

**A HYBRID REGIME: THE FUTURE OF THE EUROPEAN
UNION**

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Abstract

The key question discussed in this dissertation concerns the future path that the European Union could take. Conceptual framework developed to answer this question derives from theories and concepts explaining the rise and decline of empires and the emergence and survival of regimes understood along the lines of hegemonic stability theory. This project involves a review of empire and regime formation theory as possible ways of examining the evolutionary path of the European Union. The European Union is compared to the Holy Roman Empire to analyze its similarities to an empire. Among others, this involves a review of European enlargement and the region's political institution building as a characteristic of empires. By analyzing major forces driving the European integration in terms of both concepts, it is argued that the European Union is a hybrid regime with characteristics of an empire. I conclude that its survival depends on it retaining the characteristics of a regime rather than an empire.

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Introduction

The European Union (EU) is a fascinating integration project that is also unique in the world. There is no other example like it. There is no history for scholars, politicians, and citizens to study that directly relates to the EU to try to determine what path it will take in the future. In order to answer the question where the EU is headed, I look at two different theories to try and understand the dynamics behind the European Union. One theory, empires, has been written about by many scholars, and has been linked to the European Union through the Holy Roman Empire. The second theory, regime formation theory, has not been as studied, but is highly applicable to the EU. Other theories that are used to study the EU are intergovernmentalism and supranationalism, but they are not discussed here. Many of their main tenants are similar to or are included in regime formation theory (Bache, George and Bulmer 2011).

I then attempt to combine the two conceptual tools to understand the dynamics behind the forces of the evolution of the European Union. The evolution of integration is examined, from its beginnings in economic integration to growing political and economic integration that resulted in the institutionalization of new practices for the member countries, which are also forces of change and evolution. Modern integration began with the European Coal and Steel Community. This initial economic integration was necessary in order to have peace in Europe after two devastating world wars. Integration was expanded with the Treaties of Rome, during which time international events were occurring that made Europeans realize that they needed to act together to have a voice in

international affairs. However, the decision-making institutions were not efficient, and the economy was stagnant. It was not until 1985, with the Single European Act (SEA), that integration was reignited. The introduction of qualified majority voting (QMV) allowed member states to move forward without a unanimous decision. In 2007, the Treaty of Lisbon brought the member states even closer and introduced more democratic measures (Delors 2013).

In the end, I conclude that the future of the European Union is impossible to predict. The EU cannot be understood solely in terms of an empire. Regime formation theory is a better framework for understanding the evolution of the EU, which is affected by different state backgrounds and priorities. The future of this unique integration project will depend on how external factors affect internal ones.

Chapter 1: Conceptualization: Empire vs. Regime Formation

Growing scholarly literature seeks to understand the European Union and determine where it is headed. Some focus on current issues, such as the Euro crisis, to say that the EU will decline. Others take a broader look by addressing the question of the classification of the EU by looking at in terms of empire analysis: the process of emergence and future evolution is seen as a characteristic of an empire. I use Jan Zielonka's *Europe as Empire: The Nature of the Enlarged European Union*, Alejandro Colás' *Empire*, Michael Doyle's *Empires*, Robert Folz's *The Concept of Empire in Western Europe from the Fifth to the Fourteenth Century*, and James Muldoon's *Empire and Order: The Concept of Empire, 800-1800* as my main sources of literature. An unexplored tool that could be used to understand and predict the future of the European Union is the theory of regime formation. I utilize Robert Keohane's *After Hegemony: Cooperation and Discord in the World Political Economy* and Walter Mattli's *The Logic of Regional Integration: Europe and Beyond* as the basis for my regime formation theory framework.

In this chapter I will review the literature about empires and regime formation theory. The European Union is often compared to or characterized as an empire. My analysis of empires will help determine if this is an accurate comparison. Regime formation theory can be applied to the European Union from a different angle, one that is only just beginning to be researched. I will begin with empires: how they form, their main characteristics, and how they fall. I will then examine the important features of the Holy Roman Empire, the role of religion as a unifying factor, and the importance of

Rome's legacy as the center of the original Roman Empire to later compare the European Union to the Holy Roman Empire. In the final section, I review regime formation theory. I begin with an overview of Robert Keohane's theory, but add in Walter Mattli's theory to make it more applicable to the European Union. I also look at additional factors for the continuation of a regime and the conditions for fragmentation.

Empire as a tool of analysis

Empires have existed since the earliest recorded history, but the way we understand the terms "empire" and "emperor" has evolved since then. James Muldoon (1999) traces the evolution of empire and emperor from the Middle Ages to the early modern world. His discussion begins with the imperial coronation of Charlemagne in 800 by Pope Leo II. Charlemagne's coronation was a highly politicized event. However, the meaning of the event was ambiguous. It was difficult to tell who was more important: the new emperor Charlemagne or the Pope. It was also unclear what the crowning of the new emperor meant for the emperor of the eastern empire. It could mean that the Church was recognizing Charlemagne's importance and the success of his territorial expansion, or that it was symbolic of him becoming the protector of the papacy against its enemies (Muldoon 1999).¹

In the eleventh and twelfth centuries, a revival of Roman law brought back the notion that the emperor is the lord of the world. This was in direct contrast to the Church's conception of empire, that the emperor was the pope's agent. Under German leadership, the empire became known as the Sacred or Christian Roman Empire, and

¹ The pope, through the Church, played a much larger role in medieval governments. Charlemagne's coronation could have signified a transfer of the empire from east to west. One theory, at the time, defined the empire as "...an office within the Church with the emperor acting at the behest of the pope (Muldoon 15)." In this

then, in the fifteenth century, as the Holy Roman Empire of the German Nation, which limited the concept of empire to territories ruled by the German emperor (Muldoon 1999).

The term *imperium* was used by the Romans to mean rule over the kingdoms that they had conquered. Medieval writers also extended the term to other medieval rulers as praise because the kings had “conquered neighboring lands and brought them under their *imperium* (Muldoon 1999, 16).” *Imperium* then evolved to mean something similar to our modern conception of sovereignty in a decretal by Pope Innocent III.² A king was considered to have the highest authority within his kingdom, like the kind of power an emperor possessed over his empire. This concept was then extended to include exemption from papal authority, a model made famous by King Henry VIII of England. Dante also held this view. He believed that “a universal Christian empire was the logical and necessary goal of humanity (Muldoon 1999, 16-7). The emperor, not the pope, was the center of the empire (Muldoon 1999).

Among spiritual circles and theologians, “empire” referred to “the series of four powerful empires that the Prophet Daniel described as agents of God’s providential plan for mankind. It was possible to identify an emperor as the last in the line of world rulers whose reign would mark the beginning of the end of human history (Muldoon 1999, 17).” Empire and emperor could also have a moral implication. They could refer to a “tyrannical and corrupt form of government that destroyed the ancient Roman republican tradition (Muldoon 1999, 17).”

² The decretal of Pope Innocent III was an explanation of why he would not intervene in France.

Imperium and *imperator* had different connotations in the Middle Ages than in the ancient Roman world. In ancient Rome, *imperium* meant “power” or the legal power to enforce the law, rather than sovereignty. The term had no territorial connotation; instead it meant that authority figures had the power of life and death over the citizens of Rome. *Imperator* was somewhat associated with territoriality; it was given to generals who had won a significant victory. During Augustus’ reign, *imperium* was understood as the power exercised over other peoples and was used to describe conquered lands now under Rome’s jurisdiction, leading to further integration between peoples. This effectively bridged the ancient and modern views of the term *imperium* (Muldoon 1999).

Empires have frequently emerged from successful republics. Perhaps the most famous example is the Roman Empire. The empire was initially successful because its roots were in inclusive economic and political institutions. This allowed the Roman Republic to flourish, and the Roman Empire was able to live off that legacy of wealth for many years to come. As economic and political institutions become more extractive, the Roman Empire began a slow decline. Extractive institutions eventually led to the decline of the empire by causing infighting and civil war. Venice is also an example of a once vibrant city with a thriving economy that has become nothing more than a museum for tourists due to a movement from inclusiveness to extraction. Previously, anyone could make a fortune. As more people became rich, more people could participate in government, which threatened the elites, as this decreased their influence. This led the elites to start freezing out newcomers and making it more difficult to become successful economically (Acemoglu and Robinson 2012).

Empires are distinctive from nation-states because they do not have fixed borders and are characterized by constant expansion (Colás 2007). They have three important dimensions: expansion, hierarchy, and order. Applied to today, expansion is "...a policy and a process, guided in large measure by an ideologically constructed sense of superiority, which seeks to assimilate foreign regions and populations into an expanding polity...this incorporation need not be territorial or juridical; it is possible for a given state to be imperialist without formally becoming an empire by...controlling key global markets and resources (Colás 2007, 6-7)." The second dimension, hierarchy, is how the empire controls its subjects. This is done from a capital that "...concentrates the institutions of imperial power and wealth, and thereby aim to command diverse and distant populations from a geographical centre (Colás 2007, 7)." The final dimension, order, is that empires provide stability, legitimate authority, and a sense of belonging or citizenship (Colás 2007).

However, Colás also states that the use of force is always present in the formation or maintenance of an empire. In the modern age, force can be present as coercion through incentives or requirements. Michael W. Doyle defines an empire as "...a relationship, formal or informal, in which one state controls the effective political sovereignty of another political society. It can be achieved by force, by political collaboration, by economic, social or cultural dependence. Imperialism is simply the process or policy of establishing or maintaining an empire (Colás 2007, 11)." This definition includes more than formally annexed territories. It seeks to explain three characteristics that must be present in order to define a regime as an empire: demonstrate the existence of control,

explain why one regime expands and establishes an empire, and why the other party submits to or fails to effectively resist the regime (Colás 2007).

Doyle (1986) also defines an empire as a “relationship between a metropole and a periphery linked to the metropole by a transnational society based in the metropole...(81).” The metropole must have three characteristics in order to have control over the periphery. It must have a strong central government, a strong sense of public legitimacy or community that is distributed throughout the entire population, and a large degree of social differentiation. These three characteristics are important because social differentiation helps create resources and public legitimacy/community helps ensure that these resources are seen as public. A strong central government, however, is the most important factor. The metropole needs to be able to act decisively and mobilize resources. Its ability to extend transnationally is what distinguishes it from a mere hegemon, as it has more control over the internal policy of the periphery. The periphery must be weak in its social organization and integration to enable the metropole to exert influence (Doyle 1986). An overview is presented below:

<i>Empire</i>	The political control exercised by one polity (the metropole) over the domestic and foreign policy and over the domestic politics of another polity (the periphery), resulting in control over who rules and what rulers can do.
<i>Mode</i>	<ol style="list-style-type: none"> (1) Formal – annexation and rule by a colonial governor with the collaboration of local elites. (2) Informal – rule through the collaboration of local rulers who are legally independent but politically dependent on the metropole.
<i>Sources</i>	<p>The interaction of a metropole and a periphery joined together by transnational forces generates differences in political power which permit the metropole to control the periphery. This relationship is produced and shaped by the three necessary features, which are together sufficient. It is also influenced and shaped by the structure of the international system.</p> <ol style="list-style-type: none"> (1) A metropole, typified by a centralized state, thorough social differentiation, and public legitimacy and community loyalty.

	<ul style="list-style-type: none"> (2) A transnational extension of the economy, society, or culture of the metropole. (3) A periphery, which may be <ul style="list-style-type: none"> (a) tribal, typified by no central state, little social differentiation, and strong communal or village loyalty (b) patrimonial, typified by a central state, some social differentiation, and little communal loyalty (c) feudal, typified by a disaggregated state, some social differentiation, a common civilization, and pyramidal loyalties (d) fractionated, typified by a central state, thorough social differentiation, and a divided community with factional loyalties (e) settler, typified by a colonial government, thoroughly differentiated society, and a communal loyalty toward metropole (4) An international system, which may be unipolar, bipolar, or multipolar.
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Source: Doyle 1986, 130.

Doyle (1986) describes formal rule by an empire as being in the tradition of the Romans, and informal rule as following more of an Athenian outline with bribes and manipulation. Within the peripheries, tribal communities are usually ruled formally, while patrimonial feudal, and fractionated communities are ruled informally. If the empire exists within a bipolar system³, rule is usually informal; however, if it exists within a multipolar system; rule is usually formal. In order for a large empire to survive over a long period of time, it needs to cross the Augustan threshold.⁴ “Where the periphery was large relative to the resources of the metropole, empires persisted only if they were able to develop a polity that governed for the sake of the empire as a whole (Doyle 1986, 136-7).” Rome’s factions were threatening to divide Rome’s resources, and

³ Bipolar and multipolar systems describe the world’s power structure. In a bipolar system, two hegemons with relatively equal power are in control. A multipolar system is characterized by multiple states with a relatively equal amount of power.

⁴ The Augustan threshold is named after Augustus, who reorganized the Roman Republic’s bureaucracy to create the principate. Before reorganization, Rome was in danger of disintegrating due to factions that were trying to control different parts of the empire. This reorganization allowed Rome to endure for another four hundred years (Doyle 137). The threshold is the turning point in a regime’s existence where it is in serious danger of falling, but can still save itself if it undertakes serious reforms.

therefore divide the empire. Reorganization was needed to unite the factions to serve the empire, and not themselves. After imperial bureaucratic reorganization, continuing integration in political, economic, and cultural dimensions can merge the metropole and the periphery, like the merging of the Roman Empire in 212. At this point, an empire no longer exists. Instead, all of the diverse populations have been integrated into one. Participatory government has suffered, because bureaucratizing the metropole eliminates it. “Liberty and empire emerge...as opposites, for the periphery from the beginning and for the metropole in the end (Doyle 1986, 37).

In his chapter on “Singular Europe,” James Anderson (2007) identifies some general features present in many empires:

- gradations of direct or indirect control or domination of peripheries;
- expansionist tendencies that can be characterized by moral superiority or a civilizing mission;
- the danger of overextension;
- highly differentiated and unequal spaces;
- varying and indistinct borders;
- heterogeneous and asymmetric connections within the empire; and
- a weak relationship between the periphery and the metropole.

