

NEO-NEO-FUNCTIONALISM

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1 Introduction: DÉJÀ VU, ALL OVER AGAIN?

No theory of regional integration has been as misunderstood, caricatured, pilloried, proven wrong and rejected as often as neo-functionalism. Numerous scholars have rejoiced at having “overcome” the much-decried antagonism between it and inter-governmentalism, presumably by adhering to some version or another of the latter. So much so, that with very few exceptions, virtually no one currently working on European integration openly admits to being a neo-functionalist. Its own creator has even declared it obsolescent – on two occasions!¹ So, why bother to beat this dead horse? Why not celebrate its demise and move on to a more promising and up-to-date approach? There is certainly no shortage of self-proclaimed candidates for the job. Especially since its *relancement* in the mid-1980s, European integration has become once again a very lively site for theoretical speculation. Hardly a year does not pass that someone does not come up with a new theory and, even more surprisingly, manages to convince a group of other scholars to produce a collective volume extolling its virtues. “International regime analysis,” “the regulatory approach,” “liberal inter-governmentalism,” “the policy-

¹ Ernst B. Haas, *The Obsolescence of Regional Integration Theory* (Berkeley: University of California, Institute of International Studies, Research Series, No. 25, 1975); “Does Constructivism Subsume Neo-functionalism?” in Thomas Christiansen, Knud Erik Jørgensen and Antje Wiener (eds), *The Social Construction of Europe* (London: Sage, 2001), p. 29.

network approach,” “the Fusion-Thesis,” “multi-lateral governance,” “institutionalism,” “rationalism,” “constructivism,” “reflectivism” and “post-modernism” have all followed each other over the past years onto the bookshelves that I reserve for integration theory.

The editors of this volume asked me to review and reflect upon these more recent efforts, presumably from the perspective of a senior scholar whose youthful flirtation with neo-functionalism had long since past. I found this impossible to do. Most of these “novelties” turned out not to be theories at all, but just more or less elaborate languages for describing what the authors thought had taken place in the recent past -- devoid of any discrete and falsifiable hypotheses about where the process might be heading in the future. And when there was some theoretical core it often sounded quite familiar to me.² Real-live neo-functionalists may be an endangered species, but neo-functionalist thinking turned out to be very much alive, even if it was usually being re-branded as a different animal.³

Neo-Functionalism: a theory of regional integration that places major emphasis on the role of non-state actors – especially, the “secretariat” of the regional organization involved and those interest associations and social movements that form at the level of the region – in providing the dynamic for further integration. Member states remain

² I am not alone in this suspicion. Even that “theorist of obsolescence,” Ernst Haas, has observed it – particularly with regard to the work of Andrew Moravcsik. Moravcsik’s alleged “liberal” theory of intergovernmentalism shares a number of core assumptions with neo-functionalism (while making “extraordinary efforts to distinguish his work from these sources”). Haas, “Does Constructivism ...”, FN. 10, p. 30. I would go even further. If Moravcsik were to concede that the calculation of member-state strategies was affected not only by “domestic interests,” but also (and even increasingly) by transnational firms, associations and movements working through domestic channels, then, his approach would be virtually indistinguishable from neo-functionalism – just much less specific in its assumptions and hypotheses. His epistemology would have to admit that the gradual processes of “low politics” could be unobtrusively encroaching upon “high politics;” his ontology would have to include the prospect that transformation might be occurring, not just successive iterations of the same power game played by rational-unitary national states.

³ James Caporaso and Alec Stone Sweet are exceptions. In their concluding chapter to Alec Stone Sweet, Wayne Sandholtz and Neil Fligstein (eds.), *The Institutionalization of Europe* (Oxford: Oxford University Press, 2001), p. 224, they acknowledge the intellectual debt they owe to neo-functionalism and admit that they, as well as “some but not all members of (their) group, are quite comfortable being called (modified) neo-functionalists.”

important actors in the process. They set the terms of the initial agreement, but they do not exclusively determine the direction and extent of subsequent change. Rather, regional bureaucrats in league with a shifting set of self-organized interests and passions seek to exploit the inevitable “spill-overs” and “unintended consequences” that occur when states agree to assign some degree of supra-national responsibility for accomplishing a limited task and then discover that satisfying that function has external effects upon other of their interdependent activities. According to this theory, regional integration is an intrinsically sporadic and conflictual process, but one in which, under conditions of democracy and pluralistic representation, national governments will find themselves increasingly entangled in regional pressures and end up resolving their conflicts by conceding a wider scope and devolving more authority to the regional organizations they have created. Eventually, their citizens will begin shifting more and more of their expectations to the region and satisfying them will increase the likelihood that economic-social integration will “spill-over” into political integration.

So, with apologies for reviving a moribund theory that everyone was so pleased to have long since buried, I will try to make the case that its root assumptions, concepts and hypotheses are still worth considering – overtly and not just covertly. Needless to say, this will take a bit of adjusting. Contrary to the caricatural accounts, neo-functionalism has always been a reflexive theory. It did not spring forth mature and complete from the brain of its founder, Ernst B. Haas. Indeed, his initial work came out of a critical encounter with its precursor, the functionalism of David Mitrany. During its golden age from the 1960s to the mid-1970s, the theory underwent further substantial modification, largely as the result of efforts to apply it comparatively outside of Western Europe. This made its proponents increasingly aware of factors that made this region of the world so much more propitious for moving ahead with integration. Parametric variables such as the fact that all of the member polities were democratic, that their citizens enjoyed the freedom to organize collectively within and across national borders, that the distribution of the benefits from integration were both dispersed and variable across time and units, that the issues relating to the external security of the region were being taken care of by another international organization, that changes in national ruling elites and the socio-economic coalitions that brought them to power could block and even reverse agreements already reached, that levels of development, size of country and product mix cut across

each other, and so forth, had to be incorporated within the theory, not left outside it. The result was a vastly more complex vision of the integration process and one that quite explicitly predicted a wider range of possible outcomes – not only across regional settings but within the same region depending on the evolution over time of institutions, policies and payoffs.

1.1 Neo-functionalism in Relation to Other Theories of Integration

Some critics of neo-functionalism mourned the loss of its original faith in automaticity and uni-directionality and complained about the proliferation of potential trajectories, but this was a logical and desirable result of its comparative application and its conversion of “taken-for-granted” constants into “should-be-taken-into-consideration” variables. **Any comprehensive theory of integration should potentially be a theory of disintegration.** It should not only explain why countries decide to coordinate their efforts across a wider range of tasks and delegate more authority to common institutions, but also why they do not do so or why, having done so, they decide to defect from such arrangements. Unfortunately, almost all of the other so-called theories of regional integration are only theories of European integration and this has deprived them of most of their capacity for self-reflexivity – except to the extent that inter-temporal comparisons of the same case allows for some questioning of the endogenous and exogenous status of explanatory variables and causal processes.⁴

[Insert Table One Here]

Before I offer an up-dated target for criticism, I propose to try to place neo-functionalism within the present context of contending theories of regional/European integration. In my opinion, all these theories can be placed within a two-dimensional property space.

⁴ An exception is Walter Mattli, The Logic of Regional Integration (Cambridge University Press, 1999) where a wide range of integration efforts inside and outside of Europe and over a long period of time are compared. The approach, however, is “parsimonious” and “rational,” i.e., diametrically opposite to the one taken here.

- (1) Ontology: whether the theory presumes a process that **reproduces** the existing characteristics of its member-state participants and the interstate system of which they are a part, or presumes a process that **transforms** the nature of these sovereign national actors and their relations with each other; and
- (2) Epistemology: whether the evidence gathered to monitor these processes focuses primarily on **dramatic political events**, or upon **prosaic socio-economic-cultural exchanges**.

Figure One represents my first attempt at filling that property space with real-live “isms.” Since I am confident that individual contemporary theorists of regional integration will not agree with where I would have placed them, I have prudently not done so.

Appropriately, we find functionalism with its neo- and neo-neo-versions in the bottom right-hand corner of the plot. Its ontology is transformative in that it assumes that both actors and the “games they play” will change significantly in the course of the integration process; its epistemology is rooted in the observation of gradual, normal & (by and large) unobtrusive exchanges among a wide range of actors. Its historic opponent, realism with its pure intergovernmental and liberal intergovernmental modifications, is diametrically opposite since its key assumptions are that dominant actors remain sovereign national states pursuing their unitary national interests and controlling the pace and outcome through periodic revisions of their mutual treaty obligations. Federalism is another transformative option, but it too relies on episodic “moments” at which a multitude of actors (and not just their governments) agree upon a new constitutional format. Its diametrical opposite is what I have labeled “regulation-ism,” as best exemplified in the work of Giandomenico Majone. It shares with intergovernmentalism the presumption of fundamental continuity in actors with only a shift upward in the level at which regulation occurs. The member-states, however, remain the same as does their motivation and their predominant influence over the process. The empirical focus differs in that, like functionalism, it emphasizes almost exclusively socio-economic exchanges and the “normal” management of their consequences.

