

Theories of the European Integration

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Further Reading:

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“After the end of the Second World War, leaders in Europe sought to think of ways to overcome the national antagonisms that had led to the slaughter of 1939-45. For European leaders like Spinelli and Monnet, the answer lay in **devising a European political structure** that could bring the states of Europe together under a common political framework so that the common interest could be maximised and tensions be reduced (Burgess, 2000, p.36)” (5)

“When the nation-state as a political unity was at a moment of weakness, different theories of integration were proposed, especially by American scholars. According to Milward and Sorensen (Milward et al., 1993: 1), most of those theories were a direct response to the needs of the United States of America foreign policy towards Europe. In their words: ‘Once the unity of Western Europe became a goal of US foreign policy, political theories which predicted the likelihood of that goal being achieved proliferated’ (1)

Federalism

“For Spinelli in particular, the key to peace and development on the European continent was the establishment of strong Europe-wide institutions that could perform the role of keeping European states in check. Spinelli advocated a **federalist framework** with central institutions responsible to some issues and responsibility for other issues held at the level of member states (Burgess, 2000, p.36)”. (5)

“ First, federalism tends to be **normative** rather than *analytical*, in the sense that it is more a discussion of why sovereign states should form a federation rather than an explanation of why they might do so. Second, federalists broadly agree that ‘the nation states have lost their property rights since they cannot guarantee the political and economic safety of their citizens’ (Spinelli 1972: 68). Third, a federation – characterized by a division of power between two or more levels of government, a federal core and its constituent units, where the central authority operates directly upon the citizens – must come into being as the result of the voluntary transfer of powers from constituent members rather than through the use of force.

. **Classic federalists** tended to favour a rapid constitutional approach: from this perspective integration is seen as a dramatic act of constitutional revolution, initiated by political elites and decided through formal rules. For **Spinelli and Rossi** [1944] – as stipulated in the Ventotene Manifesto – integration should be cultivated as a broad popular movement. This was considered necessary to put pressure on elites to transfer power to a higher authority. Without such popular pressure the federal government would lack legitimacy. In **Monnet’s ‘incremental’ or ‘functional’ federalism**, integration is not the result of radical change, but a gradual process of forging functional links between states in areas where national sovereignty was not challenged.

The failure of the pioneering project for a European Defence Community (alongside a European Political Community) in 1954 to some extent **weakened the federalist movement**, although assertions that the movement petered out thereafter have been rebuffed

In terms of **enlargement policy**, federalism has emphasized the challenge of maintaining **unity and diversity** in both EU policies and institutions. A potential overaccentuation of diversity should be counterbalanced through the protection of the **acquis communautaire** as well as further shifts of competence to the Union’s institutions

One of the criticisms that can be leveled against federalist theory is its excessive focus on the end product of integration, without sufficiently expanding on the means of how to get there. ” (2)

Functionalism

“ *Functionalism and transactionalism* differ from federalism in that they both claim that **form follows function**. For functionalists and transactionalists, the functions of cooperation are more important than the right kind of institutional forms (federal or otherwise). However, they do so in quite different ways from each other and both aim at different end-goals.

If *federalism* advocates the notion that “**function follows form**” then functionalism turns this logic on its head arguing that international organisations should not be based so much on specific forms of governance but rather should be directed towards ensuring that certain functional tasks that reflect and increase interdependence between states are carried out, ultimately ensuring more peaceful relations between peoples. For the advocates of functionalism, the ideal form of government (federal or not) cannot and should not be brought about by designing a priori a political structure. Rather, functionalists assert that desired governmental forms should develop over time and in the short term the core objective of international organisations should be ensuring that functions of governance (the means to deliver prosperity, public services, welfare etc.) should be set up.

The key proponent of functionalism, **David Mitrany**, argued that in an interdependent world, international organisations that were designed to serve specific economic and social functions that nation states needed would be better placed to ensure continued peace between those states (EilstrupSangiovanni, 2006, p.24). It was his contention that, over time, citizens' allegiances would shift from nation states to support for the technocratic agencies that provided the functions they needed. In turn, the competitive balance of power politics between states would be reduced and the chance of conflict lessened

Mitrany was keen to move political thinkers away from the design of comprehensive institutions at national or regional levels. For him, regional structures, such as those advocated by federalists, would present the risk of merely replicating the same balance of power systems, at a larger regional level, that proved so destructive between states (Eilstrup-Sangiovanni, 2006, p.24)" (5).

