Turbulent fields and the theory of regional integration

Ernst B. Haas

Theories of regional integration are becoming obsolescent because three core assumptions on which these theories have been based are becoming less and less relevant to the behavior patterns actually displayed by governments active in regional organizations. These three assumptions are (1) that a definable institutional pattern must mark the outcome of the process of integration, (2) that conflicts of interests involving trade-offs between ties with regional partners and ties with nonmembers should be resolved in favor of regional partners, and (3) that decisions be made on the basis of disjointed incrementalism. The history of the European Communities since 1968 shows that most governments no longer behave in accordance with these assumptions, although they did earlier. The explanation for the new trend is to be found in awareness of the various novel kinds and dimensions of interdependence between countries, issues, and objectives, particularly with reference to policies involving those aspects of highly industrial societies which do not respond readily to the incentives of a customs union. A new decision-making rationality—labelled "fragmented issue linkage"—seems to be competing with incremental habits, suggesting that efforts are being made to cope with "turbulence" in the industrial environment so as to avoid piecemeal solutions. The effort to cope with turbulence, in turn, is unlikely to lead to any "final" set of regional institutions.

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The phenomenon of states seeking to intensify efforts at peaceful, joint management of national concerns is certainly alive, if not always well. Moreover, these efforts continue to take place in organizations and communities which define themselves as "regional." The theories we have developed for describing, explaining, and predicting this phenomenon, however, have a tendency either not to predict events very accurately or not explain very convincingly why events which were predicted did in fact come about. We can probably devise better theories which might overcome these weaknesses. But the effort is probably not worth our while. Events in the world and conceptual developments in social science have jointly conspired to suggest that the name of the game has changed, and that more interesting themes ought to be explored. These themes—grossly captured in the terms turbulence, interdependence, and systems-change—can profit from and incorporate aspects of the theory of regional integration. But they are sufficiently different in scope and portent as to suggest that theorizing about regional integration as such is no longer profitable as a distinct and self-conscious intellectual pursuit. In that sense, and in that sense alone, regional integration theory is obsolescent. Why is this so?

I Old theories and new turbulence

Properties of old theories

The main pre-theories of regional integration have been subjected to much analysis and soul-searching. Their failings have been recorded in the literature. Improvements and amendments—in measurement, in the definition of variables, in the presumed covariation among variables—continue to preoccupy economists and political scientists. New attempts at overarching critiques and syntheses make their appearance with fair regularity.¹ A great deal of this effort would be entirely germane if the focus of attention were to remain the region as such. I wish to suggest, however, that it is this very focus which ought to be questioned; not

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because it has disappeared from the actual practice of foreign policy, but because its identity becomes fuzzier as competing foci of policy become more prominent. To borrow Stanley Hoffmann's metaphor, games on non-regional chessboards take place simultaneously with the regional contest. The condition of turbulence can be visualized as a giant simultaneous chess match over which the judges have lost control.

There are certain properties of the familiar theories of regional integration which fail to do justice to this situation. These properties, though included originally for reasons that seemed plausible enough, do raise questions as to the contemporary adequacy of the theories. The properties of central concern are (1) the presumed predictability of the institutional outcomes of the integration process; (2) the tendency to treat the region undergoing integration as a self-contained geographical space; (3) the parallel tendency to regard that region's practices of increasing the centralization of joint tasks and concerns as an autonomous process following its own unique rules.

Integration theorists tend to assume that any process of regional cooperation, coordination, or centralization of effort among the member states should be conceptualized as leading to some definable outcome, some new order for the region which takes its own institutional form. The eventual emergence of a federal state, at least in Western Europe, has been an image held by both theorists and practitioners. Some have argued that if progress toward federation is not made, the "old order" of competing and sovereign states will surely reassert itself. Others have suggested, however, that an intermediate situation—labelled "confederation" or "concordance"—may well become permanent. The choices of outcome in the theories, then, are between federation, return to national sovereignty, and the actual situation which prevails in the European Community. Much the same could be said about several Western Hemisphere regional organizations and their efforts at integrating the member states. This way of visualizing outcomes is perfectly reasonable as long as the observer's eyes are fixed on what the member states do to each other and want of each other within the framework of their regional activity. But it is this framework itself which ought to be reexamined.

2Donald J. Puchala, "Of Blind Men, Elephants and International Integration," *Journal of Common Market Studies* (March 1972); Paul Taylor, "The Politics of the European Community: The Confederal Phase," *World Politics* (April 1975). Lindberg and Puchala, on slightly different grounds, opt for a view of regional integration which takes the present as given, if not final, because of the difficulties of conceptualizing change and institutional outcomes along any dimensions simple and straightforward enough to permit prognosis. Hence, they feel that the "system" (or the "concordance system") (i.e., the neo-functional and pluralist descriptions of the processes which make up the status quo in Western Europe) is the reality on which theory and research should focus. Puchala, op. cit. and Leon Lindberg, "Political Integration as a Multidimensional Phenomenon Requiring Multivariate Measurement," in Lindberg and Scheingold (eds.). The question of institutional outcomes is examined in terms of constant or shifting actor objectives by Leon N. Lindberg and Stuart A. Scheingold, *Europe's Would-be Polity*, (Englewood Cliffs; Prentice-Hall, 1970), especially Chapters 4 and 9. Ralf Dahrendorf questions whether the desirable expansion of scope in the activities of the European Community ought to be accompanied by the growth in centralized power demanded by the Commission. *Plädoyer für die Europäische Union* (Munich: Piper Verlag, 1973).
The phenomenon of externalization may well increase in importance beyond anything previously imagined. As used in the literature, the term externalization is made to encompass two different motives for de-emphasizing or re-emphasizing a specifically regional focus of action. One usage suggests that the fear of strong non-regional actors ought to persuade the regional actors to coordinate and harmonize policy more intensively; the other suggests, however, that perceptions of interdependence with non-regional actors is likely to interfere with efforts at increasing regional harmonization and institutionalization. I am using the term in this second sense. The events in the world economy in the last few years suggest that regional policy making is more and more constrained by the extra and inter-regional economic calculations of the actors. Theories which assume or argue that the regional focus of action must somehow assume primacy over competing geographical foci in the collective decision-making processes simply accept the arguments made by the officials of regional organizations. But this acceptance may do violence to the rough cost-benefit calculations which national officials must make in order to make decisions. Thus, if it can be empirically demonstrated that progressive regional centralization of decision making is interrupted and questioned because of the actors’ uncertainty as to the identity of their most appropriate partners in collaboration, this will surely infect the pattern of regional institutionalization and its eventual outcome.

Institutionalization and the centralization of policy making vis-à-vis the outside world, in most of the older theories, is conceptualized as a process which obeys the logic of disjointed incrementalism. Only the more passionate federalist theories of integration do not make this assumption. Thus the policy space, the accretion of additional tasks under the purview of the central institutions (as well as the diminution of tasks conceptualized in the spill-back and encapsulation processes), is seen as changing in response to gradual steps, item-by-item decisions made by the actors in order to increase collective benefits and make up for disappointments in benefits foregone in the past. Radical institutional breakthroughs—while conceivable—are not considered likely given the actual behavior of officials and politicians.

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at the national level, though the *initial* step in setting up certain regional institutions is properly described as a more-than-incremental breakthrough. Again, there was very good reason for adopting this assumption since it corresponded very nicely to what could be observed. Self-contained policy spaces did grow up, and marginal disappointments did lead to an occasional expansion which could be analyzed in terms of the spillover logic. I am not suggesting that incrementalism is dead. I suspect, however, that it is being infected with a different and more holistic decision-making rationality as the original objectives of the actors are buffeted by the condition of turbulence.

When and where should the relevance of these properties of the older theories be questioned? The answer cannot be categorical. It must depend on a judgment as to where the condition of turbulence has made its appearance, a judgment which depends on perceptual as much as on objective indicators. Now we can say only that as disjointed incrementalism ceases to be an accurate description of decision making the progressive centralization of joint efforts against the outside world is thrown into doubt and the eventual institutional outcome made much less predictable than it was thought to be.

**Obsolescent but not obsolete**

Theories of regional integration thus retain a good deal of relevance wherever and whenever the setting they were designed to describe and explain continues to exist. These theories are attempts at a formal presentation of incremental change phenomena, leading to regionally-defined new orders. What is new about them? They take the place of the previous order of competitive states within their regions and illustrate processes of peaceful collective problem solving. If the institutional outcome is but a greater state subsuming the states it replaces, regional entities will *not* constitute a new order in world politics. But if the institutional outcome is left unspecified, the range of possibilities is rich enough to permit the projection of alternative world orders which differ from the familiar one.

The settings which gave rise to integration theories do not disappear overnight. Obsolescence is a gradual process, not a sharp break. Federalist theories of regional integration retain relevance whenever a group of actors profess a commitment to the introduction of a specific set of objectives and plans which herald a new order and when a deep and abiding consensus on such a new order prevails for some time. Other theories of regional integration retain their relevance whenever a group of actors retains a commitment to the enhancement of a set of common values—security, equity, efficiency, harmony—and does not reexamine or question these values, or the means of action for attaining them. The agreement on these values then continues to define the manner of exercising choice, and the manner is incremental. If, therefore, the functionalist, neo-functionalist and transactionalist theories are to remain relevant, two conditions must hold: (1) institutional outcomes must be open in the sense that various end states are possible, provided only
that the collective decision-making mode adopted will be more centralized than was true at the beginning of the process; (2) the pressure for including common tasks and programs directed against external forces and states must not be resolved in such a manner as to detract from regional centralization. Failure to adhere to these conditions in regional integration processes will result in the creation of interdependence patterns with extra-regional forces and actors. While this may be both likely and desirable, it is not the condition which regional integration theories were designed to explain.

It follows that the assumptions, methods, and concepts found in theories of regional integration may apply to some activities and institutions in a given regional organization, but not to all. I shall argue in the next section that the logic of incrementalism and regional self-containment no longer holds for certain activities of the European Community. This, however, does not imply that such activities as maintaining the customs union and the common agricultural policy also fall outside the theory. If a common monetary policy is agreed upon as a result of the pressure for maintaining the customs union, we would have a classical case of spillover. If, however, a common monetary policy is not devised, or if that policy is part of a more general agreement in OECD or the Group of Ten, the results cannot legitimately be attributed to the spillover mechanism but to imperatives of an external nature not captured in regional integration theories. Consider also the possibility that a new task, not part of the original value commitment (e.g., environmental protection) is added to the prior commitment relating to the customs union. Again, regional integration does retain relevance here if the member states then proceed to treat the new task in the same old incremental manner. But perhaps they won't. Obsolescence comes in parts, not in wholes.

