

# 5

## Neo-functionalism

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### Reader's Guide

This chapter reviews a theoretical position, neo-functionalism, which was developed in the mid 1950s by scholars based in the United States. The fundamental argument of the theory is that states are not the only important actors on the international scene. As a consequence, neo-functionalists focus their attention on the role of supranational institutions and non-state actors, such as interest groups and political parties who, they argue, are the real driving force behind regional integration efforts. The chapter that follows provides an introduction to the main features of neo-functionalist theory, and to its historical development since the 1950s. It focuses, more specifically, on three theses advanced by neo-functionalists: the spillover thesis; the elite socialization thesis; and the supranational interest group thesis. The chapter also considers the main critiques of the theory to explain why it went out of fashion in the 1970s. The final section scrutinizes the revival of interest in neo-functionalism beginning in the late 1980s and 1990s, as well as providing some examples of how today's neo-functionalists differ from those of the 1950s.

## Introduction

Neo-functionalism is often the first theory of European integration studied by students of the European Union. This is largely for historical reasons, as neo-functionalism was the first attempt at theorizing the new form of regional cooperation that emerged at the end of the Second World War. Although few researchers of European integration would now accept all neo-functionalist arguments, the theory remains important because its concepts and assumptions became part of the so-called Monnet Method of European integration. Indeed, at times it has been difficult to separate the theory of integration from the reality of the EC/EU. This has been something of a curse for neo-functionalism, as it has meant that its success as a theory became inextricably tied to the success of the European integration project. But it does mean that it is possible to chart the history of the EC/EU through the lens of neo-functionalism, as we shall see below.

The chapter begins by asking: 'What is neo-functionalism?' The purpose of this first section is to

outline the general characteristics of the theory. The second section then summarizes the rise and fall from grace of neo-functionalism between the 1950s and the 1970s. The third section examines three theses that form the core of neo-functionalist thinking. These are: (a) the spillover thesis; (b) the elite socialization thesis; and (c) the supranational interest group thesis. These three arguments help to expose neo-functionalist beliefs about the dynamics of the European integration process. The fourth section reviews the main criticisms of the neo-functionalist school, while the final section turns to more recent adaptations of neo-functionalist ideas, accounting for the renewal of interest in this approach to the study of regional integration at the beginning of the 1990s and in the 2000s. The chapter concludes that neo-functionalism remains part of the mainstream theorizing of EU developments, even though there have been some major changes in the way neo-functionalism is used today compared with its original application in the 1950s.

## What is neo-functionalism?

The story of neo-functionalism began in 1958 with the publication by Ernst B. Haas (1924–2003) of *The Uniting of Europe: Political, Social and Economic Forces 1950–1957* (Haas 1958). In this seminal book, Haas explained how six West European countries came to initiate a new form of supranational cooperation after the Second World War. Originally, Haas's main aim in formulating a theoretical account of the European Coal and Steel Community (ECSC) was to provide a scientific and objective explanation of regional cooperation, a grand theory that would explain similar processes elsewhere in the world (in Latin America, for example). However, neo-functionalism soon became very closely associated with the EC case and, moreover, with a particular path of European integration. However, some

argued that despite its scientific language, neo-functionalism was imbued from the outset with pro-integration assumptions that were not made explicit in the theory.

Three characteristics of neo-functionalist theory help to address the question of what is neo-functionalism. First, neo-functionalism's core concept is that of spillover. This is covered in more detail later in the chapter. It is important to note at this point, however, that neo-functionalism was mainly concerned with the process of integration (and had little to say about end goals, that is, about how an integrated Europe would look). As a consequence, the theory sought to explain the dynamics of change to which states were subject when they cooperated. Haas's theory, then, was based on the assumption that cooperation in one

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### KEY CONCEPTS

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- Neo-functionalism seeks to explain a theory that fits the EU.
- The theory was developed in the 1950s.
- Its main focus is on interest group theory, political and supranational.

## A brief

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policy area would create pressures in a neighbouring policy area, placing it on the political agenda, and ultimately leading to further integration. Thus, spillover refers to a situation where cooperation in one field necessitates cooperation in another (Hooghe and Marks 2007). This might suggest that the process is automatic, that is, beyond the control of political leaders. However, when we look at the various forms of spillover identified by Haas, we will see how this 'automatic' process might be guided or manipulated by actors and institutions whose motives are unequivocally political.

A second, albeit related, point which helps to explain neo-functionalism concerns the role of societal groups in the process of integration. Haas argued that interest groups and political parties would be key actors in driving integration forward. While governments might be reluctant to engage in integration, groups would see it as in their interest to push for further integration. This is because groups would see

integration as a way of resolving problems they faced. Although groups would invariably have different problems and, indeed, different ideological positions, they would, according to neo-functionalists, all see regional integration as a means to their desired ends. Thus, one might see integration as a process driven by the self-interest of groups, rather than by any ideological vision of a united Europe or shared sense of identity.

