What Does the Future Hold for European Integration?

Analysing the Slow Colonisation of the Member State Hosts by the European Project with Particular Focus on the Roles and Preferences of the European Big Three.

BA Politics with a Minor

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Abstract

European Integration constitutes one of the greatest achievements in the history of European civilisation. It has succeeded in uniting the disparate nation states of Europe in a common Project emphasising the ties that bind Europeans together. In doing so it has eradicated the open conflicts between states that culminated in the destruction of the Second World War. Naturally attempts to explain the trajectory of the integrative process and to predict its future course have provided fertile ground for academic research. Two ‘grand theories’ of integration have come to dominate the field. These theories of Neo-functionalism (NF) and Liberal Intergovernmentalism (LI) have often been portrayed as providing competing explanations for the integrative process. This study will attempt to prove that they are in fact mutually inclusive, representative of two concurrent integrative processes. In doing so this study establishes a Vine System Framework for the analysis of European Integration. This Framework predicts a process of colonisation, whereby the NF process gradually gains relative ascendancy at the expense of the LI. In making this prediction it implies that the Project will increasingly come to exhibit a predominantly federal character. The analysis within this study will test the validity of this Framework. It will accomplish this through a comparative analysis of the relative ability of member states and the supranational institutions of the Project to secure their specific preferences for its character. This ability will be analysed at three key stages of the integrative process, the Maastricht Treaty, the arc covering the Constitutional and Lisbon Treaties and the ongoing response to the Eurozone Crisis. The conclusion that stems from this analysis is that the Vine System Framework and
attendant colonisation process provide a useful tool with which to explain and predict integration. Therefore in terms of the future of European Integration it predicts that the Project will become increasingly federal in nature.
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Introduction:

The trajectory of European Integration since the creation of the European Coal and Steel Community in 1951, has consistently defied academic attempts to neatly categorise and predict the course of the process. Research into the subject has been dominated by two competing ‘grand theories’. Ernst B. Haas’s Neo-functionalism (NF) suggests that it is supranational forces, represented by the supranational institutions of the Project, which drive the process and shape its form. Challenging NF Andrew Moravcsik’s Liberal Intergovernmentalism (LI) is predicated on the basis that integration is driven and its shape determined by bargains arising from member states’ pursuit of national preferences. In proposing contradictory explanations for the integrative process NF and LI have often been portrayed as mutually exclusive. However, Wallace suggests that the integrative process can be better characterised as a pendulum, swinging sometimes towards LI and at other times towards NF. This study therefore proposes an original, innovative framework that accounts for the mutual inclusivity and concurrent influence of both the NF and LI processes. Diagrammatically this is illustrated in Figure 1.

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Metaphorically this framework can be likened to the relationship between the Vine and the host Tree within a Vine System. The role of the Vine is played by the supranational institutions of the NF process and the role of the Tree by the member states of the LI. In such a system the Vine initially grows in accordance with the shape of the Tree, suggestive of the relative ascendancy of the LI process in determining the shape of the Project. However as the system matures the Vine starts to out compete the host eventually gaining ascendancy over the Tree. In representing the process of European Integration in this manner this study predicts the colonisation of the LI, member state driven process, by the NF process, driven by the supranational Project. This colonisation process itself makes a prediction in regards to the integrative process, that the increasing relative ascendancy of the NF process is altering the prevailing character of the Project. That as the NF process gains influence the initial confederal character of the Project, indicative of LI ascendancy, is being challenged by a growing federal character, associated with increasing power for the supranational institutions. This is illustrated in Figure 2 by the shift in character from predominantly confederal, to a polymorphous mixture of the two and finally to predominantly federal.
Figure 2.

What follows in this study will consist of an analysis of the validity of the predictions made within the Vine System Framework and by the process of colonisation outlined above. The operational constraints of this study mean that it does not claim to propose an overarching model of the integrative process hoping instead to contribute a fresh analytical perspective for future research and debate.

**Literature Review:**

Neo-functionalism:

Neo-functionalism (NF) has faced constant criticism and revision since it was first outlined by Ernst B. Haas in his seminal work the ‘*The Uniting of Europe*’. Indeed Haas’s himself declared the theory obsolete as the integrative process stalled in the 1970’s\(^4\). However interest in NF has been revived in the wake of the creation of the

single market in the 1985 Single European Act. Arne Niemann and Philippe C. Schmitter have since both developed revised NF accounts of the integrative process. In order to ensure clarity this study will apply NF as originally developed by Haas in ‘The Uniting of Europe’ and updated in ‘Beyond the Nation State’. Haas defined NF as;

“the process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities towards a new centre, whose institutions possess or demand jurisdiction over the pre-existing national states. The end result of a process of political integration is a new political community, super imposed over the pre-existing ones.”

Haas outlined three mechanisms through which NF drives integration, since termed spillover effects. The first of these is functional spillover or the “logic of sectoral integration”. Essentially that technical pressure from integrating one particular sector “begets its own impetus towards extension of the entire economy”, in order to fully maximise the benefits arising from previous integration. Secondly, political spillover encompasses a process of socialisation through which political elites look to accommodate each other in the pursuit of common interests. The final spillover process is cumulative spillover. Haas describes this as the inevitable result of the


9 Ibid., pp. 297.

10 Ibid., pp. 66.
supranational institutions role in diffusing the logic of functional-economic interdependence through the deepening and widening of the Project\textsuperscript{11}.

Niemann and Schmitter suggest that NF is based on four underlying assumptions\textsuperscript{12}. Firstly, that as a ‘grand theory’ it is applicable at every stage of the integrative process regardless of context\textsuperscript{13}. Secondly, and in contrast to LI, it characterises integration as a dynamic, evolving process\textsuperscript{14}. The third assumption is again juxtaposed to LI. NF considers the process as ‘plural’ in nature representative of multiple actors with shifting loyalties not confined to the national level\textsuperscript{15}, directly challenging the LI assumption that states are homogenous actors. Assumption four is that the Project is predominantly the domain of elites. This is an assumption that LI strongly refutes in the importance it attributes to the role of public opinion in determining national preferences. Criticisms of NF have largely been levelled at assumptions three and four. Hoffman argues that NF in stating that loyalties will shift to the supranational level fails to take into account the resilience of national identities as an obstacle\textsuperscript{16}. Moravcsik challenges assumption four on the premise that it ignores the role of public opinion in placing domestic pressure on governments and subsequent national preference formation\textsuperscript{17}.

\textsuperscript{14} Niemann, Arne, Schmitter, Philippe, C., ‘Neofunctionalism’, pp. 47.

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Liberal Intergovernmentalism:

Liberal Intergovernmentalism (LI) outlined in Andrew Moravcsik’s *The Choice for Europe*, directly challenges NF assertions. Indeed LI is predicated on the criticisms of NF outlined above. Moravcsik argues that the shape of European Integration is determined by the intergovernmental bargains that result from the pursuit of specific national preferences by member states. These national preferences for the Project are located in “national governments ... response to shifting pressure from domestic social groups”. From this foundation Moravcsik outlines a three stage process through which member states’ particular national preferences shape the character of the Project;

“EU integration can best be understood as a series of rational choices made by national leaders. These choices responded to constraints and opportunities stemming from the economic interests of powerful domestic constituents, the relative power of states stemming from asymmetrical interdependence, and the role of institutions in bolstering the credibility of interstate commitments”.

Integration is therefore conceived as the result of the relative bargaining success of member states in securing their national preferences. Therefore LI challenges the assumption with NF that integration is largely driven by elites. Instead LI envisions a significant role for domestic public opinion and the resilience of national identities in informing national preferences. Hoffman suggests that “when the policy maker

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attempts to move “beyond the nation state” he can do so only by taking the nation along, with its baggage of memories and problems – with its situation” 21. LI also highlights the primary importance of material, economic factors stating “only when economic considerations where weak, diffuse or indeterminate could national politicians indulge ... geopolitical goals”22. Essentially LI recognises the “blunt empirical fact” that member states remain the basic unit of sovereign authority; that they are ‘masters of the treaty’23.

However, criticisms of LI have been made in regards to its scope. These arguments suggest that LI narrowly confines integration to “conscious intergovernmental decision-making at treaty-amending moments”24. Consequently unlike NF it fails to account for dynamic functional pressures that demand treaty change, instead depicting the process as a series of integrative snap-shots. In failing to account for the dynamic nature of the process LI also assumes that national preferences are stable as loyalties remain rooted at the national level. Loyalties do however, possess the ability to shift and be held simultaneously at multiple levels. Europeanisation processes suggest that national preferences can become increasingly homogenous commensurate with a shifting of loyalties to the supranational level.