In Latin America and Asia it seems that theories of regional integration do retain a good deal of relevance. This will cease when the commitment to modernization is no longer dominant, or if that commitment seems attainable by methods of action which do not require collective action. I am not sure whether the same can be said for Africa, largely because the political imperatives of state and nation building are of such a magnitude as to make the preoccupations of regional collective action seem to be beside the point.

Turbulent fields

For those who are preoccupied with analyzing and predicting the future fate of specific regions, then, the group of pre-theories, to give them their accurate labels, continue to serve as heuristic aids of some value. Undoubtedly, the fit among the three incrementalist pre-theories can be improved.

But I doubt that it is a good investment of our time and ingenuity. Integration theories, I believe, are becoming obsolete because they are not designed to address the most pressing and important problems on the global agenda of policy and research. They do not and cannot capture a pervasive condition that characterizes the entire earth and the whole range of international relations, because they
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are inspired by a sense of orderly process and by the assumption that states manage to cope collectively according to the rationality of disjointed incrementalism. This inspiration is not wrong; it is merely incomplete. Global politics and the so-called search for a new world order are akin to what planners have called a "turbulent field." And this calls for a different conceptualization if we wish to make sense of it.

Turbulence is the term we bestow on the confused and clashing perceptions of organizational actors which find themselves in a setting of great social complexity. The number of actors is very large. Each pursues a variety of objectives which are mutually incompatible; but each is also unsure of the trade-offs between the objectives. Each actor is tied into a network of interdependencies with other actors which are as confused as the first. Yet some of the objectives sought by each cannot be obtained without cooperation from others. A turbulent field, then, is a policy space in which this type of confusion dominates discussion and negotiation. It can be sub-national, national, regional, inter-regional, and global—and all at the same time.

In such a policy space it is very difficult for organizational actors to develop stable expectations of mutual behavior and performance. If one is not sure of one's own goals, it becomes very hard to adjust one's behavior to the goals of negotiating partners who are no more certain of their objectives. This condition implies the erosion of such interorganizational patterns of consensus, reciprocity, and normative regularity as may have existed earlier, as in the field of international law, for example. The questioning of older norms and values then accelerates and problem-solving machinery which had been accepted earlier falls into disuse. New organizations are then devised in large numbers in the attempt to cope; but they change form and purpose almost as fast as they are created. As old rules fall into disrepute the new rules lack legitimacy and efficacy and are soon discarded. Everything is "up for grabs."

We should not equate complexity with absence of knowledge. One of the characteristics of turbulent fields is the existence of very large bodies of knowledge which exacerbate the turbulence because they provide certainty for parts of the field while further confusing an understanding of the whole. The rapid development and diffusion of new technologies suggests the possibility of control mechanisms over certain social and economic processes while creating simultaneously new

problems with respect to controlling the unwanted side effects of the same technologies. Scientific research tends to create new certainties with respect to natural resources, public health, the control of pollution, and perhaps even in the guidance of economic growth. But these “certainties” are fragmentary: they do not command a consensus among organizational actors in the aggregate. Each actor seeks to use a piece of certainty to achieve a given objective, without being able to relate this to other objectives he may also wish to attain. The trouble is that there are too many of these pieces of certainty. The growth in knowledge and the multiplication of incompatible actor objectives combine to worsen the turbulence.

The control of turbulent fields is emerging as the political task in what remains of this century. The search for world order is nothing but an attempt to conquer turbulence. Theories of regional integration have a lot to teach us still about non-violent methods for collectively solving international problems, for coping. They can find a place in the intellectual armory of studying alternative world orders. But this armory must be stocked with new concepts as well. I shall suggest that this process has begun in the European Community at the level of policy, and that these policies and the institutions devised to implement them illustrate the attempt to deal with turbulence rather than achieve regional political integration.

Turbulent fields and “fragmented issue linkage”

Post-industrialism and the turbulent field of integration

Before inquiring further into the obsolescence of the pre-theories of integration in the West European context, it is instructive to summarize the changes in scope and level experienced by the European Community. Using the twenty-two issue-areas studied by Lindberg, and comparing changes between 1957 and 1975, we arrive at this picture:

5I hesitate to employ the over-used term “world order.” Its appearance as a title of lectures, articles, speeches, and books has done much to further confuse the discussion of international politics. Usually it means no more than the author's or speaker's preferred values for the future. Sometimes it means a given institutional-legal set of rules, actual or demanded, as in a “world order for the ocean” or for outer space. Labels such as “spaceship earth,” “the global village,” and a “steady-state world” evoke another meaning still. Their authors imply that there is some condition or problem which so pervades life on this planet as to compel a cognitive reorganization which must then lead to a dramatic political reform of our ways. Only rarely does it mean a persistent pattern of behavior or belief, which can be projected and analyzed in terms of its consequences, and can therefore serve as a basis for stipulating an empirically validated desirable pattern of behavior for the future. This is the sense I have in mind here. An illustration would be a pervasive cognitive commitment to science as a source of knowledge of causal relations and a source of policies for coping with science-related problems. I have explored what a “scientific world order” might imply for international politics in “Is There an International Scientific Society?” in G. Goodwin and Andrew Linklater (eds.), New Dimensions of World Politics (London: Croom Helm, 1975).
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Table 1 Number of issue-areas subjected to collective decision

<table>
<thead>
<tr>
<th>Year</th>
<th>None</th>
<th>Beginning collective discussion</th>
<th>Substantial collective discussion</th>
<th>Most collective decision</th>
<th>All collective decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>1957</td>
<td>15</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>1968</td>
<td>5</td>
<td>9</td>
<td>6</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>1970</td>
<td>5</td>
<td>5</td>
<td>8</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>1975</td>
<td>5</td>
<td>3</td>
<td>10</td>
<td>4</td>
<td>0</td>
</tr>
</tbody>
</table>

Between 1970 and 1975 we recorded the following changes: six issue-areas moved toward greater collective discussion and decision, five issue-areas moved back from greater to lesser collective consideration, and eleven remained unchanged. All activities relating to external relations advanced! All economic activities relating to planning and resource allocation also advanced! What, then, declined? Here we find the activities most closely linked to the perfection of the initial consensus on building a customs union and advancing gradually toward full economic union: counter-cyclical policy, competition, agricultural protection, balance-of-payments measures, and domestic monetary policy.

The Community began life with the collective commitment to change the basic rules of industrial development by widening the market for producers. For that purpose the members accepted an explicit and inflexible set of obligations for the rapid removal of barriers to trade among themselves, and a less explicit set of commitments for the gradual introduction of common economic policies designed to perfect the customs union: precisely in the areas of monetary, fiscal, and counter-cyclical measures on which commercial and industrial activity depend in modern economics. But what happened instead?

Massive changes began to occur during the 1960s in the technological and social sectors within which industrialism is embedded as the volume and rate of trade within the customs union grew by leaps and bounds. Europe attempted to plan and build a nuclear energy industry as access to cheap coal and access to cheap oil diminished and seemed imperiled. One of the major beneficiaries of the common market proved to be American multinational corporations with command of advanced technologies. Once the American technological "challenge" was articulated (mostly by France) there began a discussion of "industrial policy" and "R & D planning" to give European industry the capability enjoyed by Americans, and the first steps toward a planned industrial division of labor were taken in Brussels. The industries most affected by this process were aircraft manufacturing, computers, and nuclear reactors. Transportation, defense, communications, energy, and urban and health planning were the activities of greatest concern. As the complexity of the industrial process increased, the simple logic of a customs union was infected with considera-

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6 In Lindberg and Scheingold (eds.), p. 69. Lindberg provided the ratings for all years other than 1975. I added the 1975 ratings.
tions of balanced and unbalanced growth in new technological capabilities. By the end of the decade the "backwash effects" of the customs union made themselves felt in the less industrialized localities, thus leading to demands for regional redistributive policies within the Community, an objective never faced by the architects of the common market. Superimposed on these considerations we increasingly find the demand for an improved "quality of life," especially after the events of 1968. Economic growth alone was no longer acceptable to segments of the European public, and by the end of the sixties we find the advent of collective policies for protecting the environment from the ravages of industrialism. Finally, OPEC in 1973 forced the energy issue on Europe, a syndrome of considerations which simultaneously raised the necessity for making painful choices in industrial development, R & D activity, regional development, and environmental protection. Monnet, Hallstein, Beyen, Marjolin, and Spaak had not thought in terms of turbulent fields.

No wonder the incrementally-informed decisional institutions of the Community were unable to meet the challenge. Member governments kept the Commission from acting on the above issues because they were undecided whether to seek relief from the pressures of high industrialism through Community action, national action, or joint action with third countries, such as the United States and Japan. Community action was not the obvious choice for Germany, France, and Britain, because they thought they possessed an adequate national capability for action. The contextual links with the policies followed by non-European industrial countries were stressed by Italy as well as Germany. Institutions and fora proliferated and decayed in the search for solutions. Action plans were drafted and ignored. A clear choice between national, European, and global forms of action was never made. Organizational budgets and personnel grew and shrank as priorities shifted. The transnational network of specialists and interests concerned with the syndrome developed by leaps and bounds, as elaborate industrial consortia, joint ventures, licensing agreements, and planning groups came into being, all aided by the prior creation of a continental free market for goods, labor, and knowledge. Governments did not oppose these trends because many of them were thought to be supportive

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7 Amitai Etzioni first pointed out that the more successful regional integration efforts managed to postpone redistribution issues and were launched on a set of shared objectives which excluded potentially divisive problems. *Political Unification* (Huntington, N.Y.: Krieger, 1974), pp. 324–27.

of increased national economic and technological capabilities. But the closest
governments could come to jointly conceptualizing and planning this turbulent
field of poorly interrelated activity was the holding of periodic summit con-
ferences of heads of state and government, beginning in 1969. There, at least,
the issues were articulated in eloquent terms.

Incrementalism and fragmented issue linkage

These are the facts and events of interest to us; how can we synthesize
them and abstract from them? We are interested in extracting from events the
underlying "rationality" of actor behavior responsible for having brought about
the events in the first place. Disjointed incrementalism is a generally accepted
description of a certain way of making decisions under conditions of uncer-
tainty, in a setting of bargaining among sets of participants with partly con-
vergent and partly opposing interests. It is a "rational" second-best strategy
under these constraints. Moreover, disjointed incrementalism is valued as a
process by certain analysts and actors because it is participatory and consen-
sual. And it is accepted by decision makers as a reality, good or bad.