Neo-functionalism:

"All scholars agree that among the post-war theories of integration, 'the explanatory theory that dominated studies of the EC in the 1950s and early 1960s was *neo-functionalism*' (George, 1991: 19). Indeed, whilst other approaches such as the federalist or the functionalist, were rapidly dismissed by the factual reality of the 1940s and 1950s, the neo-functionalist was able to capture a universal recognition as the theory of European integration.

The neo-functionalist theory was largely developed by **Haas** (1958; 1963; 1968) and **Lindberg** (1963) in the 1950s and 1960s. It was a theory of regional integration based upon a sympathetic revision of the functionalist's postulates for global integration developed by David Mitrany" (1)

"Haas and Lindberg developed the theory of neofunctionalism mainly as a response to the establishment of the European Coal and Steel Community (ECSC) and the European Community (EC)

The basic neofunctionalist assumptions can be summarized as follows: (1) integration is understood as a process. Implicit in the notion of process is the assumption that integration processes evolve over time and take on their own dynamic. (2) Regional integration is characterised by multiple, diverse and changing actors, especially supranational ones, who also build coalitions across governments/bureaucracies (Haas 1964: 68ff). (3) Decisions are taken by rational and self-interested actors, who have the capacity to learn from their experiences in co-operative decision-making and also change their preferences (Haas 1958: 291; Haas 1970: 627). (4) Incremental decision-making is given primacy over grand designs where seemingly marginal adjustments are often driven by the unintended consequences of previous decisions." (2)

"Neofunctionalism is unusually eclectic in its intellectual roots (Schmitter 2005: 256ff). It is deeply influenced by two theories – **pluralism and functionalism** – that gained traction in the immediate post-World War Two decades. From democratic pluralism and the work of Truman and Dahl, neofunctionalism developed the idea that government could be disaggregated into its component group actors. Instead of making assumptions about the interests of states, as classical realists had done, neofunctionalists conceptualize the state as an arena in which societal actors operate to realize their interests. So rather than explaining international politics as a game among states, neofunctionalists consider international relations as the interplay of societal actors. This has released neofunctionalists from the assumption that international relations is driven by the desire for state survival or economic gain. If groups within or among states believe that supranational institutions are more promising than national institutions in achieving their interests, then regional integration will result (Haas 1958)" (3)

“The *neo-functionalists* stressed the **psychology of elites**, whereas *functionalism*’s emphasis was on a **popular psychological community**. This is a consequence of different conceptions of society. For the neofunctionalists it is a pluralist community, ‘a system of co-existing but different interests’ (Taylor, 1983: 3). For the functionalists it is a ‘community of beliefs, 15 values, attitudes and loyalties’ (Taylor, 1983: 3)

Accordingly, each theory saw the essence of stability in different elements. The older *functionalists* pointed to the element of agreement, **consensus in society**, that is, to an underlying homogeneity of society. The *neo-functionalists*, on the other hand, argued that social life was dominated by **competition among interests**. They recognised stability in the efficient management of conflict in a pluralist society. While functionalism was interested in changes in popular attitudes, neo-functionalism focused on changes in elite attitudes and expectations” (1).

“*Functionalism* was never designed as an analytical tool for European Integration. In fact, Mitrany was always opposed to regional integration since it merely replaced one border with another. This is what constitutes the fundamental difference between functionalism and neo-functionalism: neo-functionalists specifically study regional integration with European Integration as their foremost case in point. But as the name suggests, there are many parallels between functionalism and neo-functionalism in other respects. Both stress the centrality of technocratic decision-making, incremental change and learning processes (Niemann & Schmitter, 2009)

According to **Ernst Haas** – neo-functionalism’s principal theorist – integration was the process ‘whereby political actors in several distinct national settings are persuaded to shift their loyalties and activities towards a new centre, whose institutions possess or demand jurisdiction over the pre-existing national states’ (Haas, 1958, p.16).

In practice, this would look something like this: a group of countries decides one or more sectors of their economies (often of low political contention; e.g. coal and steel production) can be more profitably organised on an international level. To that end, they create a **supranational organisation** (e.g. the European Coal and Steel Community) to administer the implementation of their joint policy. But they quickly discover that it makes no sense to only integrate one sector if related sectors (e.g. transport or energy) remain shackled within national borders. As integration thus acquires a dynamics of its own, more and more national elites (both governmental and non-governmental) will re-direct their energies towards the budding supranational organisation.