Finally, neo-functionalism is often characterized as a rather elitist approach to European integration. Although it sees a role for groups in the integration process, integration tends to be driven by functional and technocratic needs. Though not apolitical, it sees little role for democratic and accountable governance at the level of the region. Rather, the 'benign elitism' of neo-functionalists tends to assume the tacit support of the European peoples—a 'permissive consensus'—upon which experts and executives rely when pushing for further European integration (see Box 5.1).



#### KEY CONCEPTS AND TERMS 5.1

##### Features of neo-functionalism

- Neo-functionalism is a theory of regional integration that seeks to explain the process of (European) integration. It is a theory that focuses on the supranational institutions of the EU.
- The theory was particularly influential in the 1950s and 1960s.
- Its main focus is on the 'factors' that drive integration: interest group activity at the European and national levels; political party activity; the role of governments and supranational institutions.
- The driving force of integration is the self-interest of groups and institutions. They may well have different goals in mind, but the actions they choose, in order to achieve those goals, drive forward the integration process.
- European integration is mostly seen as an elite-driven process—driven by national and international political and economic elites.
- The concept of spillover is the key concept within neo-functionalism.

## A brief history of neo-functionalism

Neo-functionalism is very much connected to the case of European integration. Indeed, most neo-functionalists have focused their attention on Europe (Lindberg 1963; Lindberg and Scheingold 1970, 1971). This was not their original intention,

however. Rather, an early objective was to formulate a general or grand theory of international relations, based on observations of regional integration processes. Political and economic cooperation in Latin America was one of the cases investigated to that

end (Haas and Schmitter 1964; Mattli 2005). It was in Europe, however, that political and economic integration was best developed and most suited to theoretical and empirical study. Therefore Europe and European integration became the major focus of neo-functionalists during the 1960s and 1970s.

With the benefit of hindsight the success of neo-functionalism is understandable, as it seemed that the theory explained well the reality of the European integration process at that time. Until the 1970s, neo-functionalism had wide support in academic circles, though after that it lost much of its appeal. Indeed, it almost disappeared as a theoretical and empirical position in the study of European integration. One reason for this was that neo-functionalism lacked a theoretically solid base for its observations. Another reason was that the kind of incremental political integration that neo-functionalism predicted did not take place. From the mid 1970s, political cooperation seemed less compelling, and researchers became more interested in other kinds of theories, especially those that stressed the importance of the nation state. Even Haas was among those who recognized the limitations of neo-functionalism. On this point he wrote that 'the prognoses often do not match the diagnostic sophistication, and patients die when they should recover, while others recover even though all the vital signs look bad' (Haas 1975: 5).

After the early 1990s neo-functionalism underwent a sort of revival. The new dynamism of the EC/EU as a consequence of the single market programme (see Chapter 16), made theories focusing on processes of political integration relevant once again (Tranholm-Mikkelsen 1991). And even traditional critics of neo-functionalism, such as Paul Taylor, accepted the need to examine this approach more closely. On this point Taylor (1993: 77) wrote that 'The student of the European Community . . . needs to return to the writings of . . . the neo-functionalists—whose writings in many years have been unfashionable. They provide the essential context of theory in which to place the practice of diplomacy and even the speeches of Prime Ministers so that they might be better understood.'

Since this revival of interest in neo-functionalism, a number of scholars have sought to adapt the theory to their own research agendas—whether on the European integration process writ large, on specific policy areas, or on the role of the supranational institutions. Correspondingly there were, following Haas's death in 2003, a number of attempts to evaluate and re-evaluate the importance of the neo-functionalist contribution to our understanding of the development of the European Union (for example, in a special issue of the *Journal of European Public Policy* in 2005). These new approaches and evaluations will be reviewed towards the end of this chapter.

#### KEY POINTS

- Neo-functionalism was fashionable amongst elites and academics until the 1970s.
- From the 1970s, other theoretical and conceptual approaches seemed to fit the reality of European integration much better than neo-functionalism, and the theory became obsolete.
- In the 1990s, with the revival of the integration process, there came also a renewed interest in neo-functionalism. This led to a wave of further research, which used certain elements of the neo-functionalists' conceptual toolkit. During the mid 2000s there have been further attempts to develop the theoretical framework of traditional neo-functionalism.

## Supranationalism and spillover

The key question asked by neo-functionalists is whether and how economic integration leads to political integration; and if it does so, what kind of

political unity will result? In this respect neo-functionalism differs from other traditional approaches to international relations theory. More realist IR

positions have stressed the power games that occur between states. Among neo-functionalists it was believed that economic integration would strengthen all the states involved, and that this would lead to further political integration. The fundamental idea was that international relations should not be seen as a zero-sum game, and that everybody wins when countries become involved in processes of economic and political integration.

