

# Neo-Functionalism and the European Union

Written by Thomas M. Dunn

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### **Neo-Functionalism Reflected the Political Dynamics in the Early Years of European Integration. In What Ways is it Still a Useful Approach Today?**

As 'intellectuals surveyed the ruins of Europe after two world wars,' (Weigall and Stirk: 1992: 20), many, such as the European Union of Federalists, believed that the maintenance of a realist state system of individual nation states would inevitably lead to the kind of nationalist politics which had been responsible for two world wars. They hoped that a 'United States of Europe' might emerge to shape post-war Europe (Geddes 2004: 49). Nonetheless, advocates of this form of federalism were left dissatisfied when nation states were restored throughout the continent. Instead, these advocates of closer integration had to seek a different approach. Neo-functionalism, as outlined by Ernst Haas in the mid-1950s, would seek to provide closer integration without forcing countries to integrate too far or too quickly.

Neo-functionalism is generally associated with the political and economic goals, as well as the integration strategies, of the founding fathers of the European Coal and Steel Community. Jean Monnet, one of the chief architects of European unity, believed that in achieving integration in one sector of common policy amongst sovereign states, this would eventually lead to a 'spillover' into other policy areas. This would then lead to integration in these policy areas and in turn, more 'spillover'. The Schuman Plan of 1950, influenced by Monnet, which led to the creation of the European Coal and Steel Community in 1951, can therefore be viewed as a pragmatic approach to closer integration by stealth, in the full knowledge that a rush to create a United States of Europe could not be achieved.

Schuman had planned for much more to be integrated than merely coal and steel and saw the ECSC as a first step on the road to further integration in many other areas. If the six nations cooperated in one policy sector, i.e. coal and steel, under the authority of central institutions, this would result in pressure for the integration of neighbouring policy areas such as taxation, trade and wages (Wallace 2004: 15). This first small step taken in pursuance of The Schuman Plan would, in theory, snowball to the point where national political systems and economies would become so entangled that 'as functions were transferred, then so too could the loyalties of Europeans as they became focused upon these new institutions' (Geddes 2004: 50). Essentially, 'it is the process of generating new political goals' (Cini 2004: 85). Despite the 'spillovers' being the natural consequences of integrating specific inter-national policy areas, they nevertheless generate the need for further harmonisation of policies (Eilstrup-Sangiovanni 2005: 123). Whilst the constant shift from national autonomy to supranational autonomy is generally intended by policy-makers in the individual countries to further their own national interests, the transfer of power to Europe tends towards an integration that is in the interest of Europe as a whole (Rosamund 1999: 60). This means that integration is, in all but theory, irreversible.

With regard to whether or not neo-functionalism is still a useful approach today, it can be strongly argued that, despite Haas declaring the theory 'obsolescent' in the mid-1970s, it has not been wrong in its predictions thus far. Haas argued that the European Commission was a complex political system that should therefore not be seen solely as an integration project. Nonetheless, even taking this into account, there is still no doubt that integration in one policy area will inevitably lead to spillover into another. One area where this can be seen is in the recent fiscal union of the countries in the Eurozone. Neo-functionalism could explain this phenomenon as follows. In 1985, the European Economic Community created the Internal Market Programme, in which tariff barriers that prevented the

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freedom of movement of goods between member states were removed. This led to much more trade between the member states, e.g. today the United Kingdom's biggest trading partner is the EU. With the freedom of movement of goods, national laws that discriminated against imports from other EEC countries were removed, and, in turn, the freedom of movement was expanded to include people, services and capital. Furthermore, by the end of the 1980s a number of nation states around Germany formed an Optimal Currency Area, which aligned their monetary policies with the Deutschmark and the Bundesbank (Verdun 2004: 87). However, this new internal market was vulnerable to the inflation and deflation of the various members' national currencies, which resulted in the demand for a common currency. This paved the way for the creation of the Economic and Monetary Union between 1992 and 2002 which made the establishment of the euro 'a seemingly logical functional step to encourage prosperity' (Jenson 2010: 76). The spillover effect can quite readily be seen in the economic and monetary policies of recent times, with neo-functionalism therefore explaining how the euro came about within a period of less than twenty years due to the spillover effects from relatively unrelated policy areas.

Just as neo-functionalism can explain how the eurozone came about, it can also be used to critique it, and to explain the eurozone crisis of the past three years. Neo-functionalism would argue that having a common currency necessitates a common policy in regards to spending. Because the individual members of the eurozone are either reluctant to agree to a common spending policy or because it would not logistically be possible, the weaker members of the eurozone have been forced to borrow at high interest rates, are weak in the bond markets and are unable to defend themselves in the usual way by, for example, devaluing their currency. Ian Cooper (2011) has argued that the spillover effect should be allowed to take effect in the form of 'Eurobonds', 'a financial instrument that would allow all Eurozone members to borrow at a common rate.' He concludes by stating that if the Eurozone does become a fiscal union as well as a monetary union, then 'Ernst Haas has already identified the underlying logic behind the event.'

A focus upon the European Court of Justice from a neo-functionalist point of view can prove to us that the theory is still useful today. The ECJ is a truly supranational institution over which the individual nation states have little to no influence. The neo-functionalist would argue that the supranational actors, such as the thirteen ECJ judges, in partnership with sub-national actors, such as barristers and lawyers, sought to integrate legally the European justice system as it would be they who benefitted from the process (Burley and Mattli 1993: 235-238). The integrated European justice system would then benefit Europe as a whole, with the spillover effect leading to integration of policy areas related to justice, such as citizenship or human rights. However even though respective judgements made by the ECJ have led to more and more spillover in the policy areas in which judgements have been made, it could be argued that the ECJ is only allowed to operate within set boundaries laid down by the nation states. This has been especially true since the Maastricht Treaty, which sought to exclude the ECJ from foreign and security policy and increase the cooperation between national judicial systems (Burley and Mattli 1993: 239). The imposition of a limit upon the spillover effect would be an example of policy made from an intergovernmental standpoint.

Supporters of intergovernmentalism might state that the interests of individual nation states play a more important role nowadays and that neo-functionalism is an outdated idea. They would argue that the state still plays a more central role in the external affairs and foreign policies of the member states than the EU itself. Supranational institutions, such as the European Parliament and the European Commission are explained as emerging out of the integration process that results from the member states securing their own interests. Member states will feel more stable in the anarchical system of states if they are able to anticipate and gain security through knowing how other states will act (Moravcsik 2002: 70). Hoffman and Moravcsik have both argued that it is indeed the individual governments which control the speed of integration within the European Union, thus rejecting the spillover effect, because any increase in the power of the supranational institutions comes from a direct decision from the governments (Moravcsik 2002 and Hoffman 1991). An example of this in recent times might be the decision of David Cameron to veto the proposed treaty to strengthen fiscal discipline in the EU in December of last year, thus slowing down or even halting integration in that policy area.

Nonetheless, nowadays it seems diplomatically difficult to avoid policy spillovers in the European Union. To date, neo-functionalism seems to have taken its course, with the original economic integration giving rise to the integration of the social and political systems of the European Union. Even though the predictions of Haas, that the citizens of Europe would eventually take as much interest in European government as they do in national government, and that

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national sovereignty would give way to supranational authority (Schmitter 2005: 268), did not come to fruition, there still lies the possibility of further integration within the European Union. This is bound to happen, especially in regards to further integration of monetary policy and political power. Recent efforts to save the euro and the expansion of the powers of the European Parliament, demonstrate that there is no limit to where this spillover may lead. It is my opinion that neo-functionalism will continue to be proven true and that the predictions of further integration over the years will also be proven correct.

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