From the SelectedWorks of Alec Stone Sweet

January 2012

Neofunctionalism and Supranational Governance (unabridged version)

Contact Author

Start Your Own SelectedWorks

Notify Me of New Work

Available at: http://works.bepress.com/alec_stone_sweet/38

Neo-functionalism and Supranational Governance

Wayne Sandholtz and Alec Stone Sweet

[Forthcoming in the Oxford Handbook of the European Union (OUP)]

The transformation of the European Economic Community (EEC) stands as one of the remarkable political metamorphoses of modern times (Weiler 1991). Though some of its architects and proponents – like Jean Monnet, Robert Schuman, and Altiero Spinelli – envisioned something akin to an eventual United States of Europe, the 1957 Treaty of Rome created an international organization with restricted authority, limited purposes, and a small membership. Today's EU is an altogether different, quasi-constitutional, federal entity (Burley and Mattli 1993). It oversees a vast Single Market, but also a monetary union and a single currency, and it is pan-European in its scope. It produces common policies, and procedures for on-going rule-making, across a broad spectrum of domains touching on virtually every dimension of modern life. The European Commission and the European Court of Justice (ECJ) have steadily augmented powers originally delegated to them by the Member States to position themselves as powerful agents of market and political integration (Tallberg 2000, 2002).

Neo-functionalist theory offers a coherent, parsimonious explanation of this evolution.[1] The theory is dynamic: it explicitly seeks to explain market and political integration over time. It provides appropriate concepts, specifies mechanisms of institutional change, and generates

[1] Some have referred to the version of Neo-functionalism developed in our work as "transactionalist" theory, presumably because cross-border transactions are a crucial motor of the dynamic process of integration we theorize.

testable hypotheses, and it has supported an ongoing, productive stream of empirical research confirming the theory's core propositions. No other general theory of integration can make comparable claims. It deserves emphasis, however, that Neo-functionalists do not claim to be able to explain everything of importance to integration. On the contrary, theoretical parsimony means that the analyst seeks to test only certain types of predictions about those processes that are understood to be central to the overall course of market and political integration.

The chapter proceeds as follows. In the first section, we discuss the rebirth of Neo-functionalist theory following its presumed death in the 1970s. In section two, we clarify the aims and essential logic of the theory – what it proposes to explain and what it does not. Section three presents how the present authors modified Neo-functionalism, in particular, in light of theories of delegation and institutionalization. Although we explicitly invoked concepts developed by Ernst B. Haas, we specified specific mechanisms of "spillover" - the outcome of feedback effects - making them more tractable for both quantitative and qualitative research. The fourth section briefly reviews some of the empirical research that, over the years, has confirmed Neo-functionalism's primary causal claims. The final section compares Neo-functionalism with other theories of integration.

1. Early abandonment

By the 1980s, scholars of European integration almost without exception had discarded Neo-functionalism as outmoded and disproven by events. By the early-1990s, Neo-

functionalism was virtually extinct.[2] In the common narrative, De Gaulle's empty chair, the Luxembourg compromise, and the failure of ambitious integration plans in the early 1970s refuted the Neo-functionalist expectation that integration would be a relatively steady process, in which market integration would and the building of policy-making competence at the EU level would go hand-in-hand. Further, Member States, such as France, had shown that the EU could also be a site for the playing out of the classical concerns of international politics in Europe, including worries about sovereignty, coalition formation, and relative gains among States (Hoffmann 1966). We know now that the integration project did not stall in any real sense, and the growth of supranational governance continued throughout the period of "Euro-sclerosis," especially after January 1, 1970 when free movement rules in the Rome Treaty entered into force (Fligstein and Stone Sweet 2002).

Still, the abandonment of Neo-functionalist theory by the 1980s seemed all the more complete in light of Haas's (1975) own declaration on *The Obsolescence of Regional Integration Theory*. But Haas's statement (1975: 1) that "familiar regional integration theories are obsolete in Western Europe" was not the full message in *Obsolescence*. In fact, he offered evidence that the scope of the EC's competences to govern had increased since its founding, and that the overall level of political integration was unchanged, having increased in some respects while declining in others (Haas 1975: 96-101). Haas did note "the absence of much visible institutional movement toward further integration" (Haas 1975: 65), and he recommended that

[2] The paper that re-launched research on European integration after its decline in the 1970s, Sandholtz and Zysman (1989), can be read as a first move to update Haas' most important ideas.

future efforts be directed not toward repairing the deficiencies of regional integration theory, but rather toward devising new theories for new problems. Two interconnected forces were changing the world: intensifying global interdependence (what would later be called "globalization") and the rise of post-industrial problems in the wealthier countries. For Haas (1975: 17), integration theories were "not designed" for the "pervasive condition that characterizes the entire earth and the whole range of international relations." In other words, the negative externalities produced by increasing global interdependence would have to be confronted at the global level.

Haas was right about the importance of globalization, but not about its implications for European integration. Two conclusions seem questionable in retrospect. First, Haas thought that globalization and post-industrial challenges would render policy-making in the EC more fragmented and less driven by the original logic of integration. Yet European institutions and organizations proved resilient and adaptive, and the EU today has well-developed authority in many of the domains that seemed so problematic in 1975 (like environmental protection and research and development). Second, Haas anticipated that globalization would reduce the drive for European integration, as problem-solving would have to take place at broader levels. Another possibility was that globalization, in particular some of its implications for economic competitiveness, would provide a stimulus for further European integration, as it appears to have done in market integration (Sandholtz and Zysman 1989), research and development (Sandholtz 1992), telecommunications (Sandholtz 1998), and other sectors. Today, it is commonplace for

scholars to see the EU as a microcosm of the global condition, and as a laboratory for how States might meet the challenges of interdependence.

In short, the abandonment of Neo-functionalism as a theory of European integration was premature. The core logic of Haas's approach, modified in certain respects, remained fully applicable to the development of the European Union, as we show in the next section.

2. Aims and logics

Neo-functionalism is a theory of market and political integration within a specific region constituted by those States who have taken a formal decision to integrate. On the political integration side (our focus in this chapter), Neo-functionalism seeks to account for the evolution of certain features of European-level governance. More prosaically, it provides an answer to the question, "How - through what processes - did an intergovernmental organization with limited authority develop into a quasi-federal polity with the capacity to establish binding rules in an expanding array of policy domains?" Among other things, Neo-functionalism accounts for the migration of rule-making authority from national governments to the European Union. We refer to the EU's capacities to create, interpret, and enforce rules[3] as "supranational governance." As has been well documented (Fligstein and McNichol 1998, Fligstein and Stone Sweet 2002; Sandholtz and Stone Sweet, eds., 1998; Stone Sweet, Sandholtz, and Fligstein, eds., 2001), these

[3] For the sake of simplicity, we use the catch-all word, "rules," for legal norms that lawyers might divide into sub-categories (rules, standards, principles, procedures, and so on).

competences have deepened (the EU's rule systems have become denser, and more articulated within particular policy areas) and broadened (they covering an expanding range of substantive domains) over time. Further, the capacity of the EU's organs to monitor and enforce EU law, has been steadily upgraded since the 1960s. The expansion of supranational governance in the European Union is one of the most remarkable political innovations in the world in the past half-century and a social science puzzle of the first order. Neo-functionalism claims to explain why, and how, that transformation occurred. The theory also allows us to answer a related question: to what extent, and why, has the development of supranational authority proceeded more rapidly in some policy domains than in others?

