

8. The neo-functionalists were (almost) right: politicization and European integration

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In a recent paper, Philippe Schmitter laments that ‘no theory of regional integration has been as misunderstood, caricatured, pilloried, proven wrong and rejected as often as neo-functionalism’ (2002, p. 1). And he goes on to explicate, embrace and elaborate neo-functionalism in his inimitable way.

Almost 50 years of neo-functionalism have taught us a thing or two about regional integration. Neo-functionalism identifies basic building blocks for any valid theory of the subject and, more generally, for any valid theory of jurisdictional architecture.

Neo-functionalism argues that regional integration is shaped by its functional consequences – the Pareto gains accruing to integration – but that functional needs alone cannot explain integration. Regional integration gives rise to potent political tensions. It shakes up relative capabilities, creates new inequalities, and transforms preferences. Above all, it leads to politicization, a general term for the process by which the political conflicts unleashed by integration come back to shape it. Neo-functionalists recognize that a decisive limitation of functionalism is that it does not engage the political consequences of its own potential success. What happens when the ‘objects’ of regional integration – citizens and political parties – wake up and become its arbiters?

In this essay, we begin by taking a close look at how neo-functionalism and its precursor, functionalism, conceive the politics of regional integration. Then we turn to the evidence of the past two decades and ask how politicization has shaped the level, scope and character of European integration.

FUNCTIONALITY AND POLITICS

Neo-functionalism’s point of departure is that functional efficiency is the engine of regional integration. The functional premise remains a vital one in

regional integration theory. It grounds Sandholtz' and Stone Sweet's transactionalist theory of supranational governance (1998; Stone Sweet, Sandholtz and Fligstein 2001), Pollack's application of principal-agent theory to the European Union (2003), and Moravcsik's liberal institutionalist account of EU treaty making (1998).

Functionalism identifies a rational basis for political choice. Welfare gains or losses – Mitrany's 'common index of need' (1966, p. 159) – determine whether a particular policy will, or will not, be selected. Neo-functionalists counter that functional pressures are necessary, but not sufficient, to change the scope, level or character of regional integration. They conceptualize three intervening processes. *Functional spillover* occurs when an original integrative goal can be assured only by integration in a functionally related area. *Externalization* describes the pressure on the members of a regional regime to adopt a single, and therefore integrative, policy towards third parties. And, most importantly, *politicization* describes a process by which regional integration becomes contested among a widening circle of political actors (Schmitter 1969).

This stands in stark contrast to functional theory. Functionalism assumes the 'inevitability of socio-economic gradualism and the supremacy of welfare and technology over power politics' (Pentland 1975, p. 9). Functional needs are presumed to have self-evident consequences for the scope, level and character of regional organization. As integration bears fruit, so experts and beneficiaries learn that integration can effectively be extended to other practical, non-controversial needs. But there is a certain automaticity to the process. Hard political choices, political mobilization and, above all, conflict are irrelevant or harmful. David Mitrany argued that successful integration requires consensus about practical goals and abstinence from power politics. As Caporaso points out,

Functionalists . . . believe in the possibility of defining certain nonpolitical aspects of human needs, nonpolitical in the sense that there is a high level of consensus concerning them. Such areas are labeled 'technical' or 'welfare-oriented' . . . The end result would be a community in which interest and activity are congruent and in which politics is replaced by problem-solving. (1972, p. 27)

Politicization is the point at which functionalists and neo-functionalists part company. For Ernst Haas, Leon Lindberg and the early Philippe Schmitter, politics is not a drag on regional integration, but an essential ingredient. Haas' *Uniting of Europe: political, social and economic forces, 1950–1957* is a study of political calculation – of 'nationally constituted groups with specific interests and aims, willing and able to adjust their aspirations by turning to supranational means when this course appears profitable' (1958, p. xiv). Schmitter argues that, 'alone, functional interdependence based on high rates of mutual

transactions is impotent. It must be perceived, interpreted, and translated into expressions of interest, strategies of influence, and viable decision making styles' (1969, p. 164). Functionality – the Pareto gains accruing from integration – is the engine, but politicization is the drive shaft – a decisive intervening variable – determining whether, when and how functional pressures lead to regional integration.

