
The Contribution of the Neofunctionalist and Intergovernmentalist Theories to the Evolution of the European Integration Process

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Abstract: *The aim of this paper is to emphasize to what extent the two grand theories – neofunctionalism and intergovernmentalism – have underpinned and shaped the European integration process since the inception of what is today called the European Union. By giving an overview of how these two major theoretical streams have been depicted in the work of several scholars corroborated with some of the most relevant historical facts and changes which occurred in the fifth decades of European integration, this essay assesses both the evolution of these two main theories in the post-war era and their impact on the development of the European project as envisaged by the founding fathers of the European Community, Jean Monnet and Robert Schuman. These two tenets are useful in providing us with the analytical tools to explain the discrepancies in the EU policy-making across different issue areas and over time, rather blurred in many regards.*

For many years, the analysis of the European Community (EC) was actually intertwined with the study of the European integration process. This analysis focused mainly on the debate between the leading schools of European integration, neofunctionalist and intergovernmentalist, drawing from each approach a set of implications and hypotheses about the nature of the EC's policy process. (H. Wallace, W. Wallace & Pollack 2005, 14) According to Pollack, “the EU is without question the most densely institutionalized international organization in the world, with a welter of intergovernmental and supranational institutions and a rapidly growing body of primary and secondary legislation, the *acquis communautaire*”. (Pollack 2004, 137)

Both neofunctionalism and intergovernmentalism are macro-level theories of international relations, which are designed to describe, clarify and predict the European integration as a process. In essence, these macro

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frameworks shed light on what might be called history-making decisions. (Peterson 1995, 70)

It is held that the founding fathers of the EC – Jean Monnet, the French Planning Commissioner, and Robert Schuman, the French Foreign Minister – were essentially “pragmatic federalists” (Laffan, Mazey 2006, 38). In 1943, David Mitrany published his famous work on the theory of functionalism (*A Working Peace System. An Argument for the Functional Development of International Organization*), which underpinned in a way Monnet’s and Schuman’s ideas. In his advocacy Mitrany projected a universal, rather than a regional solution, to what he called the “problem of our generation: how to weld together the common interest of all without interfering unduly with the particular ways of each” (Richardson 2001, 53). Functionalism is often considered to represent the theoretical impulse that preceded the drive to European integration. (Rhodes, Mazey 1995, 31)

Indeed, the Community method of functional integration created in April 1950 by Robert Schuman and Jean Monnet, proposed that French and German coal and steel production should be placed under a common, supranational authority, the High Authority, which would be responsible for establishing a common market for coal and steel among the member states. (Laffan, Mazey 2006, 38)

Neofunctionalism which stemmed from functionalism was first elaborated by Ernst Haas in his book *The Uniting of Europe*. Coming up with a new vision and focusing specifically upon the integration project in Europe, Haas managed to improve Mitrany’s functionalism and adapt it to the inherent necessities with which the EC had been confronting. For Haas “political integration is the process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities toward a new centre, whose institutions possess or demand jurisdiction over the pre-existing national states” (Haas 1958, 16). By tackling issues such as the importance of supranational institutions and by presenting a comprehensive account of how parts fit together, neofunctionalism tried to provide a theory of politics which focused mainly on regional integration. (Rhodes, Mazey 1995, 33) Or, how Chrysochoou clearly points out, neofunctionalism is often associated with Monnet’s

functional federalism, a term employed to explain the composite character of Monnet's gradualist approach: a miscellaneous synthesis of elements of functionalism (from functionalism the centrality of transnational actors) and federalism (the idea of central institutions), without being fully in accord with either of them. (Carr, Massey 1999, 12) Caporaso avows that a transnational society would be inert and ineffective without some form of leadership and that the delegation of decision-making authority to a supranational agency is vital. (Caporoso 1998, 9)

Therefore, the European Coal and Steel Community Treaty from 1951 signed by France, Germany, Italy and the three Benelux states - Belgium, Luxembourg and the Netherlands - established five main institutions, which constituted the foundation of the present institutional framework of the EC: a Special Council of Ministers (subsequently, the Council of Ministers), a High Authority (prototype of the European Commission), a 78-member Common Assembly (which developed into the European Parliament), a corporatist Consultative Committee (which later became the Economic and Social Committee), and a Court of Justice for settlement of disputes. (Laffan, Mazey 2006, 39)