In seeking to explain the evolution of the EU over time, Neo-functionalists locate the essential sources of the dynamism of integration in the EU's organs and institutional configuration. Haas proposed this key insight, as well as the core elements of a Neo-functionalist theory of integration. On many of the major questions, we believe, Haas got it right. We incorporated the essential logic of his theory in our own updating of Neo-functionalism, while modifying some concepts. What we consciously chose not to do was to obfuscate our debt to Haas.[4]

Haas conceived of integration as a product of transactions across borders plus European institutions and organs of governance plus pluralist politics. First, the "the interests and values" of an emerging transnational society" would be "defended by major groups involved in the

[4] Haas suggested, in personal communincations to us, that we had modified Neo-functionalism enough to label it something new. We disagreed.

process" (Haas 2004 [1968]: 13). Haas focused on political elites, namely, the leadership of political parties, industry associations, and labor federations, plus member-state governments. For integration to occur, these elites had to understand that certain pressing problems that could only be resolved productively through European policies. The second stage – the key *political* hurdle – was the construction of supranational authority, organs of governance that would possess "the formal attributes necessary to make [them] an agent of integration" (Haas 2004 [1968]: 29). Integration would occur *to the extent that* (a) transnational activity and economic interdependence proceeds, revealing both potential to reap joint gains and to deal with the negative externalities created by transnational activity; (b) European elites (private actors, firms, and public officials) are led to seek regional – rather than national – solutions to shared problems; and (c) supranational organs of governance supply rules (law, procedures for the on-going production of rules and dispute resolution) that satisfied these needs. In other words, Haas predicted that, given certain necessary conditions, a new expansionary dynamic would drive integration forward as a *process* (Haas 1961). As will be readily apparent to contemporary social scientists, Haas was a pioneer of theorizing logics of institutionalization that are central both to sociological and historical brands of the new institutionalism (Fligstein and Stone Sweet 2002).[5]

Virtually all successful theories of institutionalization rest on logics of positive feedback, or increasing returns to scale to specific institutional arrangements. In Neo-functionalism, the creation of supranational authority leads to changes in the expectations and behavior of social

[5] See Hall and Taylor (1996) for these distinctions.

actors, who in turn shift some of their resources and policy efforts to the supranational level. Supranational bodies become the locus for a new kind of politics, spurring the formation of transnational associations and interest groups. As the supranational organs begin to deliver the coordinative solutions that societal groups want, those groups increasingly seek to influence supranational rules and policies. This is just one type of feedback loop that pushes integration forward. Haas' also noticed that some forms of feedback produced new cycles of feedback, which he called "spillover." In its most basic form, spillover occurs when actors realize that the objectives of initial supranational policies cannot be achieved without extending supranational policy-making to additional, functionally related domains. The inherent dynamism of supranational institutions, explored by Haas, remains at the heart of Neo-functionalism and fundamentally distinguishes it from competing approaches.

3. Neo-functionalism updated

Our approach to integration was developed with reference to generic materials that we found in institutional approaches to politics (especially March and Olson 1991; North 1990; Stone Sweet 1999). The three constituent elements of our theory are (1) actors and groups with transnational goals and interests (which we label "transnational society"), (2) supranational organizations with autonomous capacity to resolve disputes and to make law, and (3) the rule system (or normative structure) that defines the polity. Haas (see especially 1961) focused on the same variables, and understood that, under specified conditions, they would become causally

connected to one another to drive integration forward. Our version of Neo-functionalism is related but not identical to Haas'. We incorporated concepts and theoretical arguments (like "institutionalization" and "path dependency") that were not available to Haas but that, in our view, strengthened Neo-functionalism and clarified its logic. The outcome to be explained by our modified Neo-functionalism was the expansion of supranational governance. In this respect, we differed somewhat from Haas, who predicted that the integration process would lead political actors "to shift their national loyalties, expectations, and political activities to a new and larger center" (Haas 1961: 367). We left open the question of if, and the extent to which, the loyalties and identities of actors would shift from the national to the European level, and we insisted that there was substantial room for the expansion of supranational governance without that ultimate shift in identification. As discussed further in the conclusion, Haas may ultimately have been right on this point as well.

3.1 *Cross-border transactors*

To explain movement toward supranational governance, our starting point is transnational society, in particular, non-state actors who engage in transactions and communications across national borders within the context of the institutional arrangements established in the Rome Treaty. These transactors – anyone seeking to exchange goods, services, ideas, information, or funds across national frontiers – are those who need European rules, standards, and dispute resolution mechanisms, in other words, those who need

supranational governance. Separate national legal regimes hinder such interactions. Those who seek cross-border transactions experience the absence of European-level rules as a cost or an obstacle to the realization of greater gains. Increasing levels of cross-border transactions and communications by private actors increase the perceived need (or "functional demand") for European-level rules and policies and for supranational capacity to supply them. Transactors therefore exert pro-integration pressure on their own governments, but they also have every reason to activate the Commission and the ECJ, thereby bypassing national officials.

What has been found in empirical studies, again and again, is that European integration is largely the product of a basic kind of Haasian feedback loop: (a) increasing cross-border transactions activates (b) supranational governance (dispute resolution and rule-making), which facilitate (c) a subsequent expansion of cross-border transactions, which translates into greater social demand for new forms of supranational governance (spillover). Feedback loops and spillover have been basic mechanisms of integration across the history of the EU, even during the "crisis" of the 1960s and the period of so-called "Euro-sclerosis" in the 1970s. The theory led to comprehensive collection of data (measures of processes associated with integration), across the life of the EC. We now know that intra-EC trade, litigation and dispute resolution, the production of EC legislation (directives and regulations), and the formation of Europe-level lobbying groups all increased steadily throughout the 1960s and 1970s (Stone Sweet and Brunell 1998; Fligstein and Stone Sweet 2002).

The theory provides testable propositions about how integration proceeds, and why integration proceeds faster in some policy domains than in others. Econometric and qualitative

analysis showed that, in sectors where the intensity and value of cross-national transactions were relatively low, the supply of EU-level rules and dispute resolution was correspondingly low. Conversely, in policy areas where the number and value of cross-border transactions rose, so did the supply of EU-level rules, and so did the investment of interest groups in Brussels, compared to policy areas in which transnational activity was low. Supranational governance expanded earlier and advanced further in areas related to the internal market, because the number and intensity of cross-border trade ties grew early and rapidly, and because transnational business organized to defend their claims in Brussels.

We respecified the spillover mechanism in light of the transaction-driven theory of integration. As the EU removed the most obvious hindrances to cross-national exchange and interaction, new obstacles to such transactions were revealed and became salient to transactors. For instance, after the most direct restrictions on trade – intra-EC tariffs and quotas – were removed, then differences in national regulatory standards – for the environment, health and safety, technical compatibility, and so forth – become more apparent barriers to exchange. Transactors then targeted these obstacles, through litigation and through pressure on EU institutions to expand the reach of EU rules into new domains. This reformulated version of spillover emphasizes not functional linkages among different policy domains but the way in which the removal of barriers reveals additional layers of obstacles hindering cross-national transactions. This logic neatly explains the chain of developments leading from the *Dassonville* case, to *Cassis de Dijon*, to EC mutual recognition legislation (for a full explication, see Stone Sweet 2004: ch. 3).