Disjointed incrementalism, then, was the preferred strategy of European
decision makers as long as the shared objective was the attainment of a plural-
istic security community by gradual steps, fanning out from an initial dramatic
commitment to a common market, which was to lead to political union, how-
ever defined institutionally. The objective was constant, the tactics and means
variable, in line with actor disappointments or satisfaction with benefits ob-
tained. Hence theories which captured this rationality were able to predict
with some accuracy when and where spillover, encapsulation, spill-back and
spill-around would occur.9 These theories allowed for changes in the capa-
bilities of the member states. When the objective seemed attainable without
the Community, because governments were able to get what they wanted with-
out further integration, disintegration would set in. Incrementalism, then, is a
rationality hinging on the choice of means considered appropriate by the col-
lectivity for attaining a constant basic objective.

This view has always been challenged by advocates of rational-analytic
decision making, bent on reducing uncertainty and routinizing collective decision
making so as to optimize outcomes for all, i.e., limiting the incidence of bargaining.
Analysts of private and public rationality hope to improve on incrementalism;
certain political actors expect to do better than to make their way gradually,
by hit-or-miss tactics, toward a valued outcome. Moreover, as the history of
formal programming and budgeting techniques in many government agencies sug-
gests, this view has made considerable inroads into the actual practice of public

9 This is clearly demonstrated in the neo-functional process models which show how inte-
gration and disintegration may occur, devised by Joseph S. Nye and Philippe C. Schmitter in
administration. Its advent in the European Community is manifest in many of the programs which were superimposed on the earlier consensus during the late 1960s.

The rational-analytic view, however, has been attacked in turn. It is argued that it does not, in fact, describe government decision making very often and with any accuracy. It is also argued that even if it did, the approach makes impossible demands of a methodological and logical nature and is therefore not capable of being used very often. While the dimensions of the approach are exceedingly valuable as a heuristic extreme, particularly when the decisions in question involve technology, I agree that its demands are too rigorous to serve as a model for the analyst and the practitioner of regional integration policies.

Since neither incrementalism nor rational-analytic decision making seems adequate for the analysis of European integration since 1968, I propose a third concept of rationality: fragmented issue linkage. Unlike the two other approaches this is so far a purely analytic concept, not accepted by actors as a conscious strategy of action. It describes the tension in the actual rationalities in confrontation: actors who are really committed to the analytic style, when faced with other actors still deciding according to incrementalist criteria, are likely to settle for fragmented issue linkage. But the initiation of this style does not occur until sharp dissatisfaction with earlier incrementalist procedures is manifest; fragmented issue linkage does not set in until there is a "crisis," until the knowledge and the experience which had fueled incremental processes are subjected to sharp doubts and questions. Issue linkage occurs when older objectives are questioned, when new objectives clamor for satisfaction, and when the rationality accepted as adequate in the past ceases to be a legitimate guide to future action. The nexus of "post-industrial society" issues seems to fit this bill.


11 This description corresponds in many respects to what Etzioni advocates as "mixed scanning," a social action and planning strategy which seeks to take the best from both incrementalism and rational analysis. *The Active Society*, pp. 282–88. A word of clarification is required by the word "crisis." As used here, a crisis is the compounding of uncertainty in the minds of actors engaged in collective decision making, uncertainty about the adequacy of cause-and-effect links carried over from past experience, about the proper ranking of values in competition, about the future toward which one should be working. Such a crisis is not a sudden event but a gradual growth of doubt. This usage contrasts sharply with the "crisis literature" in international politics, which confronts decision making under conditions of great danger and limits on time, mostly in the context of the outbreak of hostilities. Propositions on rational behavior under such conditions have very little in common with our concern here. Hence the models of rationality developed by Graham Allison in *Essence of Decision* (Boston: Little Brown, 1971) are not germane, even though the incremental bargaining style of bureaucratic behavior is prominent there.
I chose the adjective "fragmented" in talking about issue linkage because the process does not necessarily lead to the holistic view of problems and the aggregation of separate issue-areas which some integration theories have postulated as necessary and desirable. Aggregation and expansion of institutions is one possible action path, once new bodies of knowledge lead to broader objectives superimposed on the earlier ones, demanding broader and more powerful means for adequate implementation. If this mode of projection is chosen, the concepts of "scope" and "level" of the older integration theories can be usefully subsumed under the analysis. But Simon's writing about satisfying strategies (instead of optimizing rational modes) and partly decomposable systems (instead of expanding holistic constructs as heuristic guides) should warn us that other outcomes are possible too.12 Expansion of the knowledge base and the advent of broader social objectives can also lead, under conditions of increasing cognitive complexity, to partial aggregation of issues and efforts, followed by decentralization and disaggregation when the participants find that they are unable to master the multiple causal links among their various objectives and activities. This is especially likely to occur whenever the participating governments find that their national capabilities for handling the syndrome of issues are greater than the collectivity's. In that case, the rational strategy would be to engage in only as much regional cooperation as is necessary to make national programs successful, which might be very little. In other words, the fact that formal analysis suggests the desirability of very holistic procedures and institutions need not predict intensified regional integration. The frailties of collective intelligence are such that minimal integration and widespread efforts at issue decomposition and decentralization might be considered by actors as more appropriate, at least in the short run and until the next "crisis" strikes. This possibility, then, demands a different set of evaluative tools than that made familiar by the analysis of level and scope of integration because the mode of regional cooperation adopted may not require collective decision making and operation.

Three rationalities specified

How can we tell whether the control of turbulent fields is compatible with the practice of regional political integration? The first step must be an attempt at specifying the decision-making patterns followed by the actors in order to see how disjointed incrementalism, fragmented issue linkage and rational analysis differ in terms of their key dimensions. The key to the dimensionalization is the manner in which actors assess and reassess their degree of mutual interdependence, quite irrespective of eventual and conceivable institutional outcomes. This reassessment includes at least two distinct features: perceived changes in the kinds and rates of

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12 I have drawn on the evolving literature on complexity in this formulation, as well as on Herbert Simon's work on decomposability and works in the "structural" tradition. For sources used see Haas, "Is There a Hole in the Whole?" pp. 852–56.
transactions among them and the adoption of new types of knowledge (e.g., cost-benefit analysis, modeling, technology assessment) in decision making.

An initial commitment to engage in policies of regional integration presupposes some notion among the participants as to their interdependence. Their initial commitment includes a shared conception of how and why they need one another. But this commitment is fragile. A reassessment of interdependence in trade, financial flows, and migration may occur as “sensitivities” are perceived differently. Employment and income may be more or less sensitive to a common market depending on who trades with whom, who invests where, and which migrant workers appear from what region. The greater the income and employment effects attributable to the common market the higher the sensitivity. If the costs of this increased sensitivity appear to be greater than the initially assumed benefits of interdependence, governments are likely to have second thoughts about integration. Reassessment can also come about as a result of changes in “vulnerability”: if the rules of the common game escape national control, vulnerability to uncontrollable collective decisions increases, with possible costs which may be considered unbearable. Finally, actors are increasingly concerned with the “opportunity costs” of being interdependent: how much does one give up (e.g., in nationally financing a given industry, as opposed to collective financing) by being a member of a common market? As sensitivities and vulnerabilities go up, governments are likely to rate the opportunity costs of membership in a regional organization more highly than they did initially.

If there are also new ways of calculating costs and benefits, governmental decision makers may be able to get a more accurate view of these interdependencies. This may imply either greater willingness or greater resistance to continued regional integration, depending on what the analysis discloses and how it is perceived. Scientific management, therefore, is not an unambiguous boon to political integration. It may reveal that what was rational in 1960 turns out to be irrational under the conditions and pressures prevailing in 1975. The attempt to master turbulence remains as a big question mark if we seek to fit it into rationality syndromes relating to regional integration.

How can we translate these ruminations into codable dimensions applicable to policy making by regional organizations? We can distinguish between characteristics of decision-making styles which refer to cognitive and perceptual attributes as opposed to behavioral and institutional ones. Eventually, this distinction ought to allow the sketching of cycles, action paths, and outcomes, but a good deal more has to be said before we can reach that point.

Cognitive-perceptual attributes

(1) What are the political objectives of the actors in adopting policies designed to result in a new regional order? Whether these objectives are economic prosperity, cultural renaissance, or military strength is a less important question for purposes of analysis than the simple alternative between objectives which remain
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constant and objectives which change dramatically during the integration process. Change is thought of as a desire on the part of actors to add new objectives to the preexisting ones, thus perhaps throwing into doubt the feasibility of attaining the earlier set and raising the issue of more complicated trade-offs. Poorly-ordered new objectives imply the arrival of turbulence.

(2) What is the knowledge used by the actors in arriving at choices? The addition of new objectives which are poorly-coordinated with the older ones can be thought of as resulting from new bodies of substantive knowledge (pollution, energy technologies, models of steady-state economies). Such changes can also be tied to the acceptance of new modes of analysis, particularly computer-based modes, which may have gained currency since the initial consensus on objectives was hammered out. This dimension tries to capture the question of whether knowledge is fixed, reluctantly expansive, or marked by deliberate search. While the search for new knowledge may occur prior to a change in objectives, and perhaps cause it, such a sequence is far from inevitable. The reverse process is equally plausible.

(3) How do actors learn? Learning processes, again, can be thought of as resulting from the availability of new types of knowledge; or the uninformed recognition of new objectives may trigger “learning” which deliberately seeks new knowledge. I am reluctant to assume a unidirectional path of causation. This dimension simply seeks to capture some fundamental differences between attitudes toward institutional learning, from the unselfconscious muddling-through of disjointed incrementalism to the emphasis on the need for learning which is set in fixed routines and institutional practices of a formal nature. The middle ground between these extremes may be occupied by what Michel Crozier has called apprentissage institutionnel, “the process whereby members of a complex collectivity succeed in passing from a worn-out system of regulatory rules to a more elaborate system of rules which permits a larger scope for cooperation.”

There is one feature of the learning process which is central to our concern: its relationship to externalization. One result of the process is certain to be the question of how the degree of interdependence among the members of the organization is influenced by changing interdependence patterns vis-à-vis non-members. How do actors collectively perceive their dependence on nonmembers and on issues which exist independently of the policy commitments of the regional institutions? Learning thus raises the question of the capability of the region collectively to cope by itself under conditions of turbulence. Learning may result in the deliberate encapsulation of the regional entity, its separation from the rest of the world. But it may also result in watering down regional commitments in favor of tighter links with global and extra-regional entities. The second result—externalization—is clearly incompatible with the logic of the older integration theories.

The fact that there are strong possibilities of complex and multidirectional links among these three dimensions argues against the temptation to sketch them in a linear fashion. Moreover, it is possible to argue that the perceptual-cognitive characteristics of the three decision-making rationalities follow sequentially from prior experiences of an institutional and behavioral character, from earlier disappointments with collective decisions. On the other hand, it is reasonable to suppose that the cycle works also in a way whereby institutional-behavioral adjustments come about as a result of prior cognitive adjustments. This ambiguity should be kept in mind when we turn to the second set of dimensions.