Another important aspect of neo-functionalist theory is related to the development of supranational institutions and organizations. Supranational institutions are likely to have their own political agendas. Over time, neo-functionalists predict, the supranational agenda will tend to triumph over interests formulated by member states. As an example one might look at how the European Parliament (EP) operates. Members of the European Parliament (MEPs) are directly elected within the member states. One would therefore expect it to be an institution influenced very much by national interests. In the Parliament, however, MEPs are not divided into groups relating to their national origin. They are organized along party political and ideological lines (see Chapter 11). In other words, Social Democrats from Germany work together with Labour members from the UK, and Liberals from Spain work with Liberals from Denmark. According to neo-functionalist theory, MEPs will tend to become more European in their outlook as a consequence of these working practices, though this may be disputed empirically. This is often referred to as 'elite socialization'. The fact that MEPs work together across borders makes it difficult for them to focus solely on national interests. This also makes the EP a natural ally for the European Commission in its discussions with the EU Council, even if the institutions do not always agree on matters of policy.

Political integration is therefore a key concept for neo-functionalists, though it is possible to identify a number of different understandings of political integration in their writings. Lindberg (1971: 59), for example, stressed that political integration involves governments doing together what they used to do individually. It is about setting up supranational and collective decision-making processes.

By contrast, Haas saw political integration in terms of shifts in attitudes and loyalties among political actors. In 1958 he famously wrote:

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

(Haas 1958: 16).

Neo-functionalist writers developed at least three different arguments about the dynamics of the integration processes: (a) the spillover thesis; (b) the elite socialization thesis; and (c) the thesis on supranational interest groups. The following subsections set out the content of these theses and the following section presents critiques of these arguments.

## Spillover

Spillover is neo-functionalism's best-known concept, one that has been widely used both by social scientists and by practitioners. According to Lindberg (1963: 10), the concept of spillover refers to a process where political cooperation conducted with a specific goal in mind leads to the formulation of new goals in order to assure the achievement of the original goal. What this means is that political cooperation, once initiated, is extended over time in a way that was not necessarily intended at the outset.

In order to fulfil certain goals, states cooperate on a specific issue. For example, the original aim may be the free movement of workers across EU borders. But it may soon become obvious that different national rules concerning certification prevent workers from gaining employment in other EU states. For example, nurses educated in one member state may not be allowed to work in another because of differences in national educational systems. As a consequence, new political goals in the field of education policy may be formulated so as to overcome this obstacle to the free movement of labour. This process of generating new

political goals is the very essence of the neo-functionalist concept of spillover.

“Spillover refers ... to the process whereby members of an integration scheme—agreed on some collective goals for a variety of motives but unequally satisfied with their attainment of these goals—attempt to resolve their dissatisfaction by resorting to collaboration in another, related sector (expanding the scope of mutual commitment) or by intensifying their commitment to the original sector (increasing the level of mutual commitment), or both.”

(Schmitter 1969: 162).

A distinction is often drawn between different types of spillover. Functional (or technical), political, and cultivated spillover constitute three different kinds of spillover process (Nye 1971; Tranholm-Mikkelsen 1991; Rosamond 2005; Moravcsik 2005; Niemann 2006; see also Box 5.2).

An example of functional spillover—where one step towards cooperation functionally leads to another—can be seen in the case of the Single Market (see Chapter 16). The Single Market was functionally related to common rules governing the working environment. This meant that some of the trade barriers to be removed under the Single Market Programme took the form of national regulations on health and safety, as the existence of different health and safety standards across the Community prevented free movement. The functional consequence of establishing a Single Market was, then, that the member states ended up accepting the regulation of certain aspects of the working environment at European level, even though this had not been their original objective (Jensen 2000).

Political spillover occurs in situations characterized by a more deliberated political process, where national political elites or interest groups argue that supranational cooperation is needed in order to solve specific problems. National interest groups focus more on European than on national solutions and tend to shift their loyalty toward the supranational level. Interest groups understand that their chances of success increase when they support European rather than national solutions.



## KEY CONCEPTS AND TERMS 5.2

### Types of spillover

- Functional spillover takes place when cooperation in one sector/issue area ‘functionally’ creates pressures for cooperation in another related area.
- Political spillover refers to situations characterized as a more deliberate political process, as when actors (national or supranational, political, or private) find it more useful to argue for European rather than for national solutions.
- Cultivated spillover refers to situations where supranational actors such as the European Commission push the process of integration forward during the intergovernmental negotiation process. The Commission acts not only as mediator but also as political entrepreneur during these negotiations.

This type of spillover is closely related to a thesis which argues that European integration promotes shifts of loyalty among civil servants and other elite actors.

Cultivated spillover refers to situations where supranational actors—the European Commission in particular—push the process of political integration forward when they mediate between the member states (Tranholm-Mikkelsen 1991; Niemann 2006). For example, the Commission may only take heed of arguments that point toward further political integration (‘more’ Europe) during the negotiation process, while ignoring or rejecting arguments that are primarily based on national interests.