3.2 *Supranational organizations*

Even if transactors are a primary motor of the expansion of supranational governance in the EU, an alternative theory might (as intergovernmentalists do) posit that the demand for integration generated by transnational activity is funneled exclusively through national governments, who then establish European rules through intergovernmental bargaining. In what we would call "strong intergovernmentism," EU bodies (like the Commission and the ECJ) are "perfectly reactive agents," carrying out the wishes of their masters, the member state governments (Moravcsik 1995: 616, 621; see also Garrett 1992). By now, however, the empirical record is decisive: the Court and the Commission have routinely produced rules and policies that the member governments would not have adopted through intergovernmental bargaining. We summarize some of the research on that point in the next section.

As every student of EU politics knows, businesses and other groups with an interest in pushing European integration are not limited to the domestic politics "game" (Fligstein1993; Mazey and Richardson 2001) They can bypass national policy-making processes, directly activating organs like the Court and the Commission. One strong assumption of Neo-functionalism is that both the ECJ and the Commission will consistently work to produce pro-integrative policies, even when these are resisted by the most powerful Member States. The reason is straightforward: in many situations, the Court and the Commission are not simple agents of the Member States, but trustees exercising fiduciary responsibilities under the treaties

(Majone 2005; Thatcher and Stone Sweet 2002; Stone Sweet 2004: ch. 1). Trustees are a special kind of agent: they possess the authority to govern the principals themselves, and their decisions are effectively insulated from reversal by the principals. In situations of trusteeship, EU organs can act with genuine independence from national governments (see also Pollack 1998, 2003; Tallberg 2002), without fear that their decisions will be subject to reversal.[6]

The Court operates in an exceptionally broad "zone of discretion." That is, the sum of the powers formally conferred upon the Court plus those that the Court has acquired through its own rulings far outweigh the "sum of control instruments available" to other centers of authority, including Member States (Stone Sweet 2004: 23-32). Governments cannot block litigation against them, and they cannot escape the Court's control; moreover, it is virtually impossible for the Member States to reverse unwanted decisions, or to reduce the Court's powers, given the unanimity requirement for treaty revision. The decision rule that underpins intergovernmental modes of governance in the EC – unanimity – also underpins supranational authority, when it comes to the Court. As is well known, the ECJ expanded its own zone of discretion through a series of now-famous decisions that gradually "constitutionalized" the Treaty of Rome, federalizing the system in all but name (Lenaerts 1990; Stein 1981; Weiler 1991).[7] It bears emphasis that the Court's rulings on direct effect and supremacy took place "in the absence of express authorization of the Treaty, and despite the declared opposition of Member State governments" (Stone Sweet 2004: 66). Note also that this quantum increase in supranational

[6] The Commission and the Court, of course, often care a great deal about the reactions of the Member States to their decisions.
[7] For a summary of the most important doctrines and decisions, see Stone Sweet (2004: 64-81).

authority was initiated and consolidated during the 1960s and 1970s, when the construction of supranational governance had supposedly stalled.

The Commission likewise has important trusteeship powers. The Treaties establish some of these directly, including the (exclusive) authority to propose legislation, the power to initiate infringement proceedings in the ECJ, and to fine the Member States in certain contexts. The Commission can also issue binding directives in support of the EU's market competition rules. Of course, the Commission must work collaboratively with other EU bodies, especially the European Parliament and the Council of Ministers, and it interacts constantly with organized interest groups as well as member state governments. Even so, the Commission has room for considerable autonomous action. As Pollack argues, using the language of delegation theory, the oversight tools that the Governments can use to rein in the Commission are sometimes costly and of limited effectiveness. In addition, the Commission can exploit divergent preferences among its multiple principals (the Member States) (Pollack 1998).

Finally, the Commission acts as a political entrepreneur, mobilizing and organizing private-sector groups to support its policy objectives. The Commission regularly creates – and sometimes funds – roundtables, working groups, and committees composed of firms and other non-state actors. The working groups help the Commission design programs and draft legislation; these same groups then become advocates of the Commission's proposals vis-à-vis national governments and other actors. Another way of putting this is that the Commission sometimes builds Euro-level lobbying and interest groups, which then become its political allies (Mazey and Richardson 2001). The Commission, for example, put together a "roundtable" of

the leading information technology companies to help design, and lobby for, EC-level research and development programs in the 1980s (Sandholtz 1992). Mid-level Commission officials were behind the early-1980s creation of the European Venture Capital Association (EVCA), the first pan-European group representing the interests of venture capital firms (Posner 2009: 50). The EVCA played a vital role two decades later in bringing about the emergence new smaller-company stock exchanges in Europe.

For Haas, as for us, supranational organizations with independent authority are at the heart of the expansive dynamism of European integration. We have argued, and the evidence shows, that market and political integration has proceeded, in significant part, through the activities of the Commission and the Court. These organs have routinely generated policy outcomes that would not have been adopted by the Member States, if left to their own devices, given existing decision-rules.

3.3 *Institutionalization*

Indispensable to Neo-functionalism is the proposition that shifts toward supranational governance tend to propel the system forward, sometimes into uncharted areas. We call this dynamic "institutionalization," in part because contemporary institutional theories help to understand its logic and explain its observable consequences. Institutions are systems of rules (Jepperson 1991: 149, 157; North 1990: 3, 6); institutionalization is the process by which rules are created, applied, and interpreted by those who live under them. Actors make choices in

pursuit of their interests and values, but those choices occur within normative structures. As they seek to interpret and apply rules, actors (including firms, interest groups, legislators, courts, and bureaucrats), inevitably encounter gaps, ambiguities, and contradictions. Rules, being abstractions, never perfectly fit the particularity of experience. As actors collectively argue about rules and find modes of resolving disputes, they inevitably modify the rules, which then feedback onto subsequent activity. One mechanism of normative change, then, is endogenous to rule systems and institutional arrangements themselves (Sandholtz 2007; Stone Sweet 1999).

The logic of institutionalization has long been at work in the EU, and it is crucial to understanding integration as a dynamic process. As European actors discovered the limits or ambiguities in EU rules, they pressed for new or modified rules. The new rules created legal rights and opened new arenas for politics, and thereby established the context for subsequent interactions, disputes, and rule changes. Actors – including governments, private entities, and EU bodies – adapted to the new rules, but subsequently encountered their limits and ambiguities, which led them to generate new dispute resolution and rule-making processes. Institutionalization thus has a cyclic character. The body of supranational rules expands in scope and becomes more formal and specific over time, in ways – and this point is crucial – that are not predictable or expected from the ex ante perspective of those who establish them (see generally, Stone Sweet, Sandholtz and Fligstein 2001).

This logic of institutionalization helps to explain why we observe a high degree of stickiness, or ratcheting, in the development of supranational governance. As EU rules multiply and extend their coverage, actors adjust their behaviors. Because the purpose of EU rules is to

facilitate cross-border transactions, they tend to generate new kinds and higher levels of transactions, which then become entrenched interests. The number of actors with a material stake in the supranational system therefore expands. The concept of path-dependence captures the logic of this stickiness quite well. As Pierson (1998) argues, institutional change is a path-dependent process. Once institutional changes are in place, actors adapt to them and frequently make significant investments in them. Institutional reversal – an unwinding of supranational rules – is possible but difficult because it would entail writing off those investments (sunk costs). Institutional and policy outcomes become "locked in," channeling behavior and politics down specific paths and rendering less feasible previously plausible alternatives.

