Introduction

The devastation and havoc brought by World War II forced politicians, thinkers and humanists to think seriously about the means that should be adopted in the relations among the nations that could significantly reduce the likelihood of conflict and war, and help to establish a more durable peace. The very foundation of nation-state came under attack by many since its extremeness before the War has resulted in the most devastating one in human history, that witnessed the use of the ultimate weapon of mass destruction. So came the concept of sovereignty under attack that had put the nation-state as the highest point of citizens' allegiance.

Nation-state as the most important centre of analysis in international relations started losing its position because nation-state itself was affected by many transnational phenomena, which it was unable to control. The logical answer was to look beyond the nation-state and shift the stress of study from territorial to functional activities so that a kind of integration among the hitherto sovereign nation-state could be achieved. This theoretical base was provided most notably by the functionalists and its critics who propounded a modified version of it.
The present chapter aims at examining the various theories and approaches of economic and political integration. It also studies the decision-making process as an approach to the study of regional organizations.

Economic Integration

The market economics of Western Europe which were severely destroyed by World War II considered economic integration among the nations more practical, although political integration was being talked about since signing of the League Treaty in 1919. Economic integration is mainly a post-War phenomenon, as Machulp has noted, "no subject index of any book that I know in international economics prior to 1953 contains the entry 'integration'".¹ And it was with the Marshal Plan for the reconstruction of Europe that the term came into official use.

The theory of economic integration was developed by the liberal economic thinkers and preceded the theory of political integration developed by the political scientists such as Ernst Haas and Leon Lindberg. Integration was conceived in two ways: either as a process or as a goal. Balessa defines economic integration as a process and as a state of affairs.² In the liberal economic thought, as pointed out by El-Agraa, "the international economic

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integration is mainly treated as concerned with the removal of all trade impediments between the participating nations and with the establishment of certain elements of cooperation and coordination between them.\(^3\)

The economic integration was seen more as a process whose goal was considered the establishment of a political union.\(^4\) The celebrated restriction by Balessa on the regional term did not remain unchallenged and many thinkers such as Machlup\(^5\) opposed such a restriction.

The minimum requirement of economic integration was considered as the removal of all the unnecessary and unnatural restrictions which hindered to free trade, because free trade was conceived as the key indicator of economic integration. As pointed out by Scitovsky, "economic union will be defined in terms of its minimum requirements: the abolition of restrictions on the movement of products and, through part of the argument, on the movement of labour and capital".\(^6\)

Quite obviously, from the removal of the artificial hindrances in the way of the free trade, the issue moved towards coordination and cooperation in other fields, notably labour and capital. Tinbergen has noted, "integration may


be said to be the creation of the most desirable structure of the international economy, removing artificial hindrances to its optimum operation and deliberately introducing all the desirable elements of coordination or unification.\(^7\)

The theory of economic integration thus developed into the analysis of effects of integration.

The effects were considered as the raised level of income and generally enhanced public welfare. The economists considered the Custom Unions as generally positively contributing to public welfare, resulting in higher income of the integrated nation states. Meade, for example, developed his 'second-best' theory in which he developed the theory of integration through custom unions.\(^8\) However, many economists were concerned not only with income enhancement but also with its distribution. Gunnar Myrdal has noted, "economic integration is the realization of the old Western ideal of equality of opportunity".\(^9\)

However, the formation of Custom Unions was not considered as the key to welfare, nor was it considered as always beneficial. Viner has pointed out

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in his famous dichotomy of trade creation and trade division,\(^\text{10}\) that the Custom Union is beneficial only when the net result culminates into trade creation by signing of formal trade treaties. Although the Custom Union theory still holds a central position in the realm of economic theory, it would be pertinent to mention for the point of reference that Viner's conclusions were challenged by Lipsey and Johnson.\(^\text{11}\)

But as noted by Mathews, "it fails to prove that Customs Unions are either beneficial or harmful to members of the union or the world as a whole."\(^\text{12}\)

**Political Integration**

After World War II was over, a kind of political union of Europe was conceived by the leaders who wanted to make wars impossible among the historically warring nations of Europe. This vision of the United States of Europe attracted the considerable attention at the popular level and was kept alive among the leading social scientists, leaders and political activists. The economic integration was, at the most, considered as a stage in the process and

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an immediate aim, whose goal was the eventual political unification of Europe. Theories of political integration were developed by different schools of integration movements, reflecting their approaches to the integration.

It would be interesting to note that not only political scientists but also economists, though of course, not many, have endorsed the view that economic integration is not the end point. For example, Sannwald and Stohler have noted, "political integration can be facilitated by economic cooperation but mere economic union is unthinkable."\(^{13}\) Wilhelm Ropke, who forcefully argued for functional method of integration, goes a step even further, "economic integration - as far as its geographical extent and its intensity are concerned - always presupposes a corresponding 'social integration'."\(^{14}\) In the literature of political economy, the idea has been even more forcefully advocated, notably by economists like Gunnar Myrdal.\(^ {15}\)

As mentioned earlier, World War II witnessed the highest point of the doctrines of nationalism and sovereignty. Hence, in the aftermath of the war, serious thinking on the validity of these concepts started.