At its core, politicization refers to the increasing contentiousness of decision making. According to Schmitter,

[p]oliticization . . . refers initially to a process whereby *a*) the *controversiality* of joint decision making goes up. This in turn is likely to lead to *b*) a *widening of the audience or clientele* interested and active in integration. Somewhere along the line *c*) a *manifest redefinition of mutual objectives* will probably occur. . . . It . . . involves some collective recognition that the original objectives have been attained . . . and that the new ones involving an upward shift in either scope or level of commitment are operative. Ultimately, one could hypothesize that . . . there will be *d*) a *shift in actor expectations and loyalty* toward the new regional center. (1969, p. 166 [original emphasis; alphabetization added])

The early neo-functionalists were sanguine that politicization would raise the level and extend the scope of regional integration. A federal polity, or something like it, would result. Haas described the European Economic Community in 1958 as a 'new centre, whose institutions possess or demand jurisdiction over the pre-existing ones' (1958, p. 16). He argued that 'even though supranationality in practice has developed into a hybrid in which neither the federal nor the intergovernmental tendency has clearly triumphed, these relationships have sufficed to create expectations and shape attitudes *which will undoubtedly work themselves out in the direction of more integration*' (1958, p. 526–527 [our emphasis]).

But as early as 1969, Schmitter was at pains to assume no automaticity, fixed sequence or unidirectionality (1969, 1970). Reflecting on the original research programme three decades later, he stresses that neo-functionalists had too rosy a view of the transformation of governance, and notes that 'any comprehensive theory of integration should potentially be a theory of disintegration' (2002, p. 2).

So regional integration can contract as well as expand. Haas, Lindberg and others began also to doubt their initial prediction of a single end point, a European federation, and conceived of several possible outcomes. In a provocative piece initially written just after the Maastricht negotiations, Schmitter (1996) conceptualized non-state scenarios characterized by growing dissociation between territorial constituencies and functional competencies (see also 2000, p. 15). Ironically, given their differences, neo-functionalists and functionalists converge in their speculations about the jurisdictional architecture of integration. Mitrany was a passionate opponent of federalism, which

he felt was rigid (1948, reprinted in 1966). Schmitter is sceptical of federal schemes for Europe,

... because, in the immediate future, the Europolity is likely to retain the status of a 'nonstate and nonnation' – it would be inappropriate and even counterproductive to define its citizens, representatives, and rulers in the usual manner for a large-scale, socially heterogeneous, advanced capitalist nation-state, that is, in the manner of a federal polity. (2000, p. 15)

The most extreme non-state scenario conceptualized by Schmitter – *condominio* (1996) – shares some basic features with David Mitrany's functional vision. The European polity has no fixed centre, but is a network of jurisdictions with variable membership, variable decision rules and of variable durability, depending on need and acceptability. These features, we will argue, are strengthened by politicization.

THE STRUCTURE OF POLITICAL CONFLICT

Neo-functionalism kicked off a 30-year research programme analysing politicization in the European Union (Lindberg and Scheingold 1970). One neo-functionalist prediction has come to pass: European integration has become more controversial, as Schmitter foresaw. What few predicted is that the sign would be negative.

Support for European integration among the public has not risen, and in some countries has declined, since the early 1990s (Eichenberg and Dalton 1993, 2003; Franklin, McLaren and Marsh 1994). Elites were always likely to be more favourably oriented to integration than the public as a whole; a fact that has become politically combustible as European integration has instigated 28 national referenda in 17 member and candidate countries.¹ In short, Leon Lindberg's *permissive consensus* has been transformed into something approximating to its opposite, a *constraining dissensus* (Olsen 2004; Hix 1999; Hooghe and Marks 1999; van der Eijk and Franklin 1996; Marks and Steenbergen 2004; Niedermayer and Sinnott 1995).

At the same time, the interested audience has widened, again as predicted by neo-functionalists. The mobilization of interest groups, social movements, unions, firms and subnational governments at the European level has generated a broad stream of research substantiating the neo-functionalist expectation that, 'Once a regional integration scheme is established, it may serve as the stimulus for private groups to create . . . regional organizations to reflect and protect their common interests' (Nye 1970, p. 205; Imig and Tarrow 2001; Marks, Haesly, and Mbaye 2002; Marks and McAdam 1996; Mazey and Richardson 2001; Streeck and Schmitter 1991; Wessels 2004). The issues

arising from European integration reach deeply into political parties and into the public itself.