The mutual inclusivity that this study proposes between the NF and LI processes is based on the complementary nature of the two theoretical perspectives. Criticisms of NF in relation to the failure to account for the entrenched nature of national identity, particularly in the shape of public opinion, form the basis of the importance LI

24 Moravcsik, Andrew, Schimmelfennig, Frank, ‘Liberal Intergovernmentalism’, pp. 73.
attributes to national preferences. Similarly the criticism levelled at LI that it fails to deal with the dynamic nature of the process is the main strength of NF. In essence the two theories when dealt with simultaneously counter each other’s deficiencies.

**Methodology:**

In attempting to provide empirical evidence for the proposed Vine Framework and colonisation process, this study will consist of a case-study based comparative analysis of the relative ability of member states to secure national preference for the Project. This comparison will be made between the relative abilities of the member states and the supranational institutions of the Project to secure their respective preferences. The member states that will represent the LI process will be the European Big Three, who through dint of their demographic size and economic superiority have historically exerted the most influence on the integrative process\(^{25}\). Therefore the first Chapter will consist of the derivation of the Big Three’s distinctive national preferences for the Project. Due to operational constraints this derivation will be based on a single contributing factor in determining national preferences, the relationship between conceptions of sovereignty and national identity. In choosing to utilise identity in forming national preferences this study acknowledges that preferences are strongly linked to the socially acquired and culturally embodied, predispositions, tendencies and inclinations of individuals and of communities\(^{26}\).

Essentially this analysis will be underpinned by the belief that material factors are of secondary importance in determining national preferences. The subsequent Chapters will provide the comparative element of the analysis, by assessing the

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relative abilities of the Big Three and the supranational elements of the Project in securing their preferences. These Chapters will provide a chronological case-study based analysis encompassing three key stages of the integrative process which have significantly impacted on the relative ascendancy of the LI and NF processes. Namely the Maastricht Treaty, the policy arc covering the Constitutional and Lisbon Treaties, and the on-going response to the Eurozone Crisis. These case-studies provide an appropriate time frame that allows the dynamic nature of the colonisation to be assessed. Changes in relative ascendancy will be determined in relation to the effect of these three integrative stages on the prevailing character of the integrative process. These characters will be based on potential confederal, federal and polymorphous models for the Project developed by David Calleo\textsuperscript{27}. Exhibition of a prevailing confederal character will be suggestive of relative member state success in securing preferences and the ascendancy of the LI process. If the Project has a predominantly federal character this will suggest relative success of the supranational institutions in securing preference indicating the ascendancy of the NF process. If the Project strongly exhibits confederal and federal characteristics its prevailing character would be polymorphous, indicative of the equivalent influence of both processes.

Chapter 1: Deriving the Sovereignty Based National Preferences of the European Big Three for the Shape of the Project

Member states’ relationships to the concept of sovereignty have influenced European Integration since the process was initiated. The unprecedented decision by the founding six member states to pool elements of sovereign authority in supranational institutions represented a challenge to the prevailing orthodoxy of the nation state. Indeed the establishment of this supranational body ran opposed to the prevailing conception of the territorially bounded, independent, sovereign Westphalian nation state. The previously ingrained nature of the concept of the Westphalian nation state can be seen in Anderson’s statement that “nation-ness is the most universally legitimate political value of our time.” However, European Integration is a response to the challenges posed to the concept of the sovereign nation state, by the interdependent politics of economic globalisation and transnationalism. Strange therefore describes the nation state as the “Westfailure” state, made increasingly redundant by these pressures. Pluralist definitions of sovereignty challenge the notion of an absolute sovereign authority. Laski argues that sovereign authority is actually derived from social interest groups expectation that their preferences can be secured at the level of the state. These expectations have the ability to shift if social groups feel they secure preferences elsewhere. Therefore the sovereignty of the nation state can be viewed as a temporary

settlement between socio-economic interest groups, which is open to renegotiation in the light of contemporary pressures. The process of European integration is indicative of such a transitional phase in the narrative of the nation state, as embodied in the relationship between the supranational Neo-Functional (NF) process and the member state driven Liberal Intergovernmental (LI) process. However, it is the conceptual power of the nation state as indicated by Anderson that underpins the continued relevance of member states within the integrative process. This is because the nation state has come to represent a geographically and socially bounded ‘imagined community’\(^{33}\), fostering internal homogeneity\(^{34}\), based on a horizontal community of shared experiences\(^{35}\). The subsequent national narrative underpins the nation states capacity as an ideational locality for its citizens. Therefore the ideational power and embeddedness of the idea of the sovereign nation state is a significant component of national identity. Consequently the relationship that a specific country has with the concept of sovereignty is an important constituent factor in determining its national preferences, particularly in relation to a Project that explicitly reduces it. The rest of this Chapter will consist of the derivation of the relationships of the European Big Three, of France, Germany and the United Kingdom, to the concept of sovereignty. This will then allow the construction of their overall preferences for the shape of the Project, based on Calleo’s Models.


French Preference:

The relationship between the French and the concept of sovereignty can be located in the divide between pro-Europeanists and national sovereigntists\(^{36}\). These positions are representative of two distinct poles between which French attitudes to integration can be found, “that of wanting integration and that of wanting to preserve national sovereignty”\(^{37}\). French preference for integration can therefore be located in the balancing of these contrasting positions\(^{38}\). This tension can be summarised as the desire to strengthen the Project, whilst maintaining French leadership of an international organisation that preserves French sovereignty\(^{39}\). This is clear in the Gaullist vision of the European Project as a means to project French influence and secure French preferences\(^{40}\). This idea of ‘Europe puissance’, power through Europe, is the underlying rational behind the pro-Europeanist position. The National sovereigntist position is however informed by the indecision amongst French elites and citizens, regarding the level of sovereignty they are willing to upload\(^{41}\). The reasons behind this distinctive bipolar preference for integration are located in the existence of and threats to the existence of a French exception. The exception is predicated on what Drake describes as “the conviction that the world benefits from France’s universal presence”\(^{42}\). The belief that France’s revolutionary inheritance as


\(^{37}\) Ibid.

\(^{38}\) Ibid.


the originator of liberty, equality and fraternity uniquely empowers it to defend and export the democratic tradition.\textsuperscript{43} Perceptions of a French exception permeate deeply both elite and public opinion contributing to a belief in French grandeur\textsuperscript{44}. Drake states that this exceptionalist identity is a bell-weather for the cultural health and national well-being of the French nation\textsuperscript{45}. The bipolarity between pro-Europeanist and national sovereigntist positions is essentially how best to defend this exception from exogenous pressures. These threats are located in the declining ability of France to influence World affairs in the wake of the Second World War. The exceptions existence provides the basis for both the pro-Europeanist attempt to sustain it through the European Project and the national sovereigntist defensive concern that this actually threatens the uniqueness of the exception. France’s bipolar preference drives what Piper calls an intergovernmentalist inclination\textsuperscript{46}. This is manifest in a structural ambivalence in French attitudes to the project\textsuperscript{47}. In terms of Calleo’s potential characters of the Project the French preferences conforms most closely with a Polymorphous Model, that protects national sovereignty in the form of integration towards an intergovernmentalist \textit{Europe des Etats}\textsuperscript{48}. Dominique Moisi neatly sums up this bipolarity; “France wants a strong Europe, but with weak institutions that will not undermine its claim to continue to act as a \textit{Grande Nation}.”\textsuperscript{49}

\textsuperscript{43} Ibid, pp. 9.
\textsuperscript{45} Drake, Helen, \textit{Contemporary France}, pp.149.
\textsuperscript{49} Moisi, Dominique, ‘An Awkward Time for France to Take Over’, Financial Times, (20\textsuperscript{th} November 1995), pp. 16.
German Preference:

German preferences for the Project are located in two distinctive aspects of German identity. The first of these components is located in what Anderson describes as a “Reflexive support for an exaggerated multilateralism”\textsuperscript{50}. This is associated with a legacy of guilt and embedded feelings of insecurity that stem from the delegitimation of previous, assertive conceptions of German Identity, in the destruction of the two World Wars and the horrors of the Holocaust. This informs Civilian Power preferences aimed at relegitimising Germany as an international actor\textsuperscript{51}. Civilian Power is underpinned by the willingness to cede sovereignty in order to support the promotion of interdependence and the strengthening of multilateral institutions\textsuperscript{52}. German willingness to cede sovereignty therefore suggests a more flexible relationship with the concept of sovereignty. Thus it has been argued, “One of the most dependable features of the European integration process has been Germany’s willingness to pay the tab for making deeper integration happen”\textsuperscript{53}. Bulmer and Katzenstein respectively describe this as national-supranational congruence between German and European Preferences\textsuperscript{54}, and the “Europeanisation of State Identity”\textsuperscript{55}. Such convergence is evidence of the depth of