Supranational institutions may use special interests as a means of driving forward the integration process. These special interests may be promoted through so-called ‘package deals’, where steps are taken to treat apparently discrete issues as a single (composite) item, enabling all (or the majority of) actors to safeguard their interests (Lindberg and Scheingold 1970: 116). For example, if one member state has an interest in a certain policy area, such as preventing cuts in agricultural spending, while another has interests in industrial policy, these member states may agree, formally or informally, to

support each other in two policy areas during the bargaining process. A preneurial actor supports the initiative.

Thus spillover is the result of unintended consequences. Actors might deliberately delegate authority on a particular issue. In a negotiation, they may succeed where there is a negative result. Lindberg and Scheingold argue that political integration for member states is not done more to do with political integration. Lindberg and Scheingold argue that actors will be pushing for increasing the scope of integration. Some will be pushing for integration with achieving common goals and will view integration as a success. Lindberg and Scheingold argue that the establishment of the EU may be seen as a success.



## CASE STUDY

### Functional spillover

Economic and ... The establishment of the Single Market has opened up possibilities for countries. This general trend has led to an increased level of integration. The Community has been exposed to fluctuations in the economy. This has demonstrated the importance of common European policies. The consequence of a functional spillover is that common currency and expanding trade

support each other in negotiations. As a result the two policy areas can be easily linked within the bargaining process, particularly where an entrepreneurial actor such as the Commission takes the initiative.

Thus spillover processes may be seen partly as the result of unintended consequences. Member states might deliberately accept political integration and the delegation of authority to supranational institutions on a particular issue. However, as a result of that decision, they may suddenly find themselves in a position where there is a need for even more delegation. As a result, Lindberg and Scheingold are right to stress that political integration need not be the declared end goal for member states engaging in this process. The latter have their own respective goals, which are likely to have more to do with policy issues than with integration. As Lindberg and Scheingold write: 'We do not assume that actors will be primarily or even at all interested in increasing the scope and capacities of the system per se. Some will be, but by and large most are concerned with achieving concrete economic and welfare goals and will view integration only as a means to these ends' (Lindberg and Scheingold 1970: 117). In this sense the establishment of supranational institutions such as the EU may be seen as the result of unintended conse-

quences of actions among the actors involved in decision making.

## Elite socialization

The second aspect of neo-functional theory concerns the development of supranational loyalties by participants such as officials and politicians in the decision-making process. The thesis here is that, over time, people involved on a regular basis in the supranational policy process will tend to develop European loyalties and preferences (Pentland 1973). For example, Commission officials are expected to hold a European perspective on problem solving so that their loyalty may no longer be to any one national polity, but rather to the supranational level of governance.

We can well imagine how participants engaged in an intensive ongoing decision-making process, which may extend over several years and bring them into frequent and close personal contact, and which engages them in a joint problem-solving and policy-generating exercise, might develop a special orientation to that process and to those interactions, especially if they are rewarding. They may come to value the system and their role within it, either for itself or for the concrete rewards and benefits it has produced, or that it promises (Lindberg and Scheingold 1970: 119).

Thus neo-functionalists predicted that the European integration process would lead to the establishment of elite groups loyal to the supranational institutions and holding pan-European norms and ideas. This elite would try to convince national elites of the advantages of supranational cooperation. At the same time neo-functionalists also predicted that international negotiations would become less politicized and more technocratic. The institutionalization of the interactions between national actors, and the continued negotiations between different member states, would make it more and more difficult for states to adhere to their political arguments and retain their credibility (Haas 1958: 291). As a result, it was expected that the agenda would tend to shift towards more technical problems upon which it was possible to forge agreement.

### CASE STUDY 5.3

#### Functional spillover: from Single Market to Economic and Monetary Union

The establishment of the Single Market increased the possibilities for companies in Europe to trade across borders. This generally implied a growth in trade among the countries in the European Community. However, the increased level of transnational trade in the European Community made companies and countries more exposed to fluctuations in national currencies, which demonstrated the functional advantages inherent in a common European currency. From that perspective Economic and Monetary Union can be seen as a consequence of a functional logic connecting growth in trade across borders in the EU with the functional need for a common currency so as to reduce risks related to expanding trade.

## The formation of supranational interest groups

According to neo-functional theory, civil servants are not the only groups that develop a supranational orientation. Organized interest groups are also expected to become more European, as corporations and business groups formulate their own interests with an eye to the supranational institutions (see Chapter 13). As economic and political integration in a given region develops, interest groups will try to match this development through a process of reorganization, to form their own supranational organizations. For example, national industrial and employers' organizations established a common European organization, *BUSINESSEUROPE* (formerly *UNICE*), in 1958, at much the same time as the European Community was established. In so doing, their intention was to influence future Community policy. Early neo-functionalists also saw a similar role for political parties.