At the heart of Neo-functionalism is the theoretical prediction that, under certain conditions, transnational activity, the capacity to govern of supranational organizations, and EC law and procedures, will become connected to one another through specific feedback loops, or cycles of institutionalization. From these theoretical arguments, we derived testable empirical propositions, and developed a research agenda designed to test these propositions. We turn to some of our findings in the next section.

4. Empirical research

It is important to stress that neither Haas nor contemporary neo-functionalists ever believed that "functional demands" for integration would automatically create their own "supply" of new rules and governance. Demands for integration do not magically produce it.

Instead, Haas emphasized the deeply political character of integration, as we do. This disposition thrusts the analyst into the mode of empirical analysis, data collection, and process tracing. We have sought to test our claims through blending quantitative and qualitative methods.

Neo-functionalism generates empirical hypotheses about the course and shape of the European Union's development over time. Further, the hypotheses are directly at odds with the empirical implications of contending theories, like Intergovernmentalism. Some of the key propositions are the following. If Neo-functionalism is right, then we would expect that:

- Increasing cross-border transactions will lead to greater activity on the part of supranational organizations, and to the expansion of supranational rules.
- Expanding supranational rules should, in a recursive process, lead to higher levels of cross-border transactions.
- The growth of supranational rules should lead to increases in the number and activity of interest groups at the EU level.
- The expansion of EU rules should increase supranational dispute resolution (the activity of the ECJ).
- Those sectors in which cross-border transactions are more numerous and important should move faster and farther toward supranational governance (EU-level rules and regulations).
- EU organizations like the Commission and Court of Justice will routinely produce supranational outcomes that the Member States would not have produced on their own.

- Supranational governance will routinely produce outcomes that conflict with the revealed preferences of the most powerful states.

We now briefly summarize empirical results that address one or more of these hypotheses. The survey below is representative, not comprehensive; we have inevitably omitted numerous relevant empirical studies. We organize the discussion under two headings: macro-level processes and sectoral outcomes.

4.1 *Macro-level processes*

Stone Sweet turned to the EU in order to test a theory of judicialization and governance, which he found had important affinities to Haas' neo-functionalism. The judicialization model portrays "the construction of governance" in terms of an expansive, self-sustaining process driven by mechanisms of institutionalization – the "virtuous circle" – that could also be found, in different forms, in the work of North (1990), March and Olsen (1989), and Haas (especially 1961). Stone Sweet and his collaborators collected data on the variables identified by the theory, including transnational activity (as measured by intra-EU trade), dispute resolution (Article 234 references), and lawmaking (EU legislative activity). Stone Sweet and Brunell (1998) blended quantitative and qualitative strategies of testing, but it is the quantitative findings that are most relevant here. Using econometric and other statistical methods, the authors showed that the legal system, once constitutionalized, had spurred transnational economic activity, which, as it grew, further activated the legal system. As the legal system removed national barriers to exchange

within the EU (negative integration), it put pressure on Governments to adopt EU market regulations (positive integration). The analysis further showed that the impact of trade on litigation was steadily weakening, while the influence of the EU's developing regulatory structure was becoming stronger. The paper was the first scholarly work in EU studies to test any theory of integration against comprehensive data collected across the life of the EC.

In "Constructing Markets and Polities: An Institutionalist Account of European Integration," Fligstein and Stone Sweet (2002) pushed this project further, developing a macro-sociological, "field-theoretic" theory of integration, blending materials from economic sociology, political economy, and the theory of judicialization, with explicit reference to Haas and neo-functionalism. The paper builds on Stone Sweet and Brunell (1998a), in that it models European integration as a series of feedback loops, and makes use of comprehensive data providing relatively direct measures of processes associated with integration. The econometric analysis demonstrated that the activities of market actors, lobbyists, legislators, litigators, and judges had become connected to one another in specific ways (but not all ways). These linkages constituted a self-reinforcing system that has given the EU its fundamentally expansionary character. The analysis also showed that two parameter shifts – whereby important qualitative events generated quantitatively significant transformations in the relationships among variables – had occurred. The first shift began roughly around 1970, the second in the mid-1980s. The EU's evolving legal system was implicated in both transitions, first, through constitutionalization, and, then, through supervising Member State compliance with EU law, especially with regard to rules governing the common market.

The culmination of this project is the book, *The Judicial Construction of Europe* (Stone Sweet 2004). The book presents qualitative analysis of the Court's impact on EU governance, as a means of cross-checking quantitative results, to further refine and test hypotheses, and to explore processes and outcomes that can only be understood through detailed case studies, or "process tracing."

This research has spawned a number of on-going projects. Two economists, Pitarkis and Tridimas (2003) subjected one of the findings – that the operation of the EC's legal system stimulates intra-EC trade – to a further set of statistical tests, using updated measures. They concluded (365) that "the establishment of an EU-wide legal order and a system of dispute resolution with the ECJ at the top, leads to deeper economic integration expressed as a larger share of intra-EC trade in economic activity."[8] Carrubba and Murrah (2005) have also subjected Stone Sweet and Brunell (1998a) to a series of sophisticated tests, focusing on national variation in Article 234 references. Their analysis strongly supported the "argument that transnational actors are using the preliminary ruling process to expand transnational economic activity." Last, lying beyond the scope of this article, Fligstein and Stone Sweet (2002) has become a source of quantitative measures of European integration (Beckfield 2006), and for theory on the structure of the "global polity" (Beckfield forthcoming).

[8] Curiously, Pitarkis and Tridimas (2003) state that their analysis does not provide support for Neo-functionalist integration theory. Haas (e.g., 1961) explicitly states that his theory is principally concerned with how new EC institutions feed back on transnational society to stimulate more cross-border exchange, thereby raising the costs of intergovernmental stalemate. The theoretical underpinnings of the even more generic proposition – that complex social exchange depends heavily on rules, property rights, and contract enforcement - is central to the approach of North (1990), Stone Sweet (1999), Stone Sweet and Brunell (1998), and Stone Sweet and Fligstein (2002), among others..

With respect to research on the impact of the ECJ and the legal system on market and political integration, Neo-functionalist approaches have dominated since Burley and Mattli's seminal article (1992). The Intergovernmentalism of Garrett (1992) and Moravcsik, as a body of theorizing about integration and EU governance, has failed to produce a theory of law and courts in the EU capable of surviving empirical tests (see Cichowski 1998, 2001, 2007; Jupille 2004; McCown 2003; Stone Sweet 2004; the literature is surveyed in Stone Sweet 2010). Approaches possessing affinities with Neo-functionalism have thrived not because of any attachment to an "ism," but because Haas (1961) identified certain generic dynamics of how new systems of governance emerge and then institutionalize as rule systems, and these dynamics are also basic to sophisticated theories of how courts become important political actors.

4.2 *Sectoral outcomes*

A growing body of research on specific policy sectors directly tests core Neo-functionalist propositions. These studies focus on variables (cross-border transactions, supranational organizations) and outcomes (supranational rules that major states opposed or that would not have won approval in intergovernmental forums) that are at the heart of the theory. The research confirms the causal connections posited by Neo-functionalism. Our discussion is illustrative, not exhaustive; we hope it leads readers to look at the studies themselves.