However, the feature most closely associated with the neofunctionalist approach to the study of European integration and which represented the most significant advance upon Mitrany's remains the process of spillover. This process could be split into two key components: the sectoral (functional) spillover, which involves the expansion of integrative activities from one sector to another (e.g. from coal and steel either to agriculture or harmonization of transport policy or economic policy; from customs union to monetary union). (Lindberg, Scheingold 1970, 7) The other component, the political spillover, implies increasing politicization of sectoral activity as, for example, when the coordination of monetary policies was replaced by a more centralized system of governance. (Rhodes, Mazey 1995, 31) Moreover, neofunctionalists predicted that sectoral integration would become self-sustaining, leading to the creation of a new political entity with its centre in Brussels. (H. Wallace, W. Wallace & Pollack 2005, 14) The spillover process is best reflected in The Merger Treaty, signed in

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1965, which successfully blended the three Treaties of Rome – ECSC, the European Atomic Energy Community (EURATOM) and the European Economic Community (EEC) – which provided for a Single Commission and a Single Council of the then three European Communities.

Importantly, the snowball effect identified by neofunctionalism was not only limited to political or to sectoral areas, but also referred to a geographical spillover. Haas underlined that cooperation between one group of member states was likely to have some effect upon other states and influence them to join the club. Therefore, by early 1960s, a number of members of the European Free Trade Association (EFTA) such as UK, Denmark and Norway (the latter signed the treaty but failed to ratify due to a negative opinion in a national referendum on accession), followed by Portugal, Sweden and Austria had begun to apply for membership of the EEC. (Rosamond 2000, 59)

The heyday of neofunctionalism corresponded with the early period of integration in the EC, from the entry into force of the Treaty of Rome in 1958 to the completion of the customs union in 1968. (Rhodes, Mazey 1995, 31)

However, the neofunctionalist theory has been many times cast into doubt: firstly, when the French president, Charles de Gaulle, vetoed the UK membership application (1963 and 1967), thus holding back the process of geographical spillover. The second stalemate occurred during the French empty chair crisis of 1965 that had widely discouraged the political spillover. The impasse was resolved in January 1966 by the Luxemburg Compromise, which shifted the institutional balance of power away from the Commission in favor of the Council of Ministers and confirmed the right of member states to veto the EC's legislative proposals. Thus, de Gaulle managed to make qualified majority voting (QMV) essentially meaningless for years to come curtailing many federalist plans for the EC. (Laffan, Mazey 2006, 40) Finally, the oil crisis and the commencement of worldwide economic recession in 1974 gave rise to protectionist temptations in many countries. Numerous attempts of national governments to control rising unemployment and domestic inflation levels brought also into question the relevance of sectoral spillover. (Rosamond 2000, 60) Furthermore, the disputes around establishing the

Common Agricultural Policy (CAP) greatly clarified the limits of Brussels. The period between 1961 and 1965 which witnessed implementation of the CAP included measures designed to control the price of agricultural commodities. This laid it bare that agriculture is largely governed by member states (MS). (Rhodes, Mazey 1995, 35) The agricultural issues are even today a core element of bargaining among MS. CAP could be in many regards considered one of the main *foreign economic policies* pursued by the MS since the commencement of the European integration process (perhaps together with the adoption of the Euro in 1999).

The period from the early 1970s to the early 1980s is usually considered the “Dark Ages” (Keohane, Hoffman 1991, 8) of the neofunctionalist tenet, being in many regards synonym with the stagnation of the EC’s development. Nevertheless, it is important to note that the Community did not undergo any process of disintegration as many scholars skeptically argued. On the contrary “the EC’s survival with so little damage to its basic structure in the face of the adverse environment of the 1970s should be viewed as a considerable achievement.” (Wallace 1982, 63) Thus, the Community accepted new members: the first enlargement took place in 1973 with the inclusion of Denmark, Ireland, and the UK into the EC, whereas 1981 saw Greece becoming a member.