German commitments to integration. However, despite the entrenched nature of the multilateral reflex it is not absolute; the second influence on identity in fact can reduce the commitment to multilateralism. The delegitimisation of previous conceptions of German identity discussed above also provides the foundation for an affinity with the apolitical success of the German Economic Model. Paterson highlights the potential threat further integration poses to the German Model and the possibility for this to weaken the congruence between German and European Preference. This is linked to theories of the re-normalisation of German foreign policy following the exogenous shock of Unification. Unifications implications involved the costs of reconciling two distinct national identities and divergent political economies. For example, divergence in attitudes between the East and the West are prevalent in sentiments towards democratic institutions. Mi-Kyung and Robertson characterise West German political culture as exhibiting “constitutional patriotism”. In contrast Conradt describes the East German ideas of democracy as being determined primarily by materialistic concerns rather than as a means of guaranteeing freedom. Economic disparities also remain despite financial transfers

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totalling more than DM 1,200 billion from the West, from 1991-1999\textsuperscript{62}. It is likely that financial transfers from West to East will continue for the foreseeable future. The costs of Unification are an example of the ability of exogenous shocks to weaken Germany’s desire to support the supranational Project in the face of domestic pressures. Overall Piper characterises German preference for the project as indicative of a “supranational inclination”\textsuperscript{63} that is predominantly committed to the strengthening of the Project's supranational elements. This “supranational inclination” belies preference for Calleo’s Federal Model for the Project.

**British Preference:**

British preference for the Project is predicated on the existence of a British superiority and uniqueness\textsuperscript{64} similar in nature to the French exception. Smith describes Britain as an “insular polity” one which is certain of its distinctiveness\textsuperscript{65}. Therefore, Coxall, Leach and Robins suggest that “many Britons seem to lack or positively reject a European identity”\textsuperscript{66}. This informs a British national preference towards the Project that is centred on a desire to retain the independence of the British state and the sovereignty of parliament\textsuperscript{67}. The roots of British distinctiveness can be traced to the UK’s unique colonial role as the “keeper of the balance”\textsuperscript{68} as the foremost amongst the great powers. Therefore Oliver Daddow suggests that the “UK

\begin{thebibliography}{9}
\bibitem{Crowson} Crowson, N.J., Britain and Europe: A Political History since 1918, (Abingdon: Routledge, 2011), pp. 10.
\end{thebibliography}
is deeply mired in its nationalist past. Indeed historical legacy has informed the multi stranded nature of British foreign affairs in what Winston Churchill famously called Britain’s three spheres of influence, Europe, the Commonwealth and the special relationship with the United States. These competing strands of British foreign policy, particularly the pathological belief in the sanctity of the special relationship kept Britain’s sovereign capacity artificially inflated. Young refers to this in stating that “with her overseas commitments and her special relationship with America, the United Kingdom could never merge her own in some European sovereignty.” Consequently “Britain ... missed the opportunity to shape the new Europe.” The Project was therefore constructed on preferences divergent from the UK’s contributing to external perceptions that the UK is an “awkward partner.” Allen suggests that this corresponds with “internal public indifference and hostility.” He locates this in the existence of an Europeanised governing elite and a Non-Europeanised polity, and the subsequent failure to establish a permissive consensus in favour of integration. Forster attributes Eurosceptic sentiments as “a cause as well as a product of the poor quality of British domestic debate on Europe, which is a key factor behind the weak foundation on which commitment to European integration

71 Young, John W., Britain, France and the Unity of Europe, (Leicester: Leicester University Press, 1984), pp. 109.
is based”. This weak commitment has created an antagonistic defensive negotiating stance towards further integration that further compounds the awkward nature of British membership. Allen sums up the UK’s position as “An Uncertain member state; uncertain about the advantages of membership, and uncertain about its relationship with the other leading member states, and uncertain about the direction it would like the European Union to take”.

Piper therefore characterises Britain as having a “national sovereignty preference”, with British governments consistently in support of an intergovernmentalist Europe of nation states, indicating preference for Calleo’s Confederal Model.

**Conclusion:**

What is plainly evident is that national preference for the shape of the European Project is influenced by national relationships to the concept of sovereignty. The Big Three are clearly representative of a spectrum of preferences that ranges from the strong “national sovereignty preference” of the United Kingdom, to the “reflexive multilateralism” and Civilian Power characteristic of German preference. The locations of the Big Three on this spectrum are indicators of their preferences for the shape of the Project. The UK preference is clearly for a Confederal Project linked to the ascendancy of the Liberal Intergovernmental (LI), member state driven process. German preference in contrast is located in a desire to strengthen the supranational functions of the Project along Neo-functional (NF) lines, commensurate with support for a Federal Project. French preference is found between the strong

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intergovernmentalist position of the United Kingdom and the supranationalism of Germany, in a preference for a Polymorphous Project exhibiting elements of both LI and NF. The Chapters that will follow will consist of an analysis of the relative ability of the Big Three to secure these preferences, representative of the relative ascendancy of the LI and NF processes. In relation to the study an important caveat is highlighted here. This can be found in the situation whereby national preference coincidences with the Neo-functionalist process, particularly in the case of Germany. Therefore German success in securing its federal preference illustrates a gain by the NF process. However, it also indicates success by a member state in securing preference representative of the LI process. In resolving this issue this study will treat member states success in securing a federal preference as indicative of the growing ascendancy of the NF process. This is because coalescence of a member states preference on what can be considered a European preference is of benefit to the Project. Despite the embeddedness of these preferences in features of national identity they do not exist in hermetically sealed environments as they have the ability to change. This is particularly true of the French and German preferences that have competing internal dimensions. Therefore contextual exigencies do have a significant impact in colouring the Big Three’s preferences at specific stages of the integrative process. This however occurs within the structuring effects of their overall sovereignty based preferences for the Project. Indeed this study acknowledges the limitations present in only analysing one component of national preference. However, choosing sovereignty based preferences linked to national identities provides a basis that is resilient to change and therefore remains fairly constant.
Chapter 2:- The Maastricht Treaty

The 1992 Treaty on European Union commonly referred to as the Maastricht Treaty was a step forward in fulfilling the controversial notion of an ‘ever closer union’ 80. Indeed Maastricht can be considered a watershed in the history of European Integration, instigating a period of unprecedented activity in the integration process81. For Dinan, the creation of European Monetary Union (EMU) “set the Maastricht Treaty apart from previous and future landmarks in the history of European Integration” 82. Maastricht represented the first incursion of the European Project into the realm of ‘high politics’ in proposing the supranational determination of macro-economic policy, previously considered integral to the sovereign capacity of member states. This is significant as ‘high political’ issue are connected to the “fundamental definition of the identity and security of the nation state”83. Therefore integration in these areas is likely to be strongly contested. Indeed concerns over the loss of member state sovereignty prompted the British Prime Minister Margaret Thatcher to describe it as a ‘Treaty too far’. This Chapter will therefore focus on the creation of EMU at Maastricht. The Maastricht Treaty was a product of internal and external pressures as well as the national impetuses of member states84. In terms of external pressures the Treaty was significantly influenced by a contextual environment that President of the European Commission Jacques Delors called an ‘acceleration of

history’. The collapse of communism and the unification of Germany stoked fears of a re-assertive Germany that could depart from its post-war integrationist policy. Concerns were also raised over German dominance of the existing European Monetary System (EMS). These contextual pressures shaped the preferences of the Big Three in relation to the Treaty and also proved a stimulant to the work of the supranational institutions of the Project. This provides support for the concurrent influence of both the Liberal Intergovernmentalist (LI) and Neo-functionalist (NF) integrative processes. Accordingly this Chapter will assess the relative ascendancy of the two processes at the Maastricht stage of European integration. It will compare the relative success of the Big Three, representative of the LI process, and the supranational institutions, representative of the NF process, in securing their preferences in relation to the final shape of EMU.