Even in the early days, neo-functionalists were alert to the fact that domestic conflict about European integration could stretch beyond sectoral or business associations. Ernst Haas stressed that sectoral associations leaned heavily on their national governments where their particular economic interests were concerned – a line of analysis that was later taken up by intergovernmentalists – but he was also keenly aware that political parties were decisive both for the creation of a coherent Euro-polity and because, in Europe, government is party government. In *The Uniting of Europe* (1958) Haas begins by describing in detail the positioning of political parties in the major party families, and moves on to national trade associations, trade unions and national governments.

The difference now is that decision making on the big issues has shifted away from producers. The positioning of political parties and of citizens has, since the Maastricht Accord, grown in relative importance while that of sectoral associations has declined.

How, then, does conflict over European integration connect to the dimensions that structure public opinion and competition among political parties? The first of these dimensions is an economic left/right dimension concerned with economic redistribution, welfare and government regulation of the economy. Contestation on this dimension has predominated in most Western nations in the post-war period (Bartolini and Mair 1990; Lipset and Rokkan 1967), and is diagnosed as the main dimension in Central and Eastern Europe (Evans and Whitefield 1993; Kitschelt et al. 1999). A second, non-economic or cultural, new politics dimension has gained strength since the 1970s in Europe – in the East as well as in the West (Evans and Whitefield 1993; Flanagan 1987; Franklin 1992; Inglehart 1977; Kitschelt 1995). In some societies this dimension is oriented to environmental protection; in others, it captures conflict over traditional values rooted in a secular/religious divide; in others still, it is pitched around immigration and defence of the national community. We therefore describe the poles of this dimension using composite terms: Green/Alternative/Libertarian (or *Gal* and Traditionalist/Authoritarian/Nationalist (or *Tan*) (Hooghe, Marks, Wilson 2002).

Left/Right

When EU issues have distributional economic effects within societies – as is the case for social policy, employment policy and, above all, for policies that reduce the transaction costs of international economic exchange – the positions that political parties take can be predicted from their left/right location (Table 8.1).

Table 8.1 *Left/right positioning and position on economic EU policies (correlations)*

Internal Market	0.34
Employment	-0.53
Cohesion	-0.25
General position	0.04

Note: Data from the Chapel Hill 2002 party expert dataset, tapping 238 country experts to evaluate the ideological and EU policy locations of 98 political parties in the West (EU-15 minus Luxembourg). Experts locate parties on a scale from 1 (strongly opposed) to 7 (strongly favouring). Parties weighted by vote percentage in the most recent national election.

Internal Market: 'Consider internal market liberalization. Some parties want to strengthen EU powers in the internal market and competition policy. Other parties are reluctant to support stronger EU powers for internal market liberalization.'

Employment: 'Consider EU employment policy. Some political parties want the EU to strengthen its common employment policy; they view EU employment policy as a means toward reducing unemployment. Other parties argue against a common employment policy.'

Cohesion: 'Consider EU cohesion or regional policy. This policy transfers resources to the poorest regions in the EU, and is the second item on the EU budget. Some political parties wish to maintain or expand the EU's cohesion policy, whereas others wish to reduce or eliminate it.'

General Position: 'How would you describe the general position on European integration that the party's leadership has taken over the course of 2002?'

To return to the level/scope distinction, distributional politics directly engages the *scope*, but not the *level* of integration. Should the EU spend money to reduce unemployment, aid poorer regions or promote social cohesion? The debate is about *for* whom, *from* whom, and *how much*; it is not intrinsically about *by* whom. Hix (1999), Pollack (2000) and others have pointed out that left/right speaks to supranationalism with many voices. The logic, as in the USA, is one of 'regime shopping'. When liberals were ascendant at the federal level of the USA, conservatives found themselves convinced of the virtue of states' rights. Now that conservatives are ascendant, it is the liberals' turn. What matters is the structure of political opportunity as it exists in a particular time and place.

In the context of the EU, the economic *right* is satisfied with the combination of market integration and nationally segmented political authority. Market integration involves the creation of a single market, a transnational goal that demands limited supranational authority. Neo-liberals support European institutions, and the European Court of Justice in particular, to achieve 'negative' integration (Scharpf 1996). But it would be self-defeating for neo-liberals to extend the scope of integration in ways that would diminish regulatory competition.