Nationalism, developed as the consequence of the French Revolution, has put the nation state at the highest limit of the citizen's allegiance. The

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\(^{15}\) G. Myrdal, n. 9.
visionaries of the political union of Europe who wish to save humanity from the scourge of future wars, challenged the supreme position occupied by the nation-state. For example, Hass declared that, "the established nation-state is in full retreat in Europe".\textsuperscript{16} So did Ropke "nationalism (especially in the large centralized states), considered the greatest and most triumphant achievement of the nineteenth century has reached a crisis which today affects us very deeply indeed".\textsuperscript{17}

However, not everybody was convinced of the demise of the nation-state and even during the days of euphoria when the champions of a unified Europe looked for the 'withering away' of nation-state, many political thinkers were escapists. For instance, Stanley Hoffman noted the recovery of national consciousness and ruggedness of nation-state in 1966.\textsuperscript{18} Even in 1983 he wrote, "the most striking reality is not the frequent and well-noted impotence of the so-called sovereign state. It is its survival, despite the turmoil".\textsuperscript{19}

This is not to say that nation-state was perfect and was considered as perfect. Far from it. Scholars started questioning its validity and looked beyond


\textsuperscript{17} Ropke, n. 14, p. 45.


\textsuperscript{19} See, Stanley Hoffman, "Obstinate or Obsolete: The Fate of the nation-state in Western Europe", \textit{Daedalus} Summer, 1966.
it, to what came to be known as supranationalism. The term itself was a centre of controversy, difficult to define. But it was clear that supranationalism means shifting of the citizen's loyalties and allegiances from nation-state to a new centre of regionalism. So Beloff writes, "what supranationalism means is that there is a recognised interest within a political grouping of several nations which is different from, or distinguishable from the interests of any one of them and which thus claims institutional expression".20 Thus supranationalism limits the national-state and its sovereign power in a limited functional area because it does not advocate a total withering away of the nation-state.

The concept necessarily makes amends to the doctrine of sovereignty. It is generally considered that the doctrine of sovereignty has two sides: the exclusiveness of the area of its operation which is the territorial boundary of the State, and the integrity of the decision-making structure in the State. Now supranationalism challenges it on both the fronts: the law passed by the new centre of power operates in the whole region, well beyond the nation-state and the decision-making power in a few areas is being transferred from the state structure to the newly created community structure.

As we all know, the legal and monastic doctrine of sovereignty as

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developed by Austin\textsuperscript{21} was successfully challenged by the pluralist writers like McIver, Laski and Barker. Then the federalist writers such as Carl Friedrich echoed it, "no sovereignty can exist in a federal system: autonomy and sovereignty exclude each other in such a political order".\textsuperscript{22}

The people at the helm of affairs in Europe, especially the federalists, were looking for it but even Austin has given the theoretical basis for sovereignty shifting from nation-state to supranational authority. It should be pointed out that he made the sovereignty the result of a habit; a habitual obedience of passive citizens, and Hass picked up this slender thread from the monastic and much criticized doctrine of Austin. It was reasonably inferred that habitual obedience of passive citizens could be shifted "towards a new centre".\textsuperscript{23}

The concept of political integration was based upon undermining of the exclusiveness of nation-state. It was also, like economic integration, defined as a process. At the root of the process, the idea was a peaceful change in the attitude of people and a security system that will avoid horrendous wars. Thus Karl Deutsch refers to integration as the process that solves conflicts without violence because the "security community" of a group of integrated people


would be attained.24

The political integration was sought and defined as the shift in the individual's loyalty from national to this newly created community centre of power because it was expected that the benefits that would flow from these new centres would ultimately surpass the benefits of nation state. Haas gave his definition as,

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 centre, whose institutions process or demand jurisdiction over the pre-existing national state.25

But, Haas does not stop here, because he sees another goal of this process: "the end result of a process of political integration is a new political community, superimposed over the pre-existing one."26 This superimposition became a controversial point and a highly improbable goal to achieve. So his student Leon Lindberg sought to remove this point.

"Political integration will be defined as a process but without reference to an end point. In specific terms, political integration is (i) the process whereby nations forego the desire and ability to conduct foreign and key domestic policies independently of each other, seeking instead to make joint decisions or to delegate the decision making process to new central organs, and (ii) the process whereby political actors in several distinct settings are


25 Ernst Haas, n. 22, p. 16.

26 Haas, ibid.
persuaded to shift their expectations and political activities to a new centre."

Clearly, he gives more emphasis on the institutional and decision-making process which was established in the new 'supranational centre', then to the shift in the habitual obedience of citizen which was expected to be followed once the institutional process is established, and not vice-versa.