Institutional-behavioral attributes

(4) What are the tactical choices of the actors in seeking to attain their basic objectives? What assumptions do they make about the cause-and-effect links between tactics and strategy? It may be supposed that increasingly complex modes of choosing will be adopted as an understanding of more complicated patterns of causation grows up. This also calls for a more careful analysis of how ends and means are expected to cohere. Means accepted uncritically at an earlier point in the integration process, when objectives were fixed, may come to be questioned as new objectives are added. The mixture of means considered appropriate for attaining the new mix of objectives may be quite different from earlier phases. This dimension is treated as institutional because it relates to the options of actors with respect to the procedures they will adopt in order to choose differently.

(5) What is the bargaining style which characterizes collective decision making? It can range from the uncooperative extreme of a unit-veto system based on negotiable demands and threats of withdrawal to the harmonious extreme of a variable-sum game in which the actors consciously seek to spread the benefits so as to reward the disadvantaged among them.¹⁴

¹⁴The typology follows the analysis and the coding rules specified by Lindberg, in Lindberg and Scheingold (eds.), pp. 101–02. Only the four intermediate types were found to be empirically applicable to the European Community. The least cooperative type has not been illustrated by the European experience despite the threatening behavior adopted by De Gaulle and Harold Wilson. Each threatened to veto the decisions endorsed by all the others for an indefinite period, unless some important concession were made to France and Britain, respectively. In other words, the threat was contingent, not absolute, and it was withdrawn in each case following protracted negotiations which involved side-payments to the threateners who, however, scaled down their demands in the process of negotiating the side-payments. This is best described as the "competitive zero-sum minimum winning coalition model" because the accommodation was brought about by means of a coalition of governments favorable to meeting some of the demands of the threatening actors. The substance of the accommodations I have in mind refer (1) to the solution of the dispute in 1965 over agricultural prices, admission of Britain, voting rules, and the finality of the customs union and (2) to the adjustment of financial contributions and the institution of a regional policy in 1975. The most cooperative type is described by Lindberg as "the emergence of common interests which may transcend individual actor interests," a "progressive taxation model" in which the richer forego benefits to reward the poorer in an effort to attain some transcendent goal. This, in my judgment, has not occurred in the European Community (with the possible exception of the regional policy and the subsidization of export earnings of overseas associated states). At best, it is beginning to occur now. This type of bargaining, therefore, foregoes the quid-pro-quo rationality implicit in
(6) What are the institutions and mechanisms for making and implementing collective decisions? Collective activity can be confined to simply recognizing common problems without deciding on how to cope with them. But it can also include various forms of decisions to arrive at collective solutions, though these can vary from non-binding recommendations to regulations binding on all in form and in substance. Finally, the mechanisms may or may not include centralized power to execute and implement, as well as decide. The older integration theories, embedded in the incrementalist syndrome, tended to assume that the powers of decision, execution, and implementation would co-vary and jointly confirm a pattern of integration or disintegration. This assumption is not necessarily warranted under conditions which postulate the existence of other decision-making rationalities, modes of choosing which do not dictate a process of unidirectional creeping federalism.

On the table which follows the rationalities of interest are systematically contrasted in terms of these six dimensions. We single out the effect of these dimensions on the process of externalization as a special topic of enormous significance for the future of the integration process in certain regions.

III Coping with turbulence in the European Community

How does fragmented issue linkage occur? We shall now survey the attempt to fashion European Community programs and policies in areas which are usually characterized as "post-industrial"; policies that they seek in order to redress perceived imperfections and inadequacies in the operation of highly industrial economies in which decisions at the micro-level remain in the hands of private enterprise, but in which macro-level decisions are subjected to steering by the state. These, of course, are the issue-areas which came to the fore after 1968, which were superimposed on the earlier commitment to seek political union by way of an ever more tightly linked economic union. Under this heading we include (1) industrial log rolling and package dealing, and the expectation of future "good behavior" related to offering side-payments.

The distinction is captured in Article 189 of the Treaty of Rome which offers the definitions of "regulations," "directives," "decisions," and "recommendations." "Guidelines" issued by the Community are a type of directive, binding as to the substantive goals to be achieved but leaving the member states the freedom to choose the means and form appropriate for implementation, and compelling the national parliaments to legislate or change legislation in order to approximate the harmonized community-wide body of rules which the guideline is supposed to bring about. See Ulrich Everling, "Die Rechtsangleichung in der Europäischen Wirtschaftsgemeinschaft auf dem Gebiete des Niederlassungsrechts" in Ballerstedt and Stein-dorff (eds.), Abhandlungen aus dem gesamten Bürgerlichen Recht, Handelsrecht und Wirt-schaftsrecht (Heft 29) (Stuttgart: Ferdinand Enke Verlag, 1965), pp. 75–76. There seems to be continuing controversy among lawyers as to the exact meaning and significance of this technique, mentioned in Article 57 of the Treaty as a means of legal harmonization, but not in Article 189.
Table 2 Decision-making rationality syndromes

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Incremental</th>
<th>Fragmented issue linkage</th>
<th>Rational analytic</th>
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</thead>
<tbody>
<tr>
<td>Shared objectives of decision makers</td>
<td>Initial commitment to dramatic change, a “new order,” followed by disaggregation of specific policies and steps. No major change in initial commitments later.</td>
<td>Attempt to cope with disaggregated policies by periodic refocusing as new objectives are superimposed over older ones. No well-defined outcome. No passionate commitment to new international institutions.</td>
<td>Initial commitment subject to continuous re-evaluation. Specific policies constructed, evaluated and reconstructed in line with changing commitments.</td>
</tr>
<tr>
<td>Knowledge used by decision makers</td>
<td>Disciplines and experiences readily available and considered relevant. No deliberate search for new knowledge.</td>
<td>Deliberate search for new knowledge as new objectives come to the fore. Search for intellectual schemes to link pieces of knowledge.</td>
<td>Formal models and systems constructs intended to capture everything possibly relevant. Game theory and cost/benefit analysis.</td>
</tr>
<tr>
<td>Collective learning of decision makers</td>
<td>No clearly defined “problem,” no single later decision to “solve” problems. Successive serial analysis to correct failures of earlier decisions through small changes. Unintended results of earlier decisions cause small adjustment in later ones.</td>
<td>Limited holistic perspective designed to project failures of incremental “solutions.” Partial scanning of “system” to refocus problem, followed by continued disaggregated pursuit of specific policies within whole.</td>
<td>Systematic identification of social values, and limited integration of values through trade-off calculations. When done collectively leads to ever-expanding scope of attempted solutions, as the number of utilities increases.</td>
</tr>
<tr>
<td>Effects on externalization</td>
<td>Tendency to wall off collectively from outsiders. Exogenous forces a stimulus to accelerate internal spillover.</td>
<td>Uncertainty. Mixture of impulses in both other styles. Awareness of complexity impedes decision.</td>
<td>Tendency to redefine boundaries of system to include/exclude exogenous factors, depending on definition of problem and value of utilities.</td>
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</table>
### Table II (continued)

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Incremental</th>
<th>Fragmented issue linkage</th>
<th>Rational analytic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collective tactics (means) used by decision makers to attain objectives</td>
<td>Initial commitment defines the issues and schedule of performance accepted by actors. Fragmented policies to implement respond to disappointment/satisfaction of actors with results, leading to range of possibilities defined by spillover and spillback processes. Slow addition and diminution of issue-areas.</td>
<td>Attempted superimposition of new objectives on older ones in an effort to subsume the initial schedule of implementation under the new objectives. New issue-areas added suddenly and simultaneously to older ones.</td>
<td>Holistic computation of all relevant sectors of action and attempt at so scheduling implementation as to achieve the central objective. As objective changes, the model is amended and schedules revised. Tactics and means not confined to scope of initial agreement.</td>
</tr>
<tr>
<td>Collective bargaining style used by decision makers</td>
<td>Alternates between: (1) competitive zero-sum minimum winning coalition and (2) cooperative constant-sum simple log-rolling model. Side payments common. Package dealing confined to closely related issues.</td>
<td>Alternates between: (1) cooperative variable-sum complex log-rolling model with package dealing among not obviously related issues but without the creation of new common institutions, and (2) the same game with commitment to new organs and policies.</td>
<td>Since the evolving model reflects changes in capabilities and objectives and the rate of change is indeterminate for the collectivity, any of the bargaining styles may be appropriate for single actors, from competitive zero-sum to cooperative variable-sum, with general expanding benefits.</td>
</tr>
<tr>
<td>Collective institutions and mechanisms for implementation</td>
<td>Institutions engage in problem recognition, decision, implementation. Problem recognition and implementation are increasingly centralized administratively, as new issues are added. Decisions continue to be made by governments-in-consultation, increasingly influenced by information provided by central administration.</td>
<td>Institutions engage mostly in problem recognition, and somewhat in decisions. Activity is decentralized through mixed committees with varying mandates. Tendency toward centralization through information provided by central administration.</td>
<td>Institutions engage in problem recognition, decision, implementation. Acceptance of central plan will trigger creation of central administrative institutions with de facto full powers.</td>
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</table>
policy, (2) environmental protection policy, (3) energy policy and, (4) the coordination of research and development policies. We contrast developments in these areas with decision making in the older sectors.

Post-industrial policy issues

These issues show little uniformity of evolution. Efforts to fashion a coordinated industrial policy by means of Community-wide incentives and contracts have so far ended in failure, whether attempted in the field of airplane construction, data-processing equipment, shipbuilding, or the collective control of extra-European multi-national corporations. While the intent of the Commission was consistent with the rationality of fragmented issue linkage, the response of the governments was predominantly incremental. Environmental protection policies were more successful. They progressed, after a holistic endorsement provided at the First Paris Summit, from a regulatory pattern featuring single pollutants to a more integrated program based on the principle that "the polluter pays," and increasingly linked to energy and other industrial coordination in order to attain overarching "quality of life" standards. Some fragmented issue linkage is in evidence here. In the energy field, the Commission attempted to fashion a Community-wide policy by successive incremental steps. These failed to expand supplies, hold down prices, diversify sources, or provide equal access for all member states. The Commission and Council then stumbled into a behavior which, because of its reliance on extra-Community agencies and new sources of information to be pooled, begins to resemble the rationality we seek to identify.