In the center of the property space of Figure One, we find an enormous and amorphous thing called “institutionalism.” Most of the growth in recent theorizing about European and regional integration proudly proclaims itself as such – and then immediately alerts the reader to the fact that there are many different versions of “it.” By my account, there are six: (1) a “rational” one that overlaps loosely with liberal intergovernmentalism in its insistence on unitary actors, marginalist calculations and credible commitments; (2) a “legal” one that stresses the gradual but intrusively federalist role of juridical decisions and precedents; (3) a “historical” one that emphasizes the “stickiness” of identities and the “path-dependency” of institutions, but is not insensitive to less obtrusive processes of change; (4) an “epistemic” one that focuses on the normative and professional communities that cluster around specific issues-arenas and influence the making and implementing of regulations; (5) a “political” one that locates a source of potential transformation in the interpersonal networking of key politicians and their relative autonomy from followers; and, finally, (6) a “sociological” one that overlaps with neo-neo-functionalism in its emphasis on the formation of trans-national class, sectoral and professional associations and the contestation generated by global and regional social movements. Whether any or all of these deserve the prestigious title of “theory” is a matter of dispute. Institutionalism, as such, has only minimal content (“institutions matter” seems to capture and exhaust it), but some of its sub-types at least deserve the label of an approach.

In the very center of that amorphous thing in Figure One called “institutionalism” comes “**Multi-Level Governance.**” MLG can be defined as an arrangement for making binding decisions that engages a multiplicity of politically independent but otherwise interdependent actors – private and public – at different levels of territorial aggregation in more-or-less continuous negotiation/deliberation/ implementation, and that does not assign exclusive policy *compétence* or assert a stable hierarchy of political authority to any of these levels.

I prefer to stress the “poly-centric” as well as the “multi-level” nature of the EU in order to include the functional dimension along with the territorial one. A system of Poly-centric Governance (PCG) can be defined as an arrangement for making binding decisions over a multiplicity of actors that delegates authority over functional tasks to a set of dispersed and relatively autonomous agencies that are not controlled – *de jure* or *de facto* – by a single collective institution.⁵ .

MLG has become the most omnipresent and acceptable label one can stick on the contemporary EU. Even its own politicians use it! My hunch is that its popularity among theorists can be attributable to its descriptive neutrality and, hence, its putative compatibility with virtually any of the institutionalist theories and even several of their more extreme predecessors. For politicians, it has the singular advantage of avoiding the controversial term: “state” (especially, “supra-national state”) and, therefore, sounds a lot less forbidding and threatening. For example, the emergence of the MLG+PCG from the process of European integration can be explained (in part) by almost all of the theories in *Figure One*. The EU (and, if they existed, all analogous arrangements for the integration of previously sovereign states) became and will remain an ML&PC polity for the following reasons:

1. It is the product of successive treaties between formally (and formerly) sovereign national-states.
 - 1.1. *Ergo*, it is the outcome of a gradual and incremental process whose institutions were not modeled on any previous polity and, hence, whose eventual configuration could not be imagined in advance.
 - 1.2. *Ergo*, since formal revision of treaties requires unanimity, their provisions are virtually impossible to change and tend to accumulate over time –

⁵ Unfortunately, no one seems to be following me in this usage. Either the concept of MLG+PCG is just too “indigestible” or the user assumes that territory always trumps function and, hence, PCG is redundant.

creating overlaps and inconsistencies that can only be revised by informal negotiations – which in turn reinforces MLG & PCG.

- 1.3. *Ergo*, if it were to be “constitutionalized” and, thereby, its *finalité politique* defined, it would have to transform its MLG & PCG properties and become a polity more similar to an orthodox federal state with a democratic government – probably of the parliamentary/consociational *genus*.

2. The actors/principals (i.e. the member states) that form the EU do not trust each other to respect mutual agreements faithfully and accurately.
 - 2.1. *Ergo*, they require an authoritative and independent agent to monitor and, when necessary, enforce these agreements – hence, the intrinsic role for a supra-national secretariat and judiciary, i.e. the Commission and the ECJ.

 - 2.2. But, they are wary of delegating too much authority to this supra-national agent, hence, the dispersion of these monitoring and enforcing tasks to multiple sites (and the reluctance to provide it with the two key independent powers of any state, namely, taxation and security).

 - 2.3. And, even when they delegate this authority, they surround it with mechanisms of “inter-level” representation/accountability that restrict its autonomy.

 - 2.4. But, the actors/principals do trust that none of the others will use force or the threat of force to impose an arrangement/outcome, hence, they are less concerned with relative benefits than in a traditional inter-governmental system.

3. The actors/principals that form the EU do not have a common identity or politico-administrative culture.

- 3.1. *Ergo*, these actors will be unwilling/unable to impose a single *modus operandi* on their common institutions and, therefore, will tend to disperse them to multiple sites.
 - 3.2. *Ergo*, the principals will only be capable of exercising a limited amount of solidarity among themselves, i.e. redistributing wealth from the more to the less well-endowed, and this leads to *lottizzazione* of benefits across both territories and functions.
 - 3.3. *Ergo*, the member states will reciprocally defend each other's distinctive identity (out of fear of losing their own) and, therefore, prefer institutions that "build-in" multi-level accountability – even at the cost of lower efficacy/efficiency.
4. The tasks/functions independently assigned to the set of common EU institutions are sufficiently interdependent in their effects that they cannot be performed alone without incurring increasing costs or diminishing returns.
 - 4.1. *Ergo*, whatever the initial intentions, there will be a tendency to "spill-over" within each function, as well as across them, and, hence, an (uneven) trend toward task expansion in both scope and level of authority.
 - 4.2. *Ergo*, the principals will resist this trend as much as they can, at least until awareness of the unintended and unwanted consequences begins to affect key domestic publics or the wider national citizenry who will mobilize collectively – both for and against the integration process – and, thereby, threaten what has already been accomplished.
 - 4.3. When this politicization reaches the level that it jeopardizes their tenure in office, the national governments/principals will prefer greater task

expansion to contraction, but will seek to disperse its effects across a multiplicity of EU institutions – each with its surrounding system of inter-level negotiation.

5. The member states of the EU were of uneven size, varying capability and different socio-economic composition at its point of departure and, thanks to enlargement, this diversity has increased over time – despite considerable convergence in their macro-economic performances.

- 5.1. *Ergo*, their initial governance arrangements reflected this diversity, as have subsequent ones – only more so.

- 5.2. *Ergo*, the main consequence of this is the systematic over-representation of smaller member states – and the average member state has tended to get even smaller over time.

- 5.3. *Ergo*, smaller (and, to a lesser extent, less developed) member states tend to prefer greater delegation of authority to common institutions in general (and the Commission, in particular), but they also insist on their (disproportionately) “fair share” of voting weights, structural funds, institution sites, etc.

6. The integration strategy initially chosen (the so-called Monnet Method and the only viable one at the time) was based on segmented interaction between a privileged set of actors – mostly, upper-level national bureaucrats, Commission officials and business interest representatives.

- 6.1. *Ergo*, those institutions that might have represented larger numbers of citizens and a wider range of their interests were excluded from the process and have subsequently found it difficult to gain access.

- 6.2. *Ergo*, those most closely involved tended to represent highly specialized (and relatively less visible) constituencies and this was reflected in a highly compartmentalized decision-making structure within and across EU institutions.
 - 6.3. *Ergo*, those political mechanisms that led to the break-up of MLG & PCG in previous federations or confederations – namely, the formation of national party systems and comprehensive nationalist ideologies – have had little opportunity to emerge in the EU (not to mention, revolutions).
 - 6.4. Also, the non-decision to include security issues from the initial (and, so far, subsequent) stages of the integration process, deprived the emerging EU-polity of the coercive mechanisms that elsewhere promoted greater administrative uniformity and concentration of governmental authority at the national level – namely, military mobilization and centralized taxation.
7. The EU may be unique as a polity – precisely, because of its extreme reliance on MLG & PCG – but it is sensitive to broader trends in government and governance that are affecting the “domestic democracies” of its member states. Indeed, one could describe the EU as the *reductio ad absurdum* of such trends.
 - 7.1. *Ergo*, the trend toward delegating tasks to “guardian institutions” (central banks, regulatory commissions, autonomous agencies, etc.) at the national and sub-national levels of member states will be imitated at the supra-national level.
 - 7.2. *Ergo*, the observed decline in partisan identification and electoral turnout in its member states will make it even more difficult to create a viable party system in the EU.