Hence, the concept of nation-state which has served a very useful purpose for over two hundred years since the French Revolution and has been the centre of scholars' analyses in the study of international relations was seriously debated. It was recognised almost unanimously that its extreme form that developed in the shape of Nazism and Fasism has brought havoc to the mankind. At the same time it was also felt that nation-state is insufficiently equipped to solve many problems such as hunger, poverty, illiteracy and environmental pollution, facing mankind as a whole.

In the immediate post-war Europe, political thinkers, politicians and humanists sought to change the classical role of the nation-state. Some people wished to reduce the nation-state to just any other group and wanted to transfer the major 'non-political' functions, sought to enhance the flow of information, and people to people contacts among the nations so that the power

of national governments could be reduced. They, by and large, ignored the concept of sovereignty to make it non-relevant. These approaches are known as functional and communication approaches to regional integration.

Others wanted to attack the notion of sovereignty itself and wanted to create supranational authorities that would eventually replace the nation-state, hence the demise of nation-state was considered as a part of political process that would integrate them into a larger community. The two main approaches representing this stream of thought differ in the means and ends of this process and are broadly known as neo-functional and configurative approaches to the regional integration. Functionalist Mitrany was deeply disturbed by the wars and wanted to develop such a system which made wars impossible. He notes in his famous work, A Working Peace System, "the problem of our time is not how to keep the nations peacefully apart but how to bring them actively together".\(^{28}\) He gave a blue print of integrating the nation-state that essentially envisages the fact that specially created institutions that will cater to the welfare and needs of all the people could bring these nations together, "binding together those interests which are common where they are common, and to the extent to which they are common".\(^{29}\) By that way, he hoped that "a slice of sovereignty is transferred


\(^{29}\) Ibid., p. 69.
from the old authority to the new".\(^{30}\)

The creation of such functional institutions was possible because Mitrany argued that welfare functions of state were "non-political" or "low-politics" and could be separated from "political" or "high-politics".\(^{31}\) This high politics involved the sovereign facet of state which when it came into conflict with other states, as it often did result in wars. Hence he visualised, as Paul Taylor has noted, "the transfer of the functions was but the beginning of the process of transferring sovereignty".\(^{32}\)

The theory and practice of international integration, developed by David Mitrany, has its roots in the nineteenth century concept of welfare cooperation. Such a cooperation was conceived as a means to reduce the likelihood of wars among nations. It largely was the vision of Saint-Simon, who looked beyond the concept of \textit{laissez-faire} and pleaded for welfare cooperation among nations to satisfy basic human needs. Thus he provided the link between lasting peace and the satisfaction of basic human needs.

During the twentieth century, the scattered thoughts of functionalism started falling into a coherent pattern. The scientific-biological school provided

\(^{30}\) \textit{Ibid.}, p. 31.


the basic concept, "form follows function". It was thought by the analysis of the biological systems that existing organs have their forms because of the functions they perform. The international institutions created for welfare cooperation would take some forms of the existing nation-state if a few welfare, non-controversial and non-political functions are transferred to them.

The chief exponent of the theory of functionalism that took its final shape after the war was David Mitrany. He was among the group of British Fabianists such as GDH Cole, Leonord Woolf, Norman Angel and Robert Cecil, and the theory was deeply influenced by the old British tradition and Fabianism.

Mitrany himself never wanted to attack sovereignty because he thought functional approach would link institutions to activities, not to territory. He noted, "the functional approach does not offend against the sentiment of nationality or the pride of sovereignty." He never wanted to organize the functional institutions because he wanted to go beyond the territorial consideration which is based on the concept of the balance of power, and against a working peace. He concluded that a functional alternative to integration was better than the federal one because, "a federal system is bound to be closed and exclusive; a functional system is naturally open, as changes in membership can be absorbed without doing violence to policy and

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Thus, Mitrany visualized the limitations of nation-state in the realm of mankind because, "government is no longer a guarantor of a set social order, but the servant and instrument of change." This instrument of change should be used by the functional international agencies to create a working and positive peace.

The process of integration was supposed to be circular, without the involvement of the end points like a chain; the spill-over. The theoretical basis was the concept of sovereignty as visualized by the functionalists. Sovereignty was viewed as based upon popular loyalties and habitual obedience. Now if the people's attitudes are changed, in other words, if they are educated, they will shift their loyalties from nation-state to these functional agencies. They appealed to the 'popular psychology' of people which should be modified and changed.

