

**EUROPEAN INTEGRATION AND ENLARGING THE EUROPEAN
UNION: A THEORETICAL PERSPECTIVE**

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EUROPEAN INTEGRATION AND ENLARGING THE EUROPEAN UNION: A THEORETICAL PERSPECTIVE¹

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I. Introduction

In the past ten years historic changes have taken place in Europe which have transformed not only the geography but also the political agenda of much of the continent. Within a decade the European Union has switched from the pessimism of Euroscelerosis to the optimism of the Treaty of European Union (TEU). An important consequence of this (and the momentous events in the former Soviet empire) has been a rush of applicants for membership of the EU.² However, whilst the political realities of European integration have moved on at a rapid pace, this has not been true of the theory of European integration. The need for a theoretical framework has clearly not disappeared and integration theory has not lost its relevance (Taylor, 1989). However, there is now an urgent need for an adaptation of integration theory to take account of the increased size of the EU and its implications. The present paper represents an attempt to begin the process of assess the implications of past and, in particular, current and future enlargements on European integration theory.

Enlargement has been on the EU's agenda virtually since its inception. The very first applications were made as early as 1961 although it was not until 1973 that Britain, Ireland and Denmark became members of the EU. From the perspective of this article, two significant observations might be made: firstly, two of these countries were (and still are) strongly identified with an

intergovernmental approach to European cooperation; and, secondly, all the major developments in the theory of integration, particularly the formulation of the neo-functional approach, had already taken place by this date. The second, Mediterranean wave was driven by quite different factors and, in the present context, perhaps the key difference was that the new Mediterranean members were, on balance, less sceptical about European integration than the northern countries which had joined in the first round of enlargement.

However, whilst enlargement had always been on the agenda, it never really dominated it because enlargement had always been considered an incremental process by which new members were simply added on to the existing EU. Although enlargements were time consuming, and some countries were more difficult to absorb than others, the focus of the EU was not fundamentally affected by them. This began to change from the late 1980s: from a total of one (Turkey) the number of potential applicants for EU membership increased dramatically as three new groups of aspiring members appeared: the EFTAs, the former Soviet bloc countries in eastern and central Europe and the Mediterranean minnows - Cyprus and Malta.

The implication of this rapid increase in applicants for membership is that the incremental approach is becoming unworkable as such a large increase in size would mean that the EU would have to address the possibility of radical changes to its structure and policies. The critical point is that the creaky, albeit modified, Treaty of Rome structure devised for a Union of six is inappropriate for a Union of fifteen or twenty-

plus and, indeed, the 1995 enlargement almost certainly represents the last one for the which the incremental approach can be used. Of course, the logical extension of this argument (and a major premise of this article) is that this may well be true of integration theory as well.

In the next section the major political theories of integration theory are introduced focusing, in particular, on neo-functionalism and intergovernmentalism. The following three sections evaluate the relevance of these theories to past (1970s and 1980s), current (1995) and future enlargements. The argument is advanced that enlargement has important implications for integration theory and that a revision of integration theory needs to be undertaken. This is developed further in the conclusion in which the drawbacks of neo-functionalism are highlighted and it is suggested that intergovernmentalism provides a more appropriate paradigm for the examination of enlargement. However, neo-functionalism is not wholly discarded but, rather, the concept of 'spillover' is revised (in the penultimate section) to maintain its relevance to European integration within a predominantly intergovernmental framework.

II. Theories of European Integration

Political theory has frequently been condemned by those in the discipline as deficient. Jorgensen, for example, has commented that '[political].. integration theory in Europe lives some sort of shadow existence as supplier of ad hoc explanations ...' (Jorgensen, 1993: 231). Indeed, political integration theory was denounced as obsolescent as early as 1975 (Haas, 1975). The

popularity of integration theory has waxed and waned, usually in tandem with the ups and downs of the economic prosperity and political stability of the Union. Consequently, it attracted much criticism in the late 1970s and early 1980s, as the Union entered a period of economic stagnation and political 'Euroscelerosis'. However, the upswing in the EU's fortunes since mid-1980s has led to a revival of interest:

'A neo-functional perspective...cannot explain the periods of stagnation, first in the 1960s and again in the late 1970s. The post-1985 period of renewed integration, however, may again invite a reconsideration of some sort of spillover variable' (Matlary, 1993a: 66).

This has arguably become the case as the EU moves forward both to widen and deepen simultaneously in the 1990s and beyond. It is clearly now time for integration theory to be revisited again, particularly the concept of neo-functional spillover.