Neo-Functional Influence:

The impact of the Neo-functionalist integrative process on the formulation of the Maastricht Treaty can be observed in the effect of spillover from the creation of the Single European Act (SEA). These spillover effects are rooted in the SEA’s creation of the European single market, “an area without internal frontiers in which the free movements of goods, persons, services and capital is ensured”. The influence of NF integration and the ‘logic of sectoral’ integration provided the rationale behind the belief that EMU was necessary in order to fully realise the benefits of the single market. Padoa-Schioppa’s report into the effects of the single market places emphasis on functional spillover due to the pressure that the free movement of

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capital would exert on banded exchange rates. The agency of the European Commission and its President Jacques Delors can be seen in their promoting of the functional rationale for EMU. Delors was instrumental in inserting a commitment to consider EMU into the SEA and in establishing 1992 as the date for the completion of the single market, providing impetus to the spillover process. Indeed the 1988 Hanover Intergovernmental Summit established a committee under Delors, with “the task of studying and proposing concrete stages leading towards this Union”. Dyson and Featherstone suggest that the subsequent Delors Report gave “technical legitimacy” to the debate and provided the structural framework with which the Intergovernmental Conferences would work. The Delors Reports main proposal was to create a federal European System of Central Banks (ESCB), combining a supranational authority and national central banks. The Report also advocated the coordination of macro-economic policy in a full economic union. Creation of EMU was to be split into three-stages. The first fulfilling the provisions of the single market, and the subsequent stages establishing a supranational ESCB, involving the uploading of monetary authority. The Maastricht process provided the supranational institutions of the Project the opportunity to set the agenda. Pollack suggests that supranational institutions can act as a policy entrepreneur when they have a clearly informed preference, acting as a focal point around which member states

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91 Dyson, Kenneth, Featherstone, Kevin, The Road to Maastricht: Negotiating Economic and Monetary Union, pp. 691.
preferences can be constructed\textsuperscript{93}. The upheaval caused by the creation of the single market allowed Delors and the EC to wed functional economic spillover to cumulative spillover. This was achieved through ‘purposeful opportunism’ in constructing the parameters of the debate, taking advantage of member state uncertainty\textsuperscript{94}. However, Dyson and Featherstone rightly claim that once the proposals for EMU reached the Intergovernmental Conference stage the fate of the Treaty was largely in the hands of member states\textsuperscript{95}. This is largely due to the intrinsic nature of the treaty reform mechanism, as the structure of the Project itself requires member states assent. Therefore the particular preferences of the Big Three should not be underestimated despite this setting of the agenda. The supranational NF process does however gain from the Treaty in the further supranationalising of powers.

The influence of the Big Three on the final shape of EMU can be determined in the relative disparity between the proposals made in the Delor’s Report and the agreement that resulted from the Maastricht Intergovernmental Conference (IGC). The IGC did choose to adopt a three-stage strategy for the realisation of EMU, as proposed by the Delor’s Report. However, the IGC included provisions for the creation of a European Single Currency by 1999 as part of Stage III. Accession to the currency union was to be accompanied by stringent convergence criteria in order to ensure “a high degree of sustainable convergence”\textsuperscript{96}, including budgetary

\textsuperscript{95} Dyson, Kenneth, Featherstone, Kevin, The Road to Maastricht: Negotiating Economic and Monetary Union, pp. 744-745.
restrictions, and measures to ensure price and currency stability. In addition currency union necessitated a more independent supranational ECB. The differences between the Delors Report and the bargain hammered out between the Big Three at Maastricht, shows the relative ascendancy of the LI process at this stage. The nature of the integrative settlement at Maastricht does however represent another step towards a more Federal Project. That in turn further empowers the supranational institutions of the Project that drive the NF process. The reasons for this can be found in the relative success of the Big Three in securing their specific sovereignty based preferences for the Project.

**German Influence:**

The supranationalising of sovereignty implied in the creation of EMU can be attributed to the relative success of Germany in securing its preference for a Federal Project. The fall of the Berlin Wall raised concerns amongst Germany’s partners of a re-assertive United Germany that could deviate from its post-war integrationist stance\(^97\). The German Preference was therefore for self-integration to assuage the fears of its neighbours through a renewal of its commitment to the process of European Integration\(^98\). Maastricht was seen as the supranational price tag for reunification\(^99\). Further ‘deepening’ of the European Project in the form of the creation of EMU was consistent with the Germany’s federal preference\(^100\). German preference for the shape of EMU was also heavily informed by the threat posed to

\(^{97}\) Baun, Michael J., ‘The Maastricht Treaty as High Politics: German, France and European Integration’, pp. 609.


the German Economic Model, due to the inflationary costs associated with unification. The symbolic sacrifice of the Deutschmark for currency union caused a significant collapse in public support for integration\textsuperscript{101}. In return for abandoning the Deutschmark, Germany demanded strict convergence criteria for entry to the single currency\textsuperscript{102} and the superimposing of its ordoliberal monetary discipline at the supranational level\textsuperscript{103}. In terms of the structure of EMU Germany was successful in the pursuit of its preferences. However German desire for parallelitāt, the parallel development of economic and political union, was rejected by France and Britain due to concerns over loss of sovereignty\textsuperscript{104}.

**British Influence:**

British preference at Maastricht was strongly linked to their overall preference for a Confederal Project, in the desire to defend the sovereignty of the nation state from the forces of supranationalism. British strategy in the negotiations was however a marked departure from the obstructionism adopted by former Prime Minister Margaret Thatcher, in concern over the symbolic loss of sovereignty in economic policy implied by EMU\textsuperscript{105}. Addressing the House of Commons she infamously responded “No, No, No” to the supranational ambitions of Delors. Declaring, “What is the point of trying to get elected to Parliament only to hand over sterling and the

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powers of this House to Europe?"\textsuperscript{106}. The intractability of this stance contributed significantly to her downfall. Prime Minister John Major subsequently pursued a more conciliatory line in discussions on integration. Major’s desire was to place Britain at the ‘Heart of Europe’, in order to ensure that full account was taken of British preferences in persevering the confederal nature of the Project. Despite this less hostile approach British preference at Maastricht was determined by “inherited policy preferences” predicated on the reluctance to cede sovereignty\textsuperscript{107}. Dinan therefore describes the British position as “minimalist”\textsuperscript{108} attempting to limit the supranationalising of sovereignty, partly through a general member state ‘opt-out’\textsuperscript{109}. The reality of Britain's isolated preference was underscored by the fact that only Denmark chose to ‘opt-out’. Major declared that the British ‘opt-out’ represented, “Game, Set and Match” for the UK. The ‘opt-out’ did underline the LI fact that the choice to integrate is the de jure prerogative of member states. However, in terms of Britain’s overarching objective the ‘opt-out’ failed to slow the NF process. The resultant vertically differentiated integration created a ‘two-speed’ Europe\textsuperscript{110}. This actually sped up deeper integration amongst a European core of member states due to the removal of the UK’s ability to act as a dissenting brake in key policy areas.

**French Influence:**

The French overall preference for a Polymorphous Project, in creating a balance between member states and supranationalism, is clear at Maastricht. The pro-Europeanist element of this preference underpins French support for EMU as a


\textsuperscript{107} Geddes, Andrew, Britain and the European Union, pp. 75.

\textsuperscript{108} Dinan, Desmond, “Ever Closer Union: An Introductions to European Integration”, pp. 119.

\textsuperscript{109} Dyson, Kenneth, Featherstone, Kevin, The Road to Maastricht: Negotiating Economic and Monetary Union, pp. 677.

method of regaining influence over European monetary policy. The success of German monetary discipline and the resultant strength of the D-Mark had allowed Germany to dominate the EMS. This gave the Bundesbank de facto power to set European monetary policy, obliging others to shadow interest and exchange rate changes to maintain parity with the D-Mark. Mitterrand’s enforced ‘Turn’ in 1983 from Keynesian reflationaly policy to the counter inflationary ‘Franc Fort’, was necessitated by the monetary discipline and inflation targeting of the Bundesbank. French preference was therefore for the creation of EMU as a means of restricting the ability of Germany to dictate monetary policy. The French aim of restricting potential German hegemony gained further significance in the uncertainty created by the prospect of German Unification. EMU was seen as means of containing a United Germany, whose demographic advantage, geostrategic commitments and economic potential led Wallace to label it a “Natural Hegemon”. The French preference was to tie Germany irreversibly to the process of European Integration papering over the disparate preferences that belie the asymmetric nature of the Franco-German relationship. This ‘balance of the bomb and the mark’ had proved such a successful means of projecting French influence and in driving the integrative process that its preservation was considered essential. Ultimately France was

111 Dyson, Kenneth, Featherstone, Kevin, The Road to Maastricht: Negotiating Economic and Monetary Union, pp. 199.
successful in securing EMU; however it was forced to accept German demands over its structure, entrenching in the long run a German economic culture at a European level. The French were however successful in blocking German calls for parallelität. The concurrent influence of the national sovereigntist element can still clearly be seen in the ‘petit oui’, 51% to 49%, outcome of the French Maastricht Referendum. Even the Minister of European Affairs Elisabeth Guigou declared that further supranationalising of competencies would be inconceivable.