Second point is the education of the government itself, what was called 'the enmeshment process'. Because of the development of international agencies in economic, social and welfare areas and their growing interdependence, the governments will learn of the benefits and utilities of these agencies. Slowly, the governments would be educated. These two

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34 Ibid, p.141.

processes will render wars less likely. Thus, the functionalists saw integration as a process which was passed through in order to reach the end situation.\(^{36}\) And all the stages in the process were as important as the end-situation.

**Evaluation of Functionalism**

The two major premises of functionalism and the process of integration have been severely criticized by the scholars. They have expressed doubt whether loyalties of people could be shifted simply because welfare work is being done by the international agencies. That international institutions are capable of being the focus of individual's loyalties, was very much in doubt.\(^{37}\)

Secondly, the capability of educating the governments was also questioned. It was argued that no government would like and would be ready to lose control over their interests.

Then, it was argued that functionalism is anti-politics. J.P. Swell notes, "the functionalist antipathy towards politics is evidenced not only by disparaging comments and the lack of any sustained discussion of the political but also a certain amount of ambiguity when the term is employed".\(^{38}\)

The most critically attacked was the functionalist premise that the

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\(^{36}\) Paul Taylor, n. 32, p. 19.


economic, social and welfare function can be separated from the political ones and many thinkers argued that economic welfare itself was an issue of high politics. Myrdal notes, "objectives like an equal distribution of income cannot be achieved by functional method". 39

Finally, the circular and rhythmic method of integration was attacked because, it was argued, that Mitrany failed to take into account the uncertainty, turbulence and violence in international politics. Claude has remarked, "functionalism cannot guarantee that one thing leads inexorably and interminably to another in international relations". 40 Claude, in fact, is a staunch critic of functionalism and has concluded "there is a room for doubt that functionalists have found the key which infallibly opens the doors that keep human loyalties piled up in sovereign warehouses, thereby permitting those loyalties to spill over into the receptacles of internationalism. 41

In defence of functionalism which had immense appeal at the popular level, it can be argued that most of the critics were invariably very unsympathetic towards it. It is true that the total shift in the popular loyalty has not taken place but the softening and opening up of attitudes towards each other has taken place among the states operating in international agencies. The governments have also learned in living with international organizations

41 Ibid.
and sacrificing a bit, a slice of sovereignty in this age of interdependence. Then, as Groom has pointed out, any issue can be low politics and high politics and certain social, welfare and humanitarian issues are certainly less contentious than defence and security issues. Finally, as Paul Taylor has pointed out, functionalism was not anti-politics because, "it always was misleading to suggest that functionalism was designed to do away with politics. It was however, intended to change the substance of politics, to move it from considerations of the flag, of territory and national prestige to question of welfare and cooperation."

Communication Approach to Integration

This approach leans on the fundamental premises of cybernetics - the science of control and communication system. It assumes that social process follows the laws of cybernetics hence it affects the interactions of nation-states too. Using this basic premise, Karl Deutsch thought that the intensive pattern of communication between the states and increasing flow of information among the people would lead to the emergence of "security

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42 See, Groom and Taylor (eds.), n. 35, pp. 99-100.


The key to develop this pattern of interaction among the groups, people and governments was thought as the balancing act of loads and capabilities in the system. Like Mitrany, his major concern was also to establish "security communities" where wars became less probable and peace more durable.

In his search for essential conditions to create such "security communities," Karl Deutsch identifies nine such 'essential conditions'. These are: (1) mutual compatibility of main values; (2) a distinctive way of life; (3) expectations of stronger economic ties and gains; (4) a marked increase in political and administrative capabilities of at least some participating units; (5) superior economic growth on the part of at least some participating units; (6) unbroken links of social communication; (7) a broadening of the political elites; (8) mobility of persons, at least among the politically relative strata; (9) a multiplicity of ranges of communication and transactions. It should be pointed out here that he had his preference for federalism for a successful amalgamation.

The concept of political communication and the approach to international integration both have been criticized severely. As a concept, the use and adoptability of a mathematical and technical concept to the field of human

behaviour was doubted by many. As an approach to international integration the over emphasis on transactions among people and capabilities of the system was criticized. Chief criticism was by E. Haas who termed this theory as 'retroactive'. He points out, "the approach does not tell us the content of the message and their imputed relationship to the evolution of capacity as the part of regional institutions. It does not explain when and how trust and responsiveness among actors, elites as well as masses, are to occur. Who are, or what is, to handle the load?". Nevertheless, the approach remains one of the key approach to integration, having many things in common with the functional approach, most important being the emphasis on the flow of the information and people to people contacts.

**Transitional Approach**

Bruce Russett whose work primarily lies in the collection of multi-national transactional analysis and whose approach is therefore also known as the transactional approach to integration, identifies essential conditions for political integration which are very similar to the conditions identified for successful regional organizations. These are: cultural

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similarity, economic interdependence, formal decision-making institutions, consensus building efforts by them and geographical continuity.