How many of these features are present in the European Union?

Empires create peace and enable trade between territories (Anderson 2007). The idea that an empire creates peace is central to the formation of the European Union. This peace, which is followed by economic, political, and cultural prosperity, makes empires attractive to states on the outside of the periphery. Harold James (2006) confirms this idea that empires create peace. According to him, empires introduce peace, rule of law,

and prosperity, with the rule of law being the most important factor. The rule of law is important to ensure that democracy does not overtake liberalism. However, there needs to be some form of democracy, or consensus, to make the rule of law possible. In this scenario, an outside actor is needed to help balance democracy and liberalism in a newly formed state (James 2006).

Empires also create political order by establishing regional poles of stability and worldwide-level institutional mechanisms. Economic reforms lead to increased prosperity, which leads to political reforms, which leads to legitimacy for the government. This example can be seen in the central and eastern European enlargements in the European Union. These states needed an external mechanism to promote stability in the form of an economic reform program imposed from the outside (James 2006).

According to Doyle (1986), no empire is permanent. There is no *imperium sine fine* – empire without end (James 2006). Empires can fall as a result of overextension by the core of the empire. Leaders of empires blindly believe that they must defend the prestige of the empire, even at distant and unimportant outposts in the empire's frontier. This frontier is useless economically, but vital politically and psychologically. Due to this, the metropole defines the core as the empire's central strategic interest that must be defended at all costs. The leaders neglect other interests. This situation causes strains in the center, or core, and erosion of the periphery. An empire is most vulnerable at its periphery, which is especially difficult to identify today. Instant communication and other technologies mean that frontiers are everywhere, making the traditional definitions of borders and defense no longer the standard practice (James 2006).

This overextension is much easier in the modern world. Before the spread of modern technology, images of violence by empires led to feelings of shock and awe, which caused people to fear and respect the regime. Today, these images are much more widely distributed due to modern media. These images, instead of strengthening imperial power, undermine it. Higher levels of education and literacy and increased access to communications amplify the negative effects of imperialism. The positive effects are not as visible and do not make as much of an impression (James 2006).

Doyle (1986) identifies the major cause of the fall of the Roman Empire as the failure to mobilize resources. External conditions in society, culture, the economy, and the polity deteriorated and led to the collapse of the western half of the Roman Empire. International factors, such as the barbarian attacks and the strategic positions of the territorial borders, also played a part in the collapse. Integration and the bureaucracy were weakened by the loss of social and economic differentiation, a sense of national community, and political unity. Other factors included an activist army, a corrupt, ineffective, and patriarchal civilian bureaucracy, as well as overburdening taxation. When unity disappears, so does the empire (Doyle 1986). Acemoglu and Robinson (2012) agree with this analysis of the decline of the Roman Empire. To them, a lack of incentives for technological innovation caused stagnation that severely affected society's prosperity.

Another major factor in the collapse of an empire is when peripheries win their independence. This occurs when the elite in the periphery no longer wants to collaborate with the metropole; they organize a national revolt after mobilizing the population of the periphery, much like the American Founding Fathers (Doyle 1986). The balance between the metropole and the periphery was no longer favorable to the British, and the metropole

was no longer able to respond with overwhelming force. This balance can be tipped in favor of the periphery if a foreign power supports the revolt, which can replace some nationalist mobilization. Independence also depends on the level of mobilization and the rate of speed at which groups can mobilize. After these conditions are met, the independence movement needs to create a strong sense of national identity that can withstand pressure by the metropole and create a central political organization to organize and control the movement (Doyle 1986).

The Holy Roman Empire: A model?

An empire has existed in Europe for over two thousand years. The Roman Empire, perhaps the most famous empire, started its decline in the fifth century AD, but its legacy lived on. The Holy Roman Empire was the successor to the Roman Empire in Europe. It can be argued that special elements of the Holy Roman Empire can be seen today in the European Union. The fragmented and diffused sovereignty, inability to locate a sovereign, dependence on soft power and social networks, and its ability to accommodate a wide variety of constitutional practices seem to provide a link from the Holy Roman Empire to the European Union (James 2006). Here, I will discuss the evolution of the Holy Roman Empire, and how its growth impacted Europe.

The Roman Empire: The legend lives on

The idea of the Roman Empire has been romanticized in popular culture. Popular Halloween costumes are created in the 'Roman' or 'Grecian' style, and the image of an emperor laying decadently on a lounge while being hand fed grapes is widespread in TV shows and movies. A famous play called *A Funny Thing Happened on the Way to the Forum* is a lighthearted and humorous story set in the Roman Empire. The image of the

‘glorious’ Roman Empire has also lived on in the minds of humankind as an ideal to strive for.

Robert Folz (1969) describes the concept of empire as existing at two levels: the realm of the mind and the realm of politics. The realm of the mind consists of religious and philosophical thought. The popular thought at the time of the fall of the Roman Empire and the beginning of what we now call the Holy Roman Empire was that empire is universal. Greek philosophers believed that “all mankind formed one community, partaking of universal reason (Folz 1969, 4).” The Greeks thought of the Roman Empire and the universal community of mankind as one that would lead to a union of all people to give peace, order, and justice to the world. These ideas impacted the Roman elites, who adopted this way of thinking about their government. Christianity also supported the Roman Empire as an ideal by supporting its mission as above reproach and holy (Folz 1969). This connection is seen more prominently, with more conflict, in the Holy Roman Empire.

Politically, the term *imperium*, as discussed in the first section, meant authority over all others, which was attributed to the emperor. In particular, it was the lands that were ruled by the Roman Empire. The term *imperator* was eventually reserved exclusively for the emperor to distinguish him from the kings of other nations. By the fall of the empire, however, the definition of emperor had come to mean a hegemon who exercised authority over all other kingdoms. This hegemon did not necessarily have to be Roman (Folz 1969).

The role of religion

The concepts of *Populus christianus* and *Imperium christianum* were dual notions of the Christian empire. The former meant that Charlemagne was the ruler of all Christian peoples, placing him on a universal plane, while the latter referred to the Frankish monarchy. The pope created the beginning of the Holy Roman Empire by crowning Charlemagne in 800. Christianity gave his empire its stability and character; it was “first and foremost a religious view of the order of the world (Folz 1969, 25).” Charlemagne’s successor continued this tradition by identifying the empire’s mission as the “triumph of Christianity (Folz 1969, 27).” This role, at the end of the ninth century, evolved into the defender of the Church. Its purpose was to now defend the institution of the Church from its internal and external enemies (Folz 1969).

In the second half of the twelfth century, Pope Innocent III attempted to reaffirm the pope’s role as superior to that of the emperor by asserting the pope’s right to select new rulers of the empire. He wanted to avoid hereditary succession, so he recognized the right of German princes to elect their king because they had received that privilege when Pope Leo III crowned Charlemagne emperor. However, the election did not make the king the emperor. The Pope still needed to approve the princes’ choice, making the emperor subordinate to the Pope. This subordinate, or vassal, position, led to a decline in the prestige of the empire as the pope was seen as the real emperor. The emperor of the Holy Roman Empire was no more than the battle arm of the papacy (Folz 1969).

This perception had begun to change by the 1300s, when Dante wrote Book III of his *Monarchia*. He argued that the emperor was not subordinate to the pope; the Church came after the Empire, and only had jurisdiction over spiritual matters, whereas the Empire “had its source in God alone (Folz 1969, 142).” The Church and the Empire were

seen as two equal institutions, with the emperor responsible for the present life and Church responsible for the afterlife. A separation between Church and State was evolving (Folz 1969).

In 1324, Marsilius of Padua wrote the *Defensor pacis*, a work that clarified sovereignty as belonging to the state, not the Church. Marsilius argued that all authority was of human origin and that “divine intervention was only necessary to ensure its operation (Folz 1969, 143).” He described the priests as people who were equal and accused the Church of crimes against the people and the state. Furthermore, the Church only existed through the state. He advocated a different interpretation of the crowning of Charlemagne by Pope Leo III. It was not Pope Leo who chose to crown Charlemagne, but it was the Romans who ordered the pope to perform the ceremony (Folz 1969). However, a common religion was what kept the Holy Roman Empire from falling for so many years (James 2006). This shared ideology was important in cultivating a united purpose. Religion, as a shared interest, can be an important factor in the formation of both empires and regimes.

The historical significance of Rome

In 787, Charlemagne declared himself to be a powerful ruler in his own right by evoking memories of the ancient Roman Empire, but did not call himself an emperor. He did not use that title until after 800, when the Church proclaimed him to be one. It is possible that Pope Leo III made Charlemagne the emperor in the West in order to balance or replace the empire in the East. This is a similarity that can be seen in the origins of the European Union, where a capitalist, western-leaning political organization was needed to balance the empire that the Soviet Union was building. The title that Charlemagne

adopted was reminiscent of Rome. He used the memories of Rome to give his empire authenticity, but did not make it the center. He called himself ‘*Romanum gubernans Imperium et rex Francorum et Langobardorum*,’ or ‘Emperor in charge of the Roman Empire and King of the Franks and Langobards.’ At the end of the ninth century, an admiration for the old Rome swept through the empire. Rome was depicted as gilded and splendid and as the capital of the world (Folz 1969). The symbolic significance of Rome is seen again, much later, with the Treaty of Rome.

How did it function?

Sovereignty in the Holy Roman Empire was difficult to discern. Harold James (2006) describes it as fragmented and diffused. The sovereign could not be located; was it the emperor, the pope, or one of the kings or princes? It expanded through the use of soft power rather than military campaigns. The social networks that it created offered collaboration and identity. It had its own judicial system, a system of election for the emperor, and an unspoken agreement that states within the empire should not declare war on each other (James 2006).

After the Peace of Westphalia in 1648, it became more difficult to identify the Holy Roman Empire. Instead, Europe was a collection of nation-states that were sovereign in their own right. At this point, the ruler of Austria was always elected emperor. To balance the Austrian empire, Prussia created an alliance system. The Holy Roman Empire officially fell in 1806 in a defeat by Napoleon. James Muldoon (1999) sums up the Holy Roman Empire eloquently:

“It is important to realize that although the history of the empire from 800 to 1806 appears to be a relatively straightforward, indeed linear, development, in fact it was not. The empire was revived – or reinvented – several times in its career. Each of these imperial revivals, although rooted

in an imperial tradition, created a somewhat different concept of empire than had existed previously. Rather than being linear, the concept of empire is a series of interrelated layers, like geological strata (30).”

Is this non-linear development reminiscent of the stops and starts of modern European integration?

Other integration theories: Regime Formation

While the EU could possibly have a structure similar to that of an empire, and be expanding like an empire, there are alternative theories to its formation. A relatively new theory that is applicable to the European Union is regime formation theory. Here, I discuss Robert Keohane’s⁵ theory of regime formation as a result of international cooperation as a main source. I then break down his theory by including Mattli’s theory of regional cooperation to make it more specific for an organization like the European Union. I also include additional sources to provide a complete picture of cooperation theory and a section on the theory of disintegration.

Keohane’s Framework

Keohane (2005) identifies several factors that are critical to the emergence and functioning of international regimes: interdependence, a liberal democratic economy, transparency and interaction factors, and technology and the removal of barriers. Interdependence was clarified as specifically economic interdependence, which creates a demand for international institutions and rules. The market crosses borders when overlapping jurisdictions create a need for uniform rules or some sort of agreement to regulate commerce. As interdependence increases and states become more intertwined,

⁵ I will be using Robert Keohane’s interpretation of regime formation theory. Keohane is one of the ‘founding fathers’ of regime formation theory.

more areas normally under solely nation-state control become subject to regulation through spillover effects. Lobbying by businesses in both states for uniform rules and regulations also leads to agreements, whether for profit maximization or to get the government to control externalities (Keohane 2005).

A liberal democratic economy is the type of government and/or economy that is the most successful in entering and maintaining agreements, because the markets and democracy strengthen each other. According to Immanuel Kant, democracies do not fight one another. Instead, they prefer peaceful relations, peaceful solutions to conflict, and are more likely to abide by international agreements. This is called the democratic peace. Keohane (2005) also specifies what characteristics the economy must have. It must be dynamic, based on freedom, private property, and long-term contracts. The economy must be autonomous, with regulatory competition due to decentralized authority, internal representation, and moral reform. The transnational networks that come from a liberal market economy are created by the increasing contact between private citizens and NGOs due to across-border relations. This increase in contact strengthens the relationship between the two countries, in addition to creating a lobby. Additionally, wealth in a liberal democratic economy is based on industry, not land, so there is less potential for warfare because neither country is trying to expand geographically (Keohane 2005).

Transparency and interaction, the third factor in the emergence and functioning of international regimes, occur when there is certainty, available information, communication, and repetitiveness within the international regime. This occurs through a combination of trade and personal relationships. Improved technology, the fourth factor, leads to increased contact and trade, which leads to the gradual removal of barriers and

subsequent liberalization of trade. As trade is liberalized, economic growth increases and overlapping spheres of influence are created (Keohane 2005). These last two factors complement each other. Improvements in technology lead to more trade and also more transparency, while increased interaction leads to more collaboration, which helps further improve technology.

Keohane (2005) cites several reasons for how international regimes endure, even if states are rational egoists who are only concerned about themselves. Even when it is against their “myopic self-interest,” states comply with international rulings and agreements. This is a result of two main reasons. First, existing regimes become easier to maintain. States view the creation of the regime as a sunk cost, which would be lost if the regime were to be dismantled. Second, regimes create issue linkages. If one regime is dismantled, it could negatively affect another. States are also concerned about their reputations. If they break a rule, then it could promote other rule violations. Lowering their reputation makes it more difficult to enter into advantageous agreements (Keohane 2005).