Furthermore, neo-functionalists believed that interest groups would put pressure on governments to force them to speed up the integration process. These groups were expected to develop their own supranational interest in political and economic integration, which would ally them to supranational institutions, such as the European Commission. Thus, 'in the process of reformulating expectations and demands, the interest groups in question approach one another supranationally while their erstwhile ties with national friends undergo deterioration' (Haas 1958: 313).

Before we examine criticisms of the neo-functional approach, it is important to stress the following point: neo-functionalism is often compared to or is seen as connected with federalism. Federalists argue that the EU should establish strong federal institutions leading in the end to the creation of a federation with some similarities to the USA. Sometimes neo-functionalism is seen as a theoretical approach that supports a federalist agenda. Neo-functionalists, like federalists, talk about processes of political integration, and about the advantages of this process (see Box 5.4). However neo-functionalists like Haas (1971: 20–1) stressed that neo-functionalism and federal-

ism are very different in several respects. The most important of these is that federalism is a political position, while neo-functionalism is both theoretical and scientific. Federalists are interested in how things ought to be (taking a normative stance), while neo-functionalists analyse the processes of integration and disintegration from a scientific point of view. However, critics of neo-functionalism would most likely dispute the claim that neo-functionalism is devoid of a political agenda.

### BOX 5.4

#### Neo-functional expectations about the European institutions

Neo-functionalists have formulated theories that they have used to predict the behaviour of the European institutions.

- The European Commission is expected to act as a 'political entrepreneur' as well as a mediator. The Commission will, according to neo-functional theory, try to push for greater cooperation between the member states in a direction that leads to more and more supranational decision making.
- The European Court is expected not only to rule on the basis of legal arguments, but also to favour political integration. In this way, the Court will seek to expand the logic of Community law to new areas.
- The European Parliament is expected to be a supranationally oriented institution and to be the natural ally of the European Commission. Although MEPs are elected by the nationals of their home country, they are divided politically and ideologically in their daily work. Neo-functionalists expect MEPs to develop loyalties towards the EU and the 'European idea', so that they would often (though not always) defend European interests against national interests.
- The EU Council is expected to be the institution where national interests are defended. However neo-functionalists would also expect member states to be influenced by the logic of spillover, which would lead them to argue for greater economic and political integration, despite their national interests. The member states are also expected to be influenced by the fact that they are involved in ongoing negotiations in a supranational context. This makes it difficult for a member state to resist proposals that lead to further political integration.

## KEY POINTS

- Neo-functionalists believe that there are different types of spillover. Functional, political and cultivated spillover account for different dynamics of the integration process.
- Elite socialization implies that over time people involved in European affairs shift their loyalties to the European institutions and away from their nation state.
- Neo-functionalists believe that interest groups also become Europeanized, placing demands on their national governments for more integration.

## Critiques of neo-functionalism

We now review briefly the main criticisms of neo-functionalism made by observers such as Haas (1975, 1976), Moravcsik (1993, 1998, 2005), Taylor (1990, 1993), Keohane and Nye (1975), Keohane and Hoffman (1991) and Schmitter (2005).

Neo-functionalism has been criticized on both empirical and theoretical grounds. At an empirical level the criticism focuses on the absence (or slow pace) of political integration in Western Europe during the 1970s and early 1980s. Neo-functionalism had predicted a pattern of development characterized by a gradual intensification of political integration, a development that by the 1970s had clearly not taken place. The French boycott of the European institutions in the mid 1960s had led to a more cautious phase in the evolution of the Community, and recognition of the importance of political leaders as constraints on the process of integration. Indeed, with the European Community having suffered numerous crises, it could even be argued that the integration process had reversed. Moravcsik writes that:

“Despite the richness of its insights, neo-functionalism is today widely regarded as having offered an unsatisfactory account of European integration ... The most widely-cited reason is empirical: neo-functionalism appears to mispredict both the trajectory and the process of EC evolution. Insofar as neo-functionalism advances a clear precondition about the trajectory in the EC over time, it was that the technocratic imperative would lead to a ‘gradual’, ‘automatic’ and ‘incremental’ progression toward deeper integration and greater supranational influence.”

(Moravcsik 1993: 476).

Haas even talked about the possibility that there might be a disintegrative equivalent to spillover, which might be labelled ‘spillback’!

However, alongside these empirical critiques lie theoretical objections which cover a broader spectrum. Here we shall focus on three main types of criticism. The first set of objections was aimed at the theses advanced by neo-functionalists. An example of this is Taylor’s challenges to the elite socialization thesis, and to the idea that supranational loyalties would emerge in institutions such as the Commission. Taylor (1990) pointed out that, rather than integration making officials more European, it was the interests of the member states in having ‘national’ civil servants in the Commission that increased as political integration intensified. Member states became increasingly aware of the need to ensure that they reached ‘their’ quota of European civil servants (Taylor 1990: 180) and that their interests were represented. Moreover, it was surmised that European civil servants would become more nationally orientated when vital political issues were on the agenda (see also Hooghe 2002).