The three crucial concepts to remember from this are:

- **spillover**: once started, integration quickly becomes a self-fulfilling prophecy with ever new sectors being taken in;
- **supranational institutions**: progressively strengthened by further and further integration, these institutions employ a new class of functionaries with a vested interest in still deeper integration;
- **transfer of loyalty**: as supranational institutions show themselves to be more effective in dealing with specific problems than nation-states, national interest groups will re-invent themselves on a regional level and national policy-makers will be socialised into searching regional solutions for their problems” (5)

“The effort by Lindberg and Scheingold in the book *Europe's Would-Be Polity* deserves special mentioning (Lindberg and Scheingold, 1970). Lindberg and Scheingold now studied the EC as

a political system, where inputs in the form of demands, support and leadership are transformed into outputs in the form of policies and decisions. They added three integration mechanisms to that of spill-over already developed by Haas, namely (a) **log-rolling and side-payments**, i.e. bargaining exchanges designed to “gain assent of more political actors to a particular proposal or package of proposals,” (b) **actor-socialization**, i.e. the process whereby the “participants in the policymaking process, from interest groups to bureaucrats and statesmen, begin to develop new perspectives, loyalties, and identifications as a result of their mutual interactions,” and (c) **feedback**, which mainly refers to the impact of outputs on the attitudes and behaviour of the public at large. If the public finds the output from the system good and relevant, support for the system is expected to increase.

Integration was seen as a **political process** by Lindberg and Scheingold. On the demand side various domestic groups have expectations and lobby the governments for certain outcomes. On the supply side coalition formation and leadership are seen as central aspects of the process. To get decisions through the system you must have the support of various groups and individual decisionmakers. This is where the role of the independent Commission was seen as important in the EC. The Commission can actively try to build coalitions to overcome national resistance to new policies and decisions, i.e. exercise supranational leadership” (4)

“There used to be a time when neo-functionalism dominated the field of European Integration Theory, but reality quickly caught up... The ‘**Empty Chair Crisis**’ of 1965-66 demonstrated that spillover was not automatic, that supranational institutions could be defeated and that loyalties had remained very much with the nation-state.

This sent neo-functionalism into a long period of wilderness. While Haas declared his own theory ‘**obsolescent**’ (Haas, 1975), some of his students and followers would not give up so easily. In response to the various criticisms, they set about reformulating the weak spots of the theory. **Philippe Schmitter** replaced the ‘automaticity of spill-over’ with an alternative model in which spillover was but one of seven possible actor strategies in the face of European Integration (the other six being ‘*spill-around*’, ‘*build-up*’, ‘*retrench*’, ‘*muddle-about*’, ‘*spill-back*’ and ‘*encapsulate*’) (Schmitter, 1971). For his part, **Arne Niemann** addressed the claim that early neo-functionalism had neglected nationalism by adding ‘**sovereignty-consciousness**’ as a countervailing force to European Integration (Niemann, 1998).

Whilst few European Integration Theorists would consider themselves neo-functionalists today, the theory’s profound influence on thinking about European Integration is unquestionable. As we will see, it has informed later scholars, who have recycled certain aspects of neo-functionalism into their new theories. Some have even described the present Euro Crisis as ‘the revenge of neo-functionalism’, suggesting there might still be another lease of life to a theory declared dead by its founder almost four decades ago.”(5)

Intergovernmentalism

“In the mid-1960s and 1970s, the neo-functionalism came increasingly into conflict with observed developments. In January 1966, the Luxembourg Accords, which brought to an end the crisis in the Communities caused by the French withdrawal from participation in the major committees of the Communities in June 1965 (‘empty chair’ policy), confirmed that there would be no movement to majority voting in the Council of Ministers, as had been stipulated in the Treaty of Rome. This decision had the effect of hastening the development of

intergovernmentalism in the Communities. In the words of Taylor (1983: 20): 'It meant that the style of decision-making came to focus upon building a consensus among governments rather than upon building an adequate majority in the Council.' Or as Wallace (1996: 46) states: '[this decision] began to undermine neofunctionalism and to make intergovernmentalism a more common descriptor of the Community's institutions.'