**Conclusion:**

The Maastricht stage of European Integration provides significant support for the framework of European Integration proposed by this study. Maastricht shows clearly the concurrent influence of the LI and NF integrative processes. The agenda-setting role played by the supranational EC is indicative of the emerging agency of the NF process, driven by the effects of spillover. EMU represents a significant reinforcing of the supranational process and the pursuit of a Federal Project. However, the role played by the Big Three in influencing the Maastricht settlement on EMU is representative of the relative ascendancy of the LI process during this stage of the integrative process. The Project consequently continued to exhibit a predominantly confederal character. The relative success of the Big Three in securing preference provides an interesting analytical perspective. The most successful of the Three are France and Germany in successfully achieving EMU despite British opposition. The relative lack of success in securing preference on the part of the UK is compounded

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by the future restrictions on its influence, inherent in differentiated integration.

Maastricht does however raise interesting questions regarding public support for
deeper integration. Public sensitivity surrounding the symbolic loss of sovereignty
implied by the creation of EMU is evidence of the resilience of nation states that
makes the colonisation process gradual.
Chapter 3:- Constitutional-Lisbon Treaty Arc

The integrative arc covering the failure of the Constitutional Treaty and the eventual ratification of the Lisbon Treaty has significant ramifications for the integrative framework proposed in this study. Piris argues that the rationale behind the construction of a European Constitutional Settlement had two viewpoints that can be linked to preferences for the character of the Project. Firstly that rationalising governance procedures and clarifying the division of competencies would strengthen the confederal intergovernmental aspects of the Project by removing Neo-functional (NF) pressures. In contrast the second viewpoint was that it would again provide NF integrative impetus in reinforcing the position of the supranational elements of the Project. Moravcsik suggests that the Constitutional-Lisbon Arc shows the exhaustion of functional integrative logic resulting in ‘constitutional maturity' with a confederal character. He points to the lack of competency transfer between the supranational and intergovernmental institutions as evidence. Rovná counter argues that the nature of the institutional reforms significantly rebalanced the relationship between member states and the supranational institutions, strengthening the NF process. These arguments have implications for the validity of the Vine Framework and underpin the importance of the Constitutional-Lisbon Treaty Arc as a stage of European Integration. Confederal ‘constitutional maturity' directly challenges the prediction of the Projects colonisation by the NF process. Equally the rejection of

122 Ibid., pp. 1-2.
the Constitutional Treaty by the citizens of France also threatens to refute a
colonisation process. Hutton declared the rejection as a crisis of integration that
could instigate the "balkanisation of Europe into mutually suspicious and hostile
camps", with the potential to threaten the viability of the Project\textsuperscript{125}. Indeed the
attempt at creating a constitutional settlement for the Project, with its attached
symbolism\textsuperscript{126}, conflicted strongly with the national sovereignty preferences of
member states. Indeed the failure of the Constitutional Treaty at the ratification stage
revealed a disparity in the extent of Europeanisation between governing elites and
national populaces. In addressing the challenges posed to the Vine Framework, this
Chapter will again consist of a comparative analysis of the relative success in
securing preference of the European Big Three and the supranational Project. As the
Lisbon Treaty differs from the Constitutional Treaty only in the lack of a symbolic
"constitutional" element, the analysis will primarily be conducted in relation to the
Constitutional Treaty.

\textbf{Neo-Functional Influence:}

The Constitutional-Lisbon Treaty Arc should be considered as the culmination of an
intense period of integrative activity, punctuated by the Amsterdam and Nice
Treaties. This period attempted to deal with a democratic deficit, symptomatic of
functional spillover from the Maastricht Treaty, by rationalising and democratising the
governance of the Project\textsuperscript{127}. In fact this "constitutionalisation process" is the
epitome of NF. Indeed the Nice Treaty provided further integrative impetus, by
instructing the Laeken meeting of the European Council to issue a follow-up

\begin{footnotes}
  \item[125] Hutton, W, "My Problem with Europe", The Observer, (5\textsuperscript{th} June 2005), pp. 18-19.
  \item[126] Piris, Jean-Claude, The Constitution for Europe: A Legal Analysis, pp. 557-585.
  \item[127] Habermas, Jürgen, "Why Europe Needs a Constitution?", in The Shape of the New Europe, ed.
\end{footnotes}
declaration on proposals for further reform. The subsequent Laeken Declaration significantly widened the reform agenda by empowering a Constitutional Convention to draft a constitutional settlement for the Project. Choosing the convention method proved conducive in fostering what Marchi terms a deliberative negotiating environment that encouraged consensus building particularly in highly technical, low political areas. This is suggestive of the influence of NF cumulative and political spillover amongst elites inspiring a ‘constitutional ethos’ commensurate with a European preference. For Shaw this presented an “opportunity for a deeper and more effective legitimization of the European Union, as well as the narrower possibility of changing the long term trajectory of treaty amendment processes”.

The appointment of the Former President of France Valéry Giscard d’Estaing as Chair, and the composition of the Convention including representatives of both member states and the supranational elements of the Project, was also significant. In terms of the contents of the Draft Treaty definite parallels can be drawn with the agenda-setting role of Delors during the prelude to the Maastricht IGC’s. Giscard’s strong leadership was influential in widening the scope and depth of proposals at the Convention. His priorities in creating a standing President of the Council, abolishing the existing system of rotation, and reducing the size of the

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Commission, featured strongly in the Draft Treaty. The fact that the finalised Treaty and the Draft Treaty are virtually identical is perhaps indicative of the successful pursuit of preference on the part of the Projects supranational elements. In fact only minor changes were made at the IGC. These involved raising the ‘double majority’ requirements by 5% and the postponement until 2014 of the planned reduction in the size of the Commission. However, Marchi raises questions regarding supranational success, arguing that the deliberative process was less influential in high political issues. Issues of policy competency were largely determined by LI bargaining within the Convention rather than in the IGC. This failure to secure additional competencies underlies Moravcsik’s claim that the Treaty was merely a “Conservative document that consolidates a decade or two of creeping change”.

Despite the relative lack of significant policy transfer between the intergovernmental and supranational institutions the Constitutional-Lisbon Treaty Arc succeeds in solidifying the position of the supranational Project. This and evidence for a genuine elite European Interest suggests a more equal relationship between the LI and NF processes in a Polymorphous Project.

**French Influence:**

The Constitutional Treaty proved particularly controversial in France inflaming national sovereigntist sentiments and leading to rejection of the Treaty in the 2005

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referendum. French pursuit of preference for the Constitutional Treaty was actually remarkably successful, partly due to the location of the French polymorphous preference between those of Germany and the UK. Drake suggests that Giscard’s influence over the Draft Treaty meant that it strongly reflected French preferences\textsuperscript{137}. Indeed France was able to retain its position of strength as the institutional reforms strongly favoured larger member states. Lesquesne suggests that the Constitutional Convention represented an opportunity to reassert declining French influence and re-impose French preferences for the Project\textsuperscript{138}. French support for the ‘dual-presidency’, of elected Commission President and standing Council President, was specifically aimed at reinforcing French influence following enlargement\textsuperscript{139}. Successful pursuit of French interest is also evident in the fact that President Jacques Chirac only sought QMV extension in areas that would benefit France, mostly notably in social policy\textsuperscript{140}. The rejection of the Treaty by the French electorate therefore reveals a disparity in the extent of Europeanisation between the governing elite and the public. Rozenberg argues that the pro-Europeanist narrative of Europe as a means of projecting French influence had been eroded, weakening its mobilising potential\textsuperscript{141}. Parsons links this to the ‘muffling’\textsuperscript{142} of the debate over Europe, what Rozenberg describes as a silent, flimsy catch-all discourse\textsuperscript{143}. Richard Balme also highlights the decline of Europe as a policy priority from its prominence in

\begin{thebibliography}{99}
\item Dinan, Desmond, \textit{Ever Closer Union: An Introduction to European Integration}, pp. 176.
\item Drake, Helen, ‘France: An EU Founder Member Cut Down to Size’?, 101.
\end{thebibliography}
the 1970’s and 1980’s. This climate of uncertainty regarding the Project is reflected in the resurgence of national sovereigntist concerns and the resulting referendum defeat. This resurgence managed to unite both the Left, disenchanted with a perceived Anglo-Saxon, neo-liberal hegemony, and the Right worried over the symbolic encroachment of the Project on high politics. Sutton describes this as “a diffuse sense of loss of French ownership of the ‘European Construction’. The rejection of the Constitutional Treaty is clear evidence of the resilience of nation states as ideational localities. Indeed the French rejection of the symbolic constitutional dimension of the Constitutional Treaty contributed considerably to its absence from the Lisbon Treaty. In relation to the colonisation process it indicates the continuing importance of the LI process, as it shows the ability of France as a member state to significantly disrupt the process.