Correspondingly, Risse (2005) has argued that if the neo-functionalists were right, farmers and women should be among the most EU-supportive citizens in Europe, which is definitely not the case:

“Haas seemed to have assumed ... that those who profit most from European integration are also more likely to shift their loyalties toward Europe than others. If this were true, two groups should be more supportive of European integration than they actually are. First, farmers are arguably the

one professional group who profit most from the EU ... Yet, there is no indication that farmers identify with EU to any considerable degree. Their satisfaction with the EU's performance appears also to be rather low. Second, we would expect women to be in general more supportive of European integration than men, given that it was EU that pushed gender equality, particularly equal treatment and equal pay in the workplace ... But there is a gender gap in support for the EU, with men being in general more supportive of integration than women. ”

(Risse 2005: 297).

The second set of objections was based on criticism of the theories formulated by Haas himself. By the late 1960s Haas had accepted that the prediction that regional organizations such as the EU would develop incrementally, propelled forward by various dynamics such as spillover, failed to encapsulate the reality of European cooperation (Haas 1975, 1976). He recommended a different approach to regional integration, based on theories of interdependence which were being developed in the mid 1970s by Keohane and Nye (1975, 1976) amongst others. This approach argues that institutions such as the EC/EU should be analysed against the background of the growth in international interdependence, rather than as regional political organizations (Haas 1976: 208). Referring to European integration, Haas wrote that 'What once appeared to be a distinctive "supranational" style now looks more like a huge regional bureaucratic appendage to an intergovernmental conference in permanent session' (Haas 1975: 6). In so arguing, Haas himself abandoned the theory he had been so instrumental in developing.

Haas had argued that one of the factors reducing the level of predictability or inevitability of integration was the replacement of traditional forms of functional policy links (that is, functional spillover) by what he referred to as 'deliberated linkage'. In essence, what Haas was saying was that political forms of spillover were replacing the original functional logic. This meant that over time the political linkage of package deals became more and more central and more and more complex, increasing the

uncertainty surrounding the integration process both for the researcher and for the participant (Haas, 1976: 209). Haas emphasized another, and possibly more important, deficiency: that the theory of regional integration had focused too narrowly on the region as an isolated entity, ignoring the impact of external factors.

In the third group of objections to the theory, it was argued that neo-functionalism had placed undue emphasis on the supranational component in regional integration. Critics suggested that greater importance should be attached to the nation state, and that regional forms of cooperation should be analysed as intergovernmental organizations. The line of attack was adopted by Moravcsik (1993, 1998, 2005) amongst others, under the rubric of liberal intergovernmentalism (see Chapter 7):

“ Whereas neo-functionalism stresses the autonomy of supranational officials, liberal intergovernmentalism stresses the autonomy of national leaders. ”

(Moravcsik 1993: 491).

This can be read as a claim that the nation state remains the core element in an understanding of international relations, including interpretations of the development of cooperation within the EU framework. If we accept this thesis, it obviously imposes limits on opportunities for political integration. The assumption appears to be that political integration is based exclusively on the aggregate interests of the single nation state and on its determination to survive. Nation states are thus prepared to cede formal competence to supranational institutions only if by so doing they ensure, or possibly regain, control of specific areas of policy.

Finally, there is also a different type of criticism, which relates to what we might call the elitist nature of neo-functionalism. This criticism attacks the prescriptive implications of the approach rather than the theory itself and so is of a different order to the critiques already outlined. The argument here is that neo-functionalism is not merely a scientific and objective theory of regional integration, but has also become an essential part of a model of

European integration. It is this model, which some call the 'Monnet Method' or the 'Community Method', that is subject to the criticism that it does not involve European citizens in this momentous process of change, and that it is therefore undemocratic. Neo-functionalism sees integration primarily as a process of functional or technocratic change, with experts largely running the show. As pointed out by Risse: '... Haas was not that much concerned about mass public opinion and the loyalties of the ordinary citizens, as he regarded European integration as an elite affair' (Risse 2005: 297). This has led to accusations that neo-functionalist integration implies 'integration by stealth'. Not only is this not an appropriate model for European integration in the early twenty-first century, it is also no longer an accurate depiction of the process itself, though as we shall see in Chapter 22 on the democratic deficit, not everyone would agree that things have changed very much from the early days of the Community.

Neo-functionalism first and foremost focused on political and administrative elites and on the processes that developed the cooperation between national elites. The assumption was that if the elites started to cooperate then the populations would follow their line of policy. The experience related to different national referendums about EU treaties points to the fact that the unilateral focusing on political elites is a major weakness in neo-functionalist theory. Although the political and administrative elites at the national and European level, for

example, agreed upon the new constitution or the Lisbon Treaty, this did not mean that the voters followed the elites. In this respect one could say that neo-functionalism as a theoretical tradition has a blind spot in the lack of understanding of the need for the EU to establish legitimacy among the peoples of Europe.