Those on the economic *left* wish to create redistributive capacity at the European level, but they do not want to constrain redistribution and other

social democratic policies at the national level. Left parties were the chief concern of early integrators, including Jean Monnet, who realized that such parties might resist functional economic integration on distributional grounds. Monnet made every effort to persuade socialist party and trade union leaders that European integration deserved their support. By the late 1950s, Ernst Haas identified a 'sinistation' of support for a federal Europe (1958, p. xiv). But the debate on European integration was still raging among French and British socialists in the early 1980s. Most socialists eventually came to the conclusion that, if exit was impossible, they should try to extend the scope of integration to include the distributional policies that were in Jacques Delors' vision.

We detected this in the mid-1990s (Hooghe and Marks 1996, 1999), but in the meantime the left's enthusiasm for the Delors project of regulated capitalism has cooled. Although European political economies are more welfare-oriented and redistributive than the US, they vary in ways that make convergence on a single European model the least likely of future scenarios. Institutional variation across the EU sharply constrains the feasible scope of continent-wide regulation. Step-by-step integration – the (neo-)functional recipe – is inhibited by country-specific institutional complementarities among institutions responsible for economic governance (Crouch and Streeck 1997; Streeck 1996; Hall and Soskice 2001).² Moreover, institutional differences exist within, as well as among, countries that are said to have a particular type of governance. Denmark, for example, finances its welfare state primarily through income taxation, while Sweden relies to a much greater extent on social security contributions, a contrast that would complicate integration of these social democratic welfare regimes (Scharpf 1999).

Moreover, social democrats have become acutely aware that redistribution is constrained by cultural diversity (Offe 2000). The relationship can be hypothesized as a 'law' of culturally constrained redistribution: the more culturally diverse a polity, the smaller the scope for redistribution. At one end of the scale are encompassing global organizations, including the UN, the World Bank and the WTO, which redistribute at most a tiny fraction of global GDP. At the other extreme are relatively homogenous national polities, which redistribute up to about one-third of the national product. While the EU is more culturally coherent than most other international regimes, it is considerably more diverse than the most diverse federal states. No other international or transnational regime redistributes anything like the 0.8 per cent of GDP that the EU devotes to agricultural and cohesion funding. Because a shared sense of community is lacking in Europe, it is difficult for social democrats to campaign for more.

Given that neither the left nor the right has managed to achieve durable political hegemony at the continental level, and given high decisional barriers

for institutional innovation, the struggle over economic redistribution has not done much to deepen integration.³ The main thrust of integration has been functional, not redistributive. The scope and level of regional integration in Europe has been constrained by the area of agreement between centre left and centre right on the collective benefits of internal peace and transnational economic exchange. European integration has largely followed the prescriptions of classical federalism: (a) centralize those areas of public policy where economies of scale are present; (b) internalize positive and negative externalities by encompassing in the relevant jurisdiction all those affected by the policy; (c) otherwise, decentralize.

Does this mean that left/right conflict has no bearing on European integration? Not quite. Functionalism is opaque. What does 'affected by the policy' mean? Was slavery in the South an externality for those in the North of the United States? Does the denial of equal pay for women, or of political rights for immigrants, in one part of the Union 'affect' citizens in another part? This invites a debate about the implications of cohesion in a political community, a debate that is fundamental to the left/right divide. The front line of redistributive conflict in the EU is in the application of European-wide regulation in areas such as social policy and environmental policy (Caporaso 2000; Falkner 1998; Leibfried and Pierson 1995; Sbragia 1996).

So the conclusion to this section is double-edged. Distributional conflict has not driven regional integration forward. But social regulation (with distributional consequences) is an ineluctable tension in regional integration. Functionalism cannot arbitrate conflict over the allocation of authority in a multi-level polity. The struggle between left and right over social regulation leads to unstable and contested outcomes about the scope of policy, in which the level of policy – the degree of supranationalism – is a by-product reflecting which side happens to have authority at which level.

Identity

Functionalists and neo-functionalists alike stressed the constraining effects of national identity on integration.