To make matters worse for the neo-functionalists, three institutional innovations in the late 1960s further reduced the Commission's room for manoeuvre. First, the member states developed the Committee of Permanent Representatives. Secondly, they created the management committee procedure. Lastly, in 1974, the European Council was established. All those institutional innovations were on the Council side of the Commission-Council axis, and tipped the balance further in that direction (George, 1991).

There is, therefore, evidence to show that neo-functionalists' emphasis on the role of the Commission in the integration process, did not coincide with the reality of the late 1960s and of the 1970s. Yet, this was not the only neo-functionalist parameter to be discredited by the reality of that period. The same can be said about the interest groups that were formed at European level and about the neo-functionalist belief in a linear process of integration.

Neo-functionalists expected European interest groups to develop 'a distinct 21 vested interest in increasing their attributes vis-a-vis the national constituted groups' as well as 'participation in them to represent a fundamental restructuring of expectations and tactics' (Lindberg, 1963: 99). In other words, they expected that there would be a steady consolidation of European interest groups at the European level and a decline in the position of national ones. The reality, however, was that 'much EC lobbying by national organizations or firms was conducted through national political and administrative structures'

Furthermore, neo-functionalists also believed the process of integration to be a linear continuum leading from the nation-state system towards a new political community. Nevertheless, after the 1966 Luxembourg Accords, European integration was stopped in its tracks. Neo-functionalists' expectations of spillover did not take place, 'nothing like an incremental and self-sustaining momentum towards further integration could be claimed' (Greenwood, 1997: 246). All attempts to increase the scope and pace of European integration (e.g., Hague summit of 1969, the 1970 Werner Report on European Monetary Union, and the 1975 Tindemans Report on European Union) were halted by decision-making grid-locks and a dysfunctional institutional structure

The factual reality of the 1960s and 1970s and the problems of the neofunctionalist theory to explain it, led to the application of realist perspectives to the European case. The '*logic of diversity*' seemed stronger than the 'logic of integration' (Hoffmann, 1968: 199)

Realist theories may be broadly defined as those theories which stress relative power (i.e. resources, capability for unitary action) and national interests and for which the principal actors at the international level are the nation-states, while all the other realities are subordinated to them (Dougherty and Pfaltzgraff, 1990). In these theoretical frameworks, the Community is a gathering of sovereign states, 'an international rather than a supranational organization' (Cameron, 1992: 28). The EC is just seen as *an instrument of the nation-states*, created to assist their regeneration and adaptation to the demands of the modern world. Under this view, the EC would be 'a forum for facilitating agreements in areas where the interests of autonomous states overlap' (Sandholtz, 1996: 405); 'a passive structure providing a contractual environment conducive to efficient intergovernmental bargaining' (Moravcsik, 1993: 508)" (1)

"If (*neo*)functionalism represents IR liberalism in the European Integration debate, (liberal) *intergovernmentalism* certainly constitutes its realist counterpart. But it would be a mistake to think that European Integration intergovernmentalists were ever as hard-nosed as proper realists, with their near-exclusive focus on the relative position of states in the international

balance of power. In fact, intergovernmentalists always factored domestic forces into their equations. Their objective was never to understand European Integration as a mere temporary alliance directed at (military) security, but to **bring the nation-state back to the centre of its analysis.**

European Integration intergovernmentalism was born out of a critique of neo-functionalism. Focusing primarily on the attitudes taken by French President Charles De Gaulle in the 1960s, **Stanley Hoffmann** argued that integration might work very well in the realm of low politics (i.e. economic integration) but encountered impermeable barriers if it tried to spill over to questions affecting key national interests (Hoffmann, 1966). The same was true for supranational institutions. Member States still considered some (high policy) areas like foreign policy to be theirs. If supranational institutions were seen to infringe on those, they would not hesitate to curtail their competencies.

The basic point intergovernmentalists made was that European Integration tended to ***flourish where positive outcomes for all involved could be guaranteed*** (the Common Market serves as the foremost example in this context), but would ***stall once the national interests of one or more countries directly contravened those of others*** (as during the Empty Chair Crisis, etc.).