As the above suggests, the original neo-functionalist project has been subjected—from many different angles—to critical reappraisal at both the theoretical and empirical levels. Yet this did not mean that neo-functionalism died as a theoretical project. As we shall see in the next section, neo-functionalist theory experienced a sort of renaissance at the beginning of the 1990s and in the 2000s, as neo-functionalist concepts such as 'spillover' were revisited so as to explain contemporary developments in European integration.

#### KEY POINTS

- Neo-functionalism is criticized on both empirical and theoretical grounds.
- On empirical grounds it was argued that neo-functionalism no longer fitted with the reality of the EC in the 1970s.
- On theoretical grounds, critics denied the existence of elite socialization, stressed the importance of the international dimension of integration, and sought to reposition the nation state at the heart of the study of the European integration process.

## The revival of neo-functionalism

After years of obsolescence, there was a revival in interest in neo-functionalism at the beginning of the 1990s. There are a number of reasons for the theory's renewed popularity. The first has to do with general developments in the European Community. The Single European Act and the creation of the Single

Market (see Chapter 16) marked a new phase of economic and political cooperation in Western Europe in the mid 1980s. And the processes of integration associated with these developments seemed very much in line with the sort of spillover predicted by neo-functionalist theory (Tranholm-Mikkelsen 1991).

However, this renewed interest in neo-functionalism involved much more than just a step back to the 1960s. Rather than simply adopting the traditional or classical model, many of those who sought to reuse neo-functionalist theory accepted it as a partial theory, that is, as a theory which would explain some but not all of the European integration process. This contrasts with the earlier ambition of the neo-functionalists—to create a grand theory of European integration.

An important contribution to this new approach was made by Stone Sweet and Sandholtz (1998; see also Stone Sweet and Brunell 1998 and Stone Sweet 2004). Although these authors are not neo-functionalists in any traditional sense, they do claim that their theoretical considerations have 'important affinities with neo-functionalism' (Stone Sweet and Sandholtz 1998: 5). They argue that the traditional distinction made in the theoretical literature on European integration—that it is either supranational or intergovernmental—is no longer sufficient. While both tendencies are represented in the real world of European politics, they appear differently in different policy areas within the Union, so that some are characterized by intergovernmentalism, others by supranationalism (Stone Sweet and Sandholtz 1998: 9). However, Stone Sweet and Sandholtz do not use the spillover concept when they seek to explain processes of political integration and the formation of supranational institutions. Instead they develop what they call a 'transaction-based' theory of integration. This draws attention to the increasing levels of transactions (such as in the field of trade, communications, and travel) across EU borders, which in turn increase demands for European-level regulation (Stone Sweet and Sandholtz 1998: 11). In time, these demands generate a process of institutionalization leading to the establishment of what the authors call 'supranational governance'.

One of the supranational institutions analysed using this approach was the European Court of Justice (Stone Sweet and Caporaso 1998; Stone Sweet 2004; see also Chapter 12). Stone Sweet and

Caporaso observe how the Court interprets the Treaty expansively within its rulings. In doing so they confirm their theses about the autonomy of the EU's supranational institutions and about supranational governance, and their theoretical relation to neo-functionalism. And elsewhere, Stone Sweet and Brunell explain the extent to which their analysis is similar to that formulated by Haas:

“Our results provide broad support for some of the core claims of 'neo-functionalist' theory, first developed by Ernst Haas ... Haas ... tried to show that market expansion and political development could be connected to one another through positive feedback loops that would push steadily for more of both. We formalized these insights as hypotheses, gathered data on the processes commonly associated with European integration, and tested our hypotheses in different ways. The evidence support Haas's basic intuitions.”

(Stone Sweet and Brunell 2004: 52).

Others have also used the European Court to provide evidence of the existence of neo-functionalist dynamics in the EC. Burley and Mattli (1993) argue that the European Court has been a very important institution in the building of a supranational community as it has played an active role in the creation of Community authority in legal matters. They stress that the founding member states of the Community had no intention of giving the Court supremacy over national legal systems. However, the European Court was able to develop its doctrine over the course of the 1960s and 1970s. According to Burley and Mattli, the Court has also been able to advance political integration by using technical and apolitical arguments in the legal arena, a process which is close to the type of integration mechanisms proposed by neo-functionalist theory.

Along similar lines, references to neo-functionalist theory have increased dramatically since the beginning of the 1990s. And in policy areas such as defence (Guay 1996), social policy (Jensen 2000), and telecommunications (Sandholtz 1998), attitudes among European civil servants (Hooghe, 2001), competition policy (McGowan 2007), and transnational liberties (Newman 2008), authors

have discussed neo-functionalism as a possible frame for explaining specific forms of integration. During the 2000s there have also been some important attempts at further developing the original neo-functionalist framework. Arne Niemann (2006), for example, argues that the process of integration should not be seen as an automatic process, but rather as a process that can occur under certain conditions.