The two most important and competing political integration theories are intergovernmentalism and neo-functionalism and both have been extensively developed and criticised over the years.³ The key difference between the two lies at the very core of the two theories' fundamental premises. Intergovernmentalism relies on realist assumptions based on the pursuit of state interests and implies that the member states are more important to the Union than the EU institutions themselves, since no independent power is allotted to these institutions (Matlary, 1993b: 185). In particular, neo-realist intergovernmentalism is based on the notion of state rationality and treats states as independent

actors with fixed preferences for wealth, security or power. Thus, state actions are purposely directed towards the achievement of a set of consistently ordered goals and objectives. Consequently, using this perspective, the EU merely represents an advanced forum for intergovernmental negotiations and bartering between 'a tight coalition of states' (Pedersen, 1994: 8). EU policy and institutional reform will in practice, only result from intergovernmental bargaining between member states, who are guided by the strategic pursuit of national interests.

Moravcsik's (1993) 'liberal intergovernmentalism' seems especially relevant in the context of the EU and enlargement. In particular, neo-realist intergovernmentalism underestimates that national interests emerge through domestic political conflict as societal groups compete for political influence, national and transnational coalitions form and new policy alternatives are recognised by governments, (which 'liberal intergovernmentalism' incorporates). In effect, 'an understanding of domestic politics is a precondition for, not a supplement to, the analysis of the strategic interaction between member states' (Moravcsik, 1993: 481). Hence, at the core of our assumptions of intergovernmentalism are an acceptance of rational state behaviour, a liberal theory of formulating national preferences and an intergovernmentalist analysis of inter-state negotiation.

In contrast, neo-functionalism relies on conceptualising the interests of participating actors. It can be defined as a 'process theory' (Haas, 1958: 16), which advocates that economic and political integration will be furthered through the concept

of spillover, whereby 'political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities towards a new centre, whose institutions possess or demand jurisdiction over pre-existing national states' (Haas, 1958: 16). The end result of the process of political integration, from the Haas perspective, is a new political community, superimposed over the pre-existing ones. However, this must be only partially accepted as the eventual end-point is not defined, apart from being clearly institutional. Nevertheless, the relationship between federalism and neo-functionalism is especially unclear and does not assume that the ultimate goal is a federal Europe. However, in practice, neo-functionalism does seem to assume that federalist institutions represent the solution to the integration problem, if 'only because federation has tended to be the manner in which independent units have historically been joined' (Mutimer, 1989: 79). In reality then, if not in theory, there appears to be a clear link between federalism and neo-functionalism which is implicit in the analysis of enlargement developed here.

The core relationship between neo-functionalism and enlargement is based on four important elements of the former. First, that neo-functionalism envisages integration by the efficient management of conflict in a pluralist society. Secondly, neo-functionalists treat regional integration as a process and assume that the tasks assigned to supranational institutions are inherently expansive. Thirdly, distinctions have been made between the scope and the institutional capacity of an integration system and for the most part, increases in functional scope, rather than institutional capacity, can be more easily

quantified (Pedersen, 1994: 60). Fourthly, neo-functionalists stress the importance of supranational elites and interest groups and the now widely developed concepts of functional spillover and political spillover.

However, neo-functionalist spillover needs to be interpreted far more liberally in the context of enlargement. Neo-functionalism stresses 'the psychology of elites in an integration process ideally culminating in the emergence of a new political system' (Taylor, 1983: 7). Consequently it is evident that, neo-functionalists are far more interested in decision-making and formal structures as frameworks of elite behaviour. Traditionally, spillover has been interpreted as the process whereby successful integration in an area of lesser salience would lead to a series of further integrative measures (functional spillover). The success of these measures (which would be enacted by individual groups of competing elites) would eventually lead to a progressive and gradual altering of attitudes amongst these elites in favour of further European integration (political spillover).

For the purposes of this chapter, the concept of functional spillover will remain relatively untouched. However, it can be argued that political spillover must be interpreted much more flexibly in the context of enlargement. Consequently, political spillover as well as assuming that spillover occurs as a result of linkages and daily cooperation between sectors via 'internal' elites contacts within the EU structures must also accommodate an 'external perspective' of elite interaction. Specifically, political spillover will also occur from the outside in as new

members and their respective political elites bring with them their own preferences for moulding the character of further functional spillover and EU cooperation.

This wider and more flexible interpretation of political spillover already exists in practice as the political elites of the applicant nations are given observer status within the EU institutions, such as the EP's political groups, from the time of their application being presented. Thus, their interaction with existing EU political elites begins even before full accession has been completed. Importantly, political spillover must incorporate the premise that enlargement will bring with it relatively large political elites (especially from the Nordic states, such as the Swedish Social Democrats) with the real potential to influence the pace, course and even character of integration. Crucially, the nature and direction of political spillover will be affected by enlargement because at points when accession is being negotiated intergovernmental bargaining is particularly important.