Neo-functionalism argues that the activities and demands of private actors engaged in *cross-border transactions* – trade, investment, travel, communication, work – are a key driver of

integration. Whereas the macro-level studies demonstrate the broad relationship between transnational exchange and supranational governance, sector-specific case studies trace the causal mechanisms. These studies reveal a common pattern: increasing cross-border exchange generates political processes that lead to EU-level rule-making. This pattern appears in the EU-led liberalization of telecommunications (Sandholtz 1998) and air transport (O'Reilly and Stone Sweet 1998). Increases in cross-border connections among university faculty, researchers, and students led to the development of EU-level higher education policies (Beerkens 2008). EU rules for financial services responded to the rapid growth of cross-border financial transactions in Europe following monetary integration in the 1990s (Quaglia 2007). Rising levels of intra-EU trade led to demands for pan-European transportation infrastructures, and "pressure from transnational society" pushed forward the development of an EU transport policy (Brömmelstroet and Nowak 2008).

A rich array of studies confirms the Neo-functionalist claim that the EU's *supranational organizations*, namely, the Court and the Commission, often play a decisive – and independent – role in advancing integration. The Commission possesses broad agenda setting powers in the EU and frequently acts as a policy entrepreneur. It did so in criminal justice, winning approval for a European Arrest Warrant (amounting to "judicial mutual recognition") that was more ambitious than what the Member States had contemplated at the 1999 Tampere European Council (Kaunert 2007). The Commission pushed for EU-level liberalization of telecommunications and air transport, which occurred sooner and was more far-reaching than the Member States would have agreed on their own (Sandholtz 1998; O'Reilly and Stone Sweet 1998). The Commission

likewise took the initiative, and shaped the policy debates, in rule-making for financial services (Quaglia 2007), for electricity market integration (Eising 2002), and EU-wide rights for immigrants (Rostenow 2009). Schmidt has argued convincingly that the Commission's powers are not limited to agenda setting. She shows that the Commission can exploit its role as guardian of the treaties and as "administrator" of EU competition rules, and can capitalize both on the ECJ's rulings and on the prospect of new ECJ decisions, to alter the domestic preferences of some Member States, divide the opposition to its proposals, and increase the unattractiveness of a failure to agree (Schmidt 2000). Many of the case studies illustrate Schmidt's argument.

The more the Commission's authority and leverage expanded, the more private actors and transnational interest groups dealt directly with the Commission; EU regulation of state aids for industry offers an example (Smith 1998). Numerous sectoral studies demonstrate the decisive role played by direct alliances between the Commission and European interest groups in producing EU rules and policies (Sandholtz 1998; O'Reilly and Stone Sweet 1998; Smith 1998; Eising 2002; Quaglia 2007; Brömmelstroet and Nowak 2008).

The Commission is not only the frequent ally of trans-European interest groups (transactors); it frequently takes active steps to *organize and mobilize those groups*. The Commission invites private actors to form working groups, committees, and roundtables, sometimes even funding their activities. These transnational groups then become the Commission's partners in constructing new supranational rules and policies. The Commission actively encouraged or supported the creation of such groups on behalf of high-technology research and development (Sandholtz 1992), telecommunications liberalization (Sandholtz

1998), air transport liberalization (O'Reilly and Stone Sweet 1998), EU-level financial services regulation (Quaglia 2007), and the creation of smaller-company stock markets (Posner 2009).

The Court often reinforces or expands the Commission's authority, by interpreting EU law in ways that support the Commission's competences and its preferred outcomes and by affirming Commission actions that are challenged by Member States. The Commission, in turn, capitalizes on Court decisions and on the prospect of further supportive rulings to place national governments under the shadow of litigation, inducing Member States to acquiesce to policies they had vigorously opposed (see Schmidt 2000). For example, key rulings from the ECJ strengthened the Commission's hand and helped it to overcome Member State opposition to its pro-integrative efforts in telecommunications, air transport, the regulation of state aids, and EU transport policy (see previous citations).

Of course, the ECJ also expands the scope and depth of supranational governance directly, through decisions that subordinate national policies to EU rules. We have already mentioned the Court's unparalleled expansion of supranational authority through the doctrines of supremacy and direct effect. The Court has also been the key actor extending EU rules in specific policy domains, via processes triggered by private litigants and transmitted to the ECJ by national judges. The ECJ, for example, virtually created EU authority in the health sector, which Member State governments had consistently and vigorously opposed. In essence, the ECJ applied EU internal market rules to the health care sector (Martinsen 2005; Greer 2006; the ECJ has played a similar role in environmental regulation, see Cichowski 1998).

Finally, it is worth stressing that research on the impact of the ECJ on policy processes and outcomes has invalidated theories that predict that the EU's supranational organs never produce "unintended consequences" from the perspective of the Governments of the Member States. Both Tsebelis and Garrett (2001) and Moravcsik (1998: 482-90) have advanced theories that treat as a theoretical impossibility the capacity of EU organs to change the "rules of the game" governing EU policymaking, through "play" within those rules.[9] Yet the ECJ does so, in two obvious ways, each of which routinely provokes spillover. First, when the Court chooses to apply treaty law to policy areas that were formerly assumed to be in the domain of national and intergovernmental, not supranational, governance, it empowers the Commission and the courts, while undermining the authority of Governments. Important examples have already been noted.

Second, the Court can "constitutionalize" policy when it holds that specific legislative dispositions are required by Treaty law (Stone Sweet 2004: ch.4; see also Héritier 2007; Kohler-Koch and Rittberger 2006). The sex equality domain provides a well-documented illustration (Cichowski 2001). Most spectacularly, the ECJ enacted, through interpreting Article 141 EC and the 1976 Equal Treatment Directive, the core of several proposed directives (e.g., pregnancy, occupational pensions) that had stalled in the Council of Ministers under the vetoes of France and the UK. In other areas (e.g., burden of proof, indirect sex discrimination), ECJ rulings all but required the production of new directives, empowering the Commission in the process. In this domain, at least, constitutional rulemaking fundamentally altered the intergovernmental

[9] No important strain of empirical research on the Court and the EU's legal system has found any support for hypotheses derived from Tsebelis-Garrett and Moravcsik (literature surveyed in Stone Sweet 2010).

modes of governance in place (Stone Sweet 2004: ch. 4). The Court's Trustee status makes its decisions "sticky," since they are reversible only through treaty revision or the Court overruling itself.

As Neo-functionalist theory predicts, transnational exchange, the authority of EU organizations, and supranational rule-making move together often enough to matter a great deal to the overall course of integration. It is important to stress that the empirical domain of Neo-functionalism includes treaty revision episodes, the extension of new competences to EU organs, and policymaking within established legislative processes. It is decidedly *not* limited to narrowly "technical" sectors, or "low politics" areas outside of intergovernmental control. For that reason, we often insist that spillover is registered only when Member State Governments explicitly ratify new rulemaking, or extensions of supranational governance, which is of some importance when some of these same Governments had earlier blocked these same moves. The best Neo-functionalist research never ignored intergovernmental modes of governance. Instead, it demonstrated how, and the extent to which, intergovernmental bargaining and decision-making are embedded in the larger flow of integration, as integration has been institutionalized over time as supranational authority.