**British Influence:**

The UK’s preference during the Constitutional-Lisbon Treaty Arc is again rooted in its preference for a Confederal Project, aiming to ensure that the constitutional settlement would be as intergovernmental as possible. This stance was clearly evident in the ‘red-line’ positions that the UK adopted in specific areas. The European Minister and British representative at the Constitutional Convention Peter Hain, fought vehemently to expunge all references to ‘federalism’ from the draft Treaty. This was representative of the specific meaning of the term in domestic discourse and concerns over the symbolic loss of sovereignty implied by a ‘federalist’

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146 Ibid., pp. 324.
147 Dinan, Desmond, Ever Closer Union: An Introduction to European Integration, 3rd ed., pp. 177.
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constitution. Kassim suggests that the UK was successful in defending these ‘red-lines’, preventing the extension of the more democratic Qualified Majority Voting System to the areas of taxation and social policy. The UK’s defence of red-lines again gave the impression of the UK as at “odds with Europe”, leaving the UK isolated, particularly over QMV. QMV presented a threat to the position of the UK within the intergovernmental process in eroding the unanimity principle, weakening the value of obstructionism. However, Menon suggests that despite being isolated the UK was fairly successful in securing its confederal preference. This can be seen in the blocking of proposals for the indirect election of the Commission President by the European Parliament, whilst securing the strengthening of the intergovernmental European Council through the creation of a standing President. The UK’s influence is evidenced in that almost half of the amendments to the Conventions Draft were introduced by the UK. In an echo of John Major, Foreign Secretary Jack Straw claimed British interests had been secured. However, polling for the scheduled UK referendum indicated the Treaty would have been rejected, illustrative of the disparity between the Europeanised political elite and a Eurosceptic public. Despite short-term success the passage of the Lisbon Treaty is further evidence of the long-term failure of the UK’s confederal preference in attempting to halt NF.

German Influence:

The Constitutional-Lisbon Treaty process can be seen as both a success and a failure for Germany in the pursuit of its overall preference for a Federal Project. For Germany, despite strengthening the institutions of the Project the Constitutional Treaty merely reflected the art of the possible. Foreign Minister Fischer had previously advocated a ‘lean federation’ built on nation state foundations, but possessing sovereign capacity\textsuperscript{153}. Regarding the Constitutional Treaty Bradbury locates German preference in the desire to better define the meaning of ‘ever closer union’ and to democratically rationalise the governance of the Project in response to enlargement\textsuperscript{154}. This is commensurate with Germany’s overall preference for a Federal Project. In contrast to the UK Germany proved a consistent advocate for the extension of QMV, particularly through the introduction of the ‘double majority’ system. This would require over half of member states representative of 60% of the EU’s population to back reforms. Germany was largely successful in achieving this aim albeit it with the slightly higher 55% and 65% thresholds, respectively\textsuperscript{155}. Further evidence of Germany’s mixed success can be seen in the failure to achieve the indirect election of the Commission President by the Parliament, but success in securing a standing President of the Council. However, Germany’s role in the eventual passage of the Lisbon Treaty, following the French rejection, cannot be underestimated. It was the German Presidency of the Council of Ministers that

\textsuperscript{153} Fischer, Joschka, ‘From Confederacy to Federation - Thoughts on the Finality of European Integration’, (speech presented at Humboldt University, Berlin, 2000), http://www.cvce.eu/obj/speech_by_joschka_fischer_on_the_ultimate_objective_of_european_integration_berlin_12_may_2000-en-4cd02fa7-d9d0-4cd2-91c9-2746a3297773.html, [10\textsuperscript{th} April 2014].


\textsuperscript{155} Bache, Ian, Bulmer, Simon, George, Stephen, Politics in the European Union, 3\textsuperscript{rd} ed., pp. 213.
ended the period of reflection that followed\textsuperscript{156}. The German preference for a Federal Project is shown by the preference to secure another stage towards deeper integration and by the willingness to compromise to achieve this aim. On the whole the passage of the Lisbon Treaty and its inherent solidification of the NF supranational process represent a generally successful long term outcome for Germany.

**Conclusion:**

Clearly the integrative arc encompassing the Constitutional and Lisbon Treaties represents a significant challenge to the Vine Framework and colonisation process proposed in this study. The resilience of member states and of the LI process is shown clearly by the failure of the Constitutional Treaty at the ratification stage. Rejection of the Treaty by the French electorate reveals the extent of the Europeanisation deficit between elites and citizens, evidence of the role of nation states as ideational anchors for citizens. The implication that this has for the proposed colonisation process is that it suggests that it is gradual, particularly in regards to the shifting of citizens’ loyalties to the supranational level. In terms of the relative ascendancy between the LI and NF processes the Constitutional-Lisbon Arc does provide evidence for the growing influence of the NF process. Despite the incremental nature of this integrative stage and the lack of competency transfer the institutional reforms represent a further reinforcing and extension of the community method. Rather than reaching ‘constitutional maturity’ the Constitutional-Lisbon Treaty Arc provides a platform for further reform. Relative success of the member states in securing their preferences also highlights this. The British can be

considered successful in the short term in limiting the extension of the community method through QMV. However the institutional reforms that did occur show the continuing inability of the UK to defend the confederal character of the Project in the long term. German success in resurrecting the Treaty is also indicative of the growing ascendancy of the NF process, due to the nature of the German preference for a Federal Project. Overall the growing influence of the NF process can be seen in the remarkable continuity visible between the Constitutional and Lisbon Treaties. The Lisbon Treaty, shorn merely of the symbolic dimension. The Constitutional-Lisbon arc represents a pivotal moment in European integration, at which within the Vine Framework the NF process significantly gains at the expense of the LI. Therefore the subsequent prevailing character of the Project can best be described as Polymorphous indicative of the almost equivalent influence of the NF and LI processes.
Chapter 4: The Response to the Eurozone Crisis

The ongoing Eurozone Crisis that grew out of the Global Financial Crisis of 2008 has exposed structural deficiencies within the Project that pose a grave threat to its survival, but also present an opportunity for deeper integration. Leaman argues that Europe faces multiple crises\textsuperscript{157} that predominantly stem from what Huffschmid terms the “neo-liberal deformation of Europe”\textsuperscript{158}. This can best be described as a crisis of integration that is located in the historical ascendancy of the Liberal Intergovernmental (LI) process. Essentially LI success in blocking the parallel construction of Economic and Monetary Union (EMU) and Political Union at Maastricht laid the foundations for the Crisis. Dannhauser suggests that EMU in its current form represents a suboptimal currency area\textsuperscript{159}, in which national governments pursue asymmetrical fiscal policies. Verdun adds to this in stating that not establishing a fiscally autonomous federal structure makes it impossible to reduce imbalances between member states\textsuperscript{160}. Therefore, rather than inducing cohesion and harmonization, EMU in the absence of a Political Union actually created a forum for intensive neo-liberal competition amongst Eurozone members. Therefore the Eurozone Crisis clearly marks a crisis point for integration itself. Cooper suggests that it is the “revenge of neo-functionalism”\textsuperscript{161}; a perfect example of the spillover process as driver of sectoral integration.

\textsuperscript{160} Verdun, Amy, “The Euro has a Future”, in Key Controversies in European Integration, ed., Dür, Andreas, Zimmermann, Hubert, (Basingstoke: Palgrave MacMillan, 2012), pp. 121.
a result of the failure to deal with the pressure of functional spillover from Maastricht to create deeper economic union. The Crisis therefore has significant implications for the Vine Framework and colonisation process proposed by this study. Firstly as it has the potential to constitute a change in relative ascendancy between the two integrative processes. Indeed Verdun suggests that the Crisis provides an opportunity for deeper integration. Such an outcome would support the prediction made within the Vine Framework that the Neo-functional (NF) process will ultimately gain ascendancy towards a Federal Europe. However, Gillingham claims that the Crisis marks the end of the ‘European Dream’ and will instigate LI resurgence through the re-establishing of a predominantly Confederal Europe. Indeed the Crisis has exposed the extent of the Europeanisation deficit between elites and citizens, instigating a resurgence of LI as national governments become more responsive to the pressure of public opinion. Finally the Crisis has also raised the possibility that material contextual pressures could weaken the ties that bind the Project together, undermining the system as a whole and causing its mutually detrimental disintegration. The analysis in this Chapter will again be conducted by analysing the relative impact of the European Big Three in securing preferences relative to that of the supranational Project.