In fact, the success of both political and functional spillover will be affected by the nature of enlargement as areas of integration may be limited, resisted or even reversed by the presence of new political elites who do not share the premise that further integration is advantageous in itself. Consequently, political spillover must be far more cautious with its underlying assumptions that competing pressures will further European integration and the development of new decision-making structures. "Spill-over" [in the original neo-functional sense] assumes the continued commitment of the Member States to

the undertaking' (Linberg, 1963: 11). Yet further enlargement will introduce a majority of political elites whose inclination will be to resist certain elements of spillover and the creation of more advanced supranational structures. Thus, enlargement introduces a modification of political spillover based on an external as well as internal perspective and on the fact that spillover is far more selective than anticipated.⁴

This is especially relevant when Pedersen's concept of 'political linkage expansion' (Pedersen, 1994: 162) is considered, whereby the enlargement issue may be more formally linked to the institutional deepening of the EU through a series of quasi-constitutional packages. Pedersen argues that since the European Parliament has obtained the right of veto over enlargements, this linkage will become more important as future accessions are increasingly contemplated. The formation and development of supranational political elites (primarily within the European Parliament) will be increasingly influential, affect relations between political elites both inside and outside the EU and help decide the eventual outcome. However, this political linkage may not prove to be continuously expansive in practice, as the enlargement process is also viewed by certain member states (and a potential supranational coalition of their political elites) as an opportunity to restrict further political spillover as they remain concerned about the implications of continuous deepening accompanying each successive enlargement and will need to present a united front against the new influence of the Parliament. For example, British and, to a lesser extent, Danish governmental support for the 1995 enlargement was conditional on the notion that this enlargement would not lead to substantial institutional

reform. In some circumstances, the enlargement process may actually bolster a movement towards a looser, more flexible and even restrictive programme of policy and institutional changes, thereby restricting spillover.

III. The Enlargements of the 1970s and 1980s.

The first enlargement was primarily economically driven by a desire to secure the higher than average rates of economic growth that were being enjoyed by the EU6. In general terms, this might be considered as an example of 'external spillover'⁵ (whereby the benefits of integration are seen to invite outside participation of the elites of aspiring EU members). More specifically, whilst in general the British and Danes had little time for federalism (or political spillover), their respective elites were indirectly interested in limited functional spillover and the possibility of cooperation in science and technology, particularly at the time of the second application under the Labour government in 1967.⁶ In fact, this concept of 'external spillover' is by no means unique to the first enlargement. There have been numerous subsequent examples in the shape, for instance, of the participation of non-EU members in the EU's educational exchange and research and development programmes.

However, perhaps the most obvious application of functional spillover stemming from the first enlargement relates to the way that integration spills over to an area of particular interest to new members and provides the catalyst for EU involvement. By 1975, the British case had provided two good examples:

1. The development of a more coherent EU development policy in the shape of the replacement of the Yaoundé Convention by the path breaking (if ultimately disappointing) Lomé Convention was prompted to accommodate the former colonies of the UK.
2. The creation of the European Regional Development Fund (ERDF) and the development of a broader, more pro-active and better resourced EU regional policy that it engendered.

Both of these developments might be perceived as functional spillover into new areas stemming directly from British accession. As smaller countries Denmark and Ireland were not surprisingly less influential in triggering new areas of cooperation although they have clearly played a role in stimulating the development of some existing policies.

However, whilst these aspects of the theory-enlargement relationship might be perceived as being 'positive' from a neo-functional perspective, there are also 'negative' features. For example, even in the case of the first enlargement the EU was clearly beginning to suffer from the repercussions of what Kelstrup (1993) identifies as the 'integration dilemma'.⁷ Neo-functionalism in practice assumes a general consensus as to the overall objectives and goals of the Union which may not exist in practice. A larger, more powerful EU increases the likelihood that non-members will apply to join simply in order to avoid isolation rather than because of any shared common vision of the EU's future development. In the case of the first enlargement neither the UK nor Denmark shared the original six members' rather vague preconceptions of a federal Europe but, rather,

pursued full EU membership on the pragmatic grounds of economic and political expediency.⁸ (This was also a factor in the motivation of the three former EFTA countries who became EU members in 1995; only the economic carrot had changed - from a higher growth rate to full participation in the single market.)