Another theorist, Donald Puchala limits his analysis to Franco-German integration process.\textsuperscript{48} He analyzes both the communication theory of Deutsch and neo-functional theory of Haas and tries to find a via-media. Like Haas, he puts emphasis on institutionalization process since he treats it necessary for 'international political amalgamation' and like Deutsch he emphasises on transactional approach; on the importance of communication among the people to create 'international community formation'.

Puchala remains transactional in his approach and in a latter work,\textsuperscript{49} he criticizes the prevailing theories of integration that insist on sector-to-sector merger resulting in integration that "does not really go very far beyond the nation-state".\textsuperscript{50} Hence, he advocates the 'concordance theory' of international integration and such a concordance system is "an international system wherein actors find it possible consistently to harmonize their interests, compromise their differences and reap mutual rewards from their interaction."\textsuperscript{51} The means to achieve this end is clearly transactional


\textsuperscript{50} \textit{Ibid}, p. 274.

\textsuperscript{51} \textit{Ibid}, p. 277.
approach.

**Neo-Functionalism**

Where functionalism was the approach, the theory and the method advocated by the leaders of the movement of European unity, neo-functionalism, was a set of doctrine and hypotheses mainly developed by American political theorists and political scientists of the behavioural system theory tradition. The theory of neo-functionalism, thus, has strong roots in the concept of system theory as advocated by David Easton and in the structural-functional analysis of Gabriel Almond. The neo-functionalists wanted to extend the relevant premises of these theories to the international politics. Thus, Leon Lindberg finds five categories of Almond and Coleman, relevant to the European Community: political socialization, interest articulation, interest aggregation, political communication and decision output.

The second and logically connected link of the theory is the tradition of pluralism and pluralistic thought which is the bedrock, the foundation of neo-functionalism. As Paul Taylor has argued, "the neo-functionalists have rejected the Gemeinschaft view of the community which means the rejection of the community based upon individual's loyalties and cooperation amongst

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themselves." They have accepted that kind of community which is based on
the model of pluralists who advocate the competition, conflict and autonomy
of various groups in a society mainly managed by the elites and competing for
power in the society.

The logical acceptance of the pluralist model was the acceptance of
federation which, "Haas and Schmitter and most of those working in the
European laboratory, became primarily concerned with as the condition for
creating new political unions." 54

This end of neo-functionalists makes their theory 'teleological' which
means that the whole exercise was made to keep a purpose in view and the
purpose was the creation of a supra-national political union of Europe. Prof.
Haas admits that neofunctionalism is consistently, "phenomenological" 55
which means that the outcome of the process explains the process. Not
suprisingly, the theory is highly Euro-centric. However, neo-functionalists
never gave any precise picture of the future society that would eventually
emerge after the completion of integration process because they always wanted
to involve the 'end situation' in the process of integration.

Prof. Haas started his work with the examination of the American

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53 Paul Taylor, Limit of European Integration, No. 32, pp. 3-5.
54 Chadwick F. Alger, "Functionalism and Integration as approaches to
International Organization" in George Abi-Saab (ed.), The Concept of
55 Haas, "The Study of Regional Integration", No. 52, p. 627.
approach to the European Unity, the methodology and concept of integration. Soon, he thoroughly started examining, criticising, evaluating and refining functionalism of David Mitrany. He visualized a connection between economic cooperation and political integration, to be achieved by the process of 'automatic-politicization'. He rejected the Mitrany's idea that power is separated from welfare, "power is merely a convenient term for describing violence-laden means used for the realization of welfare aims".

Consequently, the functionalist doctrine that economic functions are separated from the political functions was also rejected.

Secondly, he modified Mitrany's assumption that through the process of learning, power oriented governmental actions are transferred into welfare-oriented actions. He opined that, "learning is based on the perception of self-interests displayed by the actors." Hence, the learning would be maximized through the maximization of national self interests. Since, this proposition of functionalists is wrong, according to Haas, their corollary proposition that learning process in one organization would automatically lead to the learning process in others is also wrong.

Thirdly, he rejected Mitrany's idea that this learning process is

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56 Haas, *Uniting of Europe* n. 22.
57 Ernst Haas, *Beyond the Nation State* (London: Stanford, 1964)
maximized through voluntary and technical groups. He advocated that the smaller and homogeneous groups are more important for the integration. As a result, he focussed his attention on the elites and group-psychology which would shift their loyalties from national to the community centre, contrary to Mitrany's appeal to the popular-psychology. 60

Finally, he disagreed with Mitrany's view that when international functional organizations take some of the functions of nation-states, there would be a gradual shift in the political loyalties of people to these organizations. He opined that "the existence of multiple political loyalties is a simple empirical fact", 61 thus creating a rational political system in Webarian terms.