We are favored by the need and the habit of material cooperation; we are hampered by the general clinging to political segregation. How to reconcile these two trends, both of them natural and both of them active, is the main problem for political invention at this juncture of history. (Mitrany 1948 [1966], p. 151)

But functionalists and neo-functionalists believed that national identity would ultimately give way to a more encompassing loyalty. According to Mitrany, national identity is just one, and not the most important, kind of identity: 'Each of us is in fact a bundle of functional loyalties; so that to build a

world community upon such a conception is merely to extend and consolidate it also between national societies and groups' (1965 [1966], p. 204). In one of the first analyses of public opinion on European integration, Ronald Inglehart predicted that a shift of loyalties was a matter of generational replacement. Younger cohorts, he argued, were being socialized in societies where nationalism was discredited and where supranational institutions were providing an expanding range of collective goods (Inglehart 1970, p. 182–190).

Recent research arrives at a different verdict: national identity remains a supremely powerful constraint on preferences concerning the level of European integration (Carey 2002; Hooghe and Marks 2004; McLaren 2002; Hermann, Brewer and Risse 2004). This is true both for political parties and for the general public.

As noted above, national identity connects to the second dimension of conflict across Western societies, which we describe as a Green/Alternative/Libertarian (or *Gal*) versus Traditionalist/Authoritarian/Nationalist (or *Tan*) dimension.

The position of a political party on the *Gal/Tan* dimension powerfully predicts its position on European issues that engage the *level* of integration. So, as Table 8.2 reveals, party location on *Gal/Tan* is strongly associated with

Table 8.2 Gal/Tan positioning and position on institutional EU policies (correlations)

	West	East
EP Powers	-0.50	-0.57
Enlargement	-0.38	-0.71
General position	-0.30	-0.65

Note: Data from the 2002 Chapel Hill party expert dataset, tapping 238 country experts to evaluate the ideological and EU policy locations of 98 political parties in the West (EU-15 minus Luxembourg) and 73 in the East (EU-10 minus Cyprus, Estonia and Malta). Experts locate parties on a scale from 1 (strongly opposed) to 7 (strongly favouring). Parties weighted by vote percentage in most recent national election.

EP Powers: 'Take the position of the party leadership on the powers of the European Parliament. Some parties want more powers for the European Parliament. Other parties argue there is no need to expand the powers of the European Parliament further.'

Enlargement (West): 'Consider enlargement to Central and Eastern European countries. Some parties believe that the new countries should have exactly the same rights and duties as existing members. Others believe there should be separate rules for them (for example, on agricultural policy, cohesion policy, internal market, movement of people, currency).'

Enlargement (East): 'Consider EU enlargement to the candidate countries of post-communist Europe. Some parties strongly support major domestic reforms to qualify for EU membership as soon as possible. Other parties oppose major domestic reforms to qualify for EU membership as soon as possible.'

General Position: 'How would you describe the general position on European integration that the party's leadership has taken over the course of 2002?'

positioning on European integration in general and on the powers of the European Parliament. The association is anchored on the right side of this dimension by parties with a strong *Tan* leaning – for example the Front National, Vlaams Blok/Belang, Austrian Freiheitliche Partei and Danske Folkspartiet. This is a relatively new phenomenon. In 1984, the first year for which we have reliable data on party positioning, the main source of opposition to European integration came from social democratic parties. Not until the mid-1990s was the largest reservoir of opposition on the radical right (Hooghe, Marks and Wilson 2002; Taggart 1998). Such parties oppose integration because it undermines national sovereignty. They link European integration to other perceived threats to the national community: foreign cultural influences, cosmopolitan elites, international agencies and, above all, immigrants.

National identity also mobilizes Euro-scepticism in conservative parties with a national character – as in Britain, France, Ireland and Spain. Conservative parties in these countries combine defence of the national community with support for market solutions. European integration puts these in tension, fueling conflict between market liberals, who are willing to water down national sovereignty in the cause of market competition, and nation-oriented traditionalists, who are not. The result is internal party dissension that in some cases – the British Conservatives and the French Gaullists – has threatened to tear these parties apart.

By the mid-1990s, the political mobilization of national identity led to the ‘dextrification’ of opposition to European integration. Enlargement to Central and Eastern Europe has reinforced, not weakened, this. The strongest opposition to European integration in Central and Eastern, as in Western Europe, is found among parties that espouse traditionalist, nation-centred ideologies (Marks et al. 2004).

National identity also constrains public opinion on European integration, but in a double-edged way. On the one hand, national identity and European identity reinforce each other. In his dissertation on the topic, Richard Haesly (2001) finds a positive, rather than negative, association between being Welsh or Scottish and being European. European allegiance can fruitfully be conceived as embedded in national allegiance (van Kersbergen 2000).