In fact, the British and the Danes have been perceived as not merely not sharing the vision of the original EU6 but of actively opposing it. The leanings towards intergovernmentalism which had previously caused these countries to prefer EFTA membership had not disappeared. On the contrary, both Britain and Denmark have consistently displayed a preference for intergovernmentalism as an alternative model to neo-functionalism. Indeed, the Danes with their system of close formal parliamentary scrutiny of EU legislation pose a very direct threat to the development of political spillover. Similar doubts could have been expressed before the accessions of Spain and Portugal as they were motivated principally by the need to consolidate the reemergence of democracy; the 'integration dilemma' may also have been of relevance. However, in practice, both the Spanish and Portuguese elites have been more inclined towards favouring political spillover, although they have still failed to generate functional spillover even in the most obvious areas, such as the EU's relations with Latin America and its Mediterranean policy. Moreover, where functional spillover has apparently occurred - for example the development of EU regional policy and the structural funds - this has arguably been driven by governmental objectives and through intergovernmental channels.⁹

On balance, the experience of enlargement in the 1970s and 1980s

seems to support intergovernmentalism rather than neo-functionalism as the most useful theoretical characterisation of integration. There is obviously a question as to whether this suggests an absolute superiority of intergovernmentalism over neo-functionalism (in terms of being the superior framework for analysing European integration in all periods and for all configurations) or whether the apparent superiority is a function of the particular characteristics of the enlargement and environment of the 1970s and 1980s. In fact, it is probably neither possible nor necessary to answer this question. What is useful, however, is to isolate the factors or variables that might have had an influence on the relative effectiveness of the theories in the 1970s and 1980s (since these can be examined again to try and predict their implications for the choice of appropriate theoretical framework within which to examine integration after the 1995 and future enlargements). At least five variables may come into play:

- The internal environment of the EU. Neo-functionalism sits rather better in a harmonious and prosperous EU that is making progress and moving forward. Member state governments are much more likely to retreat into intergovernmentalism during more fractious periods.
- The external environment. Equally member states may well be inclined to turn inwards and focus on national interests (and hence intergovernmentalism will prevail) in times of world recession and international economic turbulence. This was the case during the 1970s when European integration was restricted by the onset of a damaging and widespread recession resulting from the 1973 oil crisis.

- The reaction of existing members to enlargement. For example, some member states may see enlargement as a means of increasing the likelihood that the EU will be run along intergovernmental lines. The motivation of individual members in supporting (or opposing) an enlargement may be extremely important.
- The attitudes and influence of new members. The Danes and, particularly, the British with their mistrust of supranationality have been especially difficult to incorporate into a potentially neo-functional original EU of six. The Spanish and Portuguese have been less problematical (although the former had had their moments). Each new member will have views on the appropriate framework within which the EU should function.
- The size of the EU. Neo-functionalism was designed for a homogeneous EU of six, not a heterogeneous group of twelve. To take this further it may be that the appropriate theoretical framework is dependent in part on the size of the Union. Possibly neo-functionalism (owing to its premise of managing the plurality of competing interests) may again become applicable in an EU of twenty or more in which majority voting has become a necessity to avoid stagnation.

The experience of the 1970s and 1980s has suggested that intergovernmentalism provides the most useful framework within which to examine the EU after enlargement. In general, intergovernmental perceptions of national interests and the pursuit of further financial benefits did, in practice, prove too strong for the neo-functional model to become operative. Although there was some evidence of functional spillover,

political spillover was largely constrained by the nature of the first two enlargements. With regard to subsequent enlargements, consideration of the above variables may provide a rationale for determining whether these conclusions will continue to hold.

IV. The 1995 Enlargement

The accessions of Austria, Sweden and Finland in 1995 will have a selective effect upon the European Union and this will become more obvious as the EU develops throughout the 1990s. In many ways, functional spillover is likely to continue as the three new members are similar countries to those of the first enlargement, sharing high levels of economic development and political maturity. Their accession has 'positive' features and should generate further functional spillover in existing areas, specifically those which concern the new members, such as transport, social affairs and the environment. At the same time, functional spillover may also be 'negatively' affected and especially restricted in the newer and TEU-based areas by the intergovernmental inclinations of the new entrants. The TEU initiatives do, after all, represent a far more ambitious endeavour with fundamental repercussions for perceptions of national sovereignty. For example, the inclusion of Sweden and Finland with their official policies of non-alignment may inhibit the development of the Common Foreign and Security Policy (CFSP). Thus, the impact of enlargement on functional spillover may be mixed.

Rather, it will be political spillover that will be more harmfully effected. These states challenge the already weak

political consensus within the existing Union. The inclusion of their political elites will probably reinforce the intergovernmental tendencies and the integration dilemma within the European Union, having traditionally displayed a cautious and, in some cases, hostile attitude towards supranationalism. Indeed, the Nordic governments are committed to greater transparency in EU decision-making and to establishing elaborate scrutiny mechanisms (similar to the Danish parliamentary committees) to examine EU legislation. Hence, these states will probably be hesitant in promoting supranational solutions unless these are accompanied by greater levels of domestic and public accountability, thereby inhibiting the eventual extension of both functional and political spillover.

Using the five variables applied to previous enlargements, an analysis of the 1995 accessions seem to suggest two things. Firstly, that this enlargement was in many ways, very similar to the first enlargement and therefore may have similar implications; and secondly, it also represents the last of the 'classical' enlargements. When examining the internal environment of the EU and assuming that neo-functionalism seems more appropriate in times of harmony and prosperity, then the timing of the 1995 enlargement was not entirely favourable and took place against a background of neither. The legacy of the TEU ratification process, including the acrimonious Danish and the close French referenda, meant that the EU was confronting enlargement during a period of self-doubt. The inclusion of three 'reluctant Europeans' (Miljan, 1977) with clear preferences for intergovernmental solutions seems to suggest that this internal search for a new consensus on the EU's future would become even

more complex.

Equally, the 1995 enlargement occurred against the setting of severe economic recession for two of the new members (Sweden and Finland), which has forced both their governments to take a stern line regarding their future financial and political commitments towards an ambitious and financially demanding EU in order to appease their deeply sceptical domestic populations. The inclusion of Sweden and Finland will, for the most part, provide additional allies for those existing members who favoured intergovernmental solutions, except for in certain notable policy areas, such as social and environmental policy.

The extent of the impact from the 1995 enlargement will ultimately depend on the fourth variable - the attitudes and influence of these three new nations within the EU. Without doubt, they will strengthen a return to a Northern bias and increase the power of small states within the EU. However, unlike most comparable small EU members, Finland and Sweden are states who do not favour federal solutions and include influential sectoral interests motivated against EU membership, undermining the development of supranational elites. For example, the hostility of large sectoral groups, such as the Finnish farming organisations to the EU and its supranationally integrated CAP will constrain their nations' wider commitment to future EU ventures (Miles, 1993). However, given the problems that especially the two Nordic countries face in meeting the criteria of EMU and their cautious and in some ways, ambiguous acceptance of the CFSP and Justice and Home Affairs pillars of the TEU, their actual influence upon the EU future developments may be

somewhat peripheral.

Yet the EU's extension to fifteen members does represent the last time that the EU can be practically extended while still maintaining the existing EU decision-making procedures and machinery. Hence, the 1995 enlargement is more important for providing the watershed for the future review of the EU and the raising of chances of the development of further multi-speed and intergovernmental approaches to EU integration. It is at the 1996 TEU review that the changes in balance of power away from those nations pre-disposed to federal solutions and towards those favouring intergovernmental alternatives will become more evident. Thus the 1995 enlargement is more likely to bolster future intergovernmentalist tendencies in the EU, rather than dramatically increasing the relevance of neo-functionalism.

V. Future Enlargement

Beyond 1995 there are at least three groups of potential EU members. The group that comprises the EU's top priority is the Central and Eastern European Countries (CEECs). In the short to medium term the main candidates would appear to be Poland and Hungary (both of which applied in 1994) and possibly the Czech Republic but, beyond these three, there are a large number of others. Membership of the CEECs would pose large problems for existing policies such as agriculture and the structural funds and would thus constrain any further attempt to promote deeper economic (and political) integration and, indeed, it might even put the process into reverse. From a neo-functionalist perspective, the motivation of the CEECs is also rather suspect.

It can certainly be argued that the Polish and Hungarian applications were partly driven by intergovernmental motives (to remove any Russian influence). Moreover, the 'integration dilemma' hypothesis also comes into play as the CEECs are clearly seeking the EU's political stability and economic prosperity.

However, perhaps even more fundamentally, these nations are experiencing a new sense of nationhood which was achieved only very recently in some cases. Therefore they may well be sceptical of any future movement towards a wider supranational European federation and be more concerned with establishing their national identities. The nationalist resurgence in these states could thus reinforce the intergovernmental nature of the EU. They may resist ceding any of their newly acquired national sovereignty and undermine the cohesiveness of supranational elites (so important to neo-functionalism) if the latter have to accommodate the more maverick nationalistic groups of the CEECs.

The second group is the rather diverse Mediterranean trio of Turkey, Cyprus and Malta which all applied for EU membership some time ago. They have all also been effectively rejected by the EU for the present in that they have been the subject of 'negative' Commission opinions, in the sense of not advocating immediate accession negotiations. The Mediterranean applicants see EU membership as a means of restructuring and modernising their underdeveloped economies (Redmond, 1993). None of them have been overtly vocal in supporting the EU's claims of developing a federal Europe. Hence, the 'integration dilemma' is clearly of relevance in that EU membership is desired to a large extent to promote economic development and avoid exclusion from the EU's

single market. Thus, the process of political spillover is not likely to be particularly enhanced by the accession of these countries.

The situation is exacerbated by the importance and influence of nationalism in the eastern Mediterranean, fuelled by a whole range of disputes involving two of the applicants (Turkey and Cyprus) and an existing EU member (Greece). An obvious practical implication of admitting this group would be that the absorption of the Cypriots and the Turks would undermine the coherence of transnational groupings (such as the EP political groups) due to these national enmities. Moreover, Turkish EU membership would damage the economic coherence of EU policies and increase economic disparities within the Union substantially. Hence, further Mediterranean enlargement is also likely to damage the pace and extent of functional spillover across the Union.

A third and final group of potential applicants consists of the remaining EFTAs. Whilst EU accession is clearly not on their political agenda at the moment, this could quickly change, as it did for Austria, Finland and Sweden (and indeed Norway) in the late 1980s. There is no doubt that Norway, Switzerland and Iceland would be difficult to co-opt into a neo-functionalist framework as their opposition to EU accession reflects jealously guarded national interests. A volte-face on EU membership in these countries is only likely to happen if an 'integration dilemma' were to emerge - for example, if Norway were to run out of oil, gas and fish.

Turning to the five variables that were identified as important

in the 1970s and 1980s, it is possible to make some speculative comments:

- The internal environment of the EU will be determined by the 1996 intergovernmental conference. National posturing had already begun in Germany and Britain by early 1995 and will, inevitably, spread throughout the EU as the year progresses. Much of this consists of restating well known national attitudes and it is simply not possible to ascertain how far member states are willing to go in defending their positions. However, if the EU emerges at the beginning of 1997 still as a single unit it seems much more likely that this will be on intergovernmental than federal lines.
- The external environment faced by the EU is equally difficult to predict. However, member states are much less likely to turn inwards if the world is prosperous and politically stable. The former is likely to be determined in a large part by the extent to which the Uruguay Round is successfully implemented and the World Trading Organisation (WTO) makes a good start; for the EU the latter is mainly about the political situation in eastern and central Europe.
- The reaction of existing members may take various forms. Some members are supportive of further expansion because they see it as a way of forcing the EU down the road of integration as present structures and policies become unworkable. Others also see a larger EU as unworkable but support further expansion precisely because they think the opposite: that it will lead not to further integration but

to a retreat into intergovernmentalism. Furthermore, some governments may wish to defend national interests directly. An indicative example may well be the Benelux Memorandum submitted to the Lisbon summit (Agence Europe, 1992) which sought to preempt moves to streamlining EU institutional structures and to maintain the over-representation of small member states. A more concrete illustration was provided by the intransigence of the Spanish and the British during the most recent accession negotiations relating to fisheries and the voting rights dispute of March 1994, respectively. In essence, the positions of these governments on these two issues were driven by domestic political concerns, leading to them placing national interests well ahead of finalising the accession procedure. These examples highlight the validity of two key assumptions of intergovernmentalism: national interests based on domestic political considerations and an intergovernmentalist view point of international negotiations.

- As far as the attitudes of the prospective new members are concerned, a number of questions have already been raised. In particular they are all likely to be subject to some form of 'integration dilemma' which may well imply a leaning towards intergovernmentalism.
- Finally the extensive increase in size of the EU to over twenty does, in principle, give scope for more supranationality and a reassertion of a neo-functionalist perspective if the EU is not to grind to a halt. On the other hand, the EU actually might simply grind to a halt and adopt a more limited intergovernmental outlook or,

indeed, may become multi-tier or multi-speed, with neo-functionalism for some and intergovernmentalism for others.

Thus the conclusion that an examination of previous enlargements indicates that a larger EU is likely to be a more intergovernmental one seems likely to hold for the future. However, there are two caveats to this: firstly, part of the EU may break away from the rest and attempt to integrate more rapidly - perhaps along the lines predicted by the neo-functionalists - leaving the rump to pursue integration more slowly (or remain static or even backtrack) within an intergovernmental setting; secondly, a modified version of the neo-functionalist concept of spillover may still play an important role even in a predominantly intergovernmental framework.

VI. Revising the Concept of 'Spillover'

Whilst neo-functionalism has its limitations in the context of enlargement, its most powerful concept - spillover - can still play a role if suitably adapted. In the first place its definition has to be limited, or perhaps refocused, in two possible ways:

- The narrower concept of 'institutional spillover' is important even in an intergovernmental framework. This is 'a new form of spillover, not from one economic sector to another, but from one institutional dimension to another' (Keohane and Hoffmann, 1992). In the past actual or impending enlargements have led to increased pressure for

institutional review and the eventual extension of the powers of EU's institutions. The Single European Act, the Treaty of European Union are examples of this. It remains to be seen whether the results of the 1996 intergovernmental conference will provide another example.

● Whilst wider political spillover amongst the general population is generally absent, it is clearly evident at the governmental and corporate level. For example, government and business elites are accustomed to trading with the Union and feared a 'Fortress Europe'. Applicant governments sensed their own political decisions were being affected by the Union's functional policies and perceived a need for political influence inside the Union's supranational decision-making machinery. Similarly, business interests were quick to perceive the drawbacks of exclusion from full participation in the single market. Thus, for example, it was the business sector that led the shift in internal opinion that eventually prompted Austria, to apply to join the EU in 1989.

A second modification involves greater emphasis being placed on external (rather than internal) types of spillover. External spillover has clearly taken place beyond the Union's boundaries, culminating with membership applications and eventual accessions and 'externalisation' (Schumitter, 1969; Ginsberg, 1989) remains closely linked to spillover. The concept of externalisation needs to be expanded in the light of enlargement. Functional spillover, especially into new policy areas, such as the completion of the single market has attracted much outside interest; causing concern in non-member states about the costs of non-EU membership

and forcing their political elites to strengthen contacts with other elites inside the EU (Laursen and Vanhoonacker, 1992: 239). Hence, greater differentiation is needed within neo-functionalism due to the varying effects of 'external spillover' into non-member states and their political elites. 'External spillover' may be voluntary or enforced. Voluntary 'external spillover' may take two forms:

- 'Reactive external spillover' relates to non-member states with elites which are reluctant to participate in the process of European integration and are essentially reacting to the growing influence of the Union, maintaining their scepticism about supranational principles and goals. For example, the Swedish government 'shadowed' EU legislation from 1987 to neutralise harmful effects on their external trade and economy and as an alternative to full EU membership (Miles, 1994b: 69).
- 'Proactive external spillover' assumes that non-member states are actively seeking eventual membership of the European Union and are therefore willing to accept the EU's long-term goals. Thus, for example, the CEECs are generally happy to become involved in the EU's common foreign and defence policy, even in advance of EU membership.

Enforced 'external spillover' may also be 'proactive' or 'reactive' in the sense that it may relate to countries which may or may not be pursuing full membership of the EU. The former would occur where even as non-member states, nations have been required to follow EU policies (if they wish to join the EU), which have 'spilt over' into their own domestic policies. For

Malta, this enforced spillover was quite direct as the 1993 Commission Opinion required that the Maltese economy be radically restructured before accession negotiations can begin.

A 'reactive' case would be where an EU-third country agreement required the acceptance of some of the EU's existing 'acquis communautaire', forcing fundamental changes to domestic policies to fulfil these external obligations. The European Economic Area (EEA) is a good example.

Finally, the external context within which spillover (and, indeed, neo-functionalism) operates is in need of revision. In the past, neo-functionalism needed to accommodate the wider context of global international relations, especially the bi-polar dominance of the superpowers and 'Atlanticist' relations between the USA and Western Europe. Indeed, spillover has been further adapted to include a global economic dimension, reflecting European concerns over international competitiveness with the USA and Japan. However, the disintegration of the bi-polar world necessitates a modification of this international aspect. Rather than neo-functionalism being influenced by the strategic constraints of bi-polarity, it is now the transformation of Central and Eastern Europe and the emerging role of the EU as the leading European regional actor, which is relevant. Thus, EU enlargement to incorporate the CEECs will provide the new international dimension of neo-functionalism.

VII. Conclusions

Further enlargement increases the diversity of national interests and ideological perspectives between member states and their

respective elites. This makes intergovernmentalism inevitable within the EU as neo-functionalism is undermined by this diversity in a number of ways, specifically:

- It complicates the agreement of the EU's long term objectives because it introduces additional and differing ideological perspectives. This makes consensus between competing elites and a consistent majority of member states progressively more difficult to achieve.
- Neo-functionalist integration theory was developed to evaluate the development of a European Union of six relatively homogeneous members, guided in practice by an overarching Franco-German relationship. As enlargement proceeds, this homogeneity is reduced which undermines Franco-German authority and thereby dilutes the coherence that has underpinned the development of the EU in the past.
- Neo-functionalism fails to accommodate the economic impact of enlargement upon the European political process. The accession of relatively poor members has created economic disparities which have undermined the coherence and effectiveness of the Union's policies and, consequently, the wider loyalty of the public towards European integration. The economic effects of enlargement have thus reemphasised intergovernmental perspectives at the expense of that of neo-functionalist supranational political elites.
- The neo-functionalist presumption of the development of progressive, rational and dominant supranational elites becomes less likely as first, spillover extends increasingly into sensitive areas which are perceived as

vital interests by member states and secondly, the actual number of EU members (and accordingly, political elites) rises (Hoffmann, 1964: 91). Furthermore, neo-functionalism ignores the differing perceptions with regard to European integration between governmental and public opinion and the effect this has on constraining the development of supranational political elites. The manoeuvrability of political elites are always influenced to some degree, by emotional and national preconceptions, especially during any accession debates and referenda of new member countries. Thus neo-functionalism becomes increasingly likely to be undermined by lack of rationality and purely national perspectives as the EU enlarges.