European R & D policy contains the seeds for refocusing the separate evolution of the three issue-areas we have examined. It is inspired by a pragmatic rational-analytic approach which attempts to justify and reconnect the separate activities already decomposed by the actors when they sought to deal with energy, the environment, and industrial policy. It displays the rationality of fragmented issue linkage because of the emerging accommodation between the rational analysis of the Commission and the instinct for disjointed incrementalism inherent in the governmental response.

Our four post-industrial issue-areas, then, look quite different in terms of the rationality patterns displayed by the actors in dealing with them. Industrial policy conforms most closely to the familiar incrementalist style, while R & D policy shows the most novelty. Energy and environmental policies display a mixture of incrementalist and issue linking attributes with environmental policy quite close to issue linkage. The entries on table 3 reflect the outcome of the process as of Spring 1975.

Yet, if we look at the entire syndrome and the whole period, instead of

16 This summary of events is based on Agence Europe, the Bulletin of the European Communities and internal documentary sources, as well as interviews. These are cited in full in the context of a comprehensive description of decision-making patterns since 1968 in Haas, The Obsolescence of Regional Integration Theory (Berkeley: Institute of International Studies, 1975), Part III.
### Table 3 Dimensional distribution of issue-areas

<table>
<thead>
<tr>
<th>DIMENSION</th>
<th>DECISION-MAKING RATIONALITY SYNDROMES</th>
<th>Disjointed incrementalism</th>
<th>Fragmented issue linkage</th>
<th>Rational-analytic</th>
</tr>
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<tbody>
<tr>
<td>Cognitive - perceptual</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Major objectives of actors</td>
<td></td>
<td>Industrial policy</td>
<td>Environment</td>
<td>R &amp; D</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Energy</td>
<td></td>
</tr>
<tr>
<td>Knowledge used by actors</td>
<td></td>
<td>Industrial policy</td>
<td>Environment</td>
<td>R &amp; D</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Energy</td>
<td></td>
</tr>
<tr>
<td>Learning of actors</td>
<td></td>
<td>Industrial policy</td>
<td>R &amp; D</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>Environment</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Energy</td>
<td></td>
</tr>
<tr>
<td>Tactics/means used by actors</td>
<td></td>
<td>Industrial policy</td>
<td>Environment</td>
<td>R &amp; D</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Energy</td>
<td></td>
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<tr>
<td>Behavioral-institutional</td>
<td></td>
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<tr>
<td>Bargaining style of actors</td>
<td></td>
<td>Industrial policy</td>
<td>R &amp; D</td>
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<td></td>
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<td>Environment</td>
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<td></td>
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<td>Energy</td>
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<tr>
<td>Institutions devised by actors</td>
<td></td>
<td>Industrial policy</td>
<td>Energy</td>
<td>R &amp; D</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Environment</td>
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Coding only the situation in the Spring of 1975, a clear-cut zig-zag pattern of change toward fragmented issue linkage is discernible. The zigging and zagging, of course, are explained by the typical interaction between Commission proposals, sometimes legitimated by declarations of the summit conferences, and the cautious reaction of the ministers responding in the framework of the Council. By coding at the chosen terminal point of this process we miss the non-incremental initiatives which often entered the pattern at earlier points. The same feature accounts for the otherwise incongruous situation in which learning, knowledge expansion, and institutional innovation consistent with fragmented issue linkage make their appearance at various stages of the process. Moreover, the process still goes on.

Five stages can be distinguished during the whole period under review. The first initiatives in all sectors involved an effort on the part of the Commission to add new issue-areas incrementally and to justify these as steps made necessary by the unsatisfactory performance of the core economic sectors. The addition is presented as imperative in order to perfect the economic union and advance toward political union. No issue linkage is involved. The next stage, however, involved the
attempt by the Commission, encouraged by the First Paris and Copenhagen Summits, to achieve issue linkage within the environment, industrial policy and energy sectors, though not among them. This was attempted by means of the successive action programs and other master plans produced by the Commission. Next, these failed because the member governments proceeded to unlink the packages, in line with their diverse national priorities. National priorities often involve ties with nonmembers which the Commission sought to preempt by presenting a Community-centered program, in line with established incrementalist routines. In the second half of 1973, however, the process of reaggregation set in with the agreement on relinking portions of the energy, environment, and industrial policy sectors with an overall R & D strategy. The fifth stage again displayed a retreat from the linkage as the Community proceeded to deal with the package in a sector-by-sector fashion, both substantively and institutionally. The fact remains that the ensemble has moved a good distance toward a more holistic perspective.

Objectives have changed. New knowledge is being used. Some learning has taken place. Tactical means are becoming more elaborate, sophisticated, and flexible. Novel institutions are emerging which are no longer patterned on the federal model. Are these adequate for coping with turbulence? We must face the fact that the bargaining styles used by the governments in arriving at solutions have hardly changed at all. Why? It takes more than eloquence on the subject of "spaceship earth" and the "steady-state economy" to alter the voting and negotiating behavior of ministers asked to make very fundamental decisions in a turbulent field. It takes time and more faith in the new knowledge than the flawed analyses of the experts seem to warrant.

Economic and monetary issues

Regional integration was thought to come about according to the rules of incrementalism because fundamental rethinking of objectives was not required of the actors. When conditions of turbulence come to prevail we can no longer operate on such an assumption. The choices then made by the actors—as captured by the rationality of fragmented issue linkage—cannot confidently be interpreted as furthering integration because Community institutions and policies are not automatically favored in competition with national and extra-regional alternatives. If this seems to be true with respect to post-industrial issues, is it equally true of the

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17 Following the adoption by the Council of Ministers on January 14, 1974, of the Dahrendorf Plan for the coordination of R & D, a new institution was set up which took the place of earlier coordinating bodies. This institution—Committee for European Research on Science and Technology (CREST)—is a standing committee of the Council composed of representatives of the Commission and of the national civil servants charged with making national R & D policy. It took the place of an earlier committee made up of lower-ranking civil servants who were unable to commit their governments, unlike the new committee. CREST has the mandate of deciding on the Community-financed R & D program and to coordinate this with the separate national programs, which are to be evaluated collectively and adjusted as needed. CREST has operated since the Spring of 1974.
older economic and monetary issues which furnished the objectives for building the European Community in the first place?

The incrementalist prediction seems correct as far as the operation of the customs union is concerned. The anticipated gradual spillover into such adjoining issue-areas as fiscal harmonization, concentrations and mergers, competition, investment and social policy, and the reform of the common agricultural policy did occur. The failure of spillover with respect to progress toward economic and monetary union (EMU) is also consistent with the logic of disjointed incrementalism.

EMU is puzzling because superficially it looks like a natural candidate for successful spillover. EMU "has been one of the great European non-events of the early 1970s. Six years after the first Barre Plan of February 1968, and nearly four years after the more detailed Werner Report of October 1970, the Community should have been well into the 'second phase' of its progress towards economic and monetary union by 1980. . . . Economic and Monetary Union remains an agreed objective, reiterated in the communiqués of bilateral meetings and Community summits; but experience has bred a scepticism about the likelihood of substantial progress towards that objective in the foreseeable future."¹⁸ There was general agreement that no customs union can function without severe costs to some members in the absence of a monetary policy which avoids currency fluctuations among the members. There was less agreement that harmonized policies for dealing with inflation and unemployment were equally necessary. The Barre and Werner plans were efforts at gradual but systematic management of both by the Community, moving incrementally from harmonization of policies among national agencies to the creation by 1980 of central institutions with management power. But these plans are instances of "managed incrementalism," of deliberate phasing and planning to accelerate a "natural" process, not to wait for a crisis in the customs union and then to propose remedial steps. The Barre and Werner plans were instances of deliberate social engineering designed to bring Europe closer to political union by means of accelerated harmonization and institutionalization of economic processes already underway.

EMU failed because France and Germany disagreed fundamentally on the respective merits and priorities of monetary and economic policy as methods of management. Furthermore, Britain wanted neither. The disagreement was in no small measure due to certain national practices (e.g., a tradition of firm monetary management in France) and popular fears (the German government's presumed need to reassure the country on price stability). Neither government, for purely domestic reasons, felt able to give way. The institutional consequence in monetary policy was the continuation of the preexisting pattern of regular consultation among the governors of central banks and the creation of a small currency guarantee fund, but no permanent consolidation of "the snake in the tunnel." In

economic policy, the only institutional consequence of the EMU negotiations was the merger of three Council-Commission Mixed Committees into a single Economic Policy Committee, "to promote coordination of Member states' short and medium-term economic policies." The limits of disjointed incrementalism, then, do account for this aspect of failure.

But "government by mixed committee" also broke down because of external factors not explained by this style of analysis. Monetary harmonization involved the dollar and the yen as well as Community currencies, the global system of floating and the IMF even more than the common market. It also involved OECD because of the trade agreements with EFTA countries. Economic policy must concern itself with extra-community trade and price movements as much as with the common market's. A German policy for dealing with inflation and unemployment could not take shape without considering German trade with nonmembers, whereas the French were willing to subordinate their extra-common market links to a coordinated Community monetary policy, an option which would have been consistent with their overall commercial policy. In other words, differential enmeshment of the member states in the world economy dictated the relative autonomy of national monetary and economic policies in a setting in which national control was as flawed as regional policy and in which no government dared to put all of its eggs in a single institutional basket. Turbulence implies that inaction may be a rational choice. What matters for us is that such a condition is not explicable in terms of assumptions derived from the incrementalist penchant for seeking institutional centralization by walling the Community off from the world economy. A more complex rationality was at work.

Mixed objectives and confused tactics

New objectives come to the fore, but old objectives remain on the agenda. New institutional solutions seem appropriate but the time-sanctioned outcomes are still on people's minds. Holistic thinking makes its appearance in some fields, but incremental habits continue in others. To illustrate the current difficulties faced by the Community in a setting of turbulence, I now summarize the "state of the Community" as the President of the Commission sees it.

President Ortoli identified five core objectives for the Community: preparing

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9 Ibid., pp. 424 ff. The Economic Policy Committee was established by the Council on 18 February 1974, replacing the Short-Term and Medium-Term Economic Policy Committees, but still apparently competing with a "High Level Steering Committee on Short-Term Economic Policy." The first of these committees is chaired by the Commission, while the second is a Council committee. The same institutional trend is also observable in the Central American Common Market. See the institutional suggestions contained in UN doc. E/CEPAL/CCE/367/Rev. 3, "Sugerencias para reactivar a corto plazo la Integración Económica Centroamericana," June 1975.