- 7.3. *Ergo*, the national trends toward decline in political trust, loyalty to traditional institutions and symbols of legitimacy will not only be reflected at the supra-national level but magnified – given that the EU has never had a historical “stock” of these properties to draw upon.

2 The Basic Assumptions of Neo-Neo-Functionalism

In the following (and at the risk of self-referential anachronism), I will take a text that I wrote in 1969 and revise it in the light of over forty years of European integration.⁶ To differentiate the revised from the original, I will indicate with an ellipsis (...) when I have excoriated something, and use italics when I am citing directly from the old text.

(1) The integration of formally independent political entities engages—in the contemporary world—basically the same variables and processes. These can be specified by induction from existing empirical research and can be understood in a probabilistic sense by means of a single analytical model. Variable values will ... differ, as will outcomes; but the integration process is structurally similar in all such settings. (a) This does not mean that in all contexts variables will produce ‘the same effect, marginal or absolute. ... (b) Nor does it imply necessarily that the same variable will be equally consequential throughout the integration process.... (c) The specification of operative

⁶ "A Revised Theory of Regional Integration", International Organization (Autumn 1970), pp. 836-868. Also published in L. Lindberg and S. Scheingold (eds.), Regional Integration: Theory and Research (Cambridge, Mass.: Harvard University Press, 1971), pp. 232-265. This was one of the first “heavy” articles I ever published and it passed virtually ignored. I know of no one who has ever used it or even taken it seriously. Many statements by critics of neo-functionalism – that it is teleological, predicts automatic integration, has no testable hypotheses, lacks a rigorous theory – demonstrates (at least, to me) that they must never have read my piece. I admit that the complexity of its argument is formidable. Emergent properties, unintended consequences, strategies adopted under uncertainty, and successive decision-cycles interact with changes in prior structures and values to produce outcomes that could not possibly have been imagined otherwise. I liked to call it “concatenation;” today, it might be called “chaos.” That was its major theme, namely, that regional integration among consenting national states was bound to be complex and required a theory that was capable of transforming itself along with that process. Perhaps, its failure was due to my not being a specialist on the (then) European Economic Community, but on two very obscure (and later unsuccessful) regional arrangements in Latin America. Perhaps, it was because shortly thereafter I lost all interest in the topic (along with most of the others appearing in the volume). Perhaps, I would like to think, it was because the article was ahead of its time. The present article is my effort to prove the latter.

variables in the form of a model does not mean that only these are relevant to understanding integration outcomes. Variation in other variables can also cause variation in the caused variable without falsifying the causal law. Any given dependent variable may be involved in a large number of causal laws.⁷...

With these caveats protecting me I would, however, readily concede that if the specified operative conditions were to prove irrelevant in a given integrative context (for example, if transactions increased but were not associated with any change in perceived inequalities or the formation of regional interest groups) or that if actor strategies were to change significantly in the absence of variation in the specified variables (such as would occur if regional institutions were permitted to augment their authoritative control over member policies without any prior variation in perceived inequalities, regional group activity, common identitive appeal, deliberate manipulative attempts by regional technocrats, or sensitivity to deterioration in international status), something is very likely wrong with the made!

(2) The theory proposed 'herein is—like all social theories—composed of variables and hypotheses about variable relationships. A variable is a concept which can have various values and which is defined in such a way that one can tell by means of observations which value it has in a particular occurrence.⁸ As such, variables are observer-invented orderings of facts and perceptions, not the physical occurrences themselves. Nor are they necessarily the categories with which actors order and explain their behavior. ... Even more confusingly, these concepts are usually summations or aggregate evaluations of complex, interrelated behaviors. Such classifications, rankings or scorings pose a major operational difficulty for this (and many other) theories. Unclear definitions and failure to specify how the multiple observations are to be collapsed into a single assessment have plagued comparative research and made intersubjective reliability poor and my perception is that this problem has gotten worse rather than better as the integration

⁷ Arthur L. Stinchcombe, *Constructing Social Theories* (New York: Harcourt, Brace and World, 1968), pp. 32.

⁸ *Ibid.*, pp. 28—29.

process itself has become more complex.

(3) *The basic causal imagery ... is functionalist. As Arthur Stinchcombe has so cogently exposed, the structure of such an explanation is one in which “the consequences of some behavior or social arrangement are essential elements of the causes of that behavior.”*⁹ *In this conception of the integration process national units originally adopt strategies of action which converge in the establishment of some permanent regional institution(s) for the purpose of attaining certain common objectives. The attainment of these objectives is made difficult by the presence of certain tensions or, better, contradictions. The latter are a specific sort of tension-producing conditions that are generated by the integration process itself, i.e., by the collective attempt to obtain the initial objectives. Summarizing (and hypothesizing), these basic contradictions are:*

- (a) uncertainty with regard to the capacity to guarantee relative equality of perceived benefits once new productive and distributive forces are unleashed (**equity**);*
- (b) impossibility of maintaining prolonged separability of different issue areas in a complex, interdependent policy matrix (**engrenage**);*
- (c) difficulty in isolating joint regional deliberations from a context of global socioeconomic dependence (**externalization**);*
- (d) heightened sensitivity to the comparative performance of one’s “partners” generated by higher transactions and available information (**envy**).*

The consequences produced by this “competition” between regional institutions and exogenous tensions or process-generated contradictions “feeds back” to the regional institutions. In the event that the policy-making forum originally established is sufficiently resourceful and flexible to handle the consequences and sustain satisfactory

⁹ *Ibid.*, p. 80

performance toward the attainment of common objectives, a self-maintaining international subsystem is likely to emerge. I have labeled this integrative outcome: "encapsulation." In other words, the normal outcome of international cooperation between consenting adult states to resolve common problems should be a self-contained "service-oriented" organization that neither expands its tasks nor changes the "sovereign stateness" of its members. The contemporary international system is replete with hundreds, if not thousands, of such "regimes" at the regional and global levels. Only in exceptional circumstances will such an initial convergence produce a collectivity that will succeed in breaking out of its capsule and it is the function of a theory of regional integration to specify what these are.

If ...as a result of the consequences of trying to reach these initial objectives, the performance of the regional organization is inadequate, actors may be forced to revise their strategies and to consider alternative integrative obligations, i.e., they may reevaluate the level and/or scope of their commitment to regional institutions and they may even come adopt a new set of common objectives, e.g. change from economic to political integration. "Transcendence" has been accomplished in the exotic lexicon of this theory. This particular "success syndrome" is only one of several possible outcomes ... and not a very probable one at that. They might just as well have chosen to "spill-back" ... and withdraw from their original objective, downgrading their commitment to mutual cooperation. What makes the difference is what neo- and neo-neo functionalism tries to specify. Its answer to whether "spill-over" into new tasks or level of authority will occur is: it depends! Not that it has to happen or that it will automatically happen.

... This functionalist imagery can ... be falsified. For example, if the role of a regional organization changes in the absence of a prior increase in tensions, it hardly seems warranted to classify it as a functional consequence. Or, if one or more of the contradictions listed should appear and there is forthcoming neither more "compensatory" activity ... nor some alternative search behavior, the basic functionalist assumption is false. The above discussion should make clear one of the major ... options

*of this theory: the selection of the dependent variable. All its effort focuses upon an attempt to specify for the past and predict for the future the conditions under which the consequences generated by prior joint decisions will lead to a **redefinition of actor strategies vis-à-vis the scope and level of regional decision-making**. Whether member states will expand or contract the type of issues to be resolved jointly (scope) or whether they will increase or decrease the authority for regional institutions to allocate values (level) are the two basic dimensions of the dependent variable, and ... they are by no means always covariant.*

Neo-functionalism (and neo-neo-functionalism) ... *is an eminently political theory of integration which asks not whether “artificial” barriers to exchange are decreasing, resources being more efficiently distributed, or peoples growing to like each other more and more, but what kind of a strategy politically relevant actors are likely to adopt in a given context. These other conditions of economic and social integration do, of course, form important elements in the model, but as independent and intervening, not dependent, variables.*(4) *Certain variables have been deliberately excluded. These have been historically operative in integration processes and, in fact, play a prominent role in other theoretical formulations.*¹⁰ *Their presence is regarded to be either unlikely in contemporary settings or so disturbing as to call for a very different conceptual formulation.*

(a) The first of these is the postulated or assumed absence of conquest or organized physical violence on the part of one member or group off members to enforce compliance with regional decisions or to compel changes in the strategy of other participants. This, in other words, is a model pertaining to the peaceful and voluntary transformation of international systems. It does not, of course, exclude the relevance of “bluff, bombast and brinkmanship” in actor styles, but physical coercion to enforce regional decisions would make the model irrelevant.