In spite of a continuous support for the neofunctionalist tenet, recurrent crisis within the EC’s summits, deadlocked meetings within the Council of Ministers and the discordant relation between the UK and the rest of the Community had strongly shaken the neofunctionalist arguments. (Laffan, Mazey 2006, 40)

Stanley Hoffmann through his intergovernmentalist critique of the neofunctionalist approach emphasized the importance of the national governments and their roles in shaping the EC’s structure. He underlined that national governments would always endorse their interests within a broader system. In order to show the limits of the functional method, Hoffman argued that, in fact, it was the logic of diversity which prevailed and limited the spillover effects of the neofunctionalist theory. Hoffmann clearly highlighted the dichotomy between *low* politics, which comprises areas such

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the economic and welfare policies and the vital national interests or *high* politics such as foreign policy, security and defense, where national governments are less willing to transfer their authority to a supranational body. National governments would try to minimize uncertainty and retain tight control over decision processes when vital interests are involved. As proofs in this sense stand de Gaulle's actions and also the difficulties raised by the accession of new members such as the UK, Ireland and Denmark whose governments made it clear that they would resist any gradual transfer of sovereignty to the Community. (H. Wallace, W. Wallace & Pollack 2005, 17) Subsequently, both the introduction of the European Political Cooperation in 1970 – a forerunner of the CFSP which brought together the foreign ministers of the EC and marked the beginnings of the foreign policy coordination – and the European Council – which starting from the 1970s played an important agenda-setting role in the integration process – were definitely intergovernmentalist bodies. (Laffan, Mazey 2006, 40)

Hence, the neofunctionalist tenet dominated the early period of integration, but it soon became obvious that its predictions were insufficient to explain the ebbs and flows of the integration process.

Hoffman's theory was criticized by the neofunctionalist contributions of Sandholtz and Zysman, who argued that in the run-up to the Single European Act (SEA), the European Commission played a crucial leadership role, acting as a policy entrepreneur. Backed up by a transnational industry coalition which was in favor of a single market, the dynamic Commission under Jacques Delors was able to induce the MS the idea that the market unification was beneficial. (Rosamond 2000, 64) Another decisive role was played by the European Parliament's work presided by Altiero Spinelli which led to the negotiations of the SEA. (Armstrong, Bulmer 1998, 31) In other words, "what the SEA accomplished, in institutional terms, has been the dramatic revival of a largely supranational decision-making style that was lost after 1966". (Wallace 1990, 280)

However, Andrew Moravcsik holds that the 1987 SEA represented in fact the turning point in the development of the EC and saw the complete replacement of neofunctionalism with the intergovernmentalist tenet.

Moravcsik claims that the interstate bargains between Britain, France and Germany determined the implementation of the SEA. This was achievable only because the three main pillar states within the EC had convergent national interest.

According to Moravcsik, the member states have always guarded their national interests and placed strict limits on any future transfer of sovereignty. Thus, they tried to avoid granting supreme authority to central institutions that could weaken their sovereignty, preferring instead to work through intergovernmental institutions such as the Council of Ministers. (Moravcsik 1991, 27) “The state behaviour reflects the rational actions of governments constrained at home by domestic societal pressure and abroad by their strategic environment” (Moravcsik 1993, 474). The integration process did not supersede or circumvent the political will of national leaders; in fact, it reflected their will. Moravcsik claims that the impetus for MS to integrate did not aim to avoid future geopolitical disputes in Europe or follow the American federalist model, but to coordinate policy responses to rising opportunities for profitable economic exchange, in particular growing intra-industry trade and capital movements. (Moravcsik 1998, 6)

Moravcsik’s assertion could be coupled with the state centrist perspective advocated by Hooghe and Marks, who argue that EU membership preserves or even strengthens state sovereignty. From their standpoint, supranational institutions exist just to facilitate agreements between MS. “The interests of the MS’ executives shape policy outcomes, not those of the supranational actors.” (Cafruny, Lankowski 1997, 21)

In addition to that, Kassim emphasizes that this kind of negotiations are present even within a supranational institution such as the European Commission. Bargaining may take place within a Directorate General, between Directorate Generals or between commissioners themselves. Inter-institutional interaction also occurs between the Commission, the Council and the European Parliament. (Kassim 1994, 27)

After sifting the data available on these two grand theories, it seems that since the late 1980s, when the SEA came into force, it is rather difficult to affirm which tenet has

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clearly left its mark on the policy process. What is obvious is that the role and influence of intergovernmentalism increased, especially in vital moments such as those preceding important agreements, whereas neofunctionalism maintained its relevance when dealing with more bureaucratic, administrative decisions. "State executives play a decisive role in drafting the basic treaties and major legislation underlying the EU, such as the SEA and the Maastricht Treaty, but they are far less dominant in most areas of day-to-day policy-making". (Marks 1996, 352)