Intergovernmentalism reached its prime in the ‘**doldrum years**’ of European Integration (Wiener & Diez, 2009: 6) during the 1970s, when the failure to get any further with political integration seemed to confirm most of its premises. Yet, like neo-functionalism, intergovernmentalism was quickly met by events that did not fit its theoretical framework. **The signing of first the Single European Act (1986)** and subsequently the Maastricht Treaty (1991) asked serious questions of the dichotomy between low and high politics at intergovernmentalism’s core. How, for example, was it possible that, with the creation of the European Monetary Union and the European Common Foreign and Security Policy, states ‘*willingly* surrendered control over issues of central importance to national sovereignty’ (Rosamond, 2000, p. 79)?

Faced with this conundrum and even with a *resurgent neo-functionalism*, **Andrew Moravcsik** undertook to adapt intergovernmentalism to the new European reality of the 1990s. In his efforts to explain European Integration ‘from Messina to Maastricht’ (1998), he devised the concept of ‘**liberal intergovernmentalism**’. This differed from classic intergovernmentalism in that it emphasised domestic rather than national interests. First, on the **domestic level**, various interest groups would compete in order to influence national preference formation in integration. Then, the outcomes of these struggles would go on to inform the positions taken by governments in interstate bargaining.

Finally, if governments feared the resultant agreement was not going to be lived up to by the other parties, they would favour the ***transfer of sovereignty to supranational institutions*** better placed to force compliance (Schimmelfennig, 2004).

Let’s take an example in order to understand this process better.

- The agricultural sector is an important interest group in France, with a high potential for influence at the governmental level.
- They managed to influence the national preference of France regarding the sector at the EU level, favouring the creation of the Common Agricultural Policy (CAP). This would enable French agricultural surpluses to be exported in a liberalised market.
- The transfer to a supranational institution is exemplified by the French government pushing for a highly centralised CAP, in order to ensure compliance by other members.

But the position of states vis-à-vis supranational institutions always remained strong, as interstate bargaining occurs in a situation where government leaders often know more about each other's preferences than the out-of-touch supranational institutions.” (5)

Transactionalism.

“*Transactionalism* differs from federalism and functionalism as it does not presume the need to establish **federal bodies or functional agencies** in order to ensure peace between nations. Indeed, by contrast, transactionalism seeks to ensure sufficient **integration at a social level** to make conflict unthinkable (Eilstrup-Sangiovanni, 2006, p.29). Transactionalism (also known as *Communication Theory*) holds that rather than build specific institutional structures or be concerned with the establishment of agencies that would serve particular functions, it is necessary to focus on the building of **communities between peoples in different states** (Eilstrup-Sangiovanni, 2006, p.29). This concept rests on the idea that increasing interaction at a social level between people builds up feelings of trust and good will that make conflict unthinkable (Eilstrup-Sangiovanni, 2006, p.29)

The foremost advocate of this position, **Karl Deutsch**, contended that integration has two dimensions (Eilstrup-Sangiovanni, 2006, p.29). The first is a process of **social integration** involving increased interaction, communication, movement and contact between peoples. The outcome of this, Deutsch suggested, would be the establishment of ‘security communities’ between peoples where the concept of war as a means of settling disputes between peoples would be unthinkable. The second stage that could follow from this is **political integration** (Eilstrup-Sangiovanni, 2006, p.30). Indeed, having established the social base of integration it might then be possible to build political structures upon this social foundation. Indeed, Deutsch warned against building political structures before the requisite social base had been established. He suggested that moving too quickly to develop a political solution could actually increase the likelihood of conflict (Eilstrup-Sangiovanni, 2006, p.30). “ (5)

Postfunctionalism

“Whereas neofunctionalism and intergovernmentalism view European integration as an efficiency improving process in which economic actors seek gains, postfunctionalism emphasizes the disruptive potential of a clash between functional pressures and exclusive identity (Hooghe et al. 2019: chs. 6 & 8; Hooghe and Marks 2009: 12–14). This approach is rooted in comparative research on identity and domestic contestation, including Lipset and Rokkan’s (1967) classic analysis of cleavages.

Postfunctionalism assesses the causes and effects of politicization in three steps. First, there is a mismatch between the institutional status quo and the functional pressures for multilevel governance that arise from interdependence. European integration is here one aspect of a broader phenomenon, the reconfiguration of the state to gain the benefits of providing public goods at diverse scales from the local to the national and international level (Marks 2012).

