 56). How politicized is the judicial appointment process from state to state? To what extent does the ECJ actually take factors ranging from commission opinions to member state interests into account before reaching decisions? Is it possible to portray government positions on cases as

reflective of perceived "national" interest, or are those positions often determined by bureaucratic politics (with the ministry most directly concerned shaping the opinion) in a way that veils sharp differences within the government? What precise concerns of which member states led to the ECJ's exclusion from two Maastricht pillars? These and many more such questions could obviously be answered, to some extent, through well designed research projects.

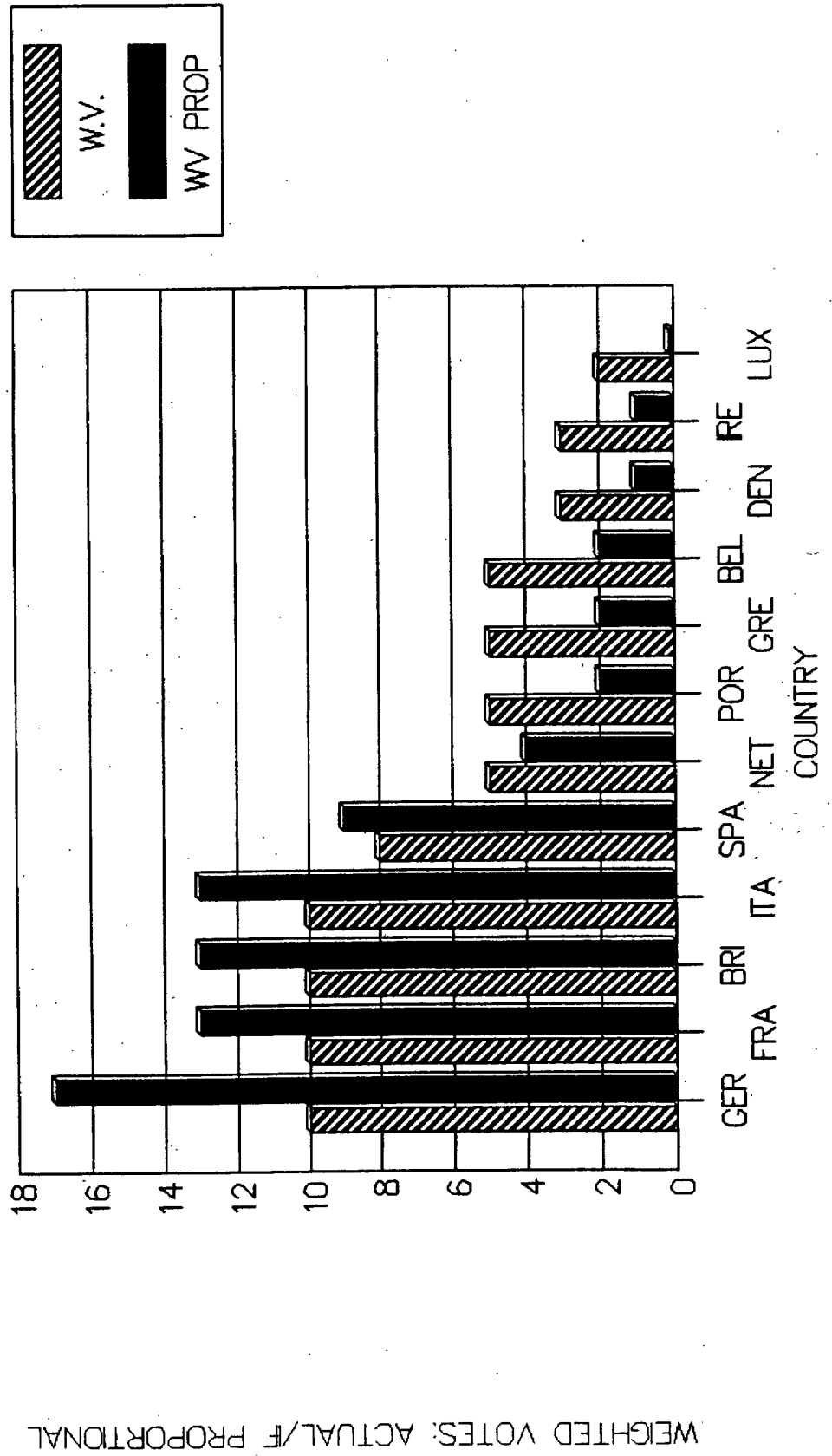
(5) Implications of Voting Rules. Any number of recent studies have stressed the importance of the expansion of weighted majority voting in the Council of Ministers (e.g., Shapiro, 1992, p. 146; Marks, 1992, p. 197; Lange, 1992, p. 240; Garrett, 1992, p. 550), but few (see Shackleton, 1991) have discussed three fundamental questions related to that system. First, how and why were the current "weights" for particular countries determined? Figure 6 provides a

Insert Figure 6 here

reminder of a fact well known to, but surprisingly seldom discussed among, EC specialists: the more populous (and generally more powerful) states are grossly "underweighted" relative to the smaller states. How and why were the smaller states able to achieve such an outcome? Second, how has EC policy development been affected in certain areas (e.g., structural funds) by the use of the voting formula advantageous to small states? Third, given both the

FIGURE D:

WEIGHTED VOTES IN COUNCIL OF MINISTERS



increased importance now attached to weighted voting and the possibility of rules revisions in the context of future widening and/or deepening process, what would be the implications of various alternative voting formulas? This would obviously seem to be a particularly interesting potential topic for those scholars grounded in game theory and public choice approaches.

(6) The Impact of Brussels on National Policy. Helen Wallace (1972) and Donald Puchala (1975) long ago called for more research on the effects of EC policy on national policymaking processes. Twenty years later it is clear that much remains to be done. Bulmer (1983) and others have done recent work in this vein, but few studies have detailed even the most prominent aspects of the Brussels-state nexus. How seriously and systematically are EC regulations and law taken into account when national policies are made? To what extent are CAP guidelines actually followed or ignored - at the subnational as well as national level - in administering agricultural policy? Research designed to answer questions such as these would clarify greatly the actual extent and limits of "integration" achieved to date.

*We would like to thank Mark Schneider and Anne Teissier for their assistance with the research and Stephanie MacLachlan for her editorial assistance. Willem Dicke of the European Community's Information Section in Washington, D.C. also merits our thanks for providing some data unavailable elsewhere.

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