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the way for European Union, resuming progress towards economic and monetary union after the delays and reverses suffered since 1973, establishing new relationships with the Third World, the reestablishment of economic and social equilibrium in Europe under the twin challenge of inflation and recession, and decreasing European dependence on external energy sources. This arrangement of objectives, by and large, remains consistent with incrementalist rationality in that the more specific (tactical) steps are seen as contributing to the production of a fixed (strategic) political outcome. The causative links between the steps are not formally worked out, the sequencing is vague, the ultimate objective is ill-defined. The core set of activities remains tied to the perfection of the customs union, including measures planned in the energy sector. There are two significant hints, however, that this is not enough: the steps with respect to the Third World and the program for reestablishing economic and social equilibrium.

The Commission called for a new policy—since expressed in the Lomé Convention—which is no longer justified primarily by the economic needs of the Community:

But Europe’s policy towards the third world has, of course, a completely different dimension: because the countries of Europe, more than the other large industrialized countries, have been involved in the history of Asia, Africa and America, and even more because Europe stands for democracy, inspired by principles of fairness and brotherhood, it cannot look on with indifference as the greater part of the world’s population struggles to achieve decent living conditions.2

Apart from the admission that Europe must bow to the Third World demands for the redistribution of welfare benefits—a classic case of the superimposition of a new major objective not anticipated in the construction of the common market—this new policy also abandons the earlier preference for dealing with external economic issues by creating reciprocal privileged relationships in trade and investment rules. External economic issues, instead of being walled off from global economic considerations, begin to overlap with them. In addition, however, this attitude implies a recognition that further incrementalist expansion of scope cannot be obtained by relying on the Community rules for the creation of a common commercial policy (Article 113, Treaty of Rome). These rules have become politically marginal because successive global steps leading to tariff and trade liberalization have made the classic tariff negotiating powers less important. What matters for the future are policies involving planned transfers of capital and technology rather than trade, and these in turn call for institutionalized consultation among the exporting and importing governments. The Commission, however, does not enjoy an unambiguous mandate in this area as the member states continue to assert some right to conclude such agreements on their own. In addition, the common commercial policy is compli-

21 Ibid., p. xxi.
cated by the changing ideological commitments to which Ortoli alluded. The Community is committed to the creation of solidarity among its own members with respect to external commercial issues. But it is equally committed to freer world trade and to supporting the development demands of Third World countries which are not, in principle, champions of free trade at all. The ACP countries cannot be treated as economic unions having special ties with Europe because they insist on a global definition of economic rules. A Community common commercial policy, therefore, can no longer follow the Yaoundé model. It must sacrifice something of its former institutional and programmatic uniqueness and solidarity. The old common commercial policy, from the viewpoint of European integration, came to a dead end and thus had to be redefined so as to become less “European” and more enmeshed in global economic links. The superimposition of new issues is the major explanation for the change.22

The reestablishment of economic equilibrium in the common market, Ortoli argued, calls for the development of complementary economic policies among the members, the resumption of growth based on investment rather than consumer demand, greater public participation and scientific aids for more effective decision making. These are commitments which differ appreciably from a simple commitment to the unhampered flow of the factors of production. Consumption is downplayed as the engine of progress. Investment is stressed, but it has to be steered investment, informed by a more “scientific basis for forecasts and proposals.”23 The same is true of trade creation and export promotion to third countries, as well as with respect to inducing the development of new energy-generating technologies. Since this demands sacrifices on the part of the public, care must be taken to debate these issues in the open and to provide for new modes of citizen participation. Economic crisis is thus used as the occasion for proposing modest social reforms, “scientific” investment planning, and growth policies of a new type.24

22 This case is made by Commissioner Ralf Dahrendorf in “External Relations of the European Community,” in Hugh Corbet and Robert Jackson (eds.), In Search of a New World Economic Order (London: Croon Helm, 1974), pp. 60–69. The breakdown of the old Article 113 negotiating process is illustrated by the complex commercial agreements concluded with East European countries, Brazil, and some Middle Eastern states. Some of these agreements are purely bilateral, but others contain a collective component with respect to the consultative machinery created.

23 Eighth Report, pp. xvii-xviii. There is no expression of rational-analytic stance or even a “pure” version of fragmented issue linkage in this material. For an example of such approaches see the “Cocoyoc Declaration” of an UNCTAD-UNEP expert panel in Ruggie and Haas, International Responses to Technology. This Declaration can be taken as a self-conscious questioning of earlier incremental styles of United Nations action in the development and environmental issue areas. The rationality introduced by the panel is a deliberate search for a better strategy of action and implies a “new vision” in an ideological-programmatic sense. Fragmented issue linkage, as we seek to identify it in recent European regional politics, lacks this characteristic. It is not yet a self-conscious strategy, a program deliberately designed to achieve something different from past objectives. It is rather a cognitively inchoate effort to cope with the unexpected on the part of elites who have not yet fundamentally reassessed their earlier objectives but who have lost faith in the established regional modes of decision and action.
By thus attempting to link issues which were not in the past considered as a package, the Community slides into a more holistic rationality which weakens reliance on free market forces as the engine of political integration.

IV Fragmented issue linkage and regional integration

Confusion underlies current European Community policy; what does it imply for theory about regional integration? As the case for incrementalism grows weaker and the actual behavior of the actors begins to resemble fragmented issue linkage, we must face the possibility that learning patterns will lead away from the simple alternatives given by the older integration theories: regional union along quasi-federal lines, regional disintegration and the resumption of national sovereign statehood, and the continuation indefinitely of the current halfway house. In making the projection, emphasis will first be given to the externalization phenomenon. Then institutional questions and possible outcomes will be considered. Finally, I shall argue that the theory of regional integration ought to be subordinated to a general theory of interdependence.

Externalization

Externalization is the aspect of the learning process which is of greatest concern in the context of integration theory. The persistence of incrementalism would have manifested itself in consistent decisions on the part of the nine governments to isolate the common market from global turbulence, to seek policies and procedures which would have made possible specific Community solutions to the problems of highly industrialized societies and minimized dependence on nonmembers. This, indeed, was the approach of the Commission in all instances; its learning process did not leave the framework of the incremental syndrome. However, this was not the response of many of the governments. A rational-analytic stance would have required subordination of the external-internal options to some comprehensive formula. Fragmented issue linkage predicts that the actors will learn merely to delay the exercise of the options in an attempt to have the best of both worlds, to seek simultaneously internal and external solutions. In doing so, of course, they would make short shrift of the Commission's desire to exploit the issue so as to strengthen the mandate and institutional prowess of central Community institutions. In the learning mode of fragmented issue linkage, then, the treatment of the externalization issue is inimical to continued regional integration.

To achieve these goals Ortoli proposed the creation of a medium-term research institute, a European export bank, loans and grants to enterprises experimenting with new energy technologies, harmonization of European company laws, and unspecified techniques for facilitating public participation in decision making. He said nothing about the traditional techniques of counter-cyclical economic policy (monetary and fiscal) at the Community level, except for the intention to increase disbursements from the European Social Fund.
And so it went in Europe. The actors learned to avoid choosing with finality. Their options continue to include both the regional and the extra-regional fora for making collective decisions. It is foolhardy to predict that the regional focus will triumph in the long run. True, the package of issues aggregated under the R & D program self-consciously stresses the Community focus over the competing and overlapping activities associated with the OECD’s program on science and technology. It also seeks to make bilateral R & D arrangements with nonmembers subject to Community scrutiny. Experience with the industrial policy, environmental, and energy issues subsumed under R & D, however, shows how unreliable this option may be. Almost all specific efforts to centralize industrial policy decisions in the Community framework foundered on the unwillingness of the member governments to foreclose options which involve separate consortium-like arrangements with nonmembers. Environmental issues show more desire to feature Community centralization over external ties, but the remaining issues of how to negotiate with nonmembers on water pollution suggest that complete preemption of the issue by the Community is unlikely. In the energy sector it is IEA which emerged as the focus for collective action, not the Community. What learning there has been is consistent, by and large, with fragmented issue linkage.

Uncertainty concerning one’s options is the hallmark of turbulence. Organizational decision making under such conditions strives for adaptation to a threatening environment of intractable issues and impatient clients by keeping most options open. Decision making which calls for interorganizational arrangements and coordination beyond the region which is supposed to be integrated then becomes an attractive option because it promises to keep open alternatives which seem to be foreclosed by exclusive reliance on the regional focus. In addition to beclouding the proper organizational focus for collective action, turbulence results in triggering a situation in which institutional choices become increasingly painful as older models lose relevance.

These possibilities were never considered in the established theories of regional integration. These trends are incompatible with the assumptions featured in the theories. Small wonder that the discussion of the further institutional evolution of the European Community has reached the point of an intellectual crisis. What, then, do the competing rationalities of disjointed incrementalism and fragmented issue linkage predict about this evolution?

Institutional evolution

The analysis can be carried out more satisfactorily if we map the various activities of the Community, the actor purposes which these are to serve, and the institutional mechanisms which are associated with them.25

Actor purposes are classified as follows. (1) The acquisition of a capability to

25 These categories were devised by John G. Ruggie in “International Responses to Technology: Concepts and Trends,” International Organization (Summer 1975). They were adapted by me to the European Community setting.
act in a specific domain, either nationally or collectively. This may include creating the ability to make decisions, to analyze a situation, to organize a new set of relationships or to fashion physical goods. (2) Making effective use of an existing capability implies actions designed to perfect, adjust, or change so as to exploit better something already in place. (3) Coping with the consequences of a capability implies further perfection, adjustment, or change in an effort to undo previously unwanted and/or unanticipated results associated with the use of a capability. The more ambitious purposes subsume the less demanding, but the reverse is not the case. Any given organ, forum, or set of persons will usually seek to create and make effective use of some capability while also seeking to cope with the consequences of some other already functioning aspect of the same capability.

Instrumentalities run from the least to the most centralized. (1) A common framework seeks to affect national behavior through exchanges of information and common rules of reporting and record-keeping and commitment to certain agreed targets. In the language of organization theory, the division of labor sought here is confined to “pooling” separate capabilities without rearranging them in the search for a common product. (2) A joint facility is a more ambitious and demanding way of pooling capabilities by seeking to harmonize and standardize the behavior of the participants through the imposition of common routines and norms. The actors agree to a loose division of labor not merely by keeping each other informed but by changing routinized ways of doing things so as to meet an agreed standard. (3) A common policy is more demanding still. It calls for the ordering and scheduling of national behavior in such a way that the participants agree to adjust their action to the planned needs of the collectivity by rearranging prior norms and patterns, a type of division of labor called “sequencing” in organization theory. (4) A single policy substitutes a centralized set of norms, plans, and objectives for the national ones. Since in doing so, it absorbs the preexisting commitments of the national actors, the resulting pattern of interaction, and the division of labor among the parts is far more complex than is true for the other instrumentalities. We label it “reciprocal.”