5. Conclusion

Neo-functionalism seeks to account for market and political integration, and for the migration of rule-making authority from national governments to the EU. The EU's capacities to

resolve disputes, and to make, monitor and enforce rules (supranational governance) has become both deeper and broader over time. Neo-functionalism claims to explain why, and how, that expansion occurred. The theory also allows us to answer a second, related question: why the development of supranational authority has proceeded more rapidly in some policy domains than in others.

These questions are not the only ones worth asking about the European Union. Scholars have sought to account for virtually every aspect of the EU: policy outcomes in specific sectors; the expansion of membership; the legislative mechanism; inter-organizational relations within the EU; the evolution of public opinion and national or European identities; the development of the EU as a global actor; and so on. These are all legitimate topics for systematic research. But the scope of Neo-functionalism is different: to provide a dynamic account of European integration. Very few extant theories of integration share Neo-functionalism's goal of explaining the broad course of institutional development in the EU, and few if any scholars are today engaged in such large-scale theory projects.

Tsebelis and Garrett, using game theoretic and principal-agent frameworks, propose a model of how EU organizations interact in legislative processes to produce specific treaty revisions and pieces of secondary legislation (Tsebelis and Garrett 2001). But there is nothing dynamic about their model. Their model does not explain the evolution of the EU's organizations and institutions; instead, Tsebelis and Garrett offer a comparative statics view of legislative processes. Tsebelis and Garrett notice that the rules that govern legislating in the EU have changed, and they explore some of the consequences of those changes for the production of

legislation. But they say very little about why EU institutions changed, or why the EU has steadily evolved toward something like a federal polity. Most telling, their theory treats as a theoretical impossibility what we have shown to be endemic: the Commission and the Court have succeeded in changing the "rules of the game" and organizational capacities (the substance of Treaty provisions; jurisdictional rules such as legal basis; etc.) through activity within these same rules (see Farrell and Héritier 2003; Jupille 2004; McCown 2003; Stone Sweet and Sandholtz 2001).

Another prominent approach begins with the observation that the European Union has become a system of "multi-level governance," in which policy-making authority is distributed and shared across sub-national regions, national governments, and the European Union. Hooghe and Marks, for example, note that, since the founding of the European Community, the capacity of national governments individually and collectively to control policy-making outcomes at the EU level has declined and the authority of supranational bodies has increased (Hooghe and Marks 2001). Sub-national units and interest groups can access EU organizations directly and form transnational connections. But Hooghe and Marks have not proposed a theory of integration or change; multi-level governance is itself an outcome of integration processes that they do not claim to explain. Instead, they (usefully) take the condition of multi-level governance as a given, in order to focus on those features and mechanisms of policymaking and implementation that are associated with this condition. The multi-level governance approach is therefore not an alternative to Neo-functionalism; it has different objectives.

In recent years, scholars have focused considerable attention on identity (European vs. national vs. others) as an important determinant or consequence of European integration (Carey 2002; Herrmann, Risse and Brewer 2004; McLaren 2006). Hooghe and Marks argue that "*identity* is decisive for multi-level governance in general, and for regional integration in particular" (Hooghe and Marks 2008; emphasis in original). It is probably true that the balance between diverging local identities and an emerging European identity exerts an important influence on current political controversies over changes in EU decision-making and treaty revision. But identity-based approaches do not claim to offer a theory of how the EU arrived at where it is today, how supranational rules and authority expanded in the first place. In any case, Fligstein shows that those who have developed some sort of European identity are generally those who we call "transactors," that is, those who are engaged in cross-border travel, exchange, work, and communication. They are typically young, educated, skilled, and employed in professional or managerial positions. The future of European integration may hinge on the political balance between these beneficiaries of European integration and those who have tended to lose from increased market competition (Fligstein 2008). It is worth noting that Haas predicted that a politics akin to what we would today call identity politics would *inevitably* be generated by processes associated with integration, as political integration proceeded.

As readers well know, the rival to Neo-functionalism as a dynamic theory of the broad course of European integration remains Liberal Intergovernmentalism. What is at stake between the two is not some (imagined) debate about whether EU policy-making is more supranational or more intergovernmental. The EU will always possess both intergovernmental and supranational

(or federal) elements and mechanisms for rulemaking. Certain elements, or stages, of EU policymaking processes are intergovernmental, in that decisions are the outcome of bargaining among member state representatives (in the Council of Ministers, in meetings of the heads of state). Intergovernmental processes are ubiquitous not just in the EU but in federal systems generally, like those of Canada or Germany. It is thus important to distinguish between "intergovernmentalism" as a mode of governance (which one finds in all federal polities), and "Intergovernmentalism," as a theory of, or framework for explaining, integration.

Nevertheless, Moravcsik does claim that his "liberal intergovernmentalism" is a general theory of the evolution of the EU. The expansion of EU-level authority, his original theory predicted (e.g., Moravcsik 1991), would be tightly constrained by Member State governments, especially the most powerful ones, not least through state-to-state bargaining that produces "least common denominator" agreements. EU bodies were modeled as "perfectly reactive agents" (Moravcsik 1995: 616). He later (1998) abandoned this "strong intergovernmentalism" for a far weaker version, in order to accommodate "unintended consequences" (unintended, that is, for national governments). His only way out was to argue that the Member States sometimes delegate substantial independent authority to EU bodies (namely, the ECJ) so that the Court could enforce incomplete contracts, thereby enhancing the credibility of national commitments to common policies as well as the effectiveness of those policies.

There are two major problems with Moravcsik's weak Intergovernmentalism. First, it is non-falsifiable. When EU organizations carry out the preferences of the powerful member states, they supposedly confirm the theory that governments control EU development. But when

EU organizations do not adhere to the preferences of member governments, they also supposedly confirm the theory (by carrying out member state desires for EU-level enforcement of incomplete contracts). Any possible outcome would "fit" the theory, rendering it immune to falsification. Moravcsik's basic method, after all, is to look for evidence that Member State bargaining is determinative exclusively in episodes of Member State bargaining.[10] The fact that Moravcsik only examines, as meaningful, the outcomes of inter-state bargaining episodes, rather than assessing the importance of these episodes in comparison to the significance of outcomes generated by processes that are not intergovernmental – but nonetheless have produced

[10] Careful empirical investigations of Moravcsik's interpretations of historical materials have cast serious doubts on the reliability of his empirical claims. Parsons writes that "the empirical evidence [Moravcsik] offers is substantially incomplete at practically every step (and sometimes simply wrong)" (Parsons 2003: 29). Lieshout, Segers, and van der Vleuten carefully examine the sources Moravcsik cites in his account of de Gaulle's European policy, a section which Moravcsik himself sees as crucial to his overall argument (Moravcsik 1998: 83-84). Lieshout et al. report two important findings. First, though Moravcsik claims to rely of "hard primary sources," in fact he employs almost twice as many secondary sources as primary sources. Only six of 62 different sources are "hard primary sources," and one of these, relied on extensively by Moravcsik, is the two-volume memoir published by de Gaulle's press spokesman and state secretary of information – hardly a "hard" source (Lieshout, Segers and van der Vleuten 2004: 93). Another review of *The Choice for Europe* finds that, in 386 pages covering the five case studies, only two percent of 917 footnotes contain references to hard primary sources. The remaining 98 percent of the references cite secondary and soft primary sources (like political memoirs) (Anderson 2000: 516). These proportions are noteworthy mainly because Moravcsik stakes the credibility of his interpretations on his (supposed) heavy reliance on hard primary sources. Second, and far more worrisome, Lieshout et al. discover that Moravcsik regularly offers erroneous or misleading interpretations of the sources he cites. Out of 221 references cited in the crucial section on de Gaulle, more than half (116) do not say what Moravcsik claims they say. A further eleven references are only partly correct (Lieshout, Segers and van der Vleuten 2004: 94-95, 121-39). In an appendix, Lieshout et al. list every reference in the section and specify how Moravcsik's use of it diverges from what the source contains. The bottom line is that Moravcsik's central argument – that de Gaulle's European strategy was driven by narrow commercial interests – is not supported by the sources he cites and is, in fact, frequently contradicted by them. We would point out that, during the de Gaulle "crisis" in the EC and the period of "Eurosclerosis" that followed it, the ECJ made its transformative rulings, the number of EU laws steadily increased, and the number of EC-level interest associations rose.

institutional change in the EU over time – is telling.[11] Second, the argument from delegation (implicit trusteeship), and from the rubric of incomplete contracts and credible commitments in the EU context, radically reduces the distinctiveness of his theory, relative to Neo-functionalism.[12]

Unlike Neo-functionalists, Moravcsik denies that "transnational society" or transnational actors exist or are important, yet it is growing economic interdependence within Europe that constitutes the crucial independent variable in his framework, just as it is for Neo-functionalists. Neo-functionalism was always, in part, a theory of delegation. Now Moravcsik appears to agree with us (and with Pollack, Tallberg, and a host of others) that the more States seek to enhance the credibility of commitments through extensive delegation to EU organs, the more EU organs can be expected to generate outcomes that governments would not have produced on their own, given existing decision rules. Mounds of empirical evidence demonstrate that EU bodies have routinely produced outcomes Governments would not have approved if left to their own devices. More importantly, the Commission and, especially, the Court shape not just policy outcomes but also the "constitutional" rules that govern policymaking. The Court has dramatically expanded

[11] Moravcsik (1995) admits that his version of Intergovernmentalism cannot explain constitutionalization of the Treaty, or the effects of direct effect, supremacy, and related doctrines downstream. He then treats the Court, constitutionalization, and the legal system as anomalies that somehow do not weaken his theory.

[12] Ernst Haas (2001, note 4) only addressed this issue on one occasion: "Andrew Moravcsik is the most visible defender of the continuing centrality of the nation-state and its government as the engine of integration… I find it at least very curious that despite great similarities in both ontological and epistemological assumptions my treatment and Moravcsik's turn out to be so different. His ontology is described in detail as 'liberalism' [yet] its core assumptions are identical with those of Neo-functionalism …It is difficult to understand why he makes such extraordinary efforts to distinguish his work from these sources."

its own authority to review member state policies and enforce EU rules. It has also expanded the Commission's authority, by interpreting the treaties in ways that enhance Commission prerogatives and by rejecting legal challenges to Commission actions. When EU bodies exercise genuine autonomy, and when they use that autonomy to further expand their own authority and the reach of supranational rules, then one sees Neo-functionalism in action.

Neo-functionalism offers a causal explanation of the development of EU institutions and the expansion of their authority. Until a new theory can explain what it does, better, it will remain the most theoretically viable and empirically productive general theory of European integration.

References

Anderson, Jeffrey J. (2000). "Review of *The Choice for Europe: Social Purpose and State Power from Messina to Maastricht*, by Andrew Moravcsik." *American Political Science Review* 94: 515-17.

Beckfield, Jason (2006). "European Integration and Income Inequality." *American Sociological Review* 71: 964-85.

Beckfield, Jason (2010). "The Social Structure of the World Polity." *American Journal of Sociology* (forthcoming January 2010).

Burley, Anne-Marie, and Walter Mattli (1993). "Europe Before the Court: A Political Theory of Legal Integration." *International Organization* 47: 41.

Beerkens, Eric (2008). "The Emergence and Institutionalization of the European Higher Education and Research Area." *European Journal of Education* 43(4): 407-25.

Brömmelstroet, Marco te and Tobias Nowak (2008). "How a Court, a Commissioner, and a Lobby Group Brought European Transport Policy to Life in 1985." *GeoJournal* 72: 33-44.

Carey, Sean (2002). "Undivided Loyalties: Is National Identity an Obstacle to European Integration?" *European Union Politics* 3: 387-413.

Carrubba, Clifford J., and Lacey Murrah, (2005). "Legal Integration and Use of the Preliminary Ruling Process in the European Union." *International Organization* 59: 399-418.

Cichowski, Rachel (1998). "Integrating the Environment: the European Court and the Construction of Supranational Policy." *Journal of European Public Policy* 5(3): 387-405.

Cichowski, Rachel (2001). "Judicial Rulemaking and the Institutionalization of EU Sex Equality Policy." In Alec Stone Sweet, Wayne Sandholtz, and Neil Fligstein, eds., *The Institutionalization of Europe*. 113-36. Oxford: Oxford University Press.

Cichowski, Rachel (2004). "Women's Rights, the European Court, and Supranational Constitutionalism." *Law & Society Review* 38(3): 489-512.

Cichowski, Rachel (2007). *The European Court and Civil Society: Litigation, Mobilization and Governance*. Cambridge University Press, Cambridge.

Eising, Rainer (2002). "Policy Learning in Embedded Negotiations: Explaining EU Electricity Liberalization." *International Organization* 56(1): 85-120.

Farrell, Henry, and Adrienne Hèritier (2003). "Formal and Informal Institutions under Codecision: Continuous Constitution-Building in Europe." *Governance* 16 (4): 577-600.

Fligstein, Neil (2008). *Euro-Clash: The EU, European Identity, and the Future of Europe.* Oxford: Oxford University Press.

Fligstein, Neil and Jason McNichol (2001). "The Institutional Terrain of the European Union." In Wayne Sandholtz and Alec Stone Sweet, eds., *European Integration and Supranational Governance.* 58-91. Oxford: Oxford University Press.

Fligstein, Neil and Alec Stone Sweet (2001). "Institutionalizing the Treaty of Rome." In Alec Stone Sweet, Wayne Sandholtz and Neil Fligstein, eds., *The Institutionalization of Europe.* 29-55. Oxford: Oxford University Press.

Fligstein, Neil, and Stone Sweet, Alec (2002). "Constructing Markets and Polities: An Institutionalist Account of European Integration." *American Journal of Sociology,* 107: 1206-43.

Garrett, Geoffrey (1992). “International Cooperation and Institutional Choice: The European Community’s Internal Market.” *International Organization* 46: 533.

Greer, Scott L. (2006). "Uninvited Europeanization: Neo-functionalism and the EU in Health Policy." *Journal of European Public Policy* 13(1): 134-52.

Haas, Ernst B. (1961). "International Integration: The European and the Universal Process." *International Organization* 15: 366-92.

Haas, Ernst B. (1975). *The Obsolescence of Regional Integration Theory.* Berkeley: Institute of International Studies, University of California, Berkeley.

Haas, Ernst B. (2001). “Does Constructivism Subsume Neo-Functionalism?” In T. Christiansen, K.E. Jørgensen, and A. Wiener, eds., *The Social Construction of Europe*. 22 – 31. Thousand Oaks, CA: SAGE Publications.

Haas, Ernst B. (2004 [1968]). *The Uniting of Europe: Political, Social, and Economic Forces, 1950-1957.* Notre Dame, IN: University of Notre Dame Press.

Herrmann, Richard, Thomas Risse and Marilyn Brewer (2004). *Transnational Identities: Becoming European in the EU.* Lanham, MD: Rowman & Littlefield.

Hooghe, Liesbet and Gary Marks (2001). *Multi-Level Governance and European Integration.* Lanham, MD: Rowman & Littlefield.

Hooghe, Liesbet and Gary Marks (2008). "A Postfunctionalist Theory of European Integration: From Permissive Consensus to Constraining Dissensus." *British Journal of Political Science* 39: 1-23.

Jepperson, Ronald (1991). "Institutions, Institutional Effects, and Institutionalism." In Paul J. DiMaggio and Walter W. Powell, eds., *The New Institutionalism in Organization Analysis.* 143-63. Chicago: University of Chicago Press.

Jupille, Joseph. (2004). *Procedural Politics: Influence and Institutional Choice in the European Union*. New York: Cambridge University Press.

Kaunert, Christian (2007). "'Without the Power of Purse of Sword': The European Arrest Warrant and the Role of the Commission." *Journal of European Integration* 29(4): 387-404.

Lieshout, Robert H., Mathieu L. L. Segers and Anna M. van der Vleuten (2004). "De Gaulle, Moravcsik, and *The Choice for Europe*: Soft Sources, Weak Evidence." *Journal of Cold War Studies* 6(4): 89-139.

Martinsen, Dorte Sindbjerg (2005). "Towards an Internal Health Market with the European Court." *West European Politics* 28(5): 1035-56.

March, James G., Olsen, Johan P. (1989). *Rediscovering Institutions*. Free Press, New York, NY.

McCown, Margaret (2003). "The European Parliament before the bench: ECJ precedent and EP litigation strategies." *Journal of European Public Policy*, 10(6): 974-995.

McLaren, Lauren (2006). *Identity, Interests, and Attitudes to European Integration.* Basingstoke, Hants.: Palgrave.

Moravscik, Andrew (1991). "Negotiating the Single European Act: National interests and Conventional Statecraft in the European Community." *International Organization* 45(1): 19 – 56.

Moravcsik, Andrew (1995). "Liberal Intergovernmentalism and Integration: A Rejoinder." *Journal of Common Market Studies* 33: 611-28.

Moravcsik, Andrew (1998). *The Choice for Europe: Social Purpose and State Power from Messina to Maastricht.* Ithaca, NY: Cornell University Press.

Niemann, Arne (1998). "The PHARE Programme and the Concept of Spillover: Neo-functionalism in the Making." *Journal of European Public Policy* 5(3): 428-46.

North, Douglass R. (1990). *Institutions, Institutional Change, and Economic Performance.* Cambridge: Cambridge University Press.

O'Reilly, Dolores and Alec Stone Sweet (1998). "The Liberalization and European Reregulation of Air Transport." In Wayne Sandholtz and Alec Stone Sweet, eds., *European Integration and Supranational Governance.* 164-87. Oxford: Oxford University Press.

Parsons, Craig (2003). *A Certain Idea of Europe.* Ithaca, NY: Cornell University Press.

Pierson, Paul (1998). "The Path to European Integration: A Historical-Institutional Analysis." In Wayne Sandholtz and Alec Stone Sweet, eds., *European Integration and Supranational Governance.* 27-58. Oxford: Oxford University Press.

Pitarkis, Jean-Yves, and Tridimas, George (2003). "Joint Dynamics of Legal and Economic Integration in the European Union." *European Journal of Law and Economics* 16: 357.

Pollack, Mark A. (1998). "The Engines of Integration? Supranational Autonomy and Influence in the European Union." In Wayne Sandholtz and Alec Stone Sweet, eds., *European Integration and Supranational Governance.* 217-49. Oxford: Oxford University Press.

Posner, Elliot (2009). *The Origins of Europe's New Stock Markets.* Cambridge, MA: Harvard University Press.

Quaglia, Lucia (2007). "The politics of financial services regulation and supervision reform in the European Union." *European Journal of Political Research* 46(2): 269-90.

Rostenow, Kerstin (2009). "The Europeanisation of Integration Policies." *International Migration* 47(1): 133-59.

Sandholtz, Wayne (1992). *High-Tech Europe: The Politics of International Cooperation.* Berkeley: University of California Press.

Sandholtz, Wayne (1998). "The Emergence of a Supranational Telecommunications Regime." In Wayne Sandholtz and Alec Stone Sweet, eds., *European Integration and Supranational Governance.* 134-63. Oxford: Oxford University Press.

Sandholtz, Wayne (2007). *Prohibiting Plunder: How Norms Change.* New York: Oxford University Press.

Sandholtz, Wayne and John Zysman (1989). "1992: Recasting the European Bargain." *World Politics* 42: 95-128.

Schmidt, Susanne K. (2000). "Only an Agenda Setter?" *European Union Politics* 1(1): 37-61.

Shapiro, Martin J. (1992). "The European Court of Justice." In Alberta M. Sbragia, ed. *Euro-politics: Institutions and Policymaking in the New European Community.* 123-56. Washington, DC: Brookings Institution.

Smith, Mitchell P. (1998). "Autonomy by the rules: The European Commission and the development of state aid policy." *Journal of Common Market Studies* 36(1): 55-78.

Stein, Eric (1981). "Lawyers, Judges, and the Making of a Transnational Constitution." *American Journal of International Law* 75: 1-27.

Stone Sweet, Alec (1999). "Judicialization and the Construction of Governance." *Comparative Political Studies* 32(2): 147-84.

Stone Sweet, Alec (2004). *The Judicial Construction of Europe.* Oxford: Oxford University Press.

Stone Sweet, Alec (2010). "The European Court of Justice and the Judicialization of EU Governance." *Living Reviews in EU Governance*. On-line at: http://europeangovernance.livingreviews.org/.; and at http://works.bepress.com/alec_stone_sweet/37.

Stone Sweet, Alec, and Thomas Brunell (1998). "Constructing a Supranational Constitution: Dispute Resolution and Governance in the European Community." *American Political Science Review* 92: 63–81.

Stone Sweet, Alec and Wayne Sandholtz (1998). "Integration, Supranational Governance, and the Institutionalization of the European Polity." In Wayne Sandholtz and Alec Stone Sweet, eds., *European Integration and Supranational Governance.* 1-26. Oxford: Oxford University Press.

Stone Sweet, Alec and Wayne Sandholtz. (2001). "No Foundations, No Edifice: A Comment on Tsebelis and Garrett." Wayne Sandholtz: Papers and publications. Available at http://www.socsci.uci.edu/~wsandhol/Sweet%20and%20Sandholtz%20Reply%20to%20Tsebelis%20and%20Garrett.pdf. Accessed 15 September 2009.

Tsebelis, George and Geoffrey Garrett (2001). "The Institutional Foundations of Intergovernmentalism and Supranationalism in the European Union." *International Organization* 55(2): 357-90.

Tridimas, George (2004). "A Political Economy Perspective of Judicial Review in the European Union: Judicial Appointments Rule, Accessibility and Jurisdiction of the European Court of Justice." *European Journal of Law and Economics* 18(1): 99 - 116.

Weiler, Joseph H. H. (1991). "The Transformation of Europe." *Yale Law Journal* 100: 2403-83.