¹⁰ For example, Karl Deutsch, et al., Political Community and the North Atlantic Area: International Organization in the Light of Historical Experience (Princeton, N.J: Princeton University Press, 1957); Amitai Etzioni, Political Unification: A Comparative Study of Leaders and Forces (New York: Holt, Rinehart and Winston, 1965) were two contemporaneous works that both had stressed the importance of violence or the treat of it in international integration movements.

(b) *“Irrational” postures or strategies – whether for dogmatic/ideological or personal/emotive reasons – are never absent from social action, even at the international level, but they are from this theory. They fit very uncomfortably within it. “Instant brotherhood” as a motive and “all or nothing” as a strategy make its operation exceedingly difficult. Unless some policy area can initially be separated out as jointly manipulable and unless some possibility of subsequent compromise involving tradeoffs or side payments exists, international integration, as conceived herein, is not likely to occur. The model assumes that integration is basically (but not exclusively) a rational process whereby actors calculate anticipated returns from various alternative strategies of participation in joint decision-making structures. More recently, this has been called the “soft rationality” assumption by Ernst B. Haas.¹¹*

(c) *None of this excludes integration movements from “infringing” upon the symbolic and emotional areas of so-called “high politics.” Nevertheless, ... the margin for peaceful maneuverability in these “indivisible” arenas is very limited and most international organizations ...are likely to get encapsulated long before they reach such sensitive issues.*

2.1 Some Critical Afterthoughts

Now that we have almost fifty years of experience with European integration, i.e. since the founding of the Coal and Steel Community in 1952, it is possible to discern where specific neo-functionalist assumptions proved weaker than expected and where “non-assumptions” were made about phenomena that nonetheless contributed to the outcome as we know it today. [These numbers serve a purpose in separating different arguments and should not be jumbled together in an overly long sentence/paragraph]

(1) the processes of functional interdependence took more time to emerge and, especially, to assert themselves than initially anticipated. (2) One reason for this is that collective

¹¹ “Does Constructivism .. (FN 1), p. 25 *et seq.*

organization across national borders proved more difficult and uneven from sector to sector and class to class than expected – and some of this had (ironically) to do with the corporatist rather than pluralist nature of the national systems involved. (3) The activist role “assigned” to the secretariat of regional institutions, i.e. the EU Commission, was only sporadically filled and more contingent upon personal factors, i.e. who occupied its presidency and how much support he received from key member-states, than originally thought. (4) Moreover, it was erroneous to presume that all extensions of policy scope and authoritative *compétences* would accrue to the Commission and that, therefore, this institution would provide the nucleus of a future supra-national state.

(5) One major reason for several of these misunderstandings was the completely “un-theorized” and, nevertheless, significant impact of enlargement to include new member-states whose entry inevitably imposed changes in decision-making rules and upset prevailing informal practices. (6) Although the neo-version paid more attention to it, the external context surrounding the process of regional integration had more of an effect than was initially specified – whether due to “exogenous shocks” that had little or nothing to do with exchanges within the region, or to gradual shifts policy paradigms that came from the United States, i.e. the displacement of Keynesianism by neo-liberalism. (7) By concentrating so exclusively on interdependencies rooted in production and exchange and, hence, on the role of European interest politics, neo-functionalists tended to discount the significance of decisions taken and precedents set by the European Court of Justice. This court’s assertion of the primacy of Community law -- in effect, converting the Treaty of Rome into a proto-Constitution for Europe -- and its imaginative interpretations of specific treaty provisions made a major (if unexpected) contribution to the assertion of EU supra-nationality.¹²

¹² For the argument that these legal developments could be incorporated into a neo-functionalist approach, see Anne-Marie Burley and Walter Mattli, “Europe before the Court: A Political Theory of Legal Integration,” *International Organization*, 47 (1993), pp. 41-76. In my view, they do not fit so well. The ECJ’s pro-integrative rulings based on vague clauses in the treaties and their effect in asserting the supremacy of “Community Law” over national law, depended upon a quite different form of interdependence than envisaged by neo-functionalism, i.e., that embodied in a common legal profession, doctrine of jurisprudence and respect for the rule of law which extended across intra-European borders into the very entrails of the national state.

(8) Although they anticipated resistance from national authorities, neo-functionalists may have underestimated its strength in some cases and they definitely failed to anticipate the extent to which Heads of State and Government would play an increasingly direct role by creating the European Council.(9) Finally, neo-functionalism misjudged the role of politicization. Not only did it come much later than it “should” have, but when it did, it proved to be more anti- than pro-integration. Moreover, instead of strengthening the role of pan-European political parties, it has weakened them and had a disintegrative impact upon national party systems. Needless to say, if this theoretical approach is to be up-dated and re-equipped to deal with the contemporary EU, the neo-neo-version will have to take a serious look at these issues.

2.2 The Ontology of Neo-Neo-Functionalism

As befits a transformative theory, functionalism and its neo-versions are themselves transformative, that is to say, they specify conditions under which the identity of actors and their relationships change in the course of the integration process. When these conditions are favorable (admittedly, not often the case), it even predicts its own “obsolescence,” i.e. its transformation into a revised version of itself.¹³

In the early Mitrany version, the model was quite simple. As the result of expert cooperation across borders to solve a growing set of common problems, the loyalty of beneficiaries would shift – thereby, making cooperation easier and more efficient over time. Eventually, there would come a moment of “**transcendence**” in which the sum of loyalties and expectations in trans-national functional arrangements would greatly exceed those lodged in national political authorities and a new global (for Mitrany) or regional (for his successors) polity would assert its supremacy.

The neo- and the neo-neo-versions insert many more stages or levels of transformation

¹³ This not, however, the sort of “obsolescence” that Ernst B. Haas had in mind in the articles cited in FN 1.

and are much more sensitive to the likely resistance of national politicians and citizens whose careers and loyalties are at least as determined by emotions and symbols as by functional satisfactions. Nevertheless, these neo-versions postulate an underlying sequence (admittedly of indeterminate length) whereby organizational roles, efforts at collective action, and actor conceptions of interest shift from the national to the supra-national level. This does not happen “automatically,” as in the original model, but requires a considerable amount of political action and that is usually associated with a crisis in the integration process. Its previous functioning has failed to meet expectations, generated a distribution of benefits that is not voluntarily acceptable and/or produced negative externalities that can no longer be ignored. Regardless of their initial intentions (and what they have placed in the documentary record), the national actors have to reassess the level and scope of their regional institutions. They can, of course, decide to withdraw from joint obligations (“spill-back”) or they could try to survive without changing institutions (“muddle-about”), but the macro-hypothesis of neo- and neo-neo-functionalist theory is that, under certain conditions, they will prefer to resolve these crises by expanding their mutual obligations (“spill-over”), rather than contracting or just reasserting them.

From such a perspective, *the process whereby an emerging regional center gains or loses in the scope or level of its authority vis-à-vis preexistent national centers is best conceived as involving a series of crisis-provoked decisional cycles.* These recurrent cycles of activity, generated by endogenous contradictions and/or exogenous tensions, compel national and regional authorities to revise their respective strategies and, collectively, to determine whether the new joint institution(s) will expand or contract. The basic structure of the neo-neo-model, therefore, *consists not of a single continuum or even of a multitude of continua, nor does it involve any assumptions about automatic, cumulative and irreversible progress toward a single goal. Successive cycles of induced decision-making may involve complex movements “upward” and “downward” simultaneously in different issue areas. Various strategies, national and regional, may be adopted and various outcomes or endpoints are possible and even likely. Once, however,*

a given regional process of regional integration fails to generate or respond to crises, it has disintegrated; if it responds by reasserting previous strategies, it has reached a state of stable self-maintenance (“encapsulation”).

3.3 The Macro-Hypotheses of Neo-Neo-Functionalism

The following macro-hypotheses should be relevant (and potentially falsifiable) throughout the integration process, i.e. during all of its decision-making cycles. The first two ... are derived from the basic functionalist causal imagery discussed above.