The pooling of instrumentalities of action calls for very simple coordinating bodies when a common framework is at issue. Inter-bureaucratic committees of high civil servants suffice. When a joint facility is to be operated, however, a research staff may be necessary to devise the appropriate standards and norms; the staff need be no more than a working party of independent experts, convened when necessary. But it often develops into an international secretariat, which then comes to service the inter-bureaucratic committee. These institutions are sufficient for setting out common ground rules for national action. They will naturally tend toward the issue-by-issue disaggregation of tasks in the effort to devise effective joint means of action appropriate for doing whatever their mandate demands—but no more. This mode of action is completely consistent with disjointed incrementalism and it may well predict encapsulation or spill-back.

Sequencing is more ambitious since priorities for action must be established. Some parts of the whole must act before others; some kinds of previously legiti-
Table 4 Main instrumentalities and purposes of action in the European Community, 1969-1975

<table>
<thead>
<tr>
<th>INSTRUMENTALITIES</th>
<th>Acquiring a capability</th>
<th>Making effective use of a capability</th>
<th>Coping with consequences of a capability</th>
</tr>
</thead>
<tbody>
<tr>
<td>A common framework for national behavior</td>
<td>Energy (actual)</td>
<td>Monetary cooperation</td>
<td>Aid to LDC's (Yaounde/Arusha)</td>
</tr>
<tr>
<td></td>
<td>Industrial policy (actual)</td>
<td>Counter-cyclical policy</td>
<td>Industrial Health/Safety</td>
</tr>
<tr>
<td>A joint facility coordinating national behavior</td>
<td>Environment (actual)</td>
<td>Free movement of persons</td>
<td>Aid to LDC's (Lomé Plan)</td>
</tr>
<tr>
<td>A common policy integrating national behavior</td>
<td>Regional development</td>
<td>Remove technical barriers to trade</td>
<td></td>
</tr>
<tr>
<td></td>
<td>EMU (Barre/Werner)</td>
<td>Commercial policy/CET</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Free movement of capital</td>
<td>Free movement of services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Energy (1974 plan)</td>
<td>R &amp; D (Dahrendorf Plan)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Environment (1973 plan)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Industrial policy (1973 plan)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A single policy substituted for national behavior</td>
<td>Customs union (industrial)</td>
<td>Rules of competition</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Common agricultural policy (original)</td>
<td>Mergers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Investment aid</td>
<td>Fiscal harmonization</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Aid to workers</td>
<td>Common agricultural policy (reformed)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>R &amp; D (Spinelli Plan)</td>
<td></td>
</tr>
</tbody>
</table>
mate action become illicit now. Creation of a common policy thus demands a capacity to make joint commitments; this is the task of councils of ministers and summit conferences, aided by lower level committees of national civil servants and rudimentary international staffs. It must be understood, however, that these lower level bodies are incapable of making commitments without the agreement of their superiors. In the European Community the Commission's services and plans tend to provide the information and the policy initiatives from which these kinds of actions ultimately derive. Movement there tends to go from left to right (table 4) once a decision to have a common policy has been made.

A single policy, and the relationships of reciprocity which this implies, call for a full-fledged "government," whether in the classical federal tradition or in some other approximation. Almost all comments on the institutional future of the European Community focus on some version of this outcome, even if it is to be achieved by directives and guidelines rather than by regulations and decisions.26

The Community, at present, is a halfway house because it incorporates simultaneously all four instrumentalities of action and all three sets of purposes. All its institutions are "appropriate," given this state of affairs. If the predominant rationality were fully incremental, we could say that there will be a gradual move from the acquisition of a capability and the creation of common frameworks and joint facilities toward a single policy designed to cope with consequences of all earlier achievements and failures. This logic would still dictate a quasi-federal outcome.

But the predominant rationality is no longer consistently incremental. We have seen that the actors show an appreciation of links and interdependencies which go much beyond the limited powers of forecasting typical of incrementalism. The recognition that post-industrial society needs managing—however poorly this is done in fact—also implies an awareness of extraordinary complexities in social processes and equally pronounced complexities in the choices to be made. Hesitation in the face of uncertainty is the tribute the intellect pays to an appreciation of turbulence. One need not be an opponent of European union to wonder whether the centralization of all social planning (the sum of the Barre, Werner, and Spinelli proposals) would be an efficient solution to Europe's national ills. The path of institutional evolution is not preempted by federation, confederation, or disintegration: all three may still occur simultaneously.

Fragmented issue linkage and the future of Europe

I disagree with those who argue that, because of the situation just described,
the present mixed institutional structure is likely to continue indefinitely.\textsuperscript{27} The halfway house cannot last, for substantive as well as procedural reasons. This raises the issues of authority and legitimacy. The authority of the Community system remains intact as long as the purposes of the actors remain in the cells in which we placed them. But the evolution of attitudes and expectations with respect to the main issue-areas has taught us that this is not a safe assumption: objectives have changed and will continue to change. Hence issue-areas are likely to be linked to more demanding actor objectives, such as the growing desire to cope with the more unpleasant aspects of highly industrialized society. The increasing acceptance of R & D planning, industrial policy, and environmental protection measures implies the loss of autonomy of sectors which have in the past been considered purely "economic"; growth policies (with all the social and investment measures that implies) will be linked to nonmarket objectives which are new to the Community. As this happens the controversiality of the solutions is likely to rise. Hence, authority will be judged in terms of its effectiveness in coping with complexly linked and highly controversial issues on the European agenda. If the collectivity fails, the authority of its institutions will not remain intact.

This is another way of saying that the future criterion of institutional legitimacy is the adequacy of the performance in maintaining a capability for action and in coping with the results of capabilities. I suspect that the public does not greatly care whether these amenities are provided by the national government or by Brussels, though specific interest groups and bureaucracies clearly do.\textsuperscript{28} In short, the future of European institutions depends on adapting authority to the task of improving the performance of all kinds of public services which involve the active management of society and economy. But this does not mean that management must take the form of a European government.

\textsuperscript{27}The analyses of Puchala, Taylor, Lindberg, and Scheingold and Wallace, (see footnotes 2, 18) all suggest that the current institutional situation of the European Community is appropriate to its position in the overall European political setting and likely to remain so for the foreseeable future. For an argument that summit conferences represent a functional systemic adaptation in a non-federal setting see Juliet Lodge, "The Role of EEC Summit Conferences," \textit{Journal of Common Market Studies}, Vol. 12, No. 3 (1974). Philip Allott, ibid., Vol. 13, No. 3 (March 1975), argues that the British political process is not fundamentally different from the regional process. See especially Donald Puchala, "Domestic Politics and Regional Harmonization in the European Communities," \textit{World Politics}, 27:4 (July 1975).

\textsuperscript{28}Percentage of those rating as "very important" the following issue-areas suggested for Community action (May 1975 poll of European Communities):

- Common fight against rising prices: 69
- Common policy to fight pollution, protect nature: 46
- Consumer protection: 46
- Common policy on energy supplies: 37
- Common foreign policy: 34
- Coordinated social policies: 29
- Modernization of agriculture: 30
- Reducing differences between regions: 23
- Common European currency: 22
- Common foreign aid policy for LDC's: 17

Source: Commission of the European Communities, \textit{Euro-Barometre} (No. 3, June–July 1975)
The current mixture of decision-making rationalities and institutions in some key sectors of collective behavior looks like this:

Table 5 Attributes of key community issue-areas

<table>
<thead>
<tr>
<th>Issue-Area</th>
<th>Relation to original objectives</th>
<th>Purpose</th>
<th>Instrumentality</th>
<th>Internal division of labor</th>
<th>Dependence on nonmembers</th>
<th>Dependence on new knowledge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customs union</td>
<td>unchanged</td>
<td>maintain capability</td>
<td>single policy</td>
<td>reciprocal</td>
<td>slight</td>
<td>insignificant</td>
</tr>
<tr>
<td>Counter-cyclical policy</td>
<td>spillover from original</td>
<td>maintain capability</td>
<td>joint facility</td>
<td>pooled/ sequential</td>
<td>growing</td>
<td>insignificant</td>
</tr>
<tr>
<td>Monetary policy</td>
<td>spillover from original</td>
<td>maintain capability</td>
<td>joint facility</td>
<td>pooled/ sequential</td>
<td>growing</td>
<td>insignificant</td>
</tr>
<tr>
<td>Energy policy</td>
<td>new</td>
<td>acquire capability</td>
<td>common framework</td>
<td>pooled</td>
<td>uncertain</td>
<td>very great</td>
</tr>
<tr>
<td>Environment policy</td>
<td>new</td>
<td>acquire capability</td>
<td>joint facility</td>
<td>pooled/ sequential</td>
<td>uncertain</td>
<td>very great</td>
</tr>
<tr>
<td>R &amp; D policy</td>
<td>new</td>
<td>maintain capability</td>
<td>common policy</td>
<td>sequential</td>
<td>considerable</td>
<td>very great</td>
</tr>
</tbody>
</table>

The issue-areas illustrate three main simultaneous patterns. (1) Running the customs union is the most nearly self-contained activity. The institutions which govern it approximate the federal pattern. They depend on conventional economic lore of Keynesian inspiration for their intellectual fuel. A cumulative cycle of incremental decisions and processes has resulted in a highly reciprocal pattern of internal interdependence, *which remains legitimate as long as the fundamentals of a neo-classical growth economy are not questioned.*

(2) Counter-cyclical and monetary issues, however, demonstrate a different pattern. The division of labor among the member states has not developed as rapidly as the custom union's because of the greater dependence on links with nonmembers, a condition which seems to be increasing in salience to the

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29 Even the more “confederal” of the institutional analyses and reform proposals we have examined wish to retain the quasi-federal aspects of the present system. In fact, they wish to perfect them and confine to the intergovernmental dimension only the activities which seem not to call for further centralization. Suggestions designed to improve participation also lean in the federal direction.
actors. While the issue spilled over to the Brussels agenda because of its equally strong interconnections with the customs union, the diversity of links is responsible for the institutional formula of governance: bilateral understandings and mixed committees staffed by Commission personnel and high national civil servants incapable of making basic decisions without authorization from their ministers (or heads of government). Hence, work has been confined to exchanges of information, notifications of upcoming national decisions and cautious commitments to short and medium-term economic targets to be achieved by national action. All this is governed by the commitment to maintain the customs union. (3) The post-industrial areas of concern to us involve new issues, heavily dependent on bodies of knowledge and methods of information-management which are new to most bureaucrats and politicians. Policy making is complicated by the uncertainty of the participants as to their dependence on each other, as contrasted with links to nonmembers. The “government” of energy questions is in the hands of an inter-bureaucratic committee, which relies only marginally on information furnished by the Commission. R & D policy is now handled by CREST, another mixed committee. However, its decisions are authoritative because the Council of Ministers accepts the work, and the informational input of the Commission is apparently considerable. Environmental policy falls between these two.