**Neo-Functional Influence:**

Not surprisingly the roots of the Crisis in the failure to construct a real economic union at Maastricht mean that the reforms floated to tackle the Projects structural deficiencies, address this issue. The supranational European Commission (EC) has

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162 Verdun, Amy, “The Euro has a Future”, pp. 121.
again assumed an agenda setting role in shaping the reform process. EC President José Manuel Barroso, in his State of the Union Addresses has consistently advocated for “real economic union” to fulfil the full promise of EMU. In 2012, the EC published a Report entitled, ‘A blueprint for a deep and genuine economic and monetary union’ which timetabled proposals for both Banking and Fiscal Union. Banking Union was included as a short term goal, within 6-18 Months, whilst Fiscal Union was to be completed in stages in the medium to long term. Fiscal capacity for the Project is deemed essential in order to engender the harmonization between member states that would make EMU sustainable. However, as of spring 2014 success in achieving these reforms has been underwhelming. The short term target for delivery of a Banking Union has not been met and negotiations on Fiscal Union have also stalled amid a nascent economic recovery. The reason for this can be found in exactly what these reforms would entail, in terms of further empowering the supranational Project. Fuest and Peichel suggest that effective Fiscal Union would de facto require pooling of political sovereignty in a democratically legitimate ‘United States of Europe’. Indeed fiscal autonomy would provide the NF integrative process with unprecedented capacity to drive the process in a federal direction. Member states have proved increasingly unwilling to take what would amount to a supranational ‘leap in the dark’. Puetter describes this as an ‘integrative paradox’

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between national interest and collective necessity\textsuperscript{169}. Chang suggests that this has inculcated an intergovernmental resurgence, fostering a consensual ‘deliberative intergovernmentalism’ within the European Council\textsuperscript{170}. The difficulty in attaining consensus between member states within the Council has hindered the reform process. Marcellino suggests that the reforms enacted so far, the ‘Six-Pack’ and ‘fiscal compact’, fail to deal with the causes of the Crisis, merely enforcing the existing Stability and Growth Pact (SGP) more strictly\textsuperscript{171}. Chang attributes the relative failure of supranational institutions to fulfil the promise of the Crisis to the domestic pressures faced by member state governments\textsuperscript{172}. Increasing Euroscepticism, fuelled by the material cost of the Crisis and perceptions of democratic illegitimacy, has eroded the permissive consensus amongst European citizens in support of integration\textsuperscript{173}. Additionally the asymmetrical distribution of the effects and costs of the Crisis have damaged conceptions of solidarity between Europeans of different nationalities. The Crisis has therefore clearly exposed the latent threat posed by the Europeanisation deficit. This deficit threatens to instigate a resurgence of LI that could reverse the colonisation process that forms the basis of the Vine Framework outlined in this study.


\textsuperscript{171} Marcellino, Massimiliano. ‘Why We Don’t Need the New Fiscal Treaty’, (30\textsuperscript{th} January 2012), http://www.euractiv.com/future-eu/dont-need-new-fiscal-treaty-analysis-510470, [23\textsuperscript{rd} April 2014].

\textsuperscript{172} Chang, Michele, ‘Fiscal Policy Coordination and the Future of the Community Method’, pp. 267.

British Influence:

Considering the potential discussed above for LI resurgence, the Eurozone Crisis could provide the UK with an opportunity to dramatically alter the shape of the Project. Indeed Prime Minister David Cameron’s ‘Bloomberg Speech’ on the future of the Project is commensurate with the UK’s confederal preference. In the wake of the Crisis and its exposure of the Europeanisation deficit the Speech calls for a ‘Flexible union’ involving the repatriation of powers and an expanded role for national parliaments\textsuperscript{174}. However, the Crisis has revealed the extent of the disparities between the confederal preference of the UK and the preferences of its partners\textsuperscript{175}. Kundani argues that the UK has been unsuccessful in the pursuit of its aims and is becoming increasingly marginalised\textsuperscript{176}. This marginalisation can be seen in Cameron’s commitment to hold a referendum on membership in 2017, should his Conservative Party gain a parliamentary majority in 2015. Polling for the Guardian in 2012 suggested that 56\%\textsuperscript{177} of the British electorate would back an exit. Marginalisation is a consequence of the short term successes of the UK in securing opt-outs from important integrative stages, particularly from EMU. The differentiated integration that this created has meant that in the long term a ‘core’ of member states, including France and Germany, have been able to pursue deeper


\textsuperscript{175} Hewitt, Gavin, ‘Very Different Ideas About Europe’, BBC, (23\textsuperscript{rd} January 2013), http://www.bbc.co.uk/news/world-europe-21158381, [20\textsuperscript{th} April 2014].

\textsuperscript{176} Kundani, Hans, ‘The British Question’, European Council on Foreign Relations, (3\textsuperscript{rd} September 2012), http://ecfr.eu/content/entry/commentary_the_british_question, [23\textsuperscript{rd} April 2014].

\textsuperscript{177} Boffey, Daniel, Helm, Toby, ‘56\% of Britons Would Vote to Quit EU in Referendum, Poll Finds’, (17\textsuperscript{th} November 2012), http://www.theguardian.com/politics/2012/nov/17/eu-referendum-poll, [23\textsuperscript{rd} April 2014].
integration. Evidence for this can be found in what Schmidt describes as the “botched” attempt to veto the ‘fiscal compact’. Despite the UK vetoing treaty change the other member states bypassed the veto, appending the ‘fiscal compact’ as a protocol to the existing framework. The depth of the UK’s isolation is such that all member states bar the Czech Republic and the UK signed up to it provisions. If successful the proposals for Banking and Fiscal Union will further exacerbate this isolation. Indeed Geddes suggests that the UK has placed itself firmly in the ‘slow lane’ or ‘outer core’. He argues that because other member states in the ‘outer core’ aspire to the ‘core’, it is ‘not an alternative sphere for British leadership, but is a position on the outside looking in”.

In terms of the Vine Framework and colonisation process the marginalisation of the UK’s confederal preference is suggestive of the declining influence of the LI process. The creation of a ‘core’ of member states willing to pursue deeper integration, suggests a genuine Europeanisation of governing elites indicative of the growing ascendancy of the NF process. However, the feelings of disconnection between the EU and its citizens cited by Cameron are not exclusive to the UK and do pose a threat to the colonisation process.

**German Influence:**

The Eurozone Crisis and the reforms that are deemed necessary to fix the structural imbalances at the heart of EMU provide Germany with an opportunity to secure

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180 Geddes, Andrew, Britain and the European Union, pp. 112.

181 Ibid., pp. 113.

182 Cameron, David, ‘EU Speech at Bloomberg’. 49
deeper integration in line with its overall federal preference. The Crisis has revealed the extent of the asymmetries within the Franco-German relationship highlighting Germany’s economic hegemony\textsuperscript{183}. Uniquely Germany is in a position to harness NF pressures to drive the Project in a federal direction. However, Morisse-Schilbach argues that during the Crisis Germany’s European policy has become increasingly unilateral\textsuperscript{184}. Bulmer and Paterson also suggest that self-interested commitment to the Economic Model has come to trump the civilian power motives for integration\textsuperscript{185}. Essentially the material nature of the Crisis has threatened the success of the German Economic Model weakening the ‘reflexive multilateralism’ that provides the foundation for the federal preference. Evidence for this can be found in German support for the ‘Six-Pack’ and ‘fiscal compact’ reforms to the existing SGP, that Bibow argues “utterly fails in filling the vital EMU policy vacuum of a missing growth strategy”\textsuperscript{186}. He suggests that German support for SGP reform is predicated on unilateral self-interest that the German Economic Model’s success is predicated on the imbalances within EMU that caused the Crisis\textsuperscript{187}. It is therefore not in German self-interest to create a Fiscal Union with the capacity to close these imbalances. Indeed, Müller-Brandeck–Boucquet describes the German position in regard to

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Fiscal Union and the mutualisation of sovereign debt as obstructionist\(^{188}\). Germany’s unilateral pursuit of preference during the Crisis is indicative of LI resurgence on the back of domestic pressures resulting from the exposure of the Europeanisation deficit. Recent polls suggest a decline in feelings of solidarity between Germans and their fellow Europeans 44% favour stricter criteria for membership of the Eurozone and that 37% believe that Germany shouldn’t provide the funds to prevent the potential break-up of the Eurozone\(^{189}\). The first openly Eurosceptic political party has also emerged in the shape of the Alternative Für Deutschland calling explicitly for a transfer of power back to member state parliaments\(^{190}\). That Germany the arch-integrationist should be susceptible to eurosceptic sentiments is indicative of the potential of the Eurozone Crisis to disrupt or derail the colonisation process.