But it is also true that many opponents of European integration see themselves as defending their nations against control from Brussels. Diéz Medrano (2003) details how national histories condition the consequences of national identity for support for European integration: English Euro-scepticism is rooted in Britain’s special history of empire; West German pro-Europeanism reflects Second World War guilt; the Spanish tend to support European integration as a proxy for modernization and democratization (see also Stråth and Triandafyllidou 2003).

National identities are formed early in life, as Inglehart recognized in his

1970 piece. Children as young as six or seven know full well whether they are English, German or Swedish. But the impact of identity on political attitudes is neither automatic nor uniform. The connection between a person's identity and her attitude toward European integration is constructed in political debate, and that construction is cued by national political parties, national elites and national media. Where the political elite is more or less united on Europe, national identity and European integration tend to coexist; where it is divided, national identity feeds Euro-scepticism (Hooghe and Marks 2004).

Neo-functionalists recognized that regional integration had to be understood as a broadly based political process that engaged a variety of domestic actors, not just national governments. They believed politicization would deepen European integration. But did neo-functionalists get the sign right?⁴

If one were to extrapolate the experience of contestation over redistribution and identity described above, one would be compelled to answer 'no'. Politicization appears to be – at least at this point in history – neither positive nor open-ended with respect to regional integration. If recent research is valid, politicization is powerfully shaped by nationalist reaction to perceived loss of community and national sovereignty.

In retrospect, it seems unexceptional that a quantum shift in authority – which is, after all, what sixty years of European integration adds up to – should jolt nationally embedded emotions. A student of modern European history might heed a simple warning: 'Never underestimate nationalism.' Group attachments can be extraordinarily powerful, and few more so than attachments to territorially defined communities. The mobilization of exclusive national identity in defence of national sovereignty is a predictable reaction to Europeanization.

Neo-functionalists and functionalists feared as much, and they urged a course of incremental steps that would lead Europe around, not through, national identity. This was the guiding principle of the Monnet method, a neo-functionalist strategy prior to the theory (Duchêne 1994). Mitrany believed that the creation of multiple functional regimes would defuse nationalist reaction. It was better that authority seep away from national states in several directions, rather than towards a single new centre.

One neo-functionalist caveat is in order here. We have witnessed the politicization of identity in the EU in the absence of the most powerful force that has shaped it historically: external conflict. Neo-functionalists argue that externalization – solidarity induced by conflict with a foreign power – can be a powerful source of integration. Could this shape European integration? There is no prospect (at present) that the European Union could engage in the kind of war-making that consolidated national identities and states in Europe (Tilly 1990), but the current push for a common foreign and security policy at the European level appears to be a reaction to sustained US unilateralism.

POLITICIZATION AND THE FORM OF MULTI-LEVEL GOVERNANCE

The politicization of integration, and in particular the mobilization of national identity, has constrained European political architecture. The functional logic of regional integration is as strong as it ever was, but the institutional strategy is changing. Instead of seeing an ever more extensive set of policies bundled in a coherent European federal polity – a common set of policies for a given territory – we seem to have witnessed a growing dissociation between territory and function. The result is a system of multi-level governance which takes on the characteristics of a *consortio* modified by growing reliance on *condominio*.

Practising neo-functionalists, including Jean Monnet, conceived their challenge to be the building of Europe in the absence of Europeans. They believed that Europeans could be created indirectly, as citizens felt the policy effects of regional integration and transferred their loyalties accordingly. Regional integration was to be built piecemeal, in the confident expectation that the emergent polity would be considered legitimate. The strategy was to shift an ever wider set of competencies from national states to Europe. Each act of integration was justified in its own terms, but the effect was to transform European political architecture in a federal direction. This strategy survived Charles de Gaulle in the 1960s and Margaret Thatcher in the 1980s. These leaders rejected supranationalism, but accepted the logic of piecemeal integration where justified on efficiency grounds.