- (1) Tensions from the global environment and/or contradictions generated by past performance give rise to unexpected performance in the pursuit of agreed-upon common objectives. These frustrations and/or dissatisfactions are likely to result in the search for alternative means for reaching the same goals, i.e., to induce actors to revise their respective strategies vis-à-vis the scope and level of regional decision-making. This is the basic functionalist proposition, called “the spill-over hypothesis” by me in a previous article.¹⁴ ...*

- (2) In their search among alternatives, national actors will tend to arrive at that institutional solution (in terms of scope and level) which will meet minimal common objectives despite prevailing tensions and will subsequently seek to seal the regional organization off as much as possible from its environment, thereby adopting a self-maintaining set of institutional norms. This “hypothesis of natural entropy” suggests that all integration processes will tend toward a state of rest or stagnation—unless disturbed by exceptional (i.e., unintended) endogenous outcomes or exogenous conditions not present in the original convergence or ... institutions themselves. Expressed in terms of strategies, the highest probability is that in any decisional cycle the actors will opt for encapsulation rather than*

¹⁴ “Three Neo-Functional Hypotheses about International Integration,” *International Organization*, (Winter 1969), Vol. 23, No. 0, pp. 562—564.

*spillover, spill-around, buildup, or spill-back.*¹⁸

- (3) *In those cases where strong exogenous tensions and/or powerful internal contradictions (the independent variables in the model seek to predict these conditions) force successive “upward” evaluations of strategy, i.e., tend to involve more national actors in an expanding variety of policy areas and increasing degree of joint decision-making, costs and resistances are likely to increase. The “politicization ‘hypothesis” refers ... to this process whereby the controversiality of joint decision-making goes up.*
- (4) *This in turn is likely to lead to a widening of the audience or clientele interested and active in integration. Somewhere along the line, a manifest redefinition of mutual objectives will probably occur (transcendence). . . . Ultimately, one could hypothesize that there will be a shift in actor expectations and loyalty toward the new regional center. Nevertheless, it seems worth repeating that only in exceptional, i.e. high scoring, circumstances is such a cumulative process to be anticipated. Normally, the response by established national officials to higher costs and wider publics will be entropy.*
- (5) *The integration process begins with a large number of unspecified exogenous conditions that are very important in determining outcomes. Idiosyncratic and random variables play their most important roles before the consequences of regional decisions have begun to affect national structures and values. ... The model is, therefore, a very poor predictor of the initiation of integration movements and of the consequences of their first decisional cycles. It does not purport to synthesize such sufficient causes. If, however, it has any analytical validity, the residual proportion of variance attributable to these idiosyncratic and random events should decline. In other words, predictability should increase with successive “upward-grading” cycles as the movement approaches a political community. I grant that when applied to integration schemes which encapsulate early and/or whose decisions are so limited in scope or ineffectual in authority*

that they have little or no impact upon changes at the national or regional level, the model may never prove very predictive of changes in actor strategy. One might call this: the “hypothesis of increasing mutual determination.”

(6) External conditions begin, as do all the independent (“background”) variables, as “givens.” While the changes in national structures and values become at least partially predictable as consequences of regional decisions, the global position and the dependent client status of member states and regions as a whole continue to be exogenously determined for a longer time. Nevertheless, integrating units will find themselves increasingly compelled—regardless of original intentions—to adopt common policies vis-à-vis non-participant third parties. This “externalization hypothesis” predicts that external conditions will become less exogenously determined if integrative rather than disintegrative strategies are commonly adopted.²⁰ The “independent” role of these conditions should decline as integration proceeds until joint negotiation vis-à-vis outsiders has become such an integral part of the decisional process that the international system accords the new unit full participant status.

(7) At each decisional cycle, actors will be induced to reconsider their respective strategies of participation. What influences (and predicts) the result of these “policy reconsiderations” is a central concern of the neo-neo-model. Of equal interest are the questions of how these conditions combine and what sort of a formula is used in weighing their marginal contribution to the position finally adopted. As a first guess, I would advance “the hypothesis of additivity,” namely, that actor perceptions of the impact of regional processes enter into their calculations of interest, as do variables in a stepwise multiple regression equation, - one at a time with - each successive one contributing (positively or negatively) to the prediction of a remaining portion of the variance. Frankly, I suspect this to be an excessive simplification in that the simultaneous presence of certain variables, e.g., great perceptions of inequality coupled with low rates of transnational group formation, is likely to have a interactive or multiplicative

effect on the type of strategy chosen – in this case, to make it much more likely to opt for one of the disintegrative strategies. ...

(8) One must never forget that international integration is an innovative and experimental process. It takes place in an ambiance of considerable uncertainty and trepidation in which negotiating actors can rarely be sure of the probable effect of their joint “solutions” on established interests and statuses. In some cases they are venturing into policy areas not previously handled at the national level; in all cases they are creating new channels of influence and new reward systems. Under these conditions even “good” performance, e.g., more transactions, greater equality, more internal pluralism, etc., can become upsetting when it outruns expectations and the capacity to absorb change gradually.

(9) Another way of stating this is that the relationship between indicators of change at the national and regional level is likely to be curvilinear or, better, parabolic. Up to a point, the relation between change processes and integrative strategies is probably linear, e.g., increases in commercial transactions are positively associated with increases in regional group formation or mutual identity. When, however, changes are so rapid and large in magnitude as to clog existing channels of communication or confound existing categories of evaluation, then actors are liable to react defensively, if not negatively. They are getting too much of a good thing but not knowing what to do with it or how to react to it. My field work on integration among less developed countries convinced me that the parabolic effect of independent and dependent variables is particularly crucial there, as the whole governing system has a very limited capacity for absorbing change, even “good” change. This “hypothesis of curvilinearity” complicates the model-building exercise but, I would argue, is a necessary concession to reality.

3. A Self-Transforming Neo-Neo-Functionalism Model

The neo-neo-functionalist model ... *constitutes an open system of explanation in the sense that antecedent conditions are not perfect or even exclusive predictors of subsequent ones. Error variables – some exogenous, others random values of endogenous variables – are present throughout the model although according to the “hypothesis of increasing mutual determination,” these should decline with successive positive resolutions of decisional crises.* By now, the process of European integration should have reached this stage and, therefore, if the variables specified in this model produce no effect or an effect contrary to the expected one, then, the theory would be false. *For example, the model hypothesizes that the combined effect of changes in relative size/power, changes in the rate of transactions, and changes in internal pluralism plus some external factors should “predict” the perceived equity in the distribution of benefits. This intermediate outcome ... in turn helps predict ... changes in national actor strategies. In each case the prediction is probabilistic, i.e., it estimates a mean change in the dependent variable, and incomplete, i.e., it includes an ... error variable.*

3.1 The Notion of ‘Decision Cycles’

In the earlier version, I began with so-called “initiation cycles” that are present at the very beginning of an integration process. Needless to say, the present European Union has passed through these and has long since gone into what I called the “priming cycles.” By my calculation as many as five of these have already occurred. So far, however, none has produced self-encapsulation. Some long periods of stasis, yes, but always followed by a wider and sometimes deeper commitment to common objectives. Each cycle has generated further imbalances and contradictions, and the institutional equilibrium that presumably lies at the end is not yet in sight. It is possible that the so-called “Convention” might generate such an outcome, i.e. delimit definitively the territorial scope of the Euro-polity, define the nature and scope of common institutions, and assign these functions (*compétences*) to specific levels of governance. If the EU were at this point in its evolution (which I doubt), it would presently be in what I will call below: a “transforming cycle.”

In this abbreviated version, I will only discuss the “priming” and “transforming” models. The reader is reminded that most of this text was written in 1969 – long before the actual controversies were in sight. Those who are interested in applying neo-neo-functionalism to more recent and uncertain integration arrangements outside of Europe, e.g. MERCOSUL, ASEAN, even the African Union that was created only a very short time ago, should consult the original article in International Organization where the earlier models of “initiating cycles” are specified.

3.2 Priming Cycle(s)

Analysis of a priming cycle first depends on an assessment of changes at the level of national member-states since the last decision cycle. Presumably, these define the context of the crisis that is compelling actors to change their strategies.

- (1) *Differences in Relative Size/Power: changes (since last cycle) in relative rankings or subsequent deviations from the regional mean for individual units, as well as changes in overall rank incongruence across all units for the region. ...*
- (2) *Differences in Rates of Transactions: changes in extent of interdependence of member states in economic, social and cultural exchanges within, as contrasted to outside, the region. ...*
- (3) *Differences in Member Internal Pluralism: changes either in the number and coverage of interest associations or in their freedom to articulate demands. ...*
- (4) *Differences in Elite Value Complementarity: differences in the mobilization of group expectations and evaluations (pro and con) vis-à-vis regional integration on the part of newly affected groups and/or previously engaged elites. ...*
- (5) *Differences in Extra-regional Dependence: changes in the extent to which member states and the region as a whole are subjected to asymmetric constraints by actors*

outside the region that reduce their capacity for independent, national, decision-making. ...

The major difference between “initiating” and “priming” cycles, however, comes from the rising importance of distinctive regional processes. With each successive crisis resolved as the common institutions emerge from the initiation cycles, regional-level rules and distributions gain in significance to the point that they begin to overshadow the opinions and actions of national governments, associations and individuals.