The integration which was defined by Haas as the process was sought to be achieved by shifting the loyalties by elites, groups and political parties, "since policies of integration are in the first instance, advanced or blocked by the activities of political parties and their ministers." 62

The shift in the loyalties from the economic groups to the political groups was supposed to be achieved through the process of 'automatic-politicization' or the 'spill-over'. The concept of automatic-politicization remains

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60 Taylor, Limit of European Integration, n. 32, p. 7.
61 Haas, Beyond the Nation State, n.58, p. 50.
one of the vague concepts of neo-functionalism although Haas and Barrea try to explain the term as the "chief dependent variable" or,

the condition under which initially technical-economic decisions become progressively more controversial as more and increasingly articulate interests are affected by them. Successful politicization comes about "automatically" if the accelerating controversy results in the accretion-incrementally of larger power and competence to the central organs of the union. 63

Neo-functionalists, therefore, lay great emphasis on the institutional settings and the decision-making process because integration is successful only when the common or community institutions increase their authority and legitimacy. This was supposed to be achieved by shifting decision-making from national units to the community's institutions. Leon Lindberg clearly stated, "the existence of delegated decision-making being a basic pre-condition for progress in shared decision-making. The process of sharing and of delegated decision-making are likely to affect the governmental structure in each state involved." 64 And, "the need is to increase the capacity of decision-making which could be done only by the elites." 65

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64 Lindberg, *The Political Dynamics of European Economic Integration*, n. 26, p. 6.

Clearly, the key concepts of neo-functionalism: automatic politicization or spill over and the dependent variable or the end situation are closely related. The latter is the result of the former. The neo-functionalists originally defined integration only as a process, whose end-situation was the creation of a political union in Europe. But the spill-over itself is a process as defined by Schmitter. Spill-over refers, then, to the process whereby members of the 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 either by resorting to collaborating 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.66

It was evident that such a multi-variate process as spill-over may result in more than one end-situation, and the neo-functionalists hopes of creating a political union in Europe was seriously jeopardised by DeGaulle.

In 1970, Haas engaged in self-criticism and redefined regional integration: "regional integration is concerned with explaining how and why states were to be wholly sovereign, how and why they voluntarily mingle, merge, and mix with their neighbours so as to lose the factual attributes of sovereignty, while acquiring new techniques for resolving conflicts among

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Clearly, the focus shifted from only the 'process' to both 'process and outcome' which according to Kaiser "shakes the foundation of neo-functionalism, because, this realization takes neo-functionalism beyond its obsession with motion and acknowledges the importance of content."\(^{68}\)

Moreover, the notion of sovereignty in the modified neo-functionalism means that no longer neo-functionalism seeks to create a new centre of power but wants to shift it from the old centres of power. The theory become descriptive rather than predictive and Haas opined that Western Europe is emerging as the asymmetrical overlapping of one of his three different dependent variables - regional state, regional commune and asymmetrical regional overlap.

**Evaluation of Neo-functionalism**

The overwhelming emphasis of neo-functionalists on Europe as a laboratory for integration makes their theory both "Euro-centric" and teleological. They were interested in creating a kind of political union in Europe by the process of spill-over and institution building and obviously, with a strong federalist bias. As noted by Paul Taylor, "the neo-functionalists

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\(^{67}\) Haas, "The Study of Regional Integration", n.47, p.649-610.

\(^{68}\) Ronn D. Kaiser, "Towards the Copernican Phase of Regional Integraton Theory", *JCMS*, (Vol. x, No. 2) March 1972, p. 213.
acceptance of the pluralist model of society fits easily with the federalists belief that a unified Europe could provide a political solution. 69

Haas and his associates later on tried to correct the excessive Euro-centric approach and with the help of twelve weighted variables with maximum points attached to each, tried to construct a model with basic building blocks, that could suit the other regions on well. But such a geometrical model cannot be applied with same building blocks in developing regions because, "the lack of sufficient knowledge of basic regional pattern in most areas of the world, the emphasis on operationalization and qualification risks distortions and premature conclusions." 70

This has led to the problems of the plethora of independent variables and their relationship. As admitted by Schmitter himself, the models of neo-functionalists were

a successful failure ... variables were sloppily conceptionalized; few operational references were suggested; little attention was paid to specifying relations between variables--to process, in other words; above all, no sensitivity was shown to the likelihood of different integration outcome. 71

This resulted in the problem of the dependent variable which could not

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69 Paul Taylor, *Limits of European Integration*, n.32, p.10.


be realized. This was the outcome of their failure to explain the process of spill-over adequately. As observed by Pentland, "this is the level of analysis in which neo-functionalists seem to have made the least progress.""72

The basic premise in the process of spill-over was that the continuum between the economic and political actors would lead to the integration from one sector to another like one ripple in a pond leads to the another. But, this is a historical status-quo argument which fails to take evolutionary forces working in each society into account.