The second step is concerned with the arena in which decision making takes place. This can be insulated among government leaders, civil services, European bodies, and interest groups or decision making may enter the arena of mass politics where it is subject to mass media, political parties, social movements, and government coalitions. This depends on the stakes of the issue, and more importantly, on the capacity of contending actors to politicize an issue that would, by default, be negotiated in a conventional elite setting. Postfunctionalism pays detailed attention to the arena in which an issue is debated because it affects the nature of conflict. Mass politics in elections, referendums, and party primaries opens the door to the mobilization of national identity as a constraint on integration.

The third step analyzes how European integration shapes the structure of **political conflict**. This draws on the behavioral literature on the strategic interaction of political parties, the dimensionality of party competition, and voter choice.⁴ To the extent that European integration activates identity issues related to the reconfiguration of the state, it disrupts established party systems, gives rise to new radical left and radical nationalist parties, and constrains supranational problem solving. The systemic effect is to polarize societies on a cultural divide that arguably takes the form of a durable socio-political cleavage (Dalton 2018; Hooghe and Marks 2018a; Kriesi et al. 2006). Among voters, research indicates that those with a more exclusive attachment to the national ingroup are most prone to Euroskepticism and to support nationalist parties

Neofunctionalism and intergovernmentalism conceive European integration as a cooperative process among interest groups and governments. The effect of divergent preferences is to produce deadlock – that is, a failure to shift the status quo, reap collective gains, or transcend the lowest common denominator. Postfunctionalism, by contrast, conceives European **integration as a conflictual process arising from incompatible belief systems**. It is a form of jurisdictional restructuring that, like the development of the national state, has produced a profound cultural divide. Hence the range of possible outcomes under postfunctionalism encompasses not only the status quo or its punctuated reform, but also **disintegration**” (3)

Institutionalism.

“*New institutionalists* see institutions as very important. Indeed, new institutionalism sees institutions as central in determining what happens in EU affairs. For new institutionalists, institutions represent a key variable in the integration process as they can determine and affect the course of the EU policy.

We can identify three main types of new institutionalisms (rational, historical and sociological) and each of the three variants of new institutionalism sees institutions impacting on policy outcomes in different ways.

Neo-functionalism and intergovernmentalism are ‘**grand theories**’ of European politics that seek to explain the overall direction and developments of European integration. By contrast, the *new institutionalisms* are ‘**middle range**’ theories that aim to account for specific European integration processes, but that do not seek to explain all of European integration within a single theory (Nugent, 2003, p.488). The move towards to such middle range theory in the context of European studies grew out of dissatisfaction on the part of some theorists with grand theory. Some scholars felt that theories such as neo-functionalism either missed the complexities of European Union or, if these complexities were factored into account, became too unwieldy to be useful (Nugent, 2003, p.488). Furthermore, in explaining the major episodes of EU integration, these grand theories do not really account for the day to day, week by week politics of the EU. Better, perhaps, in that case to focus on explaining smaller, but more manageable aspects of the European politics (Nugent, 2003, p.488). These middle range theories (such as the new institutionalisms) seek to do just that, often borrowing approaches from public policy and comparative politics that are normally used to study domestic politics, rather than International RAs an approach to the study of the EU, new institutionalism rests on the assumption that ‘institutions matter’ in European politics (Nugent, 2003, p.488-9). However, new institutionalism is not a single theory, but rather a set of approaches, each of which looking at institutions in a different way, drawing out the different manner in which institutions impact on political processes. At the heart of these ideas is the assertion that institutions are political structures that constrain or enable the actions of the actors that operate within them. The rest

of this extract focuses on three different strands of new intuitionist thinking; Historical Institutionalism, Rational Choice Institutionalism and Sociological Institutionalism.

Historical Institutionalism (HI) As an approach to EU politics, historical institutionalism focuses on the way that member states' decisions both within and about institutions create a set of structural institutional conditions that constrain their future behaviour. The key concepts in HI are '*path dependency*' and '*unintended consequences*'. Path dependency refers to the concept of being constrained by previous decisions. It rests on the assumption that once a decision has been made, revoking and going back on that decision is costly (in the sense that it is problematic for states) and thus states therefore have to live and work within their previous decisions. Unintended consequences are the results that arise from member state decisions that they do not expect. States can end up approving and integrating in ways that they would have not envisaged because unintended consequences of their previous decisions arise and they are constrained to work with rather than against them. In the context of the EU, historical institutionalism focuses on the way EU member states' previous decisions to integrate and establish supranational institutions constrain their freedom of manoeuvre and may end up having unintended consequences such as increasing the power of supranational actors such as the European Commission.