These variables can be summarized as follows:

- (1) *Equitable Distribution of Benefits: change in the extent to which costs and benefits accruing from regionally induced transactions are perceived as being reciprocally distributed among participants. ...*
- (2) *Regional Group Formation: pattern of formation and active participation of new non-governmental or quasi-governmental organizations representing some or all members across national borders and designed explicitly to promote the interest of classes, sectors, professions and causes at the regional ... levels. ...*
- (3) *Development of Regional Identity : extent to which participants in regional processes come to regard such activity as rewarding due to material inducements, emotional-fraternal-symbolic ties, status satisfactions, etc., and, thereby, acquire a larger sense of loyalty. ...*
- (4) *Regional Reform-mongering: degree to which actors employed by or closely associated with the new regional institutions engage actively and deliberately in the promotion of new policies by anticipation, i.e., on the basis of an intellectual or technical calculation before such measures are demanded or opposed by aroused interest representatives, or politicians. ...*

(5) *International Status Effect: extent to which the relative standing of individual countries or the region as a whole is perceived as dependent upon the performance of regional institutions. ...*

3.2.1. Bivariate Hypotheses concerning the Priming Cycle(s)

(1) *The less change in the relative size and power of national actors (vis-à-vis each other), the more likely that perception of benefits will be equitable.*

(2) *The greater and more varied the changes in rates of transaction, the higher is the likely rate of regional group formation and the more rapid is the development of a distinctive regional identity likely to be.*

(3) *The greater the increase in internal pluralism within and across member states, the more likely are transnational groups to form and are regional identities to emerge.*

(4) *The more complementary elites come to acquire similar expectations and attitudes toward the integration process, the easier it will be to form transnational associations and to accept regional identities. Similarly, their joint sensitivity to variations in international status is likely to become stronger.*

(5) *The greater the previous scope and level of regional institutions and the more “upward-grading” their decisional style, the more likely are regional bureaucrats to engage in reform-mongering*

(6) *The effect of changes in extra-regional dependence seems particularly paradoxical or parabolic. Both the marked rise or decline in global economic dependence may heighten sensitivity to international status. In the former case new regional institutions may come to be regarded as the only bulwark of defense against further deterioration; in the latter they may be at least partially credited with the*

relative success. Specific attempts by extra-regional authorities to influence the integration process likewise may have a dual effect.

- (7) Actors who perceive their returns from integration as equitable—in line with anticipated returns and in proportion to those of others—will not reevaluate their integrative strategies (unless forced to do so by less satisfied actors) and eventually will opt for encapsulation. Only actors dissatisfied with the equity of returns will promote or reconsider alternative strategies. Within a certain negative range the most likely response is a positive one—push the process into new areas or provide central decision-makers with more resources or authority to redistribute returns. Beyond that negative range, the response will probably be negative in either scope or level or both.*
- (8) The greater the coverage, density, participation, vitality, and autonomy of regional interest associations, the greater the propensity for overcoming national resistance to expansions in scope and/or level.*
- (9) The greater the development of a distinctive regional identity and the wider its distribution across classes and corporate groups, the more likely national actors will be able to build supportive coalitions for pro-integrative strategies.*
- (10) The greater the reform-mongering activism of regional bureaucrats, the greater the likelihood of pro-integrative strategies being adopted. ...*
- (11) The greater the perceived effect of participation in a regional organization upon enhancing international status, the greater the propensity for devolving new obligations upon that organization.*

These have been a selection of the most obvious bivariate relationships in the model during the priming cycle(s). All seem to be at least potentially falsifiable, and many probably would be falsified if one could only examine them in such a discrete, bivariate

setting. Given the limited number of cases and the tendency for everything to be changing at once, this condition seems difficult to satisfy.¹⁵ A more productive research strategy would seem to be to pass directly to multivariate, interactive, relationships, i.e. to admit the intrinsic complexity of the subject matter.

3.2.2. Multivariate Hypotheses concerning the Priming Cycle(s)

- (1) Prior changes in national structures/values jointly influence the extent of variation in regional processes, but they do so in different respective proportions. Some, in other words, contribute more to understanding or predicting subsequent changes at the trans-national level than others, but their marginal contribution will vary in different regional settings (for example, among less rather than more developed countries). ...*
- (2) If no changes in the specific national structures/values are forthcoming or, ... if the scores are asynchronous, ... there should be no change in the regional processes and, subsequently, no inducement to change national actor strategies. The model would continue to cycle until this entropic condition stabilized (encapsulation) or until new national structures/values were ... sufficient ... to induce strategic redefinitions.*
- (3) Asynchrony in rates of change at the national level sets up—due to their differing marginal impacts—asynchrony in rates of regional change. This, in turn, enhances the probability that less convergent, and possibly divergent, actor strategies will be promoted and this makes the adoption of a joint policy vector more and more difficult.*

¹⁵ Leon Lindberg and Stuart Scheingold, in Europe's Would-Be - Polity: Patterns in the European Community, (Englewood Cliffs, N.J: Prentice-Hall, 1970) had argued that by treating each decision as a distinct unit, “within system” comparisons could draw upon a much larger case base. Of course, this may not expand the ranges of variation very much, since there is likely to be substantial autocorrelation in many variables.

- (4) *Also, asynchronous change at the regional level .. enhances politicization, i.e. greater controversiality among already involved actors and the mobilization of wider audiences. Particularly crucial to this is the generally very slow rate with which a distinctive regional identity emerges.*
- (5) *The “peculiar” configuration in the model of Regional Reform-mongering introduces the possibility that anticipating, calculating Euro-crats will be able to promote a disparity between changes at the two levels—the national and the regional. During these priming cycles, their activities are limited, on the one hand, by the reduced authority and resources of regional institutions and, on the other, by the relatively undifferentiated nature of national actors. Of course, ... they may be aided and abetted in their efforts by extra-regional support.*
- (6) *During one of these priming cycles, ... one should be able to discern the first signs of externalization—of conscious attempts by regional “partners” to bring ... Extra-Regional Dependence under their partial ... control. The greater the initial scope and level and the more “progressive” the decision-making style, the more intensive will be the effect of regional decisions on external dependence. The success or failure ‘of these efforts will in turn have an important impact on the international status of the movement.*
- (7) *Regional change processes “inter-determine” national actor strategies or better, they set certain parameters within which alternative strategies are selected. ... Contrary to intergovernmentalism which postulates that these strategies for pursuing the (allegedly) unitary national interest will only be determined by “domestic actors,” this theory stresses the extent to which such strategies may come to be influenced by trans-national (regional or global) actors.*
- (8) *During the initiation cycle(s), the probability that a given national actor will push a spillover policy is relatively low ... if only because initial insecurity and mistrust*
-

of partners is likely to make all negotiators more cautious. Outside of Western Europe, the scores are likely to be so low and so asynchronous that they never manage to generate much change in regional processes and, therefore, sufficient “steam” for a simultaneous leap forward in the level and scope of common institutions. This was a conclusion I drew from research in Central America (CACOM) and Latin America (ALALC) during the 1960s and I find no reason to expect anything different from more recent experiences in Africa.

This probability changes, however, during the priming cycles. As regional processes begin to have a greater effect, *national actors may become more receptive to changing the authority and compétences of regional institutions.* “Spill-around” – the proliferation of functionally specialized, independent, but strictly intergovernmental organizations – *is a particularly attractive and easy strategy ... due to the ready availability of a large number of unexploited and relatively non-controversial policy areas.* “Build-up” – the concession by member states of greater authority to a regional organization without expanding its mandate – *is more difficult ... because of the “untried” capacity of such a newly formed organization. It may prove more attractive where a competent but encapsulated one already exists and where its members are strongly but unequally affected by regional changes in a single sector.* Disintegrative (“spill-back”) strategies are, of course, *less costly early in the process due to lower sunken costs, less entrenched patterns of benefit and weaker symbolic engagement. It is the most likely strategy for an actor weakly affected by regional group formation, the development of regional identity and the international status effect, but highly sensitive to perceptions of inequity on comparative rate of return.* Characteristically, this takes the form of a single country defecting and, thereby, bringing the entire process of regional integration to a halt.

But the most likely strategy to prevail, once the priming cycles have kicked in, is “spill-over.” Herein lies the core dynamic of neo- (and neo-neo-) functionalism – namely, that the regional processes mentioned above will dispose national actors to

resolve their inevitable dissatisfactions by increasing both the level and the scope of common institutions.

Most international/regional integration arrangements will not make it this far. Limited in initial scope to narrow policy areas or grudgingly conceded very modest authoritative competence, their activities ... will have little subsequent impact. Some reciprocal distribution of benefits will eventually be established; ...a cluster of surrounding clients will become satisfied with the existing level of services performed and grow wary of risking that for possibly greater but less certain future returns; socialization effects will be confined to a small bureaucratic clique, itself devoted to avoiding change in established procedures; extra-regional actors accommodate and come to regard the arrangement as an unobjectionable given. Large numbers of these encapsulated functionalist organizations persist in the international environment. By “doing their own thing” and providing marginal, but often important, services to their clients, they contribute more to reproducing than transforming the existing nation-state system.

3.3 Transformative Cycle(s)

Only regional integration experiments that make it through the priming cycles are likely to transform themselves into something qualitatively different. They will have exhausted the potentialities inherent in functionally integrating their economies and dedicate more and more of their efforts to functionally integrating their polities. In the jargon of Mitrany’s functionalism, they will “transcend” their initial commitment. In the jargon of Euro-speak, they will, at long last, define their *finalité politique*.

Needless to say, any theory about how (not to mention, when) this happens has to be purely speculative. No existing nation-state integrated itself in this fashion. They all used other means: war, revolution, dynastic marriage, anti-colonial struggle, and so forth. The European Union is, at the present moment, the only plausible candidate for entering this transformative cycle by cultivating complex interdependence, negotiating a sequence of voluntary (and unanimous) agreements and foregoing even the threat of using force to

produce a successful outcome.

And it is debatable whether the EU has yet arrived at this threshold. *Pace* numerous journalistic (and a few scholarly) accounts, it is not in that deep a crisis. The margin for the further exploitation of functional interdependencies has not been exhausted – just think of the potential spill-overs inherent in such fields as energy, communications, financial services, transport, air traffic control, *e così via*. Politicization at the national and sub-national level has undoubtedly made it difficult to reach agreement on these (and other) issues and even more difficult to ratify the subsequent treaties, but there is virtually no sign that groups mobilized for and against further integration are clamoring for a comprehensive political solution. Admittedly, Eastern enlargement will be a tough nut to swallow and will upset many existing decision rules and substantive policies, but will it be sufficient to trigger a major reform in EU institutions, *pace* the Convention? Academics have been complaining about the “democracy deficit” for some time, but mass publics still seem quite indifferent (if not hostile) to the prospect of extending democratic practices to the scale of Europe as a whole.

If (and I repeat, if) the European Union has already entered or is about to enter into a transformative cycle, what processes might operate to bring this about? The higher order hypothesis of neo-neo-functionalism is that this will not come from below, i.e. from a convergence of changes in national institutions and interests, but from above, i.e. from innovations in exchanges and power relations at the regional level.

- (1) *The first major innovation would be an increase in the “reform-mongering” role of regional bureaucrats within the EU institutions. Their capacity and resources augmented by previous re-definitions of scope and level, they are more likely to step up their efforts at directly influencing regional processes, even bypassing intervening changes at the national level. By negotiating directly with regional NGOs (and sub-national governments), by inventing and promoting new symbols of regional identity, and by bargaining as representatives for the region as a whole with outsiders, they could begin to affect virtually all these processes rather*

than, as during the priming cycles, being confined to a few of them.

- (2) *Regional institutions are also most likely during this cycle to begin in earnest their attempts at externalization. Their extended scope and level plus the previously recorded and consolidated strength of regional change processes provide the internal resources for such an effort; the impact of regional discrimination on non-participants is likely to provide the external stimulus. These outsiders are going to begin to insist on treating the region as a new international bargaining unit and may even insist that it shoulder additional responsibilities in such areas as defense and security. ...*
- (3) *A new regional change process could well emerge. Let us call it, the Domestic Status Effect. The redefined scope/level of regional institutions will tend to affect relative status and influence in the domestic politics of its member states. Ministries, autonomous agencies, associations and parties that have “gotten in on” the earlier rounds of regional decision-making will have acquired more resources (proportion of the budget, regulatory capacity, international status, votes, etc.). This should cause other national institutions to try to “get in on” the operation, although not necessarily in support of it. A good deal of this “fall-out,” as I have called this process elsewhere,³⁷ may be purely symbolic, but at some point virtually all political and administrative organizations at the national level will have to have their respective “integration policies.”*
- (4) *The most important structural transformation in the model during this stage should occur in the nature of national actors. Up to this point, they have been treated as units with a single integrative or disintegrative strategy during any crisis. Now they begin to appear as differentiated actors, as a plurality of negotiating units (classes, status groups, sub-regions, clientelas, bureaucratic agencies, ideological clusters, etc.). This fragmentation depends, in large measure, upon the degree of prior change in regional group formation and the emergence of a new, superimposed wider identity.*

- (5) *These fragmented actors will begin to form stable “transnational coalitions” of support and opposition for particular measures. The policy that emerges at the EU level becomes the product of alliances that cut across national boundaries (and, perhaps, historic national cleavages). National governmental actors will, no doubt, continue to play the formally preponderant role in the concatenation of strategies at the regional level, but increasingly they can be circumscribed, if not circumvented, by coalitions of other governmental and non-governmental actors with regional officials.*
- (6) *The combination of increased activism by Eurocrats, their efforts at trying to gain full actor status in the international domain, the spread of interest by “fall-out,” the emerging ... fragmentation of national actors, and the formation of stable transnational coalitions – all make the transforming cycle the most controversial and complex moment in the process of supra-national integration. Moreover, these changes are likely to be asynchronous. The bypassing of prior changes at the national level (especially at the level of loyalty and legitimacy), the resistance to activism on the part of regional bureaucrats unaccountable to the citizenry, the reaction of governmental decision-makers to the erosion of their monopolistic control over certain policy areas ... have an enormous potential for generating conflict (and encouraging defection by particular countries).¹⁶*
- (7) *In terms of joint strategies, spill-over seems increasingly likely to occur either as the result of package deals designed to appeal to a broad transnational coalition of interests or as necessary accommodation to the region’s new status as a “global player.” Such a compromised solution with its simultaneous payoffs in terms of both new policy arenas and additional authority for regional institutions may be the only “peaceful” way to deal with the increased conflict potential – without jeopardizing what has already been accomplished and what no one wishes*

¹⁶ Amitai Etzioni in his *Political Integration* (*op.cit.*) had speculated that it may be necessary to use coercion in such circumstances and he calls this moment, the integration “showdown.”

to give up.

- (8) *The intervening role of changes in national institutions and values that played such a crucial role during the initiating and priming cycles should decline in importance. It should become more and more possible to predict changes at the regional level as a direct, not as a mediated, consequence of decisions taken by the EU. Actors (now multiple and diverse) at the national level have become less sensitive to variation in relative size and power within their country and have begun to calculate more in terms of transnational classes, status groups, sub--regions, etc. Transactions across national boundaries become less important than inter-sectorial flows of labor, capital, and management. The political role of regional NGOs begins to eclipse that of national interest associations, the latter becoming subsections or branch offices of the former. Elite values are now more focused on regional symbols and loyalties, although national ones are unlikely to wither away entirely.*
- (9) *Extra-regional dependence becomes partly endogenous and is no longer exclusively determined by exogenous forces. Some of this may simply be due to increase in the number of member-states since neighboring countries will want to join such a successful venture. But much of it will be because Europe will bargain routinely across almost the whole range of issues with outsiders and, in return, will make effective its full recognition as a new actor in the global international system.*
- (10) *Eventually, one should expect the formation of a regional, i.e. European, system of political parties which will serve to aggregate national and regional NGOs into a more unified system of representation, to provide a permanent intermediary focus for the diffuse sense of regional loyalty and identity, and, most importantly, to link the crisis issues to the broader concerns of the citizenry on a territorial, and not just a functional, basis.*
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(11)The previous point brings up a concept that played no explicit role in neo-functionalism, namely, **democracy**. The theory assumed its presence at the national level, but never envisaged the need for it at the supra-national level.¹⁷ It would not be an exaggeration to say that the process it analyzed (and prescribed) was nothing less than a conspiracy to advance as far as possible on the path to regional integration without engaging mass publics or party politicians. The quantum leap in controversiality intrinsic to the “transformative cycle,” makes this manifestly untenable. Moreover, it is difficult to imagine that the formation of a regional party system with competitive elections and legislative institutions capable of holding regional leaders accountable could come about merely by the mechanism of functional spill-over and that Europeans would simply wake up one morning to find themselves supra-nationally democratic! Such a “transcendent” action will require explicit and unanimous voluntary agreement – and only after a long process of deliberating and compromising over institutions.

