

# IR Theories Debate of European Integration

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## Abstract

Since the Peace Treaty of Westphalia, the nation-states have been always important actors in international relations and on the international stage. However with the process of European integration, the traditional attitudes have brought out great challenges to existing theories and generated an academic debate. Deepening and enlargement of European integration have also led to the development of IR theories. Now three competing theories emerged from IR to dominate the debate over the development in European integration and there were the neo-functionalism, the inter-governmentalism and the multi-level governance.

## Keywords

Neo-Functionalism, Inter-Governmentalism, Multi-Level Governance

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## 1. Introduction

The signing of the Treaty of Rome in 1957 by the governments of France, Germany, Italy and Benelux states (Belgium, the Netherlands and Luxembourg) began the process commonly referred to as European integration. It was something of a surprise to academic theorist of IR when governments in Western Europe began to surrender their national sovereignty in some policy areas.

For the first half of twentieth century, the nation-state seemed assured of its place as the most important unit of political life in the western world, especially in Europe. As such, the process of European integration constituted a major challenge to existing theories and generated an academic debate about the role of the state in the process. Three competing theories that emerged from IR to dominate the debate over the developments in European integration were neo-functionalism, the inter-governmentalism and multi-governance.

Realism was the dominant approach in IR in the 1950s. It assumed that sovereign states formed the fundamental units of analysis for understanding international relations. Neo-functionalism was the name given to the first theoretical attempt to understand European integration. Its implied critique of realism led to a counter-theo-

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ry from within a broadly state-centered perspective, which became known as inter-governmentalism. With the development of the globalization and different actors in international system, multi-level governance which is an evolving and complex theory was regarded as a framework for analyzing today's economic and political integration of the EU.

## 2. Neo-Functionalism

Starting with the analysis of the ECSC by [Hass, Ernst \(1958\)](#), a body of the theorizing about European integration known as neo-functionalism was built up in the writings of a group of US academics. Neo-functionalism was a pluralist theory of international politics. In contrast to the more traditional realist theories, it did not assume that a state was a single unified actor; nor did it assume that states assume that states were the only actors on the international stage. There were four keys parts to the neo-functionalist argument:

- 1) The concept of the “state” is more complex than realists suggested.
- 2) The activities of interest groups and bureaucratic actors are not confined to the domestic political arena.
- 3) Non-state actors are important in international politics.
- 4) European integration is advance through “spillover” pressures.

As Lindberg (1963: 10) put it: in its most general formulation, “spillover” refers to a situation in which a given action, related to a specific goal, creates a situation in which the original goal can be assured only by taking further actions, which in turn create a further condition and a need for more action, and so forth.

Spillover is the central metaphor of neo-functionalism theory and neo-functionalist argues that it's fostered by two sorts of spillover: functional and political. Functional spillover ([Hass, 1976](#)) argued that modern industrial economies were made up of interconnected parts. As such, it was not possible to isolate one sector from others. Following this understanding, neo-functionalist argued that if member states integrated on functional sector of their economies, the interconnectedness between this sector and others would lead to a spillover into other sectors. Technical pressures would prompt integration in those related sectors, and the integration of one sector would only work if other functional-related sectors were also integrated. Here are three illustration of functional spillover explaining the EU integration process:

### 2.1. From Removing Tariff Barriers to a Common Market

In contrast to the traditional “realist” theories, neo-functionalism was a “pluralist” theory of international politics. Developments in the EU could be understood with reference to an inexorable process of European integration with the theory.

If tariff barriers (i.e. import taxes) were removed on trade between member states, this would not in itself create a common market. So long as the rates of exchange between national currencies were allowed to fluctuate, prices would be unpredictable and no genuinely unified market would develop. At the same time, national government would find it much more difficult to control their economics performance once they would no longer turn to tariffs to regulate imports. They would be forced to use their individual powers over monetary policy to change the exchange rate more often, thereby increasing monetary instability and making a genuine common market even less likely. The removal of tariffs would therefore increase the pressure for government to surrender control over their national exchange rates as well: it will prove necessary to move towards a common monetary policy in order to make a reality of the common market. For the neo-functionalists, the actions of a state were the outcome of a process in which political decision-makers were influenced by various pressures. The major sources of such pressures were interest groups in the wider society, and bureaucratic actors within the state machine. From the removing tariff barriers to common market is the sort of functional spillover.