To sum up: fragmented issue linkage tends to characterize the newer issue-areas and infects the EMU activities; incrementalism dominates the older areas. Federal and confederal institutional practices are associated with the older areas. The newer fields cannot be classified at all in conventional institutional terms. But we can list some key characteristics:

1. If a consensus develops among national and Community bureaucrats, sequencing-type decisions will be made by national civil servants informed in crucial fields of knowledge by the Commission and its informal network of specialists in the member countries. (R & D, Environment.)

2. If a consensus develops, politicians will accept the collective decisions when not challenged by a significant national constituency. These decisions, however, will not consistently subordinate links with nonmembers to Community policy. Nor will they seek to create federal-type institutions for future work. Centralization and decentralization are handled in an issue-specific manner, depending on what is to be achieved.

3. If consensus develops, the new types of knowledge tend to beget an ever more complex linkage of previously unconnected issues. The mode of bargaining among actors becomes a more complex variable-sum game, with variable coalitions.

4. If a consensus does not develop, decisions will be made on an à la carte basis of selective participation by national civil servants unwilling to burn

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30 The recent Franco-German understanding on coordinated counter-cyclical and counter-inflation measures illustrates this ambivalence. Objectives and tactics were jointly defined and sequencing of action determined. But the package was to be coordinated with changes in United States domestic and foreign economic policies and with negotiations to be held with the underdeveloped countries.
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their bridges in relations with nonmembers. (EMU issues, energy, industrial policy).

5. If consensus does not develop, actors will seek to decompose and compartmentalize new knowledge inputs to adapt it to their separate objectives. The mode of bargaining will remain a fixed-sum game with minimal side-payments and some log-rolling, and minimum-winning coalitions.

6. The controversiality of the issues will vary with the extent to which new knowledge is accepted as authoritative. Controversy will be kept low (issues are "technical") when knowledge is consensual. Controversy will wax and wane, depoliticizing and repoliticizing issues, to the extent that knowledge is not consensual. Controversy is likely to increase as the linkage between R & D issues, economic growth, and foreign trade/monetary relations become more apparent. Hence, there is no guarantee that a permanent cross-issue consensus will develop at all.

7. The recomposition and decomposition of issues is a permanent feature.

If we lack faith in man's ability to plan for complexity in holistic terms, we must reject the likelihood that a centralized institutional scheme will develop for mastering the future. But if we choose something like fragmented issue linkage as a description of what is going on, and is likely to go on for some time, we must also dispense with our image of unified, authoritative, and legitimate institutional structure at the international level. We must imagine instead a structure which reflects the reality and which performs more adequately than the present institutions in successfully linking the issues which preoccupy modern man. I label such an institutional structure an "asymmetrical overlap" and consider it the most likely outcome of the European integration process in the short to medium run. This means that there will be no European federation, no political union of even the confederal type, and no economic and monetary union which looks like the federal governance of the customs union.31

What does an "asymmetrical overlap" look like? It does not resemble a federal government because it lacks a clear-cut division of competences between the center and the member units; both share in the management of crucial fields of social and economic action. It does not resemble a federal or a confederate government because there is no single center of authority; several authoritative institutions coexist with ill-demarcated boundaries between them, each with primary responsibility for some item in the package of linked issues. There is no single intelligence center from which coordination and planning flow; there are repeated and ever more sophisticated efforts to achieve coordination by means of lateral flows of information among decision-making centers. There are no clear hierarchical lines involving superordinate decisions to be implemented by subordinate units; the same or different subordinate units may "take orders" from a variety of superordinate ones. The pattern, unlike a formal constitution, is not permanent; the flow

31 This construct is called a "semi-lattice" in organization theory. For a fuller explanation of its appropriateness in terms of notions of interdependence, see my "Is There a Hole in the Whole?" International Organization (Summer 1975): 856–59.
of information and authority will be rearranged as new knowledge and learning patterns are incorporated in the ensemble. Superordinate decisions are not clearly "binding law"; they fall in a twilight zone because, while their intent is to bind, the modes and timing of implementation are flexible. No component of the system will ever be characterized by full reciprocal patterns of interdependence internally because of overlapping patterns of interdependence with components outside the system.

The European Community does not now successfully perform as this image suggests because the extent of coordination and knowledge sharing is rudimentary. But its institutional pattern resembles the image. If institutional evolution were to occur along these lines, legitimacy would improve because collective performance would be better, provided the evolving pattern of coordination were to stress the confluence of decisions relating to R & D and economic growth. However, authoritativeness would then inhere in the totality of the system, not in the Commission, the Council of Ministers, CREST, the Parliament, the Court, or the new European Council.

V Integration or interdependence?

The paradox of all this is that as we increasingly subordinate the discussion of regional integration to the consideration of overall interdependence, we undermine the theoretical and ideological tenets which in the past seemed to point toward increasing regional integration. This is what makes regional integration theory obsolete in the European setting. While it is not yet obsolete elsewhere, the same logic suggests that eventually obsolescence will set in there as well. In the meantime, however, much of the theory remains relevant for analytical purposes because not all aspects of European activity are equally infected with the syndrome of more complex linkages. Integration processes clearly continue, diffused and sidetracked by the competing process of growing extra-regional enmeshment which may not be integrative in the same sense, or which may lead to a different focus for integration. Hence, there is every reason why the study of regional integration should be both included in and subordinated to the study of changing patterns of interdependence.32

32My analysis in many ways is similar to and complements that of Robert O. Keohane and Joseph S. Nye, "Interdependence and Integration," in Fred Greenstein and Nelson Polsby (eds.), *Handbook of Political Science* Volume 8, (Andover, Mass: Addison-Wesley, 1975). Keohane and Nye present a most thoughtful and rigorous synthesis of the two strands of theory subsumed under the labels "interdependence" and "integration." Nevertheless, their purpose differs from mine. "The usefulness of integration theory," they say, "does not arise from the spread of regional integration processes, nor from the view that there is a discernible analogous process of global political integration." They go on to say "rather the usefulness of integration theory, shorn of its teleological and regional orientation, lies in the set of insights into the politics of complex sets of interdependent entities." My argument is that the teleological/regional emphasis is necessary and desirable for understanding a new set of phenomena, but that this emphasis becomes obsolete when events prove the assumptions underlying integration theory to have become less relevant. Obsolescence, in turn, is caused by
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When the system is between two rationalities . . .

The European Community system, as a set of institutions and practices, is a halfway house in more than one sense; the rationalities which animate it are as unfinished and transitional as its decision-making procedures. In some areas of collective concern, where the rationality of disjointed incrementalism still dominates, the links among policies are "functional." There is a close substantive connection between the policies to be linked: industry to agriculture, trade to money, tariff to non-tariff barriers to trade, industrial trade and competition to mergers and concentrations. The overall logic of a competitive common market establishes the rationale for the functionality of the links. Therefore, the package deals which are made reflect these links, but the scope of the deals is relatively limited. When there is increasing doubt as to relative costs and benefits of transactions associated with joint decisions, it becomes much more difficult to find enough common ground to make such deals. The mode of bargaining which characterizes such package dealing tends to be confined to constant-sum games, with an occasional attempt at a variable-sum solution.

I have sought to demonstrate that the pattern of "functional" policy linkages no longer dominates. The competing pattern—fragmented issue linkage—depends on "contrived" or "deliberate" linkages among issues, rather than functional ones. The policy areas to be linked are substantively less closely related than the groups of issues involving the common market. A novel type of scientific and technological knowledge and a lack of faith in economic growth based on competition were required before this knowledge was featured in policy making. Hence, the package deals to be negotiated are more elaborate because of the larger number of not-obviously-related issues which are introduced: R & D is linked to industrial policy, which is linked to investment planning, which in turn is linked to growth policies, which then get enmeshed with energy policy, monetary policy, and trade relations with nonmembers. The chain of causation, as it becomes longer and more complex, gives rise to attempted package deals which involve more uncertainty in the minds of the actors. Hence, the chance of failure is much greater than in the incrementalist situation. No action ensues when the deliberate linkage contrived by the leadership encounters the hesitations of the member governments. Hence, policies designed, by virtue of deliberate issue linkage, to force the Community into expanding its scope in order to trigger an irreversible process toward political union, are fated to fail.33 When such efforts are justified, however, in terms of some

what we succeed in mapping when we apply the concepts associated with "interdependence." Keohane and Nye are right in arguing that the study of integration can and should be subsumed under the study of interdependence; but the processes associated with interdependence can and do go on without necessary reference to what we look for when we study integration. For more restricted purposes, then, integration theory retains its relevance.

33 Attention should be called to the fact that the nation of "issue linkage" as a feature of global policy interdependence, as used by Keohane and Nye, is not synonymous with the ra-
putative modest consensus among the governments, they may work. Package deals linking the more remotely-connected issues are possible on the basis of bargaining based on variable and increasing-sum games. The sacrifice that must be incurred in such a game is orderly progress toward authoritative centralized institutions because the negotiators view the sums as differentially variable (or increasing): potential shares of costs and benefits vary among items and actors.

What does this have to do with interdependence? The shift to the rationality of fragmented issue linkage is due to three pervasive features: the introduction of new knowledge, the advent of a new set of consensual objectives, and the realization that these objectives cannot be realized without heavy reliance on, and interaction with, governments which have no intention of joining the regional community. Taken together, these imply increasing interdependence with extra-regional forces. Moreover, as Keohane and Nye show so well, much the same trends are underway in the global arena.

... interdependence and integration cease to co-vary ...

When we talk of social and economic “integration” as contrasted with “interdependence,” no very sharp and meaningful distinctions can be drawn. Differences become very apparent, however, when we talk of “policy interdependence” and “policy integration” (as we have done in this essay). Policy interdependence, substantively speaking, of course concerns itself with activities and events which can be described as economic and social. Policy interdependence is a condition—both physical and perceptual—under which governments are so sensitive and vulnerable to what their partners may or may not do that unilateral action becomes unwise and dangerous to their survival. It is possible and even helpful to draw up continua of this condition which run from “autarky” at one extreme to “interdependence” on the other, by way of “interconnectedness” and “dependence.” The notion of “integration,” however, refers to institutionalized procedures devised by governments for coping with the condition of interdependence: coping, it must be stressed, may take the form of increasing, decreasing, or maintaining interdependence. Policy interdependence, then, need not necessarily lead to progressive policy integration at all. The institutionalized procedures reinforce interdependence only under the special—and possibly marginal—

34 The notions of autarky, interconnectedness, dependence, interdependