CHAPTER 10

Europe

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Europe has pioneered regional integration, and studies on European integration have dominated the study of regionalism. Curiously, as much as the study of regionalism has long been Europe-centered, the study of European regionalism and the theories of European integration have centered on the European Union (EU), its organizational growth and performance. This literature is vast and discussed in entire handbooks on the EU (e.g. Jones et al. 2012; Jørgensen et al. 2006). By contrast, this chapter deliberately takes a regional perspective. It starts with a discussion of how “Europe” has been constructed as a civilizational and institutional region and how it has developed from being the core region of the global system to the divided region of the Cold War era to the post-1990 unified region. Rather than looking at regionalism as a process of uniform deepening and widening of the EU, the chapter conceives of European integration as the establishment of a region-wide system of differentiated integration, which extends to virtually all policy areas and countries but integrates them at different levels of centralization. Understanding European integration as differentiated region-building requires a refocusing of both theories and impact assessments of European integration.

1. What defines Europe as a region? Geography, civilization, and institutions

Since its origins in Greek mythology, “Europe” has been a construction. This is even true for the geographic definition that constitutes the indispensable core of any delineation of the European region and is usually the starting point of lexical entries on “Europe”. Geographically, Europe is the Western peninsula of Eurasia, conventionally delimited by the Mediterranean Sea, the Black Sea, and the Caucasus Mountains in the South, the Atlantic Ocean in the West, the Arctic Ocean in the North, and the Urals and the Caspian Sea in the East. It is sufficient for states to be located within the conventional geographic borders of Europe to be defined as “European” – regardless of their political, cultural, or institutional characteristics. It is taken for granted that autocratic Belarus, Muslim Albania and neutral and integration-averse Switzerland are in Europe.
Geography is not a necessary condition, however. Europe’s boundaries in the North, West, and South are generally unambiguous and uncontested because they are constituted by large sea areas. The exceptions are several island territories conventionally allocated to Europe, e.g. Iceland and Cyprus. By contrast, in the absence of “sundering physical boundaries” creating “cultural, political, or economic discontinuity”, Europe is less geographically determined in the East. The most relevant contentious cases are Russia and Turkey – they are the largest and most populated countries whose territory is partly in but mostly located outside of geographic Europe. In addition, the Southern Caucasus and Central Asia are “borderline cases”.

In the absence of true continental status and clear physical boundaries on land, Europe has always been constructed as the home region of a distinct “Western” civilization: Greco-Roman civilization in ancient Europe, (Latin) Christianity in medieval Europe, and “enlightened” Western civilization in modern times. These European civilizations often dissociated themselves from “Eastern” or “Oriental” civilizations: the Persians, the Turks, and the Russians or, in more abstract terms, “oriental despotism” (Aristotle), the “Asiatic mode of production” (Marx), or the “hydraulic empire” (Wittfogel) – all subsumed and criticized by Edward Said under the term “Orientalism” (Said 1978). Filled with varying content, the “East” is the most important topos in Europe’s “othering” (Neumann 1999).

Two of these civilizational discourses are still salient. The more essentialist, religion-based construction of Europe as “Christian occident” and the concomitant “othering” of Islam has long been a powerful narrative for a Europe surrounded by Muslim territories in the South and East from the era of the crusades, the Spanish Reconquista, and the defense of central Europe against the Ottoman Empire to recent debates on references to Christianity in the failed Constitutional Treaty of the EU and on Turkish EU membership. By contrast, the more malleable, political construction of Europe as a “Western community of liberal democracies” is open to the inclusion of a secularist and democratic Turkey. In this view, Europe’s “others” have been fascism and the Holocaust, on the one hand, and communism, on the other – and the German and Russian attempts at imperial domination of Europe that came with both forms of “totalitarianism” (e.g. Judt 1992; Pakier and Stråth 2010; Risse 2010; Wæver 1998). A mix of temporal/internal differentiation (Europe vs. its own past) and spatial/external differentiation (Europe vs. culturally or politically other neighbors) characterizes the discursive civilizational construction of Europe (Diez 2004; Neumann 1999; Rumelili 2004).

Finally, institutional definitions of Europe based on membership in regional organizations (see Annex) mirror the fact that regional integration has become a signature feature of contemporary Europe. They do not, however, settle the issue of demarcating Europe’s borders. The most encompassing
institutional definition is “OSCE-Europe”. The Organization for Security and Cooperation in Europe has 57 members including not only the borderline countries but also the United States of America, Canada, and Mongolia. The “CoE-Europe” of the Council of Europe excludes the US, Canada, and Central Asia; its membership is at 47 countries. Both “NATO-Europe” and “EU-Europe” currently have 28 member states but NATO-Europe includes North America, which is excluded from EU-Europe. In addition, the UN statistical division defines Europe as excluding Central Asia, the Southern Caucasus, and North America, whereas the UN in general retains two regional groupings for Europe as a legacy of the Cold War, the Group of Western European and Other Countries (WEOG) and the Group of Eastern European States (GEE), with 53 countries combined and excluding Central Asia.

In sum, all definitions of Europe resemble each other with regard to Europe’s geographic core on the Western peninsula of Eurasia and Europe’s fuzzy and fluid Eastern boundaries. In political and media discourse, however, “Europe” has become closely associated with the EU.

2. How has Europe developed as a region? Core region, divided region, and unified region

Europe’s development as a region of the international system has gone through three major phases: core region, divided region, and unified region. Roughly until the mid-20th century, Europe was the core or center of the global international system rather than a region among others. In the eras of “discovery”, colonialism, and finally imperialism from the 16th to the 19th centuries, European powers and trading companies expanded worldwide and created a global international system. In the first half of the 20th century, this dominance began to decline. Non-European powers, the US and Japan, rose and established their own empires; the two World Wars severely weakened the European powers; and decolonization reduced colonial empires to small overseas territories.

Between 1945 and 1990, Europe developed into a region among others in the international system. At the same time, Cold War Europe was deeply divided. Politically and institutionally, two separate regions emerged on the European continent: the predominantly liberal-democratic Western European region under the leadership of the US and regional institutions such as the CoE, NATO and the European Communities – and the communist Eastern European region, dominated by the Soviet Union and organized in the Warsaw Pact Organization and the Council for Mutual Economic Assistance (CMEA). Western and Eastern organizations had no overlapping membership and only a few small European countries remained in a neutral and non-aligned status. It took until the early 1970s, during the era of détente, to establish the first pan-regional negotiation forum: the “Helsinki process” resulting in the Conference on Security and Cooperation in Europe (CSCE).
The most recent phase started with the end of the Cold War, the collapse of communism and the Soviet Union, and the transition to democracy in most ex-communist countries. The regional organizations of the East were dissolved; the CSCE was institutionalized as a pan-regional organization, the OSCE, in 1990; and Western regional organizations – the CoE, the EU, and NATO – started to expand eastwards. In the process, Europe has been transformed from a divided to a unified region. All major regional organizations (OSCE, CoE, NATO, and EU) have a region-wide membership scope. They are based on overlapping rather than exclusive membership, subscribe to the basic liberal-democratic values and norms of the West, and have developed a functional division of labor. NATO focuses on military security, the EU on economic integration, and the CoE on human rights; the OSCE retains a broad portfolio of activities on a low level of integration (see Annex).

Roughly half of the countries of the region (22) are members of all major regional organizations (OSCE, CoE, EU, and NATO); 8 further countries are members of 3 out of 4 organizations. Only Kosovo, a recent and not universally recognized state, is not a member in any of them. Moreover, almost all countries have some form of association with the organizations in which they are not members.

In addition, cooperation among the regional organizations has increased. The EU established security cooperation with NATO in the context of the Berlin Plus package of agreements (2002), which allow the EU to use NATO capacities and resources for its own peacekeeping operations. The EU is also in the process of adhering to the European Convention of Human Rights of the CoE and thus becoming subject to the jurisdiction of the European Court of Human Rights. Finally, several regional organizations have been crowded out or become less relevant in the course of regional unification. The Western European Union (WEU), a defensive alliance of Western European countries founded in 1948, was incorporated in substance by the EU in the Treaty of Lisbon of 2009 and formally abolished in 2011. The European Free Trade Association (EFTA) founded in 1960 by seven countries that decided not to join the European Economic Community (EEC) has lost members due to successive enlargements of the EU. Moreover, its free-trade area was integrated with the EU internal market in the European Economic Area (EEA) in 1994 (and the bilateral agreements with Switzerland).

Post-Cold War institutional Europe has often been depicted as a region of ‘concentric circles’ with open, malleable and fuzzy boundaries at the periphery (Christiansen et al. 2000; Lavenex 2011). The events in Ukraine since 2013 have, however, increased the likelihood of an alternative scenario: competitive and mutually exclusive Western and Russian/Eurasian regionalisms confronting each in other in the post-Soviet space (see Hancock and Libman chapter). In 2000, Russia, Belarus, and several Central Asian states established the Eurasian Economic Community; in 2010 a customs union agreement between Belarus, Kazakhstan, and Russia came into force; in May 2014, the same three
countries founded the Eurasian Economic Union. In addition, Russian President Putin declared his intention to enlarge the customs union to all post-Soviet countries (not members of the EU). The plans clash with the EU’s Eastern Partnership. Similarly, the aspirations of post-Soviet states (Georgia and Ukraine) to move closer to NATO membership have met with Russian resistance. The confrontation over the integration of the post-Soviet space is likely to provide a contemporary answer to the perennial question of Europe’s Eastern boundaries.

3. How has the literature on European regionalism developed?

The literature on Europe has generally been a literature on regionalism rather than regionalization. The building and development of regional organizations has been in the focus from the start. In addition, the literature has become increasingly EU-centered, and the literature on other organizations has ceded to make a contribution to the theory of regionalism. Whereas the emerging study of regionalism in the 1950s and early 1960s generally treated Europe as the pioneering and most advanced example of region-building, it did not yet have an exclusive focus on regionalism or on the European Communities being established at the time. Karl Deutsch’s analysis of integration as security communities in the North-Atlantic area is exemplary in this regard because his cases were multinational and neighboring states, not regional organizations, and his concept of “pluralistic security communities” highlighted the development of transnational ties, values, and empathies (Deutsch 1957).

Ernst Haas’ magnum opus on the ‘Uniting of Europe’ was indeed exclusively on the European Coal and Steel Community (ECSC) and the development of the Common Market, but many of his other books and articles examined the CoE, the Organization for European Economic Cooperation (OEEC), the Benelux cooperation, the Nordic Council, the European Free Trade Association (EFTA), the Western European Union (WEU), and even the Eastern European CMEA – mostly in a comparative perspective with each other and with organizations from other regions (Haas 1960; Haas 1961; Haas and Schmitter 1964). The same was still true for Joseph Nye’s ‘Peace in Parts’ (Nye 1971).

Otherwise, the literature came to focus increasingly on the EEC. Integration in the EEC developed dynamically in its first decade, whereas regionalism elsewhere stagnated; the dominant neofunctionalist paradigm moved from International Relations to a political systems approach that seemed to fit the EEC, but not other organizations (Lindberg 1963; Lindberg and Scheingold 1970); and the intergovernmentalist reaction to neofunctionalism (Hoffmann 1966) never ventured beyond the EEC. When Ernst Haas rang down the curtain on regional integration theory in the mid-1970s, he referred almost exclusively to the EEC (Haas 1976).
In the late 1980s and throughout the 1990s, the revival of the study of regional integration and of the debate between neofunctionalism – now often dubbed supranationalism (e.g. Stone Sweet and Sandholtz 1996) – and (liberal) intergovernmentalism (Moravcsik 1998) was entirely concerned with developments in the EEC, above all the internal market program and the plans for monetary union. In contrast to a regional or regionalization perspective, these studies had an intra-organizational focus, i.e. they dealt with negotiations and decision-making among the member states of the organizations and with processes of task expansion, centralization, and institutionalization. This focus was reinforced by the ‘governance’ and ‘behavioral turns’, which took up where neofunctionalism had left off in the early 1970s and analyzed the EU as a political system among others or a system of multi-level governance more akin to a federal state than a regional organization (e.g. Hix 1994; Jachtenfuchs 2001).

In addition, ‘Europe’ and ‘European integration’ had become synonymous with the EU. It is not that studies on other regional organizations in Europe did not exist but they were not designed to make a contribution to the study of regionalism. This impression is reinforced by most of the literature addressing new developments after the end of the Cold War. The end of the Cold War presented an opportunity to reintroduce a regional perspective. For a brief moment in the early 1990s, this could indeed be observed. Several contributions to Keohane et al. (1993) and Schneider et al. (1995) explored general regional integration dynamics of widening and deepening, regionalization across the East-West divide, and the role of a variety of institutions in Eastern Europe. Later on, book titles like ‘Recreating Europe’ (Mayhew 1998), ‘The Reuniting of Europe’ (Torreblanca 2001), ‘The Future of Europe’ (Cameron 2004), and ‘Europe Undivided’ (Vachudova 2005) still suggested such an open approach – whereas in fact they closely identified the reintegration of the formerly divided region with the expansion of the EU. Similarly, ‘Europeanization’ has developed from a concept originally applied to the member states of the EU (e.g. Green Cowles et al. 2001) to the entire region (Börzel and Risse 2012; Schimmelfennig 2012), and the concept of ‘European governance’ has travelled to the EU’s external governance of neighboring countries (Lavenex and Schimmelfennig 2009).

There are only a few exceptions. The joint or comparative analysis of European regional organizations – mostly EU and NATO – has been widespread in the study of enlargement (Jacoby 2004; Kuus 2007; Lašas 2010; Schimmelfennig 2003). This literature has developed several theoretical arguments on the foundations and conditions of regional community and institution-building in Europe (see also Adler 1998 and Wæver 1998 on the OSCE and the EU as security communities). Others have studied the relationship of the EU with other regional organizations, above all NATO, with a focus on security policy coordination (e.g. Howorth and Keeler 2003), but also the CoE (Kolb 2013). This literature is, however, without a theoretical perspective on regionalism.
Finally, there have been attempts to conceptualize and analyze the EU as the hub or center of a regional system including both member states and non-member states. Some authors have used the metaphor of “empire” to highlight the pan-regional extension of the EU, its form of authority, which overarches rather than replaces the territorial rule of states, and its graded membership and fuzzy borders (e.g. Beck and Grande 2007; Marks 2012; Zielonka 2006). Leuffen et al. (2013) conceive of the EU as a “system of differentiated integration”, in which the territorial extension of policy regimes varies among the member states as well as across the nonmember states of the European region. Although they do so from an EU vantage point, these concepts re-introduce a truly regional perspective.

4. Drivers of regionalism in Europe: theoretical concepts and approaches

Europe has played a prominent and special role for the theory of regionalism. Theories of regionalism – and theories of regional integration in particular – have generally been developed with reference to the European experience. As a consequence, the study of European regionalism is not confronted with the issue of how well the concepts and theories of regionalism apply to the region. The debate is rather about which ‘European’ theory fits Europe best. Yet, as argued above, theory development has not only privileged institutional regionalism over regionalization but also come to focus on the EU exclusively. In this section, I therefore focus on the presentation of major theoretical approaches to the study of EU – but with an additional emphasis on how these approaches may apply to the larger region.

The great variety of theoretical approaches to European integration mirrors the variation in disciplinary takes on the study of the EU. The major divide is between International Relations (IR) approaches that analyse the EU as an, albeit highly institutionalized, international organization and seek to explain the dynamics of constitutional or organizational development – and those that apply the concepts and theories of comparative politics or policy analysis to the EU as a political or policy-making system. Because of its thematic focus on the drivers of regionalism, this section is dedicated to ‘developmental’ theories that seek to explain the mechanisms and conditions of region-building.

Theories of European integration have traditionally been categorized into intergovernmentalist and neofunctionalist theories. These theories have been inspired by theory development in IR but also mirrored the ups and downs of EU integration itself. Neofunctionalism was the dominant theory in the early periods of integration theorizing. Coinciding with French president de Gaulle’s attempts to block moves to further supranational integration, the mid-1960s saw the birth of intergovernmentalism (Hoffmann 1966). Since the mid-eighties, both intergovernmentalism and
neofunctionalism have undergone a process of internal diversification. While liberal intergovernmentalism was the major innovation within the intergovernmentalist camp (Moravcsik 1998), supranational institutionalism (Stone Sweet and Sandholtz 1997) marked a refinement of neofunctionalism. Constructivist approaches have arrived slightly later from IR (Christiansen et al. 2001). Finally, critical political economy approaches make an important additional contribution to regionalism. These theoretical approaches differ with regard to the main structural drivers and actors of regionalism in Europe.

Intergovernmentalism puts national governments and their interests centre stage. Integration decisions are made in intergovernmental negotiations in which national governments bargain to further the national interest and in which the most powerful governments prevail. Intergovernmentalism has a realist and a liberal variant.

Realist-intergovernmentalist accounts of integration regard geostrategic motives and overall power relations as core factors in regional integration. In general, states are assumed to be autonomy-maximizing actors and therefore reluctant to transfer competences – especially if the scope of integration affects policies that are sensitive to state sovereignty and state power (Hoffmann 1966). Regional integration may, however, work as an instrument of balance-of-power politics against dominant powers within and outside the region. In line with hegemonic stability theory, however, regional integration may also be facilitated by a powerful leading state internal or external to the region and acting as a focal point, paymaster and enforcer (Mattli 1999). In a realist perspective, the origins of European integration have been explained as a form of US empire-building (Lundestad 1997), an attempt to counterbalance the Soviet Union (Rosato 2011) or a way to ‘rescue the nation state’ from the shambles of World War II (Milward 1994). Further integration has been attributed to Germany’s ‘embedded hegemony’ in Europe (Crawford 2007) but also as an attempt to rein in Germany’s preponderant economy through supranational integration (Grieco 1996).

According to realist intergovernmentalism, geopolitical interests, autonomy gains, and the balance of power are the key drivers of regionalism. Regionalism benefits from concentrations of power – either as a threat that integration seeks to counter or as a source of coordination and stability. In this view, Europe’s emergence as a region was an effect of its declining power, and the division of Europe was an effect of geopolitical bipolarity. At the same time, bipolarity produced regional integration promoted by the superpowers in their spheres of influence and strengthened by geopolitical competition. The decline of the Soviet Union allowed for the unification of Europe by a single, Western European power center, whereas the reassertion of Russian geopolitical ambition is
currently creating new regional borders. In sum, realist intergovernmentalism provides a useful account of the geopolitical context in which European regionalism has developed.

Andrew Moravcsik’s ‘liberal intergovernmentalism’ (1998) regards international economic interdependence as the fundamental driver of integration. Interdependence creates demand for international cooperation to avoid policy externalities and benefit from efficiency gains. National interests in European integration emerge ‘from a process of domestic conflict’ and reflect ‘primarily the commercial interests of powerful economic producers’. In a second step, these national interests confront each other in intergovernmental negotiations. ‘The outcomes reflected the relative power of states – more precisely patterns of asymmetrical interdependence’ (Moravcsik 1998: 3). Finally, governments establish supranational institutions to overcome problems of credible commitment to the integrated policies.

The home turf of liberal intergovernmentalism is the analysis of treaty negotiations expanding European integration to new areas of economic policy. Moravcsik’s work covers, *inter alia*, the negotiations on the establishment of the EEC, the internal market, and monetary union. In a broader perspective, liberal intergovernmentalism would expect regionalism to grow with ‘globalization’ pressures on Europe and interdependence within the region, both of which increase the (opportunity) costs of non-cooperation. Countries are more likely to join regional organizations if their preferences converge, their (asymmetric) interdependence increases, and if the costs of national autonomy rise (see also Mattli 1999).

In contrast with intergovernmentalism, supranationalism (or neofunctionalism) assumes a transformative and dynamic effect of integration. Even though the beginnings of integration may well be driven by international interdependence, state preferences, and bargaining power, its further development is the result of a self-reinforcing dynamic of institutionalization that is beyond the control of the member states. Put differently, whereas liberal intergovernmentalism regards regionalism as an effect of (transnational) regionalization, supranationalist theory attributes subsequent regionalization to the workings of regionalism. In addition, regionalism regularly leaps ahead of regionalization. To theorize the dynamics of European integration, supranationalist integration theory draws on historical institutionalism (Pierson 1996; Stone Sweet and Sandholtz 1997). Endogenous ‘spillovers’ (Haas 1958; Schmitter 1969) cause externalities between integrated and non-integrated policies or cooperation and compliance problems in already integrated policies. Multinational corporations and transnational interest groups proliferate and take up these problems to demand more and stronger supranational rules. Supranational organizations take up these demands and to push for more integration. ‘Incomplete contracting’ opens up venues for agency
slippage and bureaucratic drift. ‘Path dependence’ due to sunk costs of regional integration and high thresholds for institutional change make it difficult for states to correct these unanticipated and undesired spillovers of their integration arrangements (Pierson 1996). In the medium term, then, the growth of integration is the unintended result of a series of incremental decisions to shift competences from the national to the regional level, each of them motivated by the imperfections and inefficiencies of previous integration steps and by the calculation that, at the end of the day, preserving the status quo, cutting back integrated competences, or exiting from the economic integration arrangement would be more costly than moving ahead.

In a broader regional perspective, geographical spillovers are most relevant. They are caused by the externalities between integrated and non-integrated countries. As a regional organization deepens its economic integration, it increases its market power, diverts trade and investment away from non-members and imposes its regulatory choices on them – thus increasing the gains and lowering the costs of joining. As a consequence, many states (such as Britain and the Nordic countries) reversed their initial decision to stay out of the common market. Geographical spillover thus constitutes a mechanism for the dynamic growth of regional integration beyond the initial membership (within the constraints and opportunities created by geopolitical context).

Constructivism in the study of regional integration (e.g. Risse 2009) assumes that states interact in a highly institutionalized and culturally dense international environment, which is structured by collectively held ideational schemes and rules. Regional institutions are not just designed as instruments to efficiently solve collective action problems but shaped by the standards of legitimacy and appropriateness of the international community they represent. Regional integration is tightly linked to a process of community-building. Generally, integration depends on the strength of transnational community: the stronger the collective, regional identity and the larger the pool of common or compatible beliefs, values, and norms, the more integration is possible (Checkel, this volume). Shared community values and norms support regional integration. Dense interactions in a regional institutional context socialize state representatives to these values and norms (Checkel 2007). By contrast, exclusive national identities undermine support for regional integration (Hooghe and Marks 2005; 2008). Over time, (ideational) community-building and (institutional) integration mutually influence and potentially reinforce each other.

In a regional perspective, political ideology and regime type are the most important constructivist factors. The division of Europe in the Cold War era was not only between two hegemonic powers but also between liberal democracy and Soviet communism. Transitions to democracy, first in Southern Europe in the 1970s and then in Eastern Europe in the 1990s paved the way for the expansion of
Western regional organizations committed to liberal democracy. Both the EU and NATO admitted militarily and economic weak countries if they were legitimate (European and democratic) members of the community (Schimmelfennig 2003). On the other hand, countries with strong exclusive national identities or strong norms of independence and neutrality have been sceptical towards participating in these regional organizations even though they were liberal democracies (Gstöhl 2002).

Finally, critical political economy approaches to regionalism in Europe focus on transnational class relations and production regimes (e.g. van Apeldoorn 2002; Bieler 2005). In this view, the division of Europe in the Cold War era was at its core a division between capitalism and socialism, in which regional integration served to spread and stabilize the respective production modes and class structures transnationally. Transnational classes are the main actors of regionalism. The unification of Europe after the end of the socialist systems corresponds not only to the dissemination of capitalism but also to a neoliberal restructuring of the entire region, for which the EU’s single market and trade liberalization agreements with non-member states have been the main conduit and the EU’s supranational institutions have been the main enforcer. In this perspective, the region is divided into core and periphery countries according to their position in the transnational production regimes. Starting with the core countries of North-West Europe, characterized by the production of high-technology goods by skilled, high-wage labour, European economic integration has expanded to the periphery countries, first of the South and then of the East. These countries are penetrated by core capital and integrated into the core’s production networks by providing cheap labour and goods at the lower end of the value chain. This economic core-periphery structure of the region has remained stable in the course of European integration.

Several of the drivers and conditions of regionalism stipulated by the various theoretical approaches overlap and reinforce each other. Power blocs, ideological communities, and production regimes were largely co-extensive when Europe was divided and have tended to expand together during the unification of the region. The emerging European-Eurasian borders in the East separate Russian and Western spheres of military influence and democratic and autocratic countries as well. In addition, constructivist and political economy approaches highlight internal institutional and economic divisions of the unified region based on identity and economic core-periphery status. By contrast, diffusion does not feature significantly in any of the theoretical approaches on European integration. All appear to agree that European integration is “home-grown”, driven by intra-regional and intra-organizational structures and developments, and a source rather than a product of inter-regional or inter-organizational cross-fertilization.
5. How has European regionalism developed? Deepening, widening, and differentiation

Like the literature on European integration, existing measures and descriptions of institutional design and development in the region have focused on the EU. Schmitter (1969: 163) introduced two basic measures: scope, i.e. the number of integrated policy areas, and level, i.e. ‘the extent of commitment to mutual decisionmaking’ (see also Börzel 2005: 221). Leuffen et al. (2013) collapse level and scope into a measure of ‘vertical integration’ and add ‘horizontal integration’, i.e. the number of members or the coverage of the region, as a third dimension of integration. Whereas this is still an EU-centred measure, it takes the entire region into account. In addition, Leuffen et al. (2013) include differentiation, i.e. exemptions and opt-outs of member states from policies and the selective integration of non-members, as an additional feature of institutional design. Again, this measure tells us something about European integration rather than just EU integration.

Figure 1 shows the trajectory of EU integration from the mid-1950s to 2013 along the three dimensions of vertical integration (‘deepening’), horizontal integration (‘widening’) and differentiation (Schimmelfennig et al. 2015). The values for each year represent the mean of 18 policy areas. For vertical integration, it is based on Börzel’s scale of level (standardized to values between 0 and 1). Horizontal integration represents the proportion of European states that formally participate at the highest level of integration in each policy area. Differentiation is measured as the share of differentiated policy areas in each year including both internal differentiation (member state do not participate in the policy at the highest level of integration) and external differentiation (nonmember states participate in the policy at the highest level of integration).

![Graph showing the trajectory of EU integration from 1956 to 2013 along the three dimensions of vertical, horizontal, and differentiated integration.](image)

**Fig. 1** Development of EU Integration (annual mean scores for 18 policy areas). Sources: Börzel 2005; Schimmelfennig et al. 2015.
Three major trends can be discerned. First, European integration is a story of deepening. There were periods of accelerated growth (the 1950s and the 1990s) and periods of relative stagnation (the 1970s and 2000s) but no rollback has occurred so far. By 2013, the average value for vertical integration of .8 indicates that the strong version of the ‘Community method’ (including legislative proposals by the European Commission, qualified majority voting in the Council, co-decision by the European Parliament, and judicial enforcement by the European Court of Justice) is now the typical decision-making mode. Second, the line for horizontal integration similarly indicates that, on average, 75 percent of European countries currently partake in the EU’s integrated policies. It is remarkable that the lines for vertical and horizontal integration show roughly the same trajectory and have reached roughly the same level of integration. This indicates that the alleged dilemma between deepening vs. widening does not exist (e.g. Kelemen et al. 2014). Third, however, the dynamic growth in integration has not been uniform. The 1990s have seen a surge in internal and external differentiation; more than half of the policy areas are now differentiated in one way or another. In addition, the EU has created and used an increasing number of grades of EU membership to build institutional relationship with all countries of the region, ranging from simple trade and cooperation agreements via various forms of EU association to several categories of full membership ranging from economic union to monetary union (Schimmelfennig 2015). Whereas theories of European integration have mostly focused on explaining vertical integration, and horizontal integration or enlargement to a lesser extent, they have treated differentiated integration as an anomaly rather than a constitutive feature of region-building in Europe. They can, however, be extended to include differentiated integration (Leuffen et al. 2013).

Differentiated integration can be explained by policy and country characteristics. Regarding policy, the EU has traditionally been a ‘regulatory’ polity (Majone 1996), seeking to create and regulate a common market but refraining from large-scale redistributive and coercive policies. The EU’s internal market policies show in general the highest degree of combined vertical and horizontal integration: they are supranationally integrated; there are no opt-outs among the member states, but nonmembers (in the EEA) participate as well. Other policies are characterized by higher politicization. The EU’s main expenditure policies (agriculture and cohesion) have redistributive implications. They were also integrated early as a compensation for market liberalization but remain limited to the member states. Policies affecting core state powers (Genschel and Jachtenfuchs 2014) produce sovereignty and identity concerns. For this reason, they were integrated comparatively late in the process and with high levels of internal differentiation (Schimmelfennig and Winzen 2014). The
monetary union of the Eurozone comprises only 19 out of 28 member states. Policies related to internal security and migration (Schengen, justice and home affairs) were only (partly) supranationally integrated in the late 1990s and have internal as well as external differentiation. Finally, external security and welfare policies have remained at a low level of vertical integration because they affect core state powers and redistribution most strongly.

Turning to country characteristics explaining differentiated regional integration, we need to distinguish two settings, one in which states refuse (further) integration in the EU, and another in which states are being refused (further) integration by the core countries of the EU (Schimmelfennig 2015). States refuse further integration if they fear that supranational integration will harm domestic good governance and efficiency and if they value their national autonomy and identity highly. The wealthier and more democratic they are, the better they are governed, and the stronger their national identity is, the earlier in the process they refuse to integrate further and the lower their membership status remains. Similarly, core countries fear that the integration of underperforming countries will produce redistribution, efficiency losses, and a dilution of the EU’s democratic identity. As a consequence, states are refused further integration by the core countries if they are relatively poor and poorly governed. The wealthier they become, the more they consolidate democratically, and the more they improve their governance, the further they are allowed to move towards full membership in the system.

Similar time series of institutional development do not exist for the other major regional organizations of Europe. Some general comparisons can be made, however. First, only the EU features a high level of supranational integration across several policy areas and has experienced significant vertical integration since the end of the Cold War. The CoE possesses supranational powers in the area of human rights protection only: the Strasbourg-based European Human Rights Court receives individual complaints and makes binding decisions. NATO has an integrated military command in Brussels but its post-Cold War institutional development has been characterized by high flexibility in military commitments (Schimmelfennig 2007). By contrast, the Vienna-based OSCE has no supranational features. This comparison suggests that supranationalism in European integration depended on the initial choices of a small group of like-minded founding members.

Second, the organizations have varied in the speed of expansion from West to East. The OSCE was pan-European from the start and immediately admitted the new states of the region. The CoE expanded quickly during the 1990s on the basis of rudimentary democratic requirements: both
organizations have a design of inclusive membership and promote liberal democratic norms from within. By contrast, the EU and NATO follow the principle of exclusive membership and require countries to first consolidate democratically before they are admitted. As a result, both organizations have only started to expand in the late 1990s and remained considerably smaller than the OSCE and the CoE. Third, the EU is the most differentiated of the regional organizations. NATO created the Partnership for Peace for (most) nonmembers. By contrast, the OSCE and CoE have not established institutional differentiations for the countries of the region. Tangible security and economic benefits provided to members appear to be correlated with exclusive membership, and exclusive membership goes together with external differentiation.

6. **What is the impact of regionalism on Europe? Peace, welfare, inequality, and democracy**

How has regionalism in Europe contributed to peace, welfare, inequality, and democracy in Europe? Peace is often claimed to be the most important achievement of European integration, recognized in 2012 by the Nobel Prize for Peace awarded to the EU. It is true that the member states of the EU, who were engaged in great power rivalry for centuries and started two world wars in the 20th century, have established a stable security community and expanded it to southern and eastern Europe in the course of enlargement. First, however, the EU peace is overdetermined: it could also be explained as an effect of the democratic peace (all EU members are democracies) or the Pax Americana (all big EU members are also NATO members). Second, European peace was possible outside the EU. The Nordic countries, which joined the EU late and only partly, have formed a security community for more than a century. Third, the EU has not been able to end or prevent war outside its area of membership. The civil wars in former Yugoslavia were ended by NATO. The war in Kosovo, however, prompted the EU to develop its own security and defense policy, to establish peacekeeping forces that were subsequently deployed in Bosnia, Kosovo, and Macedonia, and to offer the Western Balkans a membership perspective. EU enlargement remains the most reliable way to stable peace in Europe: accession conditionality provides candidates for membership with a strong incentive to strive for the peaceful management of domestic conflicts and conflicts with neighboring states; and interstate violence is virtually unthinkable among EU members.

Economic studies generally come to the conclusion that EU membership and enlargement have created positive welfare effects. Campos et al. (2014) show that EU accession has had a positive effect on incomes (in the order of 12 percent on average) and growth rates in all new member states with the exception of Greece. The extent of the positive effects varies strongly among new member states but all have been able to narrow the welfare gap to the old member states (again with the exception of Greece). In addition, Eurozone countries benefited more strongly than those that did
not adopt the common currency. Even association agreements with the EU have a positive effect on welfare – and one that is stronger in the nonmember countries than in the member states (Egger and Larch 2011). A part of the effect might, however, be attributable to the anticipation of accession.

The impact of European integration on income inequality has varied across time and levels. According to Jason Beckfield, between-nation inequality has sharply decreased until the early 1970s, fluctuated without a trend between the 1970s and 1990s, and reached an all-time low in the mid-2000s. By contrast, within-nation inequality has increased since the early 1970s as a result of neoliberal policy reinforced by European integration. The net effect has still been a decrease in income inequality (Beckfield 2009; 2013). This analysis does not yet take into account the effects of the financial crisis, however.

Finally, EU enlargement has had positive region-wide effects on democracy. EU democracy promotion among nonmember states has proven effective – but only if the EU offered membership (or association as a first step toward accession) as an incentive for democratic consolidation (Schimmelfennig and Scholtz 2008, see also Vachudova 2005 and Schimmelfennig et al. 2006). Whereas EU incentives do not trigger regime change, they help overcome domestic resistance against unpopular liberal democratic reforms and lock in democratic consolidation by inducing illiberal parties to modify their strategies (Schimmelfennig 2005). NATO’s political accession conditionality has also had a positive effect (Schweickert et al. 2011). By contrast, the CoE’s and the OSCE’s socialization based methods were not effective when used in the absence of conditionality (Kelley 2004). It is more debatable to what extent the EU is able to stabilize democracy once countries have joined. Recent illiberal developments in Central and Eastern Europe put into question the finding that backsliding has not happened (Levitz and Pop-Eleches 2010), and the EU has long been associated with a ‘democratic deficit’ (Hix and Føllesdal 2006).

The study of ‘Europeanization’, which deals with the impact of regional integration on the policies, politics, and polities of Europe, has mainly focused on the EU and a broad range of individual policies. Europeanization has proven particularly pervasive in the post-Cold War accession process of Central and Eastern European countries both at the policy and the polity level (Schimmelfennig and Sedelmeier 2005). At the level of politics, however, European integration has generally strengthened executives and reduced the scope of domestic policy choice and participation both in old and new member states (Jurje 2013). It is furthermore doubtful whether the EU’s Europeanization impact continues beyond its current membership. Weak state and economic capacities slow down the integration of the Western Balkans; in Eastern Europe these impediments are reinforced by Russian geopolitical resistance and EU reluctance to offer a credible accession perspective. As a consequence,
Europeanization depends on policy-specific international and domestic conditions and remains patchy and often shallow (e.g. Langbein and Börzel 2013).

7. Conclusion

Europe is easily the most extensively studied area of regionalism. Theoretical approaches to regional integration have generally been inspired by, and often focus exclusively on, the experience of post-war Europe. A huge body of literature examines the development of institutions and policies as well as the politics and decision-making processes at the European level. As I have argued in this chapter, however, this rich literature has focused almost exclusively on the organizational growth and activities of the EU. Studies of Europe outside the EU and other European regional organizations have either been taken an EU vantage point or failed to contribute to the theory of regionalism.

To some extent, this EU-centeredness was empirically justified in a post-Cold War era characterized by dynamic EU enlargement, expansion of tasks, and encroachments into the turf of other regional organizations. Yet, EU enlargement is slowing down markedly and some countries both in the West and the East of the region are unlikely to become members in the foreseeable future. At the same time as the EU has expanded into new policy areas and deepened supranational integration, it has also created new grades of membership and increased the internal and external differentiation of integrated policies. The EU’s move into security and defense policy has stalled at a low level of integration; and both Russia’s and Turkey’s new assertiveness create limits to the EU’s apparent monopoly in region-building. Europe is likely to remain a system of differentiated integration.
References


## ANNEX

<table>
<thead>
<tr>
<th>Organization</th>
<th>Foundation</th>
<th>Members original/in 2014</th>
<th>Main seat</th>
<th>Scope (main policies)</th>
<th>Level</th>
<th>Differentiation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council of Europe (CoE)</td>
<td>1949</td>
<td>10/47</td>
<td>Strasbourg</td>
<td>Democracy, human rights, rule of law</td>
<td>Intergovernmental with supranational human rights jurisdiction</td>
<td>None (observer status for extra-regional countries)</td>
</tr>
<tr>
<td>European Union (EU)</td>
<td>1952 (European Coal and Steel Community) EU since 1994</td>
<td>6/28</td>
<td>Brussels</td>
<td>Economy</td>
<td>Supranational economic integration</td>
<td>Internal (Eurozone) and external</td>
</tr>
<tr>
<td>North Atlantic Treaty Organization (NATO)</td>
<td>1949</td>
<td>12/28</td>
<td>Brussels</td>
<td>Security (defense)</td>
<td>Intergovernmental with integrated military command</td>
<td>External (partners)</td>
</tr>
<tr>
<td>Organization for Security and Cooperation in Europe (OSCE)</td>
<td>1973 (CSCE) OSCE since 1990</td>
<td>35/57</td>
<td>Vienna</td>
<td>Security (collective), democracy</td>
<td>Intergovernmental</td>
<td>None</td>
</tr>
</tbody>
</table>


\[3\] For recent overviews of European integration theory, see e.g. Wiener and Diez 2009; Leuffen et al. 2013; and Saurugger 2013.

\[4\] For the list of countries, see Leuffen et al. 2013: 16 plus Kosovo since 2008.

\[5\] The small dent in the horizontal integration line during the early 1990s is a statistical effect of the addition of many new states to the European region.