### 2.2. From Common Monetary Policy to Common Economics Policy

A common monetary policy would make it almost impossible for governments to control their domestic economies, because it would deprive them of their last instrument for regulation imports and exports. Thus monetary union would imply full economic union, with economic policy being regulated centrally for the whole area of the common market. Without the adoption of a common economic policy, it would be doubtful whether the monetary union would hold anyway, because economic policy is one of the key determinants of currency stability. If some governments adopted more inflationary policies than others did, the value of the currency used in countries that were trying to avoid inflation would be undermined. During the process, European Commission

played an important role. European Commission, which was believed to be in a unique position to manipulate the facts of domestic pluralism and international interdependence so as to push forward the process of European integration even against the resistance of national governments.

### 2.3. From a Common Agricultural Policy to a Common Monetary Policy

Tracing by starting from an attempt to construct a common agricultural policy, this policy would run into severe difficulties if national currencies were allowed to fluctuate relative to one another. What would start out as a common level of prices, expressed in neutral accounting unit would become several price levels if all the exchange rates were to change. So pressure would build up for agricultural policy to be complemented by the trying together of exchange rates, thus restricting fluctuations. From this point the logic of functional spillover proceeds just the same way as in example 2, from monetary union to economic union.

## 3. Inter-Governmentalism

In response to the neo-functional analysis to European integration, a counter-argument was put forward by Hoffmann, Stanley (1964, 1966). This argument drew heavily on realist assumptions about the role of states, or more properly, the governments of states in international relations. Essentially there were three parts to Hoffmann's criticism of neo-functionalism:

1) European integration had to be viewed in a global context. Regional integration was only on aspect of the development of the global international system.

2) National governments were uniquely powerful actors in the process of European integration: they controlled the nature and pace of integration guided by their concern to protect and promote the "national interest".

3) Although, where "national interests" coincided governments might accept closer integration in the technical functional sectors, the integration process would not spread to areas of "high politics" such as national security and defense.

Moravcsik, Andrew (1993) provided a later and more rigorous version of the intergovernmental explanation of the EC. The analytical framework of liberal inter-governmentalism was applied in Moravcsik (1998) to five key episodes in the construction of the EU:

- The negotiation of the Treaties of Rome (1957);
- The consolidation of the common market and the Common Agricultural Policy (CPA) (1958);
- The setting up of the first experiment in monetary co-operation and of the European Monetary System (EMS) (1969);
- The negotiation of the Single European Act (SEA) (1984);
- And the negotiation of the Treaty on European Union (TEU) (1988-1991).

On the basis of these case studies Moravcsik came to the following conclusions: The major choices in favor of the Europe were a reflection of the preferences of the national governments, not of the preferences of supranational organizations. These national preferences reflected the balance of economic interests, rather than the political biases of politicians or national strategic security concerns. The outcomes of negotiations reflected the relative bargaining power of the states; the delegation of the decision-making authority to supranational institutions reflected the wish of governments to ensure that the commitments of all parties to the agreement would be carried through rather than federalist ideology or a belief in the inherent efficiency of international organizations.

## 4. Multi-Level Governance

### 4.1. Governance Concept

When refer to EU multi-level governance, there is still confusion about the conceptualisation of the term: what's the concept of governance?

Pierre (2000) distinguishes between two broad meanings of the concept. The first meaning refers to "the empirical manifestation of state adaptation to its external environment as it emerges in late twentieth century". From this perspective, governance can be considered both a process and a state whereby public and private actors engage in the intentional regulation of societal relationships and conflicts. Governance is thus different from government, the latter stressing hierarchical decision-making structures and the centrality of public actors, while

the former denotes the participation of public and private actors as well as non-hierarchical forms of decision-making. The second meaning refers to governance as the “conceptual or theoretical representation of co-ordination of social systems”.