Integration is no longer viewed as an automatic and exclusively dynamic process, but rather occurs under certain conditions and is better characterized as a dialectic process, i.e. the product of both dynamics and countervailing forces. In addition, instead of a grand theory, the revisited approach is understood as a wide-ranging, but partial, theory (Niemann 2006: 4–5).

Niemann's work focuses particularly on the traditional elite perspective in neo-functionalist theory:

“...[W]hile elites are still attributed a primary role for decision outcomes, the wider publics are assumed to impact on the evolution of the European integration process, too.”

(Niemann 2006: 5).

Niemann similarly discusses the original neo-functionalist concepts of spillover and argues for the relevance of a new form of spillover: ‘social spillover’ (Niemann 2006: 37ff). Through this concept Niemann tries to combine the traditional spillover concept with the socialization thesis discussed above, arguing that this new concept of social spillover can capture processes that lead to a low level of European integration:

“In contrast to early neo-functionalism, which assumed constant learning and socialization, the revisited framework departs from the presumption and is concerned with delimiting the scope of social spillover.”

(Niemann 2006: 42)

## Conclusion

Since the first writings of Haas in the 1950s, theories of regional integration, or neo-functionalism as it is more popularly called, have had their ups and downs. As a means of explaining cooperation between states in the 1960s, neo-functionalism became very popular. The new types of cooperation that developed after the Second World War, especially in Europe, demanded new research perspectives. Neo-functionalism was able to describe and explain these developments in a way that was novel and of its time. In the period after the war, the fashion was for grand theorizing, the construction of scientific theories that would explain the ‘big picture’. Nowadays, theorists (and particularly those working on the EU) are content to devote their energies to the generation of less ambitious, middle-range theories (see Chapter 7) that explain only part of the process.

Focusing on the supranational aspects of the new international organizations, neo-functionalism explained cooperation using concepts like spillover

and loyalty transfer. States were expected to cooperate on economic matters in order to realize the economic advantages that come with increased levels of trade. This would lead to demands for political coordination across state borders, and in some cases to the establishment of supranational institutions. Cooperation in one policy area would involve cooperation in new areas, thereby initiating an incremental process of political integration. Over time, the supranational institutions would become more and more independent and able to formulate their own agendas, forcing the national states to delegate further competences to the supranational level.

Yet by the mid 1970s neo-functionalism was no longer a credible position to hold. Even traditional proponents of the theory, like Haas, argued that it could not fully explain European developments in regional cooperation. Indeed, he accepted that the European Community did not develop in the way that neo-functionalists had predicted. States remained key actors and it became hard to distinguish

supranational institutions from more traditional international organizations.

Supranationalism did experience a revival in the beginning of the 1990s, however. The establishment of the Single Market and the creation of the EU at Maastricht opened the door to new interest in supranational developments and institutions. The EU suddenly began to look much more like the kind of institution that Haas and others predicted would emerge as a result of regional economic and political integration. But although there was some interest in neo-functionalism at this time, most of the 'new' neo-functionalists felt

free to pick and choose from those elements of the theory that best suited their research agenda. Finally, despite the renaissance of the theory in the 1980s and 1990s, neo-functionalism is still rarely considered as at the forefront cutting edge of research on European integration and EU politics. It seems that the mainstream now belongs more to variants of intergovernmentalism and other newer competing theories of the EU (see Chapters 6 and 7), even if there have been some recent attempts to develop the original neo-functionalist theoretical framework in new directions (for example, Niemann 2006).

### QUESTIONS

1. What do neo-functionalists mean by political integration?
2. How helpful is the spillover concept in explaining the development of European integration since the 1950s?
3. How can private interest groups influence the processes of political integration?
4. How convincing is Moravcsik's critique of neo-functionalism?
5. According to neo-functionalist theory, what role do the supranational institutions play in the European integration process?
6. What evidence is there that 'loyalty-transfer' among the civil servants in the supranational institutions actually occurs?
7. Does the conduct of the European Court support the neo-functionalist thesis?
8. Why is it very difficult for neo-functionalism to analyse and explain (a) the rejection of the constitution by the French and Dutch voters at the referendum in 2005 or (b) the rejection of the Lisbon Treaty by the Irish voters in 2008?

### GUIDE TO FURTHER READING

- *Journal of European Public Policy*, 'The Disparity of European Integration: Revisiting Neo-functionalism in Honour of Ernst Haas', Vol. 12, No. 2, 2005. A special issue of this journal with contributions from Phillip C. Schmitter, Andrew Moravcsik, Ben Rosamond, Thomas Risse, and others. This is the latest up-to-date evaluation of neo-functionalism and its contribution to the study of European integration.
- Moravcsik, A. *The Choice for Europe: Social Purpose and State Power from Messina to Maastricht* (London: UCL Press, 1998). The seminal text on liberal intergovernmentalism by its key proponent. It includes a very useful critique of neo-functionalism.