And when DeGaulle jeopardised supranational emergence of the European Community and the Community could save itself by adopting "Luxembourg Compromise", Haas was forced to admit that these theories of integration, including neo-functionalism was 'pre-theories' because, "they do not now provide an explanation for a recurring series of events made up of dimensions of activity causally linked to one another."73

This "causal" approach that the neofunctionalists adopted by 1970 when they started treating integration both as a process and the outcome, was termed as "new- neofunctionalism" by Kaiser.74 Haas looked for temporary dependent variables which were more than the end a guide, an action plan. These temporary dependent variables were causally linked with the process.

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73 Haas, "The Study of Regional Integration" n.47, p.623.
74 Kaiser, "Towards the Copernican Phase" n. 69, p.212.
because they are the "illustrations of possible temporary results of the process." But the new-neofunctionalism is not totally different from 'pre-theoretical' neofunctionalism because through opaque intermediate situations, the theory wishes to reach to the old terminus point and Haas tries to reach their from two opposite directions - "upward from the fact and downward from dependent variable."  

Not surprisingly, neofunctionalists soon were frustrated by the outcome of the integration process. Haas expressed his anguish by terming the integration theory as, 'Obsolete in Western Europe and obsolescent - though still useful - in rest of the world.' This was perhaps the inevitable outcome of the neofunctionalist theory that wished to shift sovereignty from national to sub-regional level, thus ending in the "efforts in Europe to build yet another continental nation-state," and establishing the same structure at regional level what they wanted to be withered away at the unit level: the nation-state.

The Configurative Approach

The discussion of regional integration shall not be complete without briefly discussing the configurative approach because, not only is this approach the most comprehensive one, but also because it examines both external and

75 Haas, "The study of Regional Integration" n.47, p.634.
76 Kaiser, n.69, p.216.
77 Abi-Saab, "Functionalism and Integration as Approaches to International Organization", n.55, p. 140.
internal factors of integration, whereas, the neo-functionalist approach by and large ignored the exogeneous factors.

Amitai Etzioni is the most important scholar advocating this approach. For him integration (he calls it unification)\(^78\) is a condition, rather than a process and to achieve it he constructed a comprehensive model with the help of the whole realm of independent variables, the most important being the decision-making process because it would affect the overall allocation of resources and values in the eventual unification. He makes a comparative analysis of integration efforts in four regions: the federation of the West Indies, the United Arab Republic, the Nordic Union and the European Economic Community.\(^79\) He tries to find out the actors, conditions, means and results of these 'unification' efforts and examines these processes at work by the means of a three dimensional frame-work: the preunification state, the unification process and the terminal state. And the terminal state for him is a "community" thus he equalled the condition of unification with "community" itself.

The scholars advocating configurative approach in search of a holistic model that would not be as narrow in application as the neofunctional model and that would have "more ecologically oriented perspective", constructed the

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configurations of the game of integration: the basic building blocks of the game - "triangular, squares and circles". Now the different regions have different combinations of these building blocks that explain the relative degree of success or failure of integration process that was defined as "a symbiotic relationship involving simultaneous changes and transformations within and between (unicentric and multicentric) systems." 

Joseph S. Nye should be considered as another leading advocate of this school since he bitterly criticized the Euro-centric approach of neo-functionalists and constructed his own elaborate model of integration. Then Nye goes to create his model with the application of the multiple dependent variables by defining integration as, "forming parts into a whole or creating interdependence". This whole is the result of economic integration, social integration and political integration. Obviously, he follows the configurative approach, although he, himself refers his model as - "A Revised Neo-Functionalist Model".

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80 Ibid p. 124.
81 Ibid,
In his comprehensive work, Nye starts with criticising the concept of "automatic-politicization" as the dependent variable because it suited the interests of European neo-functionalists rather than those of the elites of less developed nations.\textsuperscript{85} He chose to utilize collective decision-making in the policies involved in an economic union instead.\textsuperscript{86} Then, the actors and their interests in his model are not only integrationalist-technocrats and various interest groups of the society but also those actors who are opposed to the integration.\textsuperscript{87} The process-mechanism applied in his model is exogeneous and as he admits, "process mechanism that generates strong pressure can have negative rather than positive effects on an integration process."\textsuperscript{88} There are seven such process mechanisms: functional linkage tasks; rising transactions, deliberate linkage and coalition formation; elite socialization; regional group formation; Ideological-indentitive appeal; and involvement of external forces.

Then he applies this process mechanism in comparative analysis of different common markets with the help of "the integrative potential of a region".\textsuperscript{89} There are two kinds of such potentials: structural conditions and perceptual conditions.