Rational Choice Institutionalism (RCI) Rational choice institutionalists are primarily concerned with explaining why states delegate responsibilities to institutions. They argue that states create and work within institutions because they *reduce 'transaction costs'* and provide them with additional benefits. You might think that a focus on the reduction of transaction costs and the maximisation of benefits has an intergovernmentalist feel about it - and you would be right. Rational choice institutionalism shares an assumption of cost-benefit rationalism on the part of states with intergovernmentalist theories. Rational choice institutionalists are intergovernmentalist in that they see states (unsurprisingly) as rational, unitary actors trying to maximise their interests within institutions. Indeed, like intergovernmentalism, RCI sees preference formation as occurring outside of any institutional setting. According to RCI institutions provide both the structural opportunities and restraints for states to rationally pursue their independently decided objectives.

Sociological Institutionalism Sociological Institutionalism (SI) is somewhat different from the first two mentioned here. Rather than focusing on the institutional structures and processes within institutions or the material incentives or costs that institutions impose, SI is interested in the non-material, sociological qualities of institutions such as *the norms and shared values* that institutions represent and that in turn shape the policy that derives from them. SI adopts an approach similar to constructivist notions of international relations (that we will look at later in this module) asserting that the social ideas and norms of what is considered 'right', 'just' or 'the done thing' within a given institution 'constructs' (i.e. determines or shapes) the reality and practices within that institution. When institutions are created they both reflect and imbue a certain set of ideas that restrain the decisions that actors make within these institutions. The ideas shape what is considered 'acceptable' and 'normal' behaviour and consequently, according to SI, these understandings of what is 'normal' determine the parameters of actors' decisions and subsequent actions." (5)

Multi-level governance (MLG)

"European integration theory was dominated by *neo-functionalism* in the 1960s and by *realism* in the 1970s and early 1980s. In the late 1980s these two paradigms were finally confronted.

As a result of this confrontation, there seems to be an emergence of a new approach based on the idea that neither neo-functionalism nor realism alone can explain European integration but that each perspective provides fundamental insights. **Multi-level governance models** and even state-centred models tend to recognise that both theoretical frameworks have something to offer” (1).

“Multi-level governance (MLG) assumes that the EU is *sui generis* (unique). Theorists who advance MLG present a multi-layered view of the EU.

For them, EU member states are an important, perhaps the most important, part of the European polity, but they are not the only influential actors. Others, including supranational organisations and sub-national actors, also play a significant role operating at different ‘levels’, all impacting on EU developments.

It is probably incorrect to describe multi-level governance (MLG) as a fully fledged theory of integration like (neo-)functionalism for example) as MLG provides a conceptualisation of the EU rather than a theory per se. MLG does make assumptions about the European polity that can be tested but MLG is perhaps best thought of as offering a midway conceptualisation between different supranational and intergovernmental theories. Rather than focus on one theory or another, MLG is conceptually flexible as a framework for understanding the EU in that it allows one to use different approaches and mid-range theories to explain outcomes in different aspects of the EU. Multi-level Governance The concept of multi-level governance is built on a number of foundations.

Firstly, European integration means that decision making capacity in the EU rests at a number of different levels. The most important of these being the supranational level of EU institutions, the national level of governments and the sub-national (and thus transnational levels) of sub-state actors such as local governments and interest groups (Nugent, 2003, p.473). 2. Secondly, European integration has meant a loss of sovereignty for states (or more accurately national governments). Conversely however, European integration has increased the capacity of supranational bodies and sub-national actors who now operate across national boundaries (Nugent, 2003, p.474). Generally speaking, the intergovernmentalist view of states as the sole important actors of European politics is rejected, or downplayed at least, by those who advocate MLG (Nugent, 2003, p.473). 3. The supranational, national and sub-national levels of government are seen to be interconnected with political developments at one level impacting on the other levels (Nugent, 2003, p.474). Again, the state centric model that sees states as the sole arbiters of European politics and the channels through which actors engage in the European sphere is thus challenged by the MLG. Within this framework, developments at the sub-national level, for example, can have a profound impact on other levels and consequently impact on the speed and shape of integration (Nugent, 2003, p.474).”(5)