Another concept about governance is about “good governance” from [World Bank \(1997\)](#) and OECD which means that good governance have been leading advocates of propagating sound fiscal management and administrative efficiency as a precondition to sustainable growth and development.

## 4.2. Governance and International Relations

With the development of economic globalisation and societal denationalisation, the roles of nation-state are declining in international system and structure. The hitherto dominant strand in the IR-literature, which engaged in the inquiry of the conditions under which cooperation in an anarchic system would be possible, was complemented by a new strand of research, emphasising questions of effectiveness and problem-solving capacity of different forms of international (institutionalised) cooperation underlining the central role of the state in producing and sustaining international order or “governance”.

This literature has been complemented by an emerging discussion of the role of private actors, such as transnational business corporations and NGOs, in fulfilling a large variety of governance functions, from international economic regulation to providing security through private military forces.

## 4.3. EU Integration and Governance

The initiative of the White Paper on European Governance was geared to promote “good governance” by the wider involvement of civil society therefore the EU governance has become a popular research focus in EU studies and political issues.

During the process of the EU integration, the transformation of states has come into being different levels such as supranational level, sub-national level and individual networking. American scholar [Marks, Gary \(1993: 392\)](#) firstly used the concept of EU multi-level governance based on the structural policy of EC in 1993.

Therefore, the concept constantly was developed and applied by many scholars. In the course of the past decade, a plethora of analyses have come to have come to see the EU as a system of governance characterised by “a unique set of multi-level, non-hierarchical and regulatory institutions, and a hybrid mix of state and non-state actors” ([Hix, 1998: 39](#)). Concepts that sought to grasp the alleged *sui generis*—nature of the EU polity mushroomed during this period: “multi level governance” ([Marks, Hooghe, & Blank, 1996](#)), the “regulatory state” ([Majone, 1994](#)), and “network governance” ([Kohler-Koch & Eising, 1999; Kohler-Koch, 1999](#)). Aiming at a general theory of multi-level governance, [Hooghe and Marks \(2001: 4\)](#) emphasised that governance is interconnected.

## 4.4. EU Multi-Level Governance

According to the EU multi-level governance model, supranational, national, sub-national as well as transnational actors and institutions all play a key role for European integration and the interaction of actor during the process of integration. Some dimension will be examined through this mode: firstly decision making competence is shared-centric power to the EU policies remains important but meets its limits. Secondly, policy-making at EU level involves in the loss of control for individual governments. Member states’ competence has been transformed to the sub-national level—regional and local authority. Actors at the sub-national as well as transnational level can by pass the national level on crucial issues. Thirdly, multi-level governance helps coordination among different private interests and construct the civil society and the civic participation in EU. The operation of structural funds can completely reflects the mode of multi-level governance and the interaction of different actors level. The theory had four key points:

- 1) The model of networks structure and non-single in the policy decision;
- 2) The transformation of the member states;
- 3) The Europeanize of the member states;
- 4) Multi-political identity.

## 5. Conclusion

Essentially the same academic debate about the process of European integration has been going on for over four

decades. In intergovernmental perspectives, European integration is a process whereby the governments of states voluntarily enter into agreements to work together to solve common problems. Neo-functional ideas were eagerly embraced by members of the Commission as a blueprint for constructing a united Europe. Opponents of further integration implicitly invoke the neo-functional idea that the process is no longer under control and threatens national identity.

Today multi-governance is still an evolving and mobile and complex system which is examined by the dynamics and unique characteristics of the European integration. Facing the challenge of globalization and deficit of democracy, probably multi-level governance is useful exploration to the legitimacy in EU and also a useful analytical concept for the post-sovereign modernity of international politics in the twenty-first century.

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