From a functionalist standpoint, a federal Euro-*stato* would be a king with no functional clothes – as Mitrany wrote in a blistering critique of Walter Hallstein's federal plans (Mitrany 1965). A European federation was a political goal cherished by post-war elites who had to contend with the absence of Europeans. In more recent times, reformers have also had to confront populist nationalism. No major policy area has escaped Europeanization to some degree, but domestic support for European supranationalism is as weak as it has ever been. Enlargement to Central and Eastern Europe appears to have hardened rather than softened the edge of national opposition, as one might expect in countries that have been denied independence for so long (Taggart and Sczerbiak 2004). At the extreme, minorities in several EU member states appear willing to sacrifice functional benefits of cooperation on the altar of national sovereignty. While their numbers are proportionately low, they threaten to take political advantage of the gap that exists in every EU society between Europhile elites and a more sceptical public. The nationalist right appears most threatening in referenda, which, ironically enough, constitute the most important institutional innovation in domestic liberal polities occasioned by European integration.

How can one reap the collective gains of transnational cooperation without running foul of national identity? This is the challenge for elites seeking to safeguard the functional benefits of cooperation (Hooghe 2003). Their answer appears consistent with the following principles:⁵

- Focus on policy problems for which decision making can convey transparent benefits to stakeholders.
- Separate policy problems into discrete chunks. Minimize policy externalities; maximize decomposability.
- Tailor decision rules to the particular task at hand.
- To the extent that pareto-optimal solutions involve redistribution, pick problems where side-payments are feasible.

What kind of polity would emerge if cooperation on certain functions was desirable, but member states tailored it to the problem rather than to existing European institutions? Independent European agencies for, among others things, aviation, drug addiction, the environment, food safety, maritime safety, medical product evaluation, satellites, training, work safety and health, and vocational training are examples. And what if certain forms of integration were considered efficient for some member states, but not for others? This question was raised sharply for monetary union and for social policy, and the institutional solution has been to allow individual member states to derogate, that is opt out, if they so wish.

Schmitter, who saw more clearly than any of his contemporaries the storm gathering over Maastricht, speculated about the form that regional integration might be taking. 'What if either the functional or the territorial domains (and even more if both) were not congruent with the same authority?' (1996, p. 132). Schmitter diagnosed three alternatives to a federal state. A *confederatio* is a loose arrangement in which territorial units may enter or exit at will, but where functional competencies are rigorously fixed in order to protect members from encroachment by central authorities. In a *consortio* a fixed number of national authorities cooperate on a variety of functional tasks through specific, flexible, and overlapping institutional arrangements. And finally 'the most unprecedented, even unimaginable, outcome of all' (p. 136) is the *condominio*, where *both* territorial units and functional tasks vary to create multiple specialized, flexible, and overlapping regimes.

Instead of one Europe with recognized and contiguous boundaries, there would be many Europes. Instead of a Eurocracy accumulating organizationally distinct but politically coordinated tasks around a single center there could be multiple regional institutions acting autonomously to solve common problems and produce different public goods. (p. 136)

Consternation and disbelief greeted this possibility when Schmitter presented it at Nuffield College Oxford, where one of the authors was lodged in 1992, but with the help of hindsight, Philippe's contemporaries are catching up.

NOTES

1. This includes ten referenda in 2004 accession countries. It does not include anticipated referenda on the European Constitutional Treaty. As of 9 April 2005, nine countries (the Czech Republic, Denmark, France, Ireland, Luxembourg, the Netherlands, Portugal, Spain and the UK) had held or were going to hold referenda. *Source*: Centre d'études et de documentation sur la démocratie directe in Geneva, Switzerland (<http://c2d.unige.ch/>, accessed 9 April 2005).
2. Scharpf (2001) makes the point that preferences differ across countries in ways that decisively constrain integration. He observes that the British would revolt against the high taxes that sustain the generous Swedish welfare state, that Swedes would not settle for a poorly funded educational system as in Germany; and that German doctors and patients would protest against attempts to emulate the British national health system.
3. It therefore comes as no surprise that the left/right dimension only weakly frames public opinion on European integration. A variable that taps left/right self-placement is significant under controls if allowance is made (via an interaction term) for the fact that in Scandinavia, in contrast to the rest of the EU, it is the left, not the right, that is more opposed to integration. But the size of the effect is small (Hooghe and Marks 2004).
4. In a recent publication, Schmitter acknowledges that neofunctionalist theory underestimated the enduring character of national identity and its constraining effect on European integration (2002). As we have noted, this criticism is least appropriate for Schmitter's own work.
5. Elsewhere we describe this as type 2 governance, oriented around task-specific jurisdictions, which can be contrasted with type 1 governance, oriented around general-purpose jurisdictions (Hooghe and Marks 2003).

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