\textsuperscript{85} Ibid, p. 798.
\textsuperscript{86} Ibid, p. 799.
\textsuperscript{87} Ibid,
\textsuperscript{88} Ibid, p. 803.
\textsuperscript{89} Ibid. p.812.
The combination of process mechanism and integrative potentials may produce four kinds of outcome: politicizations, redistribution, externalization and reduction of alternatives: These are being reflected in various markets: The ECC, the East African Common Market and the Central American Common Market. ⁹⁰

**Decision-Making in Regional Organizations: A Theory**

The various approaches discussed above assign a prominent place to the process of decision making in the resulting functional or supranational organizations, especially the neo-functional and configurative approaches. Decision-making occupies the central position in both the theories and has been treated as the most important independent variable by both the theories. Neo-functionalism treats increasing decision-making by the community centre, especially in the 'more controversial' areas as 'the test of establishing supranationalism, Lindberg notes,

the existence of delegated decision-making being a basic precondition for progress in shared decision-making. The process of *sharing* and of delegating decision-making are likely to affect the governmental structure in each state involve⁹¹ and when the governmental structure are sufficiently affected, the power may shift to the community structure.

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⁹¹ Lindberg, "The Political Dynamics of European Economic Integration", n.21, p.6.
Configurative approach too treats the increasing share of decision-making by the units of resulting social, economic and political integration. Etzioni treated decision-making as the key factor because it would affect the overall allocation of resources and values. Nye emphasized the collective decision-making by the economic unions in his comparative study of common markets.

The process of decision-making in an organization could throw enough light on the relations between the units and community, "the analysis of decision-making is one way of studying power relations."92

The decision-making not only reveals the state of the existing power relations but also the ongoing and changing power relations between the units and the community. "The study of decision-making is, accordingly, a study of dynamics of power relations."93

There are several types of decisions taken by an international and regional organizations. They could be: (i) Representational decisions, (ii) Symbolic-decisions, (iii) Boundary decisions, (iv) Programmatic decisions, (v) Rule-creating decision, (vi) Rule-supervisory decisions and (vii) Operational-decisions. Among these categories, the programmatic or pragmatic


93 Ibid, p.80.
action oriented decisions and rule creating decisions are more important in the
case of functional and regional organizations striving for supranationalism
because these decisions not only affect the existing power relations but also
help creating new power relations. 94

The relationship between what decides the policy decisions and how they
are reached becomes important in these types of decisions. They are the
substantive and procedural aspects of decision-making and are related like
links in a chain.

There are mainly two ways of reaching a decision: by a majority and
by unanimity. There are a few adopted variations of these two approaches.
Majoritarianism has often been adopted in international economic organization
and creates a kind of centralization of decision-making for international
economic affairs that shows that it as "the most important indirect index of
international interdependence." 95

Majoritarianism is considered as the key test for altering power relation
and a shift towards supranationalism. But it could at the same time harm the
interests of the minority.

Consensus building is, strictly speaking, not the unanimity condition

94 See, Robert W Cox and Harold K Jacobson, Anatomy of Influence: Decision-making in International Organization (New Haven, Conn; Yale Univ. Press, 1973.)
because it does not indicate the positive agreement on a subject matter without any difference but a method to achieve an agreement on the minimum agreeable programme where votes are not taken.

An organization can adopt both types of decision-making approaches and there could be "a real competition between majoritarianism and consensus such as in the EEC ... to some extent it reflects the contradiction between the supranational tendency within the Community and individual interests of the Member states."96

Essentially, there are two types of majorities: simple and absolute. Simple majority means majority (50% plus one) of the total votes cast, whereas, absolute majority means 2/3rd of the members present and voting which should also be the majority of the total membership of the voting body.

There are some variations of the majority voting adopted by different organizations, keeping their specific function in view. For example, the Council of Ministers of the EC usually requires the "qualified majority voting" which means a minimum number of Members should cast their votes in favour of an act. Another variation of the majority votes is the 'weighted majority votes' being applied in the IMF and IBRD that may led to the legalized domination

of one or a few mighty powers in decision-making. The third variation is then considered as a compromise between unanimity and majoritarianism: relative unanimity which means abstentions would not prevent the adoption of an act that needs unanimity.

It is clear that the methods of reaching a decision as well as the conditions that determine a decision both are an interaction between the environment of the system and the actors who matter in the decision-making process. The outcome may help us understanding the changing patterns of power relations as well as the status-quoist forces which are opposing this change.

This is more so because the decisions which are binding in nature apply not only in one unity of the organization but in the whole community and these decisions are the delegation of the decision-making power by the participating units so that the community structure shares the whole process which Lindberg was talking about. They not only become the law of the land but also serve as the sources of international legal norms.

Hence, the second chapter shall focus upon the various institution of the European Community which is the subject matter of this study, and the overall decision-making process both under the Rome Treaty and as modified by the Single European Act (SEA).

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