Keohane (2005) also writes about empathetic explanations for cooperation. He notes that governments who view themselves as empathetic are more likely to try to cooperate, and that even when a government isn't really altruistic, pretending to be so actually causes the state to become slightly altruistic in order to avoid cognitive dissonance. Additionally, being empathetic leads to an unbalanced exchange. At first glance, this might seem to be against the state's self-interest. However, unbalanced exchanges set the stage for future interactions and more cooperation in order to repay

debts. If an exchange were balanced, there would be no debt, and no incentive for future interaction (Keohane 2005).

Mattli's Framework

According to Mattli (1999), there are two necessary conditions involved in the decision to create a regime. The first one, potential gains, occurs when the economic gains from market exchanges within a region are significant. This is helped by the diffusion of new technologies, which can increase gains. As gains increase along with the spread of technology, lobbying for regional institutional arrangements is created. This lobbying is a driving force behind the creation of regimes. Regional institution building can be viewed as attempting to internalize externalities that affect a group of countries. The cost of these externalities increases as new technologies raise the potential for gain from market exchanges, thus increasing the payoffs from regional rules, regulation, and policies. According to property-right theory, the demand for institutional change comes from the people with the greatest opportunity cost from the current institutional structure. New technologies also decrease transaction cost. As technology improves, specialization increases which causes organizational innovation, which leads to a cycle of technological improvement and organizational innovation to get the most potential gains out of the new technology. Informal integration, which is patterns of interactions and exchanges triggered by formal framework and amplified by technological advance and market dynamics, creates demand for further formal integration, which is an institutional framework established by treaties, to manage their impact (Mattli 1999).

The second condition is that there must be a fulfillment of supply conditions, which means that leaders must be willing and able to accommodate demands for the

creation of a regime. The willingness of leaders depends on the payoff. They are not likely to give up sovereignty if their country is already economically successful. Doing so would be political suicide, and the leader would not be reelected. Leaders can be willing, but unable to create regimes, due to collective action problems. In the prisoner's dilemma, iterated games create issue linkage, making cooperation more likely, but an enforcement mechanism, or commitment institution, is still necessary. In coordination games, neither state can choose its best policy without knowing what the other intends to do, but there is no obvious point at which to coordinate. In n-country coordination games, having a benevolent leader helps with coordination, and also eases distributional consequences. This leads to the second supply condition, which is that the presence of an undisputed leader country among the group of countries seeking to create a regime helps facilitate integration (Mattli 1999).

Mattli (1999) also describes a third condition that is helpful, but not completely necessary, in the creation of a regime. The establishment of commitment institutions, through centralized monitoring or third party enforcement, improves compliance by acting as a constraint on countries that would otherwise break the rules. However, cooperation is still possible without commitment institutions based on repeat-play, issue-linkage, and reputation (Mattli 1999). The role of commitment institutions in establishing regimes often interacts with one of Mattli's other factors, such as lobbying by businesses.

Where Keohane's Theory Works

Bounded rationality is a theory that incorporates human error. Keohane (2005) uses it to explain how cooperation really occurs. The decisionmakers within states are limited by their own cognitive abilities, because they are not capable of using all of the

information available to them. Decisionmakers “satisfice.” They keep looking for a course of action only until they find one that is satisfactory, instead of searching for the best one. Organizations operate in the same way, because they have multiple goals to achieve among possibly many different actors. Second, actors follow “rules of thumb” provided by international regimes to make decisions. Last, humans make the decisions, not states. Therefore, sometimes the course of action that is taken is one that is designed to limit the future choices of the opposing political party. By “tying the hands” of future governments with international regimes, the current government is ensuring that its’ policy preferences will be upheld because of the costs associated with breaking an international agreement (Keohane 2005).

This part of Keohane’s theory ties directly into Mattli’s. Mattli (1999) believes that the willingness and ability of leaders in creating a regime is one of the most important factors in the creation of a regime. This is very similar to bounded rationality, because humans are making decisions, not states. It is interesting that Keohane makes this distinction late in his argument. Previously, most of his theory was centered on state actions, such as the characteristics of states and why states try to maintain regimes. Certainly, personal preferences played an important part in the formation of the EU. Politicians in the German government wanted to join the ECSC in order to gain international acceptance and get rid of a regulatory agency imposed on their coal and steel industry. The French wanted to be able to control Germany, and politicians in the Benelux states realized that they could not afford to be left out of the agreement (Bache, George, and Bulmer 2011).

Keohane's theory, in general, provides a good overview of the workings of international regimes. However, it is nearly impossible to make one theory applicable to each and every regime that is created. Large parts of Keohane's theory help explain the formation and continuation of European integration, such as his emphasis on transparency and interaction, issue linkage, concerns about reputation, having a liberal democratic economy, being interdependent, and technology and the removal of barriers. In order to fully explain European integration, Keohane's regime formation theory needs to be expanded to include the value of a hegemon in creating and maintaining regimes, as well as more of a focus on the role of non-state actors such as businesses, and commitment institutions. Mattli's theory provides much of the missing information that should be incorporated into Keohane's theory to get a more complete theory for the formation and continuation of the European Union.

Other Factors for the Continuation of a Regime

R. J. Harrison (1974) hypothesizes that integration, when identified as a long-term goal to be achieved incrementally, is related to the mechanisms of control and consensus formation. Societies depend on two mechanisms, control and consensus formation, for resolution of conflicts over goals. These goals vary depending on the level of political involvement. In the case of extreme control, society is run by a totalitarian, one-party state. In this absolute mechanism, there is a higher capacity for guided transformation, due to the total control wielded by the dictator or ruling party, but the state is more susceptible to policy failures. The controlling figure either becomes more aggressive in dealing with expressions of discontent or, in an industrial totalitarian society, the inability

to predict the future accurately in order to implement the correct plan also leads to policy failure (Harrison 1974).

Total consensus formation consists of institutions that bring together different interests and produce agreement on policy honored by all parties. The parties involved in the state or regime can concede defeat without altering their views. This permissive consensus is a mechanism for compromise. However, this form often results in only incremental change. Too much consensus can cause the organization to be too passive and drifting, with no real policy direction or consistency. There can be a total lack of a, or a very low, guided transformation capacity. A mix of both control and consensus formation is necessary in integration strategy in order to set long-term goals, sustain those goals, and adjust them. An on-going process of continuing attitude and policy modification vs. a massive unyielding unity of purpose on goals occurs in transforming systems that must revise their policy due to unforeseen consequences and environmental surprises. Factors that make a continuous, adjustable process possible are:

- societal bonds and links between members of society, often illustrated through organizations;
- a specialized structure for the process to take place, such as in a political unit;
- a multi-tier structure of consensus building, from both top-down and bottom-up; and
- the spread of activity through lower and upper tiers of consensus formation, which hopefully includes all “affected collectivities.”

These factors of consensus building are affected by the amount of social control. Parties and interest groups play a large role in in trying to influence or control decision-making

procedures. This control can be coercive or alienating. These controls must be altered to improve consensus formation and integration (Harrison 1974).

Conditions for Fragmentation

Like an empire, regimes can fall. In this case, however, regimes are more likely to disintegrate over time. Disintegration occurs when there is discord or disagreement among the states that are cooperating. Ward and Lofdahl (1995) identify several factors that could lead to the disintegration of a regional community:

- extended military commitments;
- an increase in political participation on the part of a previously passive group;
- the growth of ethnic or linguistic differentiation;
- prolonged economic decline or stagnation;
- relative closure of elites;
- excessive delay in social, economic, or political reforms; and
- failure of a privileged group to adjust to its loss of dominance.

They conducted a study that identified five variables that affect the outcome of integration: elite values, societal benefits, societal costs, complexity, and integration.

These variables will either positively or negatively affect behavior in a loop pattern.

Elites can positively affect integration by supporting it because they get benefits from integration. This support by elites also leads to societal benefits. However, integration can lead to greater complexity. Increased complexity makes it more difficult to anticipate the consequences of additional integration as benefits become harder to distinguish and costs become more visible. This can cause elites to not value integration as highly

because the increased complexity causes actors to take more time to agree on a course of action, which leads to economic stagnation (Ward and Lofdahl 1995).

Cederman (1995) also addresses the issue of disintegration. He describes power as a combination of scale and intensity. Scale is defined as the physical, demographic, or economic size of the unity, while intensity is defined as inspiring participation and loyalty, cohesion, and commitment. This definition of intensity also has a quantitative element: active participation and loyalty of actors leads to the maximization of resources for the regime, making power legitimate. In Cederman's model, the amount of power held by an actor is the product of scale and intensity. According to his model, in the modern world, intensity has increased dramatically due to technological and organizational innovations. This has shifted the optimal size of an actor from an empire to the nation-state. This outcome suggests a conflict between widening and deepening of regional integration. The larger the scale of integration, the less intensity that is possible. A smaller scale allows for greater intensity, which in turn allows deeper integration (Cederman 1995).

Tentative Conclusions

An empire implies an administrative structure where everything is controlled from the metropole, whereas a regime is a set of rules and procedures converging around shared goals. These two definitions provide two very different ways of looking at integration. An empire implies much more control and rigidity in the structure, while a regime implies more choice and consensus. In an empire, enlargement can be achieved through force and coercion or through peaceful means, making it similar in style to regime building. For a regime, enlargement is done through agreements and cooperation.

In this empire vs. regime debate, which one best explains the European Union? In the next chapter, I apply both theories to the formation and continuation of the EU. At first glance, it appears that the EU is an empire, especially with its history of enlargement, held together by a common ideology that is the legacy of the Holy Roman Empire. Jan Zielonka (2006) provides a comprehensive analysis of EU enlargement as empire building, which will be discussed in the next chapter. However, the role of religion can also be explained by regime formation theory, as a shared interest that contributes to issue linkages and interaction factors. But can empire theory explain how the European Union formed? Or does regime theory provide a more convincing argument? I will prove that the European Union cannot be solely understood in terms of an empire.

Chapter 2: So what is the European Union?

European integration is not a new idea. In the interwar period, the French Minister of Foreign Affairs, Aristide Briand, proposed a political union of the European states in order to secure peace and economic prosperity in Europe. However, his idea was not popular, and he was not reelected (Merriman and Winter 2006). After World War II, there was an attempt to create a European Union of Federalists (EUF) in 1946. The EUF wanted to create a European Constitution, but it took until 1947 to organize a conference, but by then, national governments had already been restored (Bache, George and Bulmer 2011). The Constitution did not happen because national governments were more interested in establishing their own sovereignty. An attempt at European cooperation was made again at the Hague Congress in 1948, which was attended by future leaders in European integration, where the Council of Europe was created. However, there was no dominant national government to steer the Congress, so nothing more substantial came out of the process (Bache, George and Bulmer 2011).

The Cold War was a major driver in the beginning of the current European integration project. The U.S. needed to balance the power of the Soviet Union and prevent it from expanding. Europe, which was still struggling to recover from two back-to-back world wars, was in danger of falling into the hands of the communists. Two major policies from the U.S. were intended to ensure that Europe remained firmly within western influence. The Truman Doctrine, a result of Soviet involvement in the Greek communist war, stated that the U.S. would support Greece and Turkey in their fight

against the communists to keep them from coming under Soviet influence. This support was given through economic and military aid (Bache, George and Bulmer 2011).

This containment policy was also the reason for the second essential policy, the 1947 Marshall Plan. The Marshall Plan provided economic and food aid to help with economic recovery, which was slow to take off after WWII. Aid was offered to all European countries, including the Soviet Union, but only the western European countries chose to take the aid, due to the strings attached. If countries accepted aid from the Marshall Plan, they had to become part of the OEEC, where the countries, as a group, would decide how to distribute the aid. The idea was for the countries to make the decisions themselves, but there was a heavy U.S. influence in the proceedings. The U.S. was also instrumental in supporting the reunification of western Germany in order to balance the eastern half of the country, which was under Soviet control (Bache, George and Bulmer 2011). This heavy U.S. hand continued to heavily influence European integration, in a way that will be discussed in further detail in the section on the role of hegemony in the EU.

The U.S. was also instrumental in orchestrating cooperation on the 1950 Schuman Plan, which led to the Treaty of Paris. The first major integration undertaking, the European Coal and Steel Community (ECSC), was motivated by security concerns and a desire for continued peace. The French wanted assurance that Germany would not be able to start a war, so they supported the creation of the ECSC, which would prevent Germany from using the two essential materials in warfare, coal and steel, for non-peaceful purposes. Germany, on the other hand, was eager to establish a reputation that was not related to the sins of its past. The Benelux countries – Belgium, the Netherlands, and

Luxembourg – could not afford to not join the ECSC for economic reasons (Bache, George and Bulmer 2011).

The ECSC was the beginning of the European Union. Can we determine what type of organization the European Union is? Is it an empire, a state, or something new entirely? Other integration schemes have been attempted in other regions of the world, such as Latin America, that are based on the European model. What makes European integration so unique is that it is three-dimensional. Integration goes across issues, from the economy to politics, and goes deeper with the Eurozone. It also continues to expand geographically, with the latest addition being Croatia in 2013. But does this make it an empire? Or are other factors contributing to its expansion? In this chapter, I will examine what makes so many people think that the EU resembles an empire. I will then look at regime formation theory to get an alternative perspective on this peculiar grouping of states.

To what extent is the European Union an empire?

The European Union has been compared to its predecessor, the Holy Roman Empire. Is this new organization of European nation-states a modern form of empire? By tracing major events in European integration to compare them to the emergence of an empire, we will see how similar the evolution of the European Union is to the emergence of an empire, specifically the Holy Roman Empire. Then the characteristics of the European Union will be examined to see if they fulfill the characteristics of an empire that were discussed in the previous chapter.

Similarities to the Holy Roman Empire

Harold James (2006) provides an overview of how the European Union is analogous to the Holy Roman Empire, or how the EU can be seen as the Holy Roman Empire's successor. He identifies the most obvious shared characteristic as constitutional openness. The Holy Roman Empire was made up of a collection of states, each with their own laws and customs. The EU allows for the devolution authority to member states over regions under their control. He then moves into a discussion about the role of religion. Religion was the shared ideology that made the Holy Roman Empire 'holy.' It kept the empire together by preventing truly independent, sovereign nation-states from forming. In contrast, the constitution that was drafted and signed for the EU completely ignored God. It was very consciously written in anti-religious terms (James 2006).