It remains true that there are few compatibility problems between neo-functionalism and enlargement in principle as the theory does incorporate the concept of greater and competing plurality of interests. In fact, it has been argued that it can be rescued, at least in the short term, in the face of enlargement by adopting one of four 'protective strategies' (Pedersen, p. 156). This is what lies behind the assertion that: 'All in all, it would therefore seem that the assumption that an increase in size will weaken the cohesion of an integration system is too rash' (Pedersen, 1994: 159). Nevertheless, in practice, enlargement does consolidate the existing weaknesses within the neo-functional theory. Moreover, examining five potentially influential variables - the internal and external environment of the EU, attitudes of existing and potential members and the size of the EU - tends to strengthen the case for intergovernmentalism in the context of enlargement.

More positively, enlargement seems to enhance the intergovernmental tendencies within the European Union in several ways. In the first place, there seems to be a greater prioritising of national interests as a result of enlargement. Competing for scarcer resources in a more diverse EU has predominated rather than the reinforcement of political loyalty at the supranational level. Although lobbying EU institutions has increased in order to defend these national interests, little supranational loyalty seems to have followed. Consequently, governments display defensive characteristics when viewing enlargement, seeking to ensure that their own financial and national 'slice' of the Union remains intact.¹⁰

Secondly, further enlargement could actually also incur 'negative spillover', which is comparable to the concept of 'spillback',¹¹ whereby the impact of new accessions makes existing EU policies inoperable and beyond reform, unhinging the Union's existing integrationist strategies. The possible renationalisation of agricultural policy as a result of the future accession of Turkey and the CEECs is a good example. Finally, enlargement increases the pragmatic tendencies within the EU, due to the problem of reconciling such a large array of interests. The growing trend towards pragmatism leads to a potentially declining consensus regarding neo-functionalism goals. It encourages 'short termism', the use of 'opt-outs' and the pursuit of political and economic expediency, all of which are symptomatic of an intergovernmental perspective.

Enlargement illustrates that the national dimension is still critically underestimated by neo-functionalists. Enlargement

enhances the role of national governments and their national dimensions within the EU. Policy is reactive and constrained by the wider nationalism and scepticism of anti-EU lobbies, political parties and public opinion operating on member state governments, rather than 'pro-active' and formulated by competition between pro-EU supranational elites. Whilst revised variants of the neo-functional concept of spillover remain useful, it is evident that enlargement increases the likelihood of an intergovernmental European Union. The only refuge for neo-functionalism would appear to be the 'upper' (more integrated and supranational) tier of a multi-tier or multi-speed Europe.

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NOTES

1. This paper is based upon work already developed by Lee Miles, John Redmond (University of Birmingham) and René Schwok (Graduate School of International Studies/ University of Geneva) for a forthcoming book for the Macmillan European Union Series entitled 'Enlarging the European Union'.
2. See Redmond (1994) for detailed examinations of each of the current and likely future applicants for EU membership.
3. An interesting recent contribution is 'fusion theory' (Wessels, 1994, 1995). However, for the present, this awaits development and, in any case, essentially appears to be a variant of neo-functionalism. Consequently, it is not considered in depth here.
4. This revision of the concept of political spillover allows it to be categorised into different types and this is done in the penultimate section.
5. This concept is developed at length in the penultimate section.
6. For a brief summary see, for example, D. Swann, *The Economics of the Common Market* (7th ed., London, Penguin, 1992): 29-30.
7. The 'integration dilemma' assumes that a state is confronted with the choice of either giving up substantial parts of its sovereignty with the danger of being 'entrapped' within European integration or insisting on its independence with the danger of being 'abandoned' and isolated from the integration process.
8. For example Holland (1993: 166) argues that this was the case for Britain.
9. A prime example of this is the creation of the Cohesion Fund.
10. For a more detailed analysis see Miles (1994).

11. See Lindberg and Scheingold (1970): 137: 'Spill-back refers to a situation in which there is a withdrawal from a set of specific obligations. Rules are no longer regularly enforced or obeyed. The scope of Community action and its institutional capacities decrease.'