**French Influence:**

French preference regarding the response to the Eurozone Crisis is again located on the spectrum between the national sovereigntist and pro-Europeanist positions that determine its overall preference for a Polymorphous Project. Schmidt suggests that the Crisis has reversed a drift away from the pro-Europeanist position evident during the Consititutional-Lisbon Treaty Arc\(^{191}\). Indeed she argues that France has exercised real leadership in the response to the Crisis\(^{192}\). Schild suggests that the French have


\(^{192}\) Ibid., pp. 180.
displayed a clear preference for more vigorous and decisive crisis management. Consequently he argues that the French preference for Crisis response is for major structural reform of the economic governance architecture of EMU. France has therefore supported the push for both Fiscal and Banking Union, and has been a consistent advocate against German led austerity, in calling for growth measures. Indeed the French President François Hollande was elected in 2012 promising to fight for a ‘growth pact’. French success in the pursuit of these preferences has however been limited. Whilst exposing Germany to be the dominant economic power in the Eurozone it has simultaneously exposed French weakness. Young and Semmler suggest that France has come to accept German demands over the nature of Crisis response. They argue that for France “open conflict with Germany could frighten the markets even more and thus endanger the Euro”, endangering the French economy. Another reason for the weak French commitment to its preference for the reform process can also be attributed to its ‘structural ambivalence’. In relation to structural reform the French are reluctant to cede the sovereignty necessary to deal with the imbalances that threaten the Eurozone. The indecisive, contradictory nature of the French preference for Crisis reform is rooted in the

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194 Ibid.
197 Ibid.
inherent conflict between wanting to retain national sovereignty and the pro-Europeanist belief in power through Europe. In regards to the process of colonisation proposed by this study, the French preference for reform is again indicative of the resilience of member states. Shown in how despite the strong functional pressures for deeper integration resulting from the Crisis, a member state like France can remain indecisive on the benefits of integration.

**Conclusion:**

The effects of the Eurozone Crisis have clearly already had a significant impact on the process of European Integration and will continue to do so. It has the potential to be a turning point in the trajectory of the integrative process, marking the moment at which the NF process finally gains ascendancy over its LI counterpart. Indeed the creation of Fiscal and Banking Union, as championed by the supranational European Commission, would entail the most significant ceding of sovereignty in the Project's history. A Fiscal Union in particular would imbue supranational institutions and the NF process with unprecedented capacity to pursue deeper integration towards a Federal Europe. Indeed the continuing isolation of the UK and its confederal preference is indicative of the continued increase in the relative ascendancy of the NF process. However, the agenda setting role of the supranational elements of the Project has been much weaker during the Crisis than in the integrative stages discussed previously in this study. Progress on the necessary reforms has proved slow and inconsistent. This is rooted in a LI resurgence predicated on the Crisis exposing the extent of the Europeanisation deficit between elites and citizens. Continuing French indecisiveness is suggestive of this, as despite the strong functional spillover from the Crisis, member states are still reluctant to totally give up
sovereign authority. The effect of an increasingly sceptical public opinion has hardened national preferences. German preference for Crisis response is a powerful example of this. The material threat of the Crisis in relation to the success of the German Economic Model has weakened its overall preference for a Federal Project. As a result Germany has become much more circumspect about footing the bill for integration and assertive in pursuit of its economic interests. However, rather than reversing the process of colonisation this LI resurgence is merely making it even more gradual. Such a slowing of the colonisation process suggests further integration in areas of ‘high politics’ becomes increasingly difficult and controversial. As ‘masters of the treaty’ member states must ultimately make the decision to allow the NF process to gain ascendancy. In essence the LI process must subordinate itself. Therefore the slow and inconsistent nature of the pursuit of reforms aimed at deepening integration can be attributed to a rearguard action on the part of the LI process rather than resurgence. More worrying however, prevarication on the necessary structural reforms could result in the ill winds of the Crisis toppling the system.
**Conclusion:**

In conclusion the analysis conducted in this study provides clear evidence for the viability of a Vine System Framework and process of colonisation, predicated on the mutual inclusivity of the Neo-functional (NF) and Liberal Intergovernmental (LI) integrative processes. The predicted impact of the three integrative stages that formed the case studies on the colonisation process is shown in Figure 3.

![Diagram showing the integration of NF and LI processes](image)

Figure 3.

In the case of the Maastricht stage of the integrative process the predictions made within the Framework are shown to be accurate. The concurrent influence of the NF and LI processes is plainly visible in relation to the creation of European Monetary Union (EMU) at Maastricht. Relative growth in ascendancy of the NF process can be seen in the agenda-setting role played by the European Commission (EC) and its President Jacques Delors. The creation of EMU represented a major empowering of the supranational elements of the Project and gave it an increasingly federal character. However despite this major gain in relative ascendancy for the NF integrative process the prevailing character of the Project remained strongly
confederal. The LI process was clearly evident in the success of the French and the British in blocking Political Union. The most significant impact of Maastricht was the public sensitivity it revealed surrounding the symbolic ceding of sovereignty. This is evidence of the resilience of member states as ideational localities which underpins the gradual nature of the colonisation process.

The predictions made within the Framework also largely hold in the case of The Constitutional-Lisbon Treaty Arc. Evidence for the influence of the NF process can again be found in the agenda-setting role played by the President of the European Commission Giscard d'Estaing in the Convention stage. Notwithstanding the lack of competency transfer the institutional reforms that did occur represent a further extension and reinforcing of the supranational, community method of decision making. This is indicative of the continued growth in the relative ascendancy of the NF process. However, the French rejection of the Constitutional Treaty is indicative of a deficit in the depth of Europeanisation between governing elites and citizens. This deficit suggests that citizenries are less susceptible to Europeanisation and it is this that fuels the resilience of member states. The implication of this for the Framework is that the gradual nature of the colonisation process is rooted predominantly in weak public support for the Project. Evidence of this Europeanisation deficit belies a revision that should be made to the colonisation process. This is that the gradual nature of the process becomes ever more pronounced as each integrative stage cedes additional sovereignty to the Project. Therefore the French rejection is also indicative of the continuing relative ascendancy of the LI process. Success in securing preference on the part of the UK and Germany also shows this. Overall the Constitutional-Lisbon Treaty Arc represents a pivotal moment whereby the prevailing character of the Project can be
described as polymorphous. Indicative of the almost equivalent influence of the NF and LI processes, as illustrated in Figure 3.

The Eurozone Crisis present the most important challenge to the proposed Vine Framework and process of colonisation. The reforms tabled to establish supranational Banking and Fiscal Union have the potential to mark the point at which relative ascendancy switches, as shown in Figure 3. However the material costs of the Crisis have revealed the extent of the Europeanisation deficit between elites and citizens. Consequently domestic pressures have hardened national preferences, fuelling a rearguard action on the part of the LI process. This is also suggestive of the revision to the Framework outlined above that the process of colonisation is becoming increasingly more gradual. Therefore progress on the reforms necessary to deal with the structural imbalances within the Eurozone has been slow and inconsistent. This has an important ramification for the predication made within the Framework that the NF process will gain ascendancy, increasingly giving the Project a federal character. The possibility that reforms will not occur raises the possibility that the Crisis could cause the mutually detrimental collapse of the Project. This suggests another revision that should be made to the Framework. Namely that the Project could disintegrate at this critical stage giving a prevailing character that Calleo describes as Nobody’s Europe. Figure 4 includes this revision to the Framework.

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In summation the Vine Framework and process of colonisation with the revisions proposed above provide a useful tool with which to analyse the integrative process. In relation to making a prediction for the future of the European Project the ongoing nature of the Eurozone Crisis makes this difficult. Further avenues for research should include expanding the scope of the analysis to include other factors that impact on national preferences. In particular research should be conducted in the short-term impacts of economic exigencies and the nature of the member states domestic political settlements. Additionally further research should be aimed at explaining the Europeanisation deficit, in terms of a process of socialisation by adding Niemann’s concept of “social spillover” to the analysis. This would allow a stronger conclusion to be reached on both the reasons for the deficit and also on the implications it has for the integrative process. In predicting the future of European Integration, this study suggests that the resurgence of LI during the Crisis has succeeded only in slowing down the reform process rather than removing it from the

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agenda. This study therefore predicts that the Project will weather the storm and eventually pass the necessary reforms. The resulting NF ascendancy will increasingly drive the character of the Project in a federal direction.
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