On the one hand, in order to support the intergovernmentalist perspective it should be mentioned that state representatives are the only legally recognized signatories of the treaties of the EU. "Treaty making is the realm of negotiation among national leaders, the national veto, and side-payments to bring recalcitrant national governments on board." (Marks 1996, 352) To back up the intergovernmentalist tenet it is interesting to notice how ardently the MS wished to preserve their own cultural, political and constitutional features, a point clearly made in Art. (1), Treaty of the European Union: "The Union shall respect the national identities of MS, whose systems of government are founded on the principles of democracy". (Chryssochoou, Tsinisizelis 1999, 14) This "respect for the national identity" is very well preserved especially in key moments when intergovernmental decisions are taken under unanimity, during the treaty-amending negotiations or when dealing with decisions in the European Council. By and large, these kinds of decision are relevant for the second and third pillar of the EU, the Common Foreign and Security Policy (CFSP) and for fostering cooperation within the Justice and Home Affairs (JHA) pillar. (Wiener, Diez 2004, 83) With regards to CFSP, the intergovernmentalist bargaining is more than obvious if we take into account that "there is a usual great sensitivity among most governments about foreign policy as a special domain in which national concerns dominate international or European interests" (Smith 2000, 614). In comparison to the EU's first pillar (European Communities pillar) where Brussels has the capacity to impose explicit demands on its members in the form of treaty articles, secondary legislation, court cases in different socio-economic areas of the integration project, CFSP does

not have the competence to impose change on MS foreign policies. (Smith 2000, 613)

On the other hand, seeking to demonstrate that the neofunctionalist approach is not obsolete some experts advocate that the EU institutions can and do have an impact that goes beyond the interstate bargain by shaping MS' interests, by defining the paths of political influence and even by becoming players. "Once states created an international organization with independent powers, they have brought to life a creature that is, because it possesses autonomy, not entirely under their control." (Sandholtz 1996, 408) Firstly, the Commission has autonomous powers to enforce the EU rules which can disallow, for instance, governments from providing subsidies to industrial enterprises. The Commission can also stop the progress of corporate mergers and acquisitions that would result in diminished competition within the EU market or implement anti-trust rules. Secondly, the European Court of Justice also plays an important role in the enforcement of the EU laws either when MS appeal against Commission actions or when it supports the Commission in disputes with MS, thus strengthening the supranational rule-making.

The intergovernmentalist reply would be that MS accept only as much independence on the part of the EU bodies as is consistent with their long-run interests. Otherwise, the institutions exist only to serve in an instrumental way the interests of the states. (Sandholtz 1996, 409-411)

A concept that is worth looking into is the concept of Europeanization, which since the 1990s has attracted renewed attention from political scientists specializing in European integration. The Europeanization process reveals in a suggestive way the interconnectivity between the two *grand* theories. Thus, Europeanization is seen as a two-way interaction between the *national* and the *European* (Papadimitriou, Phinnemore 2003, 3) or, in other words, as a merger of the top-down (neofunctionalism) and bottom-up (intergovernmentalism) approaches. This portrays Europeanization as "an ongoing, interactive and mutually constitutive process of change linking national and European levels, where the responses of the MS to the

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integration process feed back into the EU institutions and policy processes and vice versa" (Major 2005, 177).

In conclusion, the remark held by Keohane and Hoffmann that the EU "is an experiment in pooling sovereignty, not in transferring from states to supranational institutions" seems very eloquent, when debating the relevance of the two tenets. In contrast to other international organizations, the EU as a whole has gained some shares of states' sovereignty. On the one hand, the MS no longer have supremacy over all other authorities within their traditional territory, which was lost in favor of the EU's institutions. Hence, these could be considered some of gains neofunctionalism achieved. (Keohane, Hoffman 1991, 277) However, several compromises between the supranational institutions and the MS and the difficulty of reaching consensus at the EU level, on the other hand, pointed out the relevance of intergovernmentalism.

To rank the above-mentioned theoretical perspective according to the righteousness of their arguments brought to the fore is beyond the scope of this paper. It has to be underlined that the *competition* between the two tenets diminished in the last two decades and other integration theories emerged such as the new institutionalism, network analysis and the multi-level governance. These new theories carry additional explanations to how the European integration process is being shaped. In the end, the point made by Moravcsik seems edifying: "Any general explanation of integration cannot rest on a single theory, neofunctionalism or intergovernmentalism, but must rest on a multicausal framework that orders a series of more narrowly focused theories" (Moravcsik 1998, 15) – a conclusion echoed to the present day.

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