What sort of crisis might bring this about (and whether Eastern Enlargement is sufficient for the purpose) and what sort of political effort should be envisaged (and whether constitutionalization is desirable for this purpose) are issues presently on the EU table.¹⁸

(12)Finally, I would also like to bring up another concept that has yet to be mentioned: the **state**. Neo-functionalism has always been about “process” not “product.” It quite conscientiously avoided specifying exactly what these hypothesized changes in the scope and level of regional institutions would produce

¹⁷ And, of course, concern with trans- or supra-national democracy poses no problem for reproductive theorists, since they see no need for it in either inter-governmental or regulatory integration arrangements. At best, the new level of coordination might impose some necessity to modify the practices of “domestic democracy” at the national level.

¹⁸ Needless to say, space precludes any further discussion of these issues here. I have, however, commented on them in my How to Democratize the European Union ... and Why Bother? (Lanham, MD: Rowman & Littlefield, 2000).

– although I think it fair to say that its practitioners did presume that eventually this would be a supra-national state with most of the generic features of the national states it was supposed to transform. At the core of this presumption lay another presumption, namely, that the successive spill-overs would accrue to the same regional institution, i.e. the EU Commission. Once, however, in the neo-neo-version one seriously entertains a much wider range of intermediate outcomes at the result of crises of differing intensity and cycles of differing nature, it becomes possible (even probable) to envisage other end-states. A “Multi-level & Poly-centric System of Governance” is one such candidate, but it is hardly unique to neo-functionalism (as we have seen in Figure One). Elsewhere, in terms more explicitly intended to be compatible with this theory, I have “modeled” two outcomes, the “*consortio*” and the “*condominio*” that differ from the “*confederatio*” presumed by inter-governmentalists and the “*federatio*” implied by previous neo-functionalists and wished by so many federalists.¹⁹

4 Conclusion

I think that all students of regional integration – first and foremost, those working on the European Union – now understand that no single theory will be capable of explaining its dynamics and predicting its outcome. The EU is already the most complex polity ever created by human artifice and it is going to become even more so before it reaches its end-state – whatever that will be. Efforts to select out specific events, policies or institutions and subject them to simplified assumptions may produce momentary “confirmations” of a specific theory, but often at the expense of contrary evidence and countervailing trends. I can think of no better way of concluding but by re-iterating what I said at the end of my 1969 article: *understanding and explanation in this field of inquiry are ... best served not by the dominance of a single “accepted” grand model or paradigm, but by the simultaneous presence of antithetic and conflictive ones which –*

¹⁹ "Imagining the Future of the Euro-Polity with the Help of New Concepts", in Gary Marks, Fritz Scharpf, Philippe C. Schmitter and Wolfgang Streeck, Governance in the European Union, (London: Sage Publications, 1996), 121-150.

while they may converge in certain aspects – diverge in so many others. If this sort of dialectic of incompleteness, unevenness and partial frustration propels integration processes forward, why shouldn't it do the same for the scholarship that accompanies them?

4.1 AN EXCURSUS ON 'ENLARGEMENT'

As suggested above, neither functionalism nor neo-functionalism nor neo-neo-functionalism has or had anything to say about enlargement. Expansion into additional functional tasks, yes; extension into additional territorial units, no. Had their basic assumptions been taken seriously, they would have been immediately proven wrong in predicting who would choose and be chosen to participate in the regional integration of Europe. Switzerland, for example, should long have been a member of the EEC/EC/EU and Greece should not have joined. The former is functionally more a part of "Europe" than most EU members; the latter is less an interdependent part of the region, both economically and politically, than many of EU non-members.

Needless to say, once the EU went ahead and enlarged itself, neo-neo-functionalism might have incorporated this fact within its calculations, for example, with regard to the impact of greater interest diversity on trans-national group formation or the likelihood that the sheer increase in numbers would have an effect upon the promotional role of the Commission. In both cases, as well as other possible examples, the prediction is seemingly straightforward: enlargement attenuates and delays the probability of spillover – **unless** such a spillover in task or authority is built into the negotiations surrounding the accession process as a means to compensate existing members or accommodate new ones. Whether these side-effects will be included is unpredictable from the strictly neo- or neo-neo functionalist perspective, but if they are included (and, by-and-large this seems to have been the case with all of the three previous enlargements), the impact could be considerable. To use the (outmoded?) jargon of the EEC, territorial enlargement has been exploited as an excuse for "accelerating through the curve," i.e. getting through an inevitably contentious political process by expanding

the integration agenda to include some functional “goodies” for everyone and/or to make sure that the Commission will have additional resources or clout to monitor the subsequent distribution of benefits and reward those who experience the greatest difficulty.

Neo-neo-functionalists would also pay a lot of attention to whether, as a result of the successful negotiations, the full *acquis communautaire* had been imposed upon new members, since this is the “bedrock” upon which their theory rests. Not only did they presume the irreversibility of tasks already acquired, but they also tended to presume that new ones would be delegated to the same regional institution, i.e. to the Commission in the case of the EEC/EC/EU. And it was this process of incremental and voluntary accumulation (over an indeterminate length of time and across successive crises) that would eventually produce “transcendence,” i.e. a supra-national state.

Neo-neo-functionalists with their greater sensitivity to a wider range of possible outcomes would certainly keep their eye on how enlargement treated the *acquis communautaire*, but they would be less alarmed by lengthy *dérogations* and occasional opt-outs and they would not be at all surprised to find that some of the newly acquired tasks would not be assigned to the Commission but to independent regional agencies.²⁰ This would be taken as important evidence that the EU was not headed toward “stateness,” but toward some novel arrangement of multi-lateral governance – a *consortio* or a *condominio* in my jargon.

Faced with the non-committal attitude of neo- and neo-neo-functionalists toward enlargement (and, as far as I can tell, the complete silence of federalists),²¹ the field of

²⁰ Which, of course, is precisely what the “regulationists” in the upper-right hand corner of Figure One would expect and advocate.

²¹ I suppose that, for federalists, the answer to the question of “who belongs” is simple: any country or sub-unit of a country that voluntarily chooses to accept the rights, obligations and rules embedded in the federal constitution. In the case of “asymmetric federalism” where these rights, obligations and rules are not the same for all members the issue becomes more difficult to resolve – and EU institutions have definitely evolved in an asymmetric direction. Historically, federalists have implicitly assumed a quite high level of prior cultural similarity and normative consensus – which is one reason (among several) why de Tocqueville was so convinced that American federalism was not an appropriate state form for Europe. See

speculation has been left to “rationalists” and “constructivists.” I am incapable to judging independently what (if anything) these approaches have to offer. I gather from José Ignacio Torreblanco that neither is conclusive and that it is somehow desirable to accommodate both “interests” and “principles” if one is to understand the pace and extent of Eastern Enlargement.²²

I would, however, like to conclude by reminding those who deal with this manifestly under-theorized aspect of regional integration that the issue is not resolved when a candidate country is admitted and this is ratified by itself and existing members. What is particularly significant from the perspective of the process as a whole is how the newcomer behaves once s/he has been admitted to the club. So far with the first three enlargements, this seems not to have been a controversial issue.²³ The conditions of entry have been regarded as sufficiently fair; the distribution of initial burdens and benefits reasonably equitable;²⁴ the assignment of voting weights and thresholds relatively proportionate; the side payments and exemptions generous enough; and the EU institutions flexible enough that no country seems to have joined and then strongly regretted doing so.

Eastern enlargement, however, may shake that comfortable assumption. The conditions demanded have been more onerous – and more ostensibly political as well as economic and social; the willingness to pay compensations and allow for exemptions for “sensitive” products and issues much less forthcoming; the sheer numbers so large that delicate inter-institutional balances are bound to be upset. Under these conditions, the extension to

my “Federalism and the Euro-Polity” in Journal of Democracy, Tenth Anniversary Issue, Vol. 11, No. 1 (January 2000), pp. 40-47.

²² “Accommodating interests and principles in the European Union: The Case of Eastern Enlargement,” paper presented at the ARENA Conference on “Democracy and European Governance,” Oslo, 4-5 March 2002.

²³ Greece maybe an exception, but she too seems to have become less prone over time to violating the Club’s implicit understandings, although her behavior with regard to the admission of (Greek) Cyprus will test this in the near future.

²⁴ Here, the British demand for a strict and costly *juste retour* is another exception.

cover a wider and more diverse territory may not ensure subsequent conformity to existing rules (and, remember that unanimity is still necessary for many decisions). Baring some miracle from the Convention that is currently meeting, it will almost certainly weaken rather than strengthen EU institutions (as it has in the past). Just as a proper and complete theory of integration must also be a potential theory of disintegration, so an adequate theory of enlargement should also be a theory of (potential) contraction.