However, glimmers of symbolism from the legacy of the Holy Roman Empire are seen throughout European integration. The Treaty of Rome was signed in Rome, evoking the memory of the Roman Empire and the Catholic Church. The flag that was chosen for the Council of Europe, with its twelve stars, is thought to be a reference to a passage in the Book of Revelations. The fathers or "saints" of European integration (Konrad Adenauer, Alcide de Gasperi, and Robert Schuman) thought that "the social doctrine of the Catholic Church... was a better guide to twentieth-century politics than the secular debates of the nation-state (James 2006, 137)." Another view, at the time, was that the church "was a major counterpole to the state and its tradition of violence (James 2006, 137)." James (2006) describes the European Union integration project as the "Holy Roman Empire in denial (140)." He says that it is a continuation of the history of empire building and imperialism in Europe.

In order for an empire to emerge, it must have a strong center that it able to support expansion. In order to have a thriving state, nation, republic, monarchy, or city-state, the metropole must have had inclusive institutions. Can inclusive institutions be found in the beginnings of European integration? The OEEC allowed the western European countries to decide how to invest and spend the money from the Marshall Plan (Bache, George and Bulmer 2011). However, this interpretation makes the U.S. seem like the metropole, or the emperor, with Europe as its periphery. The ECSC made the German coal and steel industry more inclusive by opening it up to competition. Political inclusiveness typically follows economic inclusiveness in a pattern that is explained through regime formation theory with issue linkages and spillover effects. As time went by, collaboration began to include political issues. However, Acemoglu and Robinson's (2012) analysis stated that the switch to empire made Roman institutions more extractive. That does not appear to be the case with the European Union.

Major Integration Benchmarks

The evolution of modern European integration follows a path from purely economic integration to eventually include deeper integration into the political sphere, as well as wider geographic integration. Four major milestones in integration history illustrate this evolution: The Treaties of Rome, the Single European Act, the Treaty on European Union (Maastricht), and the Treaty of Lisbon.

The Treaties of Rome

The 1957 Treaties of Rome established the European Economic Community (EEC) and the European Atomic Energy Community (Euratom). These two treaties were a continuation of the economic integration begun with the European Coal and Steel

Community (ECSC). Like the ECSC, Euratom was established in order to regulate an energy sector. The EEC had a much loftier goal. It was established in order to create a common market with four freedoms: the freedom of movement of labor, capital, goods, and services. The countries that signed the treaty were also responsible for creating common policies in areas like agriculture and transport, and ensuring freedom of competition within the EEC. The original six countries that signed the Treaty of Paris on the ECSC also signed the Treaties of Rome – France, Germany, Italy, Belgium, Luxembourg, and the Netherlands (Bache, George and Bulmer 2011).

The Single European Act

The 1985 Single European Act (SEA) was a turning point for European integration. It furthered economic integration through its goal of completing the common market, established in the Treaty of Rome, by 1992. It was also the first treaty to successfully integrate political ideals into the EEC. Some notable political provisions are:

- introducing qualified majority voting (QMV) for single-market measures;
- increasing the power of the European Parliament in QMV areas;
- incorporating political cooperation into a treaty for the first time; and
- incorporating text that read a commitment to „transform relations as a whole among their States into a European Union (Bache, George and Bulmer 2011).

The Treaty on European Union (TEU): Maastricht

This treaty created what we know today as the European Union by establishing three pillars: the European Community, the Common Foreign and Security Policy, and Justice and Home Affairs. It created the goal of establishing a single currency, now known as the Euro. It also strengthened the power of the European Parliament, created a

Committee of the Regions and Local Authorities to allow other levels of government to participate in European affairs, and created the concept of European citizenship. The TEU was the first treaty to include major political integration (Bache, George and Bulmer 2011).

The Treaty of Lisbon

The Treaty of Lisbon was signed in 2007 after the failure to ratify the Constitutional Treaty. It is very similar to the Constitutional Treaty, but does not contain the same language. For example, terms like “constitution” were left out of the Lisbon Treaty, as well as some of the more controversial provisions. It significantly altered the institutional structure of the European Union and increased the power of the European Union as an institution. It included all of the characteristics of a federal state, which the EU is not. This attempt to make the European Union into a federal state can be seen through provisions like giving more power to the European Parliament, changing the voting procedures in the Council, a citizens’ initiative, a permanent president of the European Council, a new High Representative for Foreign Affairs, and a new EU diplomatic service. Additionally, the Lisbon Treaty also clarifies the relationship between the member states and the EU by delegating which powers belong to each and which of these powers are shared (Bache, George and Bulmer 2011).

The changes in the voting procedures were the extension of qualified majority voting (QMV) and the agreement on the future use of a ‘double majority’ system. In delegating powers, some powers were expanded for the European Parliament, while the size of the European Commission was reduced and national parliaments were given a greater role. The Charter of Fundamental Rights was made to be binding to member

states and the three-pillar system was eliminated in favor of a more integrated and simplified system by incorporating all pillars into the EU (Bache, George and Bulmer 2011).

Structure and characteristics

Does the European Union fulfill the characteristics set out in the different theories on empire discussed in the first chapter? Doyle (1986) discusses the mode of empire: formal and informal. The European Union is an informal empire because it allows the leaders of individual nation-states to be independent from the central organization. It was created in a bipolar world, where the two main powers were the United States and the Soviet Union, which Doyle (1986) says tends more towards informal empire rule.

Anderson (2007) highlights some other characteristics that are present in the European Union: expansionist tendencies that are supported by a moral ideology, the danger of overextension, varying borders, and a weak relationship between the periphery and the metropole. The European Union does fulfill some of these characteristics. Part of the reason for the Eastern enlargements was to support the development of stability and democratic institutions in the countries that were suddenly free from the Soviet Empire. Overextension is a possibility. Should the European Union allow further expansion? This will be discussed in the section below on enlargement. The strength of the relationship between the metropole and the periphery will be discussed in terms of legitimacy and community in the section below on citizen identity and opinions.

Doyle (1986) also laid out three necessary characteristics for an empire: a strong central government, legitimacy/community, and a large amount of social differentiation. Does the European Union have a strong central government? Is there a strong sense of

European identity, or community? Is there social differentiation? I will attempt to answer these three questions in the sections below.

European Union institutions

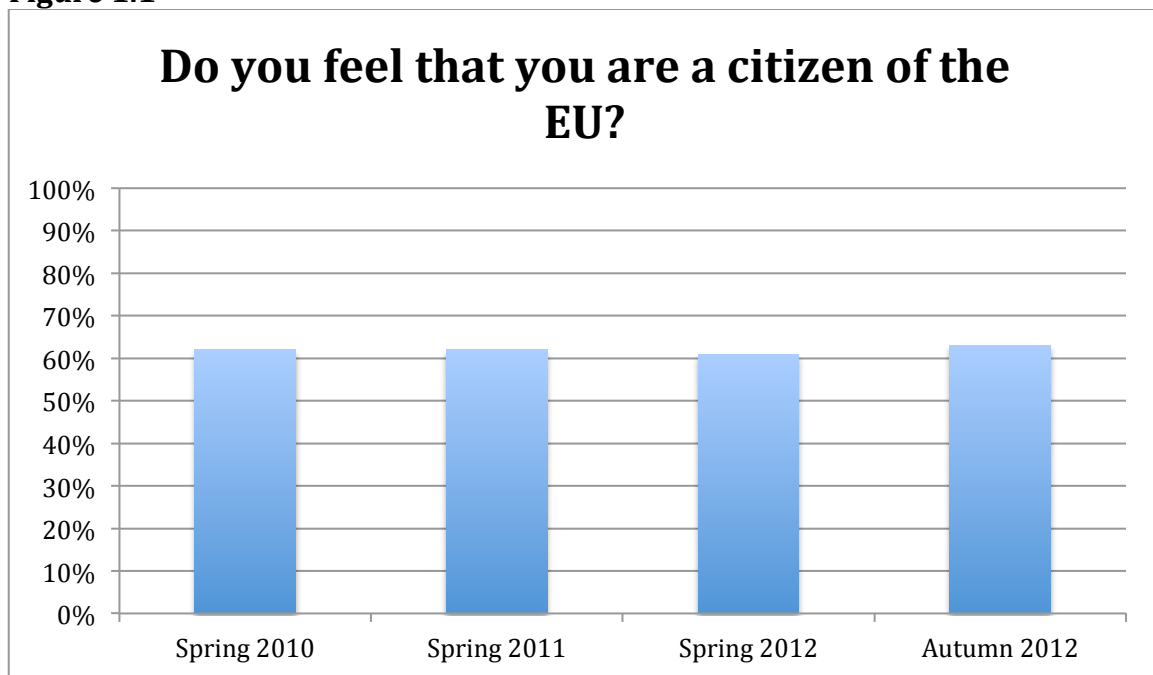
Do the main institutions in the European Union have the power necessary to form a strong central government? The main institutions are the European Parliament, Council, Commission, and the Court of Justice. The Court of Justice, in particular, is a strong institution. It had steadily been expanding its power and that of the EU through landmark cases such as *Van Gend en Loos v. Nederlandse Administratie de Belastingen* (1963), which established the principle that EU law has a direct impact not only on the member states, but also on the citizens of the member states. This allowed individuals to bring cases to European courts. Another case, *Costa v. ENEL* (1964), established the principle that EU law has supremacy over national law (Flamini 2012). The Treaty of Lisbon strengthened the other political institutions, as architects of the treaty tried to make the EU more like a federal state by giving the institutions more decision-making power.

European identity and opinions

In a Eurobarometer 78 survey, the majority of respondents felt that they were citizens of the European Union. The same question was asked four times since 2010. Consistently, as shown in **Figure 2.1**, the majority of Europeans feel that they are citizens of the EU. In **Figure 2.2**, most respondents thought that the EU is going in the right direction. When asked if they thought that it would be easier for their country to face the future outside of the EU, a majority of Europeans (58%) disagreed, meaning that they consider EU membership important for the future of their country. However, Europeans are not optimistic about democracy in the EU. Of the respondents, 45% are dissatisfied

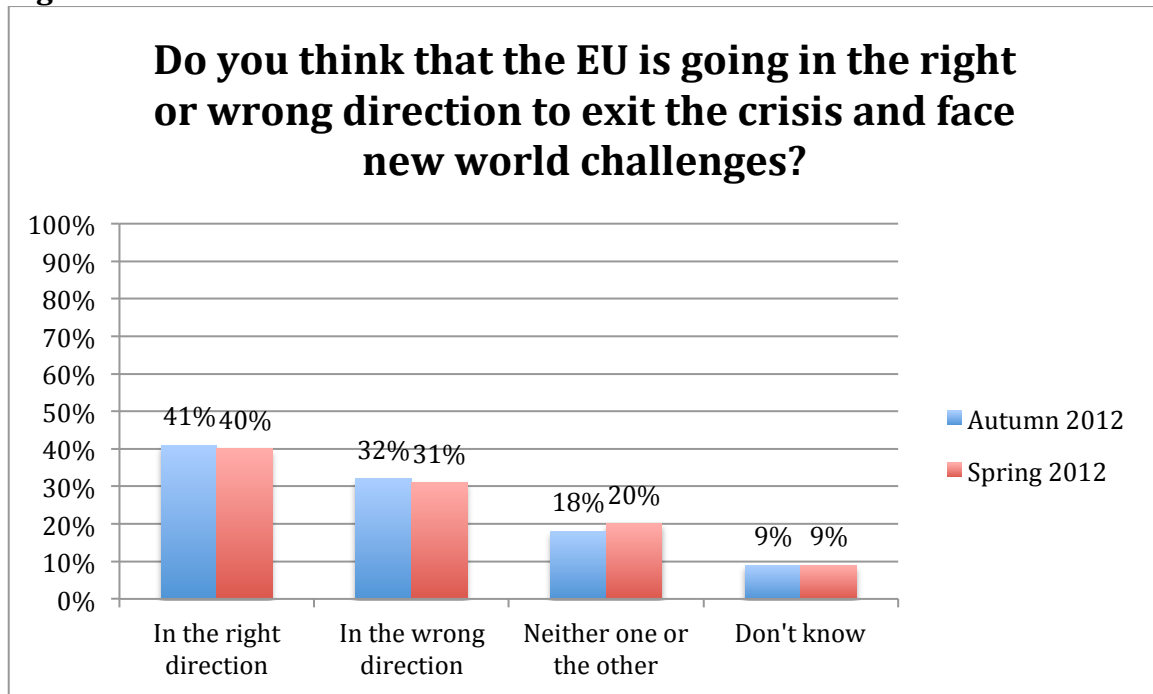
with the way democracy works in the EU, while only 44% are satisfied, with 11% expressing no opinion. Since 2009, the respondents' answers to this question have shown a downward trend in satisfaction with democracy in the EU – positive answers have fallen by ten points, while negative answers have risen by thirteen points. An overwhelming majority of Europeans (64% in Autumn 2012 and 63% in Spring 2012) do not believe that their voice counts in the EU. On the other hand, a majority of respondents surveyed in Autumn 2012 (60%), said that 'democratic' described the EU very well. However, responses to the same question show an eight percentage drop from Autumn 2010. Additionally, an increase of four percent of respondents (to 51%) from Autumn 2010 believe that 'technocratic' describes the EU (EB 78, Public Opinion in the EU).

Figure 1.1



Source: EB78 European Citizenship

Figure 2.2



Source: EB78, Europe 2020

Social Differentiation

The European Union's motto, first used in 2000, is "United in diversity (European Union)." It has twenty-four official and working languages (European Commission 2013). The creation of the single market allowed the free movement of people to work and live in other countries. Enlargements result in an influx of immigrants from the new member states. This diversity contributes to a large amount of social differentiation within the European Union, although most citizens are connected by a common ideology: Christianity. However, the larger number of immigrants from Northern Africa and Arab countries is changing this demographic with the influence of Muslim culture (Leiken 2005).

Enlargement: Building an empire or merely cooperation?

One of the dominant characteristics of an empire is constant expansion. The European Union has certainly expanded several times throughout its history, with the latest addition being Croatia in 2013. The enlargements have occurred because states are attracted to the European Union. The states in the Northern enlargement wanted the economic benefits of belonging to the European Economic Community. The Southern and Eastern enlargements were based on promoting stability in the candidate states. These developing states needed the stability and economic benefits that integration would provide (Bache, George and Bulmer 2011). This proclivity for expansion appears to have the trappings of an empire. Jan Zielonka argues that enlargement characterizes the EU as a neo-medieval empire.

Zielonka (2006) believes that enlargement makes the European Union a neo-medieval empire instead of a Westphalian state. In fact, he believes that a European federal system is close to impossible. Using a normative approach, he uses features of the current structure to describe how the European Union is more like an empire. He provides a list of features to contrast the two prevailing views of the European Union, as a “Westphalian superstate” and a neo-medieval empire (Zielonka 2006).

Westphalian Superstate	Neo-Medieval Empire
Hard and fixed external border lines	Soft-border zones in flux
Relatively high socio-economic homogeneity	Socio-economic discrepancies persist without consistent patterns
A pan-European cultural identity prevails	Multiple cultural identities coexist

Overlap between legal, administrative, economic, and military regimes	Disassociation between authoritative allocations, functional competencies, and territorial constituencies
A clear hierarchical structure with one centre of authority	Interpenetration of various types of political units and loyalties
Distinction between EU members and non-members is sharp and important	Distinction between the European centre and periphery is most crucial, but blurred
Redistribution centrally regulated within a closed EU system	Redistribution based on various types of solidarity between various transnational networks
One single type of citizenship	Diversified types of citizenship with different sets of rights and duties
A single European army and police force	Multiplicity of various overlapping military and police institutions
Absolute sovereignty regained	Divided sovereignty along different functional and territorial lines

Source: Zielonka 2006, 12.

He then delves further into his theory by differentiating between two possible types of empires that the EU could resemble. He argues that, based on its current features, the EU resembles a neo-medieval empire rather than a neo-Westphalian empire (Zielonka 2006).

Major Features	Neo-Westphalian Empire	Neo-Medieval Empire
Mode of territorial acquisition	Conquest	Invitation
Governance structure	Centralized	Polycentric
Type of control	Coercion and bribes	Incentives or their denial
Means of control	Military and political	Economic and bureaucratic

Borders between metropolis and periphery	Clear and sharp	Fuzzy
Power relations between metropolis and periphery	Perpetual assumption and hierarchy	Periphery gradually gains access to decision-making of the metropolis
Degree of universalism	High	Low
Sovereignty in the periphery	Constrained or denied altogether	Constrained through sharing

Source: Zielonka 2006, 14.

Zielonka (2006) uses his characteristics of a neo-medieval and neo-Westphalian empire to analyze the European Union after the eastern enlargement. What he finds lends credence to his theory that the EU resembles an empire that is more medieval than Westphalian. In his first example, he examines whether the enlargement built peace, democracy, and a free market in place of the former communist regimes. He finds that enlargement did help establish new regimes in the enlargement countries, but the degree to which they were more successful than neighboring countries that did not join the EU is questionable. Rather than discrediting his theory, this finding supports it. It shows that there are not hard borders around the EU, like there would be if it were closer in appearance to a neo-Westphalian empire. Instead, linkages between countries and spillover make external borders fuzzy and indistinct, much like a neo-medieval empire. In his second example, Zielonka looks at the purpose behind enlargement. States wanted to join the EU; they were not coerced into becoming members. They were invited and given incentives to change their policies and laws to be compliant with the *acquis communautaire*. The illusion of self-determination during the process contributed to the creation of the European empire by providing willing participants. The applicants competed with each other to meet the EU's demands because the EU was negotiating

with them as a bloc. The normative power of the EU as a “model of democracy, market economy, human rights, and social justice” gave it the upper hand in the negotiations, due to the fact that the applicant states looked to it as an example to follow (Zielonka 2006).

Zielonka (2006) also examines the scope of the EU after enlargement. A common criticism of the EU is that it is too diverse to create unity between member states and their citizens. Westphalian states typically have a high degree of universalism, while neo-medieval empires have low universalism and high diversity. Zielonka found that the increase in diversity from the enlargement was only marginal, because the EU already had a high level of diversity before the enlargement, which would not change the current lack of convergence and unity within the EU. He further explains that while diversity can make certain types of cooperation difficult within the existing EU institutions, it can also facilitate cooperation and further integration (Zielonka 2006).

“Diversity teaches adaptation, bargaining, and accommodation. It is a source of competition, self-improvement, and innovation. Thus, it may also prove to be not only an important prerequisite of democracy, but also of efficiency, in that it may be argued that it is only highly diversified and pluralistic societies acting in a complex web of institutional arrangements that are able to succeed in conditions of modern competition (Zielonka 2006, 73).”

Economic divergence is also found to not be an issue in the functioning of the EU. The new member states were too small to matter to make much of an impact on the overall GDP of the EU. Furthermore, membership consistently leads to economic growth that closes the gap between new and existing member states. The health of a state’s economy, or its potential for growth, is a more important factor than its current wealth at the time of integration. The divergence in democracy and political culture was also

described as a non-issue, because the new member states are similar in profile to the original six (Zielonka 2006).

Economics is currently a divisive topic in the EU. At the time of the publication of Zielonka's book, he was concerned with how the EU would achieve internal cohesion and close the welfare gap among member states. He describes the EU policies as "decentralized self-help." This neo-medieval response is characterized by increasing liberalization and devolution to stimulate growth by providing scarce assistance with the goal of economic efficiency over equality. This is in contrast to a neo-Westphalian response, which would have increased central distribution to economically disadvantaged countries and groups. In order to remain economically competitive with the rest of the world, Zielonka describes a varied response across countries and institutions, a neo-medieval tactic. A neo-Westphalian tactic would have been a clear, hierarchical institutional structure that was highly centralized. To combat instability from surrounding countries, the "soft" borders of the EU, the EU has incorporated its neighbors in economic agreements, regulations, and laws that is part of a "gradual geographic extension of European economic governance." If the EU were becoming a neo-Westphalian empire, it would have tried to maintain hard borders and insulate itself from the economic troubles of its neighbors (Zielonka 2006).

To describe how the structure of the EU is evolving into a neo-medieval empire, Zielonka (2006) provides this comparison between democratic governance in neo-medieval and neo-Westphalian empires:

Major Features	Neo-Westphalian Model	Neo-Medieval Model
Structure	Coherent system of nested governments, stretching up to a unified and encompassing European level	Multilevel and multicentered governance in concentric circles
Representation	Parliamentary representation is dominant, but constrained by constitutional provisions	Non-majoritarian institutions dominate over a weak parliament(s)
Identity	An easily identified demos based on ethnic and civic ties and operating within a rich and compact public space	Multiplicity of distinct demoi operating in a segmented public space; pan-European identity is blurred and weak

Source: Zielonka 2006, 120.

The eastern enlargement reinforced the already multilayered, multicentered, heterogeneous EU government. There is no popular support for a single hierarchical EU governmental structure. Enlargement does not change the position of the already weak European Parliament, because it still conflicts with the interests of national governments and grants more power to non-majoritarian institutions within the EU. National identities are still dominant, but the ability “...of citizens to contest European decisions will be more crucial in a neo-medieval setting than the functioning of institutional channels of representation (Zielonka 2006, 139).”

Zielonka (2006) also classifies the EU as a neo-medieval empire in the way it interacts internationally. As an international actor, the EU uses civilian rather than military means to influence its periphery, with the belief that its norms are the correct ones. The CFSP is a forum for discussion for the member states, but much foreign policy is left up to the individual member states, especially when they disagree in security areas.

There is no single EU military or police structure; instead, there are many institutions that overlap (Zielonka 2006).

Zielonka (2006) claims that a new international system is emerging within Europe. There is a conflict between those who want the core to make decisions and those who do not want to be left on the periphery. Zielonka (2006) states that this is a medieval conflict that will be dealt with in a medieval fashion, rather than a Westphalian one. Members will continue to bargain collectively to solve problems, and will not go to war to settle disputes and gain territory (Zielonka 2006).

Zielonka (2006) summarizes the current European project by saying that it is “...largely a civilian power enlarging its territory by consent and diplomatic bargaining (170).” The major characteristic that differentiates from empires in history is that it does not use violent means to expand. According to Zielonka (2006), the EU already has many of the features that it will need to govern its neo-medieval empire: a pluralistic mode of government, which is preferable to the Westphalian format, which is a hierarchical structure. He recommends that the EU adopt a constitution that is simple, short, and comprehensible to replace the current body of legislation (Zielonka 2006).

In contrast to this view, Keohane and Mattli can also explain the reason for the European Union enlargements. In the northern enlargement, the primary driver was economic gains. In order to compete globally, the European economies needed to combine resources. These potential gains were greater than the reservations some states, such as Great Britain, had about joining the European Economic Community. The motivation for the southern enlargement was largely based on promoting stability and democracy in the candidate states so that they would not fall under Soviet influence. The

motivations for the eastern enlargement was similar, but without the strong threat of communism. The European Union wanted to ensure democracy and stability at its borders. By joining the EU, these countries would have greater interactions with western-style democracies. This would lead to greater contact between citizens, and the spillover of other societal features, such as different types of civil society organizations, as well as issue linkages as they integrated further into the EU. All of these reasons for enlargement were in the member states' best interests.

Regime Formation Theory and the Formation and Continuation of the European Union

While the European Union may have many characteristics of an empire, empire theory does not explain how the EU was formed. For that, regime formation theory is the best explanation. The U.S. as a hegemon and non-state actors such as businesses played a vital role in the creation of the EU. International cooperation theory can also explain why the EU is continuing to grow.

The Role of Hegemons in the EU

Keohane (2005) does not necessarily think that a hegemon is essential for an international regime, unlike proponents of the theory of hegemonic stability. According to the theory of hegemonic stability, a hegemon is essential. The two central points in the theory are that hegemony creates international regimes and that the maintenance of the order requires continued hegemony. Hegemony is defined as having a preponderance of material resources, in particular: control over raw materials, control over sources of capital, control over markets, and competitive advantages in the production of highly valued goods. However, Keohane (2005) doubts the validity of the theory of hegemonic

stability. An oligarchy, or several actors, usually controls a preponderance of resources, not a hegemon. Additionally, maintenance of the order does not require a hegemon due to the fact that existing regimes are easier to maintain and states do not want to ruin their reputations. As for military power, the hegemon must have enough of it to protect the international political economy, but it does not have to dominate militarily worldwide – just enough to protect access to major areas of its economic activity (Keohane 2005).

A regime could be created without a hegemon when, according to Keohane's (2005) version of rational-choice theory, states take their long-term interests into account, which often involves collaborating with other states. Therefore, it is beneficial to cooperate even on things that are not important to them. In order for this to work, a small number of actors must be able to monitor each other's compliance with rules and practices and follow practices making other governments' welfare dependent on their continued compliance with agreements and understandings. In the case of British hegemony, imperialist practices allowed countries to trade within their colonial systems, instead of having to interact with neighboring countries. Their long-term interests did not rely on collaboration with other states (Keohane 2005).

Keohane (2005) believes that regimes can be formed without a hegemon's influence. However, this does not explain the formation of the European Union. On the surface, some of Keohane's factors seem to be able to explain the European phenomenon. There was improved technology, the removal of barriers, and Germany was devastated so it was no longer a threat. However, there was no preponderance of resources among the European states, because Europe had been devastated by the war, and required U.S. assistance to rebuild. None of the European states were in any condition after World War

II to have a strong enough military to protect areas of major economic activity, where economic activity still existed. The beginning of the European Union is traced to the European Coal and Steel Community (ECSC), which was established by the Schuman Plan of 1950. The preamble for the ECSC Treaty cites ensuring peace as the driving force of integration. They sought to create "...an economic community, the foundation of a broad and independent community among peoples long divided by bloody conflicts..." and to further "the works of peace." However, the ECSC was not the first plan meant to bring peace to Europe. These plans include the Abbé de St. Pierre's *Project of Perpetual Peace*, Immanuel Kant's *Perpetual Peace*, Count Richard Coudenhove-Kalergi's *Panuropa*, and Aristide Briand's projects in the 1920s and 30s. Therefore, there must be other factors driving integration (Mattli 1999).

Mattli's theory supplies another compelling factor in the beginning of European integration. In his supply-side theory, Mattli (1999) cites an undisputed leader seeking integration to be a major factor. The U.S. played a large role in the creation of the ECSC and the beginning of the European Union. The U.S. role as a security guarantor, which Keohane cites as one of the responsibilities of a hegemon, enabled integration because the U.S. presence contained Germany, which satisfied other European countries, France in particular, that Germany would not start another war. This gave the Europeans the confidence to create a regime that included Germany. The U.S. presence also allowed complicated questions about European foreign and defense policy to be decided by the Atlantic Alliance, which was under American leadership, decreasing the amount of issues that the European countries needed to collaborate on (Mattli 1999).

In 1947, the U.S. gave \$13 billion in financial aid to Europe through the Marshall Plan. In order to receive the money, the states had to form the Organization for Economic Cooperation (OEEC). The U.S. required the creation of this organization in order to force integration on the European states in order to further its own interests. Due to the fact that the U.S. was contributing the funds, it was also represented on the committee, and had economic and political leverage (Bache, George, and Bulmer 2011). While this committee is a commitment institution that allowed states to monitor compliance, it would not have been created without insistence from the U.S. The U.S. also had a vital role in negotiations for the ECSC. Originally, German firms were not interested in the proposed integration. The U.S. set up a special committee at its embassy in Paris to monitor the progress of the ECSC. Eventually, the U.S. High Commissioner in Bonn forced an agreement with the German Chancellor, Konrad Adenauer, and the ECSC was created (Bache, George and Bulmer 2011).

The U.S. had its own motives for encouraging European integration. The U.S. knew that a strong European ally would be a good ally against the Soviet bloc. Integration would also produce economic growth, which would increase demand for U.S. products and investments. The U.S. also thought that a united and economically successful Europe would take a larger share of the U.S.'s current burden, in regard to common defense spending, sending aid to developing countries, and solving international currency and commodity problems (Mattli 1999). Without the U.S. in its hegemonic role, it is possible that European integration would not be as far along as it is today, or even have gotten off the ground.

The Role of Non-State Actors and Commitment Institutions

Keohane's framework does include economic gains. However, he frames this part of his theory in a broader way than Mattli. In Keohane's (2005) theory, states look out for their own self-interest because the politicians running them are looking out for their own best interests. Typically, having a strong economy is in the best interests for the politicians, because it increases their popularity, which increases their chances of being reelected, and increases the stability of the state, which is all in the state's self-interest. In contrast, Mattli (1999) includes the role of non-state actors in the formation of a regime.

Businesses were essential to the formation of the European Union. Article 177 of the Treaty of Rome allowed businesses and private individuals to utilize the European Court of Justice (ECJ) when they thought that government regulations were incompatible with European Community rules or the Treaty of Rome. In the 1963 *Van Gend & Loos* case, the ECJ's decision allowed businesses and private individuals to push their governments to live up to their commitments and determined that Community law was superior to domestic law. In France, firms lobbied for the French Conseil d'Etat, the supreme administrative court, to accept the supremacy of Community law, a goal that they ultimately achieved. The French firms pushed for the acceptance of the supremacy of Community law because France's position put them at a competitive disadvantage, compared to other firms that were operating in member states that accepted the supremacy doctrine. Firms in England also used article 177 in order to get rid of the British Shops Act of 1950. Due to this act, all British shops would have to be closed on Sundays. However, businesses were able to repeal the act because it violated Article 30 of the EEC Treaty, meaning that the act was effectively a quantitative restriction on imports, because other countries were not required to close their shops on Sundays.

Without lobbying and threats by businesses, member states would not have felt as much pressure to follow the rules set out by the European treaties and integrate (Mattli 1999).

Mattli (1999) calls this method of using the ECJ and the Union's legal system "Euro-litigation." In a study done by Alec Stone and James Caporaso, they found that the pressure by private litigants for supranational rule increases as the number of cross-national transactions increase. The pressure increases even more in countries that trade more with other EU countries. They also found that more litigation leads to more Community legislation, suggesting that governments behave reactively, not proactively, and are therefore not in control of the integration process. Rather, further integration is a response to a sub-national demand for integration, such as a demand from businesses (Mattli 1999).

The largest example of the role of business interests in the formation of the European Union was the Single European Act (SEA) of 1986. This landmark agreement established a single common market that included the free movement of capital, labor, goods, and services, due to lobbying by businesses (Bache, George, and Bulmer 2011). In the 1970s and 1980s, as technology improved, European businesses faced obstacles to free trade due to the differing tax regimes in each member country, which raised the cost of producing and transporting goods in Europe. This complicated tax system made it difficult for European firms to compete with American and Japanese firms. In 1983, to remedy this problem, a group of the largest and most influential corporations in Europe, such as Volvo, Fiat, and Bosch, formed the Round Table of European Industrialists (ERT). The ERT created a list of seven demands for political leaders, including harmonizing economic and monetary policies, the development of common standards, the

freedom of movement of people, information, and ideas, and to redefine EC regional and social policies. Lobbying by the ERT for their goals was very effective. Executives from Fiat and Phillips, leading investors in France, met with French President Mitterand to discuss their goals for the EC, some of which eventually ended up in Mitterand's European industrial initiative. ERT members also lobbied the Commission, which largely supported the ERT's ideas (Mattli 1999). Combined with bad economic conditions and the threat of big businesses to move their capital out of Europe, political leaders came up with and signed the SEA.

The businesses used the commitment institutions already established in the regime extensively to obtain their objective. The European Court of Justice, through the supremacy and direct effect principles, helped further European integration. Supremacy, the principle that EU law takes precedence over national law, and direct effect, the principle that EU law is applicable to citizens without prior intervention by their governments, placed constraints on member states and forced them to act within the bounds of the EU treaty and laws. The European Commission also aided integration because it watched to make sure that citizens, firms, and member states did not violate any of the treaties or laws. The Commission is empowered to prohibit firms from making agreements that restrict competition, and fine those firms that do. It is also able to make demands of member states, to have them stop a certain action, or it can take that member state to the European Court of Justice (Mattli 1999).

Keohane (2005) does not specifically acknowledge the importance of commitment institutions. He cites characteristics that commitment institutions help create and reinforce, such as issue linkage, maintenance, and reputation, but he does not delve

into institutions created by regimes, whereas Mattli (1999) acknowledges both commitment institutions and those same characteristics. This is a large hole in his theory. In explaining the beginning of the European Union, the commitment institutions created for the ECSC provided a foundation for the institutions in today's EU. The ECSC established a High Authority, a Council of Ministers, a Common Assembly, and a Court of Justice. The High Authority is the predecessor to the European Commission, the Council of Ministers is the predecessor to the Council of the European Union, the European Parliament is similar to the Common Assembly, and the European Court of Justice performs a function similar to the Court of Justice (Bache, George, and Bulmer 2011). Both non-state actors and commitment institutions played an important role in the formation of the EU, and should therefore be acknowledged in theories pertaining to international cooperation. However, neither of these two potential factors in integration schemes are accounted for in empire theory.

Author RJ Harrison (1974) gives further evidence of the contribution of external actors in his book, *Europe in Question*. The contribution of an external actor is most effective if:

- Investments conform to the emerging power structure of community; and
- An indication of the progress of unification and success of external actor is that the role of the external actor is taken over (internalized) by a regional actor.

The three major variables in the relationship between an integrating region and an external actor are the international system, the mode of allocation of assets by the external actor, and the degree of integration and development of assets already achieved within the regional system. In the international system, the relationships of major tension

that the external and regional actors are involved in is important. A greater external threat results in greater cohesion due to need or convenience, but little or no external threat has the opposite effect. The regional actors are suspicious of the external actor(s) and their motivations. Cohesion in the face of a threat results in a common ideology, which contributes to the emergence and functioning of a regime (Harrison 1974).

Communication, repetitiveness, and issue linkage, three of Keohane's transparency and interaction factors, would follow a common ideology. In the case of the European Union, the common threat was the Soviet Union in the Cold War between the western world and the communist one. This threat united Western Europe and prompted the southern enlargement.

The relative weight of assets that the external actor makes available and the specificity of the external actor's purpose also affect the relationship. The greater weight of the assets invested results in an increase in the likelihood that the actor's purpose will be achieved. The type of assets – identitive, utilitarian, and coercive – may or may not affect the relationship between a burgeoning regime and an external actor. They appear to have a situational effect, depending on other factors that affect the relationship, such as the international climate. When the external actor is distributing its assets, favoring the emerging power structure of the region and not the individual countries has the most effect (Harrison 1974). A strong example of an external actor in the formation of the EU is the U.S. The U.S., while heavily influencing the outcome of the initial stages of integration from backstage, allowed Europe the illusion of making its own decisions, with institutions like the OEEC.

The final variable, the degree of integration and development of assets within the regime, affects the relationship because a lower level of integration and assets in a region results in a greater investment by the external actor. As a region becomes more developed, it needs less investment, which translates into less influence by an external actor (Harrison 1974). Again, this can be seen by the experience of the U.S. in the EU. Initially, Europe needed a large investment to get it back on its feet and functioning as a collection of stable democracies. As Europe gained in power and prestige, it developed its own institutions and policies, such as the CFSP, and became less susceptible to U.S. influence. For example, the U.S. was unable to obtain an overwhelming majority of support from Europe for the Iraq War.

How regimes endure

Keohane (2005) cites several reasons for how international regimes endure, even if states are rational egoists who are only concerned about themselves. Even when it is against their “myopic self-interest,” states comply with international rulings and agreements. This is a result of two main reasons. First, existing regimes become easier to maintain. States view the creation of the regime as a sunk cost, which would be lost if the regime were to be dismantled. Second, regimes create issue linkages. If one regime is dismantled, it could negatively affect another. States are also concerned about their reputations. If they break a rule, then it could promote other rule violations. Lowering their reputation makes it more difficult to enter into advantageous agreements (Keohane 2005). The European Union fits all of these characteristics: it is easier to maintain than dismantle, especially given how tied together the European countries are with the Euro

and other common policies. All of the issues, tied together, have created issue linkages, and none of the states want to ruin their reputations.

Other factors that are also considered important in the continuity of European integration was the fear of being eclipsed by two world superpowers, the U.S. and the Soviet Union, both economically and politically, and the role of a hegemon. The first additional factor can be explained through Keohane's theory. The European countries were acting in their own self-interest. By continuing to integrate, they were ensuring that they could compete economically. However, Keohane discounts the second additional factor, the role of a hegemon. He does not believe that one is needed to maintain the regime. Nevertheless, there has been a dominant state present within the European Union since the mid-1970s (Mattli 1999).

Germany is the dominant leader with the EU. While it is impossible to determine if it is the main factor in maintaining the EU, it does play a role that Keohane ignores. Germany leads the rest of the EU economically. In 2012, it had the ninth largest GDP per person. As of September 2013, it had the second lowest unemployment rate overall and the lowest youth unemployment rate (Economist.com 2013). In 2011, Germany was the largest importer among the EU-27 of EU goods, and the largest exporter to the EU-27 (UN COMTRADE Statistics 2011). This economic influence translates to political influence, in the form of being a key policy initiator and agenda setter. Germany is credited with creation of the European Monetary System and for playing a central role in the budget compromise at a summit in 1983. The German Bundesbank is accepted as the model for the European Central Bank, and the German "Rhineland model of capitalism" has been adopted by the EU. German industry standards are the basis for many European

standards. Germany has also been able to leverage its political and economic power to set strict convergence criteria for the Maastricht Treaty (Mattli 1999).

German leadership, however, has been more about consensus than laying down rules from above. For example, the European Monetary System was a joint proposal with the French (Mattli 1999). More recently, the media had taken to calling German Chancellor Angela Merkel and French President Nicolas Sarkozy “Merkozy” due to their continued support and cooperation. Germany is also willing to ease Europe’s distributional tensions by being one of the largest contributors to the EU budget. In 2007, Germany was the top contributor to the budget, contributing more than the nineteen lowest-paying member states combined (BBC 2007). This fits into part of Keohane’s theory about empathy in cooperation and self-interest. Germany’s large contributions lead to an unbalanced exchange, which creates issue linkage, and a platform for future interactions. Policies that improve the economic well-being of the EU improve Germany’s economic well-being through increased trade, stability, and security. Support for European integration also allowed Germany to build its reputation by showing that it was not interested in another World War and was committed to democracy (Mattli 1999). Empire theory does not provide an explanation for one state that is dominating the rest, but is willing to let the other states be equals in making decisions within the supranational institutions.

Chapter 3: The Future of the European Union

The future of the European Union is inevitably tied to what it is. If it is an empire, it will fall. This fact has been proven by centuries of history. It will overextend its resources and its political and economic institutions will become more extractive. If it is more regime-like, it has several options. It could continue as it is, with further differentiated integration. It could integrate further and move closer to becoming a 'United States of Europe' or it could fall apart.

I will begin by identifying a way to understand the European Union. Is it an empire, a regime, or does it have characteristics of both? What should it be called? Once I have examined it, I will look at its future. Will it survive? What happens if it does not? Does it have more than one option? I will also look at some of the issues that the EU faces today, and how they may impact its future.

What is the European Union?

As we have seen in the first two chapters, there is no consensus on what the European Union is. It does not fit neatly into any of our current fully defined forms of government. Having narrowed it down to two competing theories, empire and regime formation, I have come to the conclusion that the European Union is more of a regime than an empire. To say that the European Union is an empire is misleading. It may appear to be one, but in reality, it is not.

Why it is not an empire

There is a wide variety of literature about the reasons why the European Union is an empire. It may have some characteristics of an empire, but it is not one. Empires in history began from one strong center that expanded outwards. The Roman Empire began with the Roman Republic. The British Empire began with the British; the Spanish Empire began with Spain; the Portuguese Empire with Portugal; and so on. The Holy Roman Empire is a deviation from this pattern, but several scholars are not even sure that it can be called an empire. In the seventeenth century, Samuel Pufendorf called the Holy Roman Empire “an irregular or unnatural object...or...a monster (James 2006, 119).” Edward Gibbon, author of *The History of the Decline and Fall of the Roman Empire*, describes the Holy Roman Empire as a “body without a head” and “a republic without laws or magistrates” where “none are willing to obey [the pope or emperor] (James 2006, 119.)” One of the main reasons scholars call the European Union an empire is because they draw historical parallels between it and the Holy Roman Empire. If we cannot call the Holy Roman Empire an empire, how can we call the European Union one?

The beginning of the European Union is traced to the European Coal and Steel Community. The ECSC established the institutions that would evolve into the institutions that govern the EU today. But where is the strong center? The German-French relationship could be considered the focal point. However, U.S. influence was a driving factor. There was no clear focal point from within the ECSC. Part of the reason the European Union has been able to have such a revolutionary level of cooperation was because in its early stages, it was made of several states who were relatively strong and on equal footing (Zielonka 2006).

The European Union does contain the characteristics identified by Doyle as the three essential characteristics that an empire has. Its institutions are strong, and have been recently improved by the Treaty of Lisbon. Europeans feel like they are a part of Europe, and there is a degree of social differentiation. The EU fits Doyle's classification as an informal empire, because it expanded through means other than force.

The history of EU enlargement is perhaps the strongest case for the classification of the EU as an empire. Zielonka provided a detailed analysis of why the enlargement of the EU made it a type of empire, and not a type of 'superstate.' His analysis makes a lot of sense. The EU's soft borders and its diversity make it more empire-like than state-like. There are many types of citizenship: local, state, national, and European. Sovereignty is divided and, at times, blurred. Institutions and their functions overlap.

He then differentiates between types of empires. He describes the EU as a neo-medieval empire rather than a neo-Westphalian empire because of its method of expansion. The EU has expanded through peaceful means by invitation, and uses incentives to ensure control through economic or bureaucratic means. This is in contrast to empires of the past. A neo-Westphalian empire would have expanded through conquest, and would have used coercion or bribes to ensure control through military or political means. The borders of the EU are fuzzy and indistinct, unlike a clear, sharp Westphalian border. One of the larger factors that make the EU resemble a neo-medieval empire is that the periphery gradually gains access to the decision-making institutions. This is especially true in the case of the European Union, because candidate states that become members immediately become active members of the union. Sovereignty is shared in different areas. As we have already seen, there is a high amount of diversity.

The EU's method of democratic governance is also supposedly a sign that it is a neo-medieval empire. The governmental structure is multilevel and multi-centered. The institutions have more power over the parliament. However, Zielonka says that its identity is not pan-European. In this case, he is wrong. Eurobarometers show that Europeans do feel like they are a part of Europe. A common identity is a characteristic of a neo-Westphalian empire, not a neo-medieval one.

The most convincing argument for classifying the European Union as an empire comes from Zielonka, with his analysis of the eastern enlargement as a neo-medieval empire. However, he does not discuss the other enlargements, and not all of his neo-medieval characteristics are correct. While some elements of the eastern enlargement make the EU seem like an empire, it is not one. There is no clear sovereign leading the empire. Instead, all states have a say in the decision-making process. The European Union may fit Doyle's three characteristics of an empire, but so do many other organizations. As a country, the U.S. has strong political and economic institutions. Its citizens feel that they are a part of the U.S., and there is a large degree of social differentiation, as the U.S. has one of the highest levels of income inequality of the developed world (*The Economist* 2013a). But does this make the U.S. an empire? No, it is a federal state. If the European Union is not an empire, what is it?

Why it might be a type of regime

Regime formation theory supplies a convincing argument for what the European Union is. It does not say what type of regime the EU has become, but it at least gives it a more accurate label. It fully accounts for the formation of the European Union by including the role of hegemon and non-state actors and commitment institutions.

Keohane lists four factors that are important for the emergence and formation of a regime. These four factors easily explain the European Union. The first one, interdependence, can be used to explain how European integration has evolved. It began with economic integration, which led to interdependence. Together, the integrated economies had more power in world trade than apart. This led to spillover into other areas traditionally controlled by national governments, as shown by the four major integration benchmarks discussed in chapter two.

All of the countries were liberal democratic economies when they joined the EU, meaning that they were dynamic, based on freedom, private property, and long-term contracts. The similarity of their governmental structures, as democracies, means that they are less likely to use military means to solve conflicts with one another. This concept, the democratic peace, is relatively new, as democracy is a newer form of government. It is similar to the idea in the Holy Roman Empire, that states within the empire would not fight each other (Muldoon 1999), but it is a much stronger constraint than in the Middle Ages. Additionally, this similarity leads to the development of transnational networks, because businesses find it less difficult to expand when the same or similar rules are shared across economies. This creates a lobby that supports continued integration. This causes economic growth and wealth based on industry.

Keohane's third factor, transparency and interaction factors, have also been seen in the EU. Certainty, available information, and communication were made possible with U.S. influence in the creation of the ECSC. As integration progressed, and more sovereignty was given to the commitment institutions, national governments became

more confident in each other. This repetitiveness allowed countries to trust one another. They became more certain of each other's intentions.

Technology and the removal of barriers, the fourth factor, tie into the previous factor. It creates increased contact and trade, much like repetitiveness. This increased contact leads to overlapping spheres of influence and economic growth. The overlapping spheres lead to greater communication and spread of information. This increases certainty and confidence. Economic growth reinforces the idea that integration is positive for the member state.

In order to explain how regimes endure, even if an action is against that state's self-interest, Keohane provides two explanations. A regime is easier to maintain than dismantle and issue linkages are created that are important to the regime. The seventeen member states that participate in the Eurozone are a good example. In order to leave the European Union, they would also have to leave the Eurozone. They would have to rebuild institutions to create and regulate currency, as well as establish their currency on the global market. It is easier for them to remain members of the European Union and work out whatever issue would ordinarily make them leave if they were not so invested in membership. States that are not a part of the Eurozone do not have as much to lose, but they can still lose a significant amount. Specifically, they could lose access to the common market, and their economy could suffer. This is related to issue linkages. Even if one member is unhappy with further political integration, upsetting the other states could negatively impact another issue that is important to them, such as the economy. In all of these scenarios, continued cooperation is the choice that is in each member state's long-term best interests.

The gains from integration are an important factor in determining why states integrate. The initial integration, the ECSC, was orchestrated to keep the German from using coal and steel in another war against the French and to ensure that the French had an adequate supply of coal and steel. Further integration integrated other sectors of the economy that created a larger market with lower barriers that increased economic growth. Other states wanted to join this integration project in order to achieve the same gains. In fact, new member states often achieve a higher initial growth rate than the overall growth rate of the community (Bache, George and Bulmer 2011). It was in the best interests of the member states to allow the new member states to join in order to promote stability on the borders of the EU, as well as expand their market.

The fulfillment of supply conditions, or the willingness of leaders to create a regime, is absolutely necessary. Without the leadership of the founders of European integration, who knows what would have happened? There is no possible way to answer this question. Things progressed as they did because of the people involved. Keohane calls this bounded rationality. Due to the fact that people make the decisions, and not states, the unexpected can often happen. People are not always able to rationally analyze every bit of information to make the best decision. As a result, historical events can take unpredictable turns. This human element can help explain why this European integration has worked where others have failed.

Consensus is important in order for the continuation of the European Union. Without this mechanism, it would fall apart. It helps to explain the 'stops and starts' of European integration. When consensus fails, there are crises like the ones that occurred in 1963 and 1965. In 1963, Great Britain applied for membership to the European Economic

Community. French President Charles de Gaulle did not want the British to join, but was not in a position to veto their application for membership. In order to stop the enlargement, the French delegation sabotaged the negotiations by demanding concessions that they knew the British would not agree to. Eventually, de Gaulle was able to find a reason to veto the application when the British reached a deal on nuclear weapons with the U.S. The other member states were upset with de Gaulle for undermining the system of cooperation that they had created. Similarly, in 1965, the French again slowed European integration when they boycotted all Council of Minister meetings for six months to protest a proposal about the financing of the Community budget. This event, called the 'empty chair crisis,' caused a lowering of morale in the Commission, as well as undermining the authority of two of the Commissioners (Bache, George and Bulmer 2011). Luckily, factors mentioned above, such as issue linkage, helped to ensure that cooperation resumed.

European integration is difficult to classify because it so unique. Its history is unlike that of any other integration project. Acemoglu and Robinson (2012) say that critical junctures have a profound impact on the direction that events take. They use the development of Eastern and Western Europe as an example. Initially, in the Middle Ages, both regions were relatively similar. The differences were minor, so there was no reason for them to develop so differently, until something happened. The Black Death was the critical juncture that changed the path of development. When the Black Death wiped out most of Europe's population, it allowed for different paths to recovery. Small institutional differences, such as the rights of workers, drastically altered the recovery. In Western Europe, workers had more rights, so institutions became more democratic. In Eastern

Europe, where workers had less rights and villages were more spread out, feudal society was intensified. This forever altered the future of the two regions (Acemoglu and Robinson 2012).

Critical junctures in the history of the European Union were important to its development. World War II was the first major event. It intensified the need to find a way for the European nations to cooperate to eliminate violence. The war totally devastated Europe, allowing them a chance to rebuild from scratch. Other events also preclude major integration projects. The Suez crisis⁶, along with other world events, reminded Europeans that unless they stood together, they would easily be overpowered (Bache, George and Bulmer 2011). The fall of the Soviet Union was another major event. It opened up the possibility that integration could go even further with further enlargements. Additionally, it created the necessity for enlargement in order to ensure democracy and stability throughout the region.

Classification

I would classify the European Union as a hybrid. It is a type of regime that has characteristics of an empire. To say that it is only an empire, even a neo-medieval one, is misleading. Empire theory does not account for the role of other states and the level of cooperation between the member states. The metropole-periphery relationship is ambiguous; once a state becomes a member, they become a part of the metropole's decision-making institutions. They can only be classified as the periphery in a geographical sense. Economic integration up until the 1992 Program of the Single

⁶ The French used the nationalization of the Suez Canal by the Egyptian President, Gamal Abdel Nasser, as an excuse to overthrow his regime for supporting the Algerian rebels. However, the French were humiliated when the British government withdrew their support in the face of opposition from the U.S. France was unable to complete the operation by itself (Bache, George and Bulmer 2011).

European Act most resembles regime formation. As much state autonomy was maintained as possible, and there was no real central authority. However, political integration does contain imperial characteristics. In the enlargements, the candidate states had to adopt all Community laws in order to join (Bache, George and Bulmer 2011). The structure of the political integration is much more central, as it was institutionalized in different pillars.

The classification of the European Union as a hybrid cooperative regime with characteristics of an empire is able to explain more of the events in its history. The critical junctures that the EU experienced make it unique from any other project ever attempted. Due to this fact, we cannot fit the EU into any of our existing frameworks. Instead, we must put it in a new one that has room for flexibility, because the future of the EU is still unknown. There are several paths that it could take.

The Road to the Future

There are two possible scenarios for the future of the European Union. One spells disaster for the European integration project after a move towards a more empire-like structure. The other is optimistic and predicts increased cooperation and interdependence, albeit in two different ways. However, the EU must be able to overcome three obstacles: member state reluctance, immigration and further integration, and the economic crisis. The internal forces of evolution push it towards growth, but the ultimate outcome depends on external factors.

Scenario One: Decline

While the comparison between the Holy Roman Empire and the European Union is not currently accurate, it could become more relevant. The characteristics of an empire

that are present in the EU could become more prominent and move the EU towards empire. Becoming an empire would be the end of European integration, because all empires fall. This is most likely in the advent of a hostile international environment that does not respect supranational institutions. If there are no multilateral regimes or superpowers the world is fragmented into poles of competition. Nation-states would put themselves before any integration projects. This would lead to international anarchy and security concerns, which became more prominent after the September 2011 terrorist attacks. The EU needs to protect itself from international terrorism, the possible use of weapons of mass destruction, and instability caused by failed states (James 2006). In order to alleviate the security concerns, the European Union move towards an empire to protect its borders and its interests.

However, the European Union does not need to become an empire to go into decline. Its current demographic problem could be result in its decline. The declining birth rate in Europe is unsustainable. There are not enough workers to support the retired population or the economy. The solution to this is migrant workers. However, the introduction of migrant workers who are primarily of Muslim, North African, or Arab origin drastically changes the make-up of society. This demographic change could be too much for the EU to handle, and it could fall apart.

Scenario Two: Growth

In the second scenario, the international environment remains open to cooperation. International cooperation is organized around institutions created by the U.S., which played the role of the hegemon in hegemonic stability theory. There is a convergence between globalization and European integration. Increased economic

cooperation leads to increased interdependence. This increased interaction creates harmful effects, so institutions must be built to manage the effects.

Growth is most likely to occur one of two ways, depending on which vision becomes accepted by most member states. In the first vision, the one favored by the British, the European Union is based on decentralization and respect for sovereign states. British Prime Minister David Cameron's speech on the European Union illustrated this view. In it, he says that the main purpose of the EU is now securing prosperity rather than peace. The completion of the single market should be the EU's driving mission, as it is the foundation of the EU. The EU should be able to respond to issues and crisis as a network, rather than a bloc, by allowing flexibility in integration. The states that want to integrate more should be able to, but the ones that prefer to retain more sovereignty, like Great Britain, should be able to opt out. This statement in Cameron's speech captures the British view of the European Union:

“I know that the United Kingdom is sometimes seen as an argumentative and rather strong-minded member of the family of European nations. And it's true that our geography has shaped our psychology. We have the character of an island nation: independent, forthright, passionate in defence of our sovereignty. We can no more change this British sensibility than we can drain the English Channel. And because of this sensibility, we come to the European Union with a frame of mind that is more practical than emotional. For us, the European Union is a *means to an end* – prosperity, stability, the anchor of freedom and democracy both within Europe and beyond her shores – *not an end in itself* [emphasis added] (Cameron 2013).”

In the second vision, which is widely considered to be the French approach, there is a constant transfer of powers to Brussels and widespread supranational institutions. In a speech, French Foreign Minister Laurent Fabius describes how deeper economic integration within the Eurozone will create an economic government to improve its

management. He also explains France's vision for the future of the EU: innovation, sustainable growth, and global peace and security. He identifies it as a "new ambition" for the European Union. There is discussion of improving economic ties and signing new trade agreements, but then he moves on to new common policies that will require major investments to bolster up-and-coming economic sectors. He wants the EU to play a larger role in the world by having the member states act together politically. Fabius concludes his speech by saying:

“...on the European side, many of us are committed to finding solutions that could build sustainable growth and ensure Europe's place on the world stage. As François Mitterrand, a former French President deeply committed to European integration, used to say: “France is our fatherland, Europe is our future”. We are dedicated to meeting this challenge (Fabius 2013).”

Obstacles to Growth

The survival of the European Union is not a definite conclusion. Several major obstacles stand in the way of further successful European integration. Some member states are experiencing waves of anti-European sentiment that could result in them leaving the union. Great Britain is one example, although slightly out of the ordinary due to its unique history. The issue of further enlargements has the potential to affect the future of the EU. How many more members should the EU accept? How will the EU deal with its declining population without more members? Of course, one of the biggest and most well known issues is the economic crisis in the Eurozone. Why do these obstacles matter for the future of the European Union?

Great Britain

Great Britain has been reluctant to integrate further with the other European countries from the very beginning of the European project. Part of the reason such a weak

organization emerged from the 1948 Hague Conference was because Great Britain did not want to be a part of it. There was no dominant leader willing to take responsibility and push the other states to accept a stronger agreement. Great Britain had this potential, but it chose not to use it (Bache, George and Bulmer 2011).

British reluctance was seen again with the Schuman Plan and the Treaty of Paris. Britain was reluctant to join the ECSC, even though it had the option to do so, largely because its history is very different from all of the other European states. British nationalism was never discredited, like it was in Germany. There is no sense of discontinuity with the past because the history of the British government stretches back much further than that of the republics created after World War II. Great Britain was also stronger economically, so it did not have a pressing need for cooperation. Keohane's theory of bounded rationality can also explain British reluctance. Not all of the leaders were willing to integrate with Great Britain. Ernest Bevin felt personally insulted, and Monet knew that Great Britain would not participate. He did not want the British to participate because he held them responsible for the weak Council of Europe (Bache, George and Bulmer 2011).

Great Britain was also reluctant to join the Eurozone, preferring to keep its historic currency. To add to the Euroskepticism, British citizens are supposed to vote on whether Britain should remain a member of the EU in 2017. More immediately, it is likely that British voters will elect European Parliament representatives in May 2014 from the UK Independence Party, a political party that is anti-EU. The author of the article in *The Economist* (2013c) sees two outcomes: a 'Little England' that is smaller, less important, and isolated or a 'Great Britain' that is more efficient, confident, and

embraces openness. Currently, England's economy is strong, and they excel at integrating immigrants into society, even if society is anti-immigrant. However, if Scottish voters vote to leave the United Kingdom, England will lose a lot of its world influence because it will be reduced in size by one-third. Additionally, anti-immigrant policies are hurting Britain's economy by discouraging skilled workers and reducing exports. The leadership in Britain is not consistent with their policy opinions on the EU. Leaders go from wanting to reform the EU to threatening to leave it (*The Economist* 2013c).

This anti-immigrant sentiment is not unique to Britain. As we will see below, particularly with Turkey, the immigration question is something that will need to be addressed by all member states in order to solve the problem of Europe's declining birth rate. If Great Britain were to leave the EU, it could set a precedent that it is easier to leave than work together. Anti-EU groups in other member states will gain traction as citizens wonder if it is better to be outside of the EU. It could be the beginning of disintegration.

The Turkish Question and Immigration

Enlargement, as a characteristic of an empire, has the potential to lead the European Union towards decay. Overextension is the downfall of many empires. When should the EU stop accepting new member states? One state's potential membership in the EU is very controversial due to its predominantly Muslim religion and lower socioeconomic standards. It shows the xenophobia present in European society, but also addresses a very real concern: if ethnic or linguistic differentiation grows too large, the European Union could disintegrate.

In reality, Turkey has been interacting with the European integration project since the beginning. This westernization goes back to 1947, when Turkey received funds from the

Marshall Plan. Since then, Turkey has pursued a closer relationship with Europe. It has had an Association Agreement with the European Union envisaging membership since 1963, but has yet to become a member. Advocates of Turkish EU membership argue that it will add diversity to a largely white, Christian Europe, and that Turkey would be a valuable resource in Middle East relations, in addition to tightening relations within NATO (Bache, George, and Bulmer 2011).

Public opinion in EU member countries is a major barrier to Turkish accession to the EU. Many citizens believe that Turkish culture is too different from European culture. In a public opinion survey, up to 75% of Germans oppose membership, while only 20% of the French public approve of Turkish membership. Austria has the highest disapproval rating: 75% of 15-24 year-olds and 82% for people over 55 do not want Turkey to become a member. In Italy, support for Turkey is below 40% and only 25% of Greeks support Turkey's bid. In Spain, 33% of people oppose membership, but 42% plus the government are in favor of membership. The Netherlands and Hungary are strongly divided, while Turkey has 54% of public support in Poland and support from Britain. Denmark and Sweden are strongly against Turkish membership (Repa 2005).

Opposition to Turkish membership from the EU public often stems from fears of immigration. Voters in France rejected the Constitutional Treaty in part due to the state of the French economy, which was experiencing an influx of cheap labor from the new eastern members of the EU during a time of rising unemployment. This led to concern over an influx of immigrants from Turkey if it was to join the EU (Bache, George, and Bulmer 2011). In Austria, xenophobia is the cause of opposition to Turkish accession (Traynor 2010). The public is worried that the relatively poor Turkish citizens will

migrate to other member states after accession in search of better economic opportunities, which could lead to negative socioeconomic consequences (Grigoriadis 2006). A concern that many people have is that the Turkish Muslim identity will cause the Turkish immigrants to put their religious practices before the law. They think that the immigrants will remain 'ghettoized' and not integrate into society (Üçer 2006). Other opponents to Turkish membership believe that Europe's Christian heritage is the only common denominator that unites the European Union. They argue that Turkey is not suitable for EU membership because it lacks this common denominator (Grigoriadis 2006).

Member state preferences have played a large role in Turkey's effort to join the EU. Germany and France are largely responsible for the slow progress on Turkish accession. They both favor a 'privileged partnership', as opposed to full membership. Conservatives in both countries are worried about the cultural differences between Christian Europe and Muslim Turkey (Bache, George, and Bulmer 2011). In Germany, specifically, support for Turkish EU membership changes depending on who is in power. The CDU government (pre-September 2013 elections) does not favor Turkish accession (Bache, George, and Bulmer 2011). Turkish-French relations were strained when France passed a law that does not allow anyone to deny the Armenian holocaust. This law angered the Turks, who threatened to put economic sanctions in place against France (Staff and Vandoorne 2012).

Many people in the EU doubt that Turkey can be considered a European state. They do not think that Turkey's Muslim population will be able to integrate with Europe's largely Christian population because Turkish citizens speak fewer European languages than citizens in other states, have poor English speaking skills, and are more

likely to support illiberal precepts in politics. The negative public opinion of Turkey is a severe disadvantage for the country because several member states have said that they would hold referenda on the question of Turkish accession (Scherpereel 2010). In this case, member state preferences do not play a significant direct role in Turkish accession. However, its indirect role is significant. Politicians in the countries who want to hold referenda are doing so in order to keep their constituents' support. In a further example of public opinion dictating state preferences, President Chirac and the new French government tried to appease voters by showing waning support for Turkish accession when French voters rejected the EU Constitutional Treaty (Grigoriadis 2006).

In order to prevent overextension and the growth of too much ethnic and linguistic differentiation, the European Union needs to set a clear limit on expansion. If it does not, its structure will evolve to become more empire-like in order to handle the large amount of diversity and differing demands from member states. The conflict between scale and intensity would be such that the scale is much too large for the level of intensity that is needed to effectively govern and ensure cooperation.

The example of Turkey reveals another issue that the EU needs to address in order to prevent decline: anti-immigration sentiment and policy. While this is a large issue that deserves a paper of its own, I will address it briefly. Without a work force to support the economy and the aging population, exports will decline and the economy will decline or stagnate. The EU needs to develop a way for labor to be imported. One way this can be achieved is by allowing the few remaining European non-member states, such as Turkey, to join the EU. While their populations may be poorer, the member states cannot afford to not allow them to live and work in their countries.

Economic Crisis

The economic crisis in 2008 affected everyone. In Europe, the countries most in trouble are known as the PIIGS: Portugal, Italy, Ireland, Greece and Spain. Ireland was also especially hard hit. When the Eurozone was created, suddenly member governments using the Euro were able to borrow money at a much lower interest rate than they had previously. Due to this, they began to borrow money at a much higher rate. Greece, in particular, was guilty of this. The other countries also had a large amount of private debt, which is discussed below. In Greece, the government was lying about how much money it was borrowing. When investors found out, the Greek economy began to collapse as they pulled their money out. The other countries were more affected by the real estate bubble in 2008. When the bubble burst, unemployment increased and tax revenue, already low, was even lower. Bank solvency was in question (Krugman 2011).

Today, Ireland is seen as an example of a successful recovery. By following strict austerity measures, Ireland is on track to exit the International Monetary Fund (IMF) bailout program by the end of this year. Jobs in the construction industry, which was especially hard-hit by the real estate bubble, are slowly coming back as property values rise and unemployment slowly falls. However, unemployment is still at thirteen percent (Illmer 2013). Paul Krugman (2013) does not believe that Ireland is a success story. He points to the high unemployment and low growth rate as a sign that Ireland still has a long way to go to fully recover.

Ireland's austerity measures appear to be a model for other struggling Eurozone countries and a validation of the austerity measures of Europe's leaders. However, Ireland's economy is ten percent smaller than it was before the crisis and the country is

experiencing mass emigration and unemployment. The hard times are by no means over. Additionally, the Irish model of success will not necessarily work in other Eurozone countries. Irish society has a large degree of social cohesion; therefore, all political groups agreed that austerity measures were necessary. Other countries, such as Greece, experienced unrest due to differing views among political parties about what should be done to save the economy (Illmer 2013).

It is not only sovereign borrowing that is negatively affecting the economies of member states. ‘Zombie firms’ and overindebted households, according to *The Economist* (2013b), have caused the economic crisis to evolve into a chronic crisis. In October 2013, the European Central Bank (ECB) announced that it would start an inspection of the balance sheets of Europe’s biggest banks in order to determine which banks are still above water, which will need more capital, and which will need to be shut down. The ECB is doing this because of bad loans made to households and companies. Mortgage debt in Ireland and Spain and corporate borrowing in Portugal and Spain led to the economic crisis in these countries. Other member states, including Germany, have been reluctant to look into banks on their own, so it falls to the ECB to clean up the banks (*The Economist* 2013b).

The countries in the Eurozone need to reduce private-debt burden if they hope to avoid further economic crisis. This has happened much more slowly than in the U.S., for three reasons: fiscal austerity imposed on peripheral economies deepened the recession; weak banks have not wanted to recognize and make provisions for bad loans; and European bankruptcy law is not conducive to restructuring debt because it is not debtor-friendly. The corporate debt problem, which is worse in Portugal, Spain, and Italy,

creates ‘zombie companies.’ These companies are unable to pay their interest payments from their pre-tax earnings. Therefore, they are unable to invest or grow, so they are stagnant. Private loan debt is highest in Ireland and the Netherlands. Consumers who are attempting to pay back large amounts of debt lowers consumer spending, which negatively affects the economy (*The Economist* 2013b).

In order to combat debt and strengthen the Euro, members of the Eurozone need to lessen austerity measures and be tougher on their banks. Lessening austerity measures will allow private debt to shrink. Being tougher on the banks and trying to change the culture to be friendlier to debtors by allowing them to restructure their loans will go a long way towards lowering private debt, which is slowing European growth more than government debt (*The Economist* 2013b). Solving the government debt crisis is another matter entirely. Economists such as Paul Krugman have identified various paths that the EU can take, such as harsh austerity measures, debt restructuring, default, or the creation of a transfer union (Krugman 2011). The last option of a transfer union would integrate Europe even further and move it closer to a federal system like the U.S.

Unless this crisis is resolved, it could result in disintegration as member states decide that they are better off using their own currency. There are two possible ways of responding to the crisis: either by containing the public sector or instituting redistributive policies to combat the negative economic effects. The second option would curtail individual liberties, innovation and productivity, leading to extractive institutions (Acemoglu and Robinson 2012). These extractive institutions would lead to the fall of the European Union. The first option is the more desirable one. By reigning in the debt crisis,

economic growth will return and the European Union will regain its attractiveness to other nations⁷.

Muddling Through: Moving between deterioration and survival

In an ideal world, we would know what path the European Union should take to survive and perhaps integrate further. However, this is not the case. There are many directions that the EU could go, depending on member state preferences and world events, such as critical junctures. We have no way of knowing if a major event will change the course of history. Politics also contribute to the murky future. States are led by human leaders who make human decisions that are often not logical, as is described in Keohane's bounded rationality theory. Ideally, the European Union will continue to grow and prosper as a hybrid regime that improves the economics and politics of its members. We cannot predict the future, but we can recommend that the European Union avoid adopting more characteristics of an empire. Rather, it should retain the characteristics of a regime.

⁷ Other factors also contribute to the European Union's attractiveness, such as specific redistributive programs and economic assistance. However, I will not go into detail on these factors in order to simplify the understanding of the European Union.

Conclusion

This approach to understanding and examining the European Union is significant because it provides a more complete picture of the dynamics behind the forces of integration and what could affect the EU in the future. The hybrid regime classification is necessary because there are no complete theories to explain what the EU is. It is a constantly evolving monster that can make up the rules – and change them – as it moves forward. Its history of integration shows how it moved from economic integration to cover more sectors, and eventually began to incorporate political integration.

It remains a fascinating case of an integration project because of its attractiveness to candidate countries and how it helps improve their economic well-being. In Ukraine, massive demonstrations illustrate this point. Despite the current economic crisis, the EU model is still attractive. In a choice between Europeanization and closer ties with Russia, Ukrainian citizens have demanded Europeanization (Kravets 2013). The EU's hybrid capabilities would allow it to provide both economic and political stability to Ukraine. These two capabilities increase its attractiveness to other states. In a World Bank report, the EU is described as the only regional integration arrangement that allows the living standards of the lower developed countries to catch up to the highly developed ones. It is called a 'convergence machine (Gill).'

Its current set up as a hybrid regime gives the EU two paths for the future. In one, the outcome is bleak. The EU, the shining example of regional integration, is no more. It is an empire only looking out for itself. In the second path, the EU survives. However, there are two ways that it could survive, depending on the influence of Great Britain and

France. All of these scenarios are extremely vulnerable to critical junctures, or external events, as well as internal factors that must be dealt with. The future of the EU depends on it remaining a regime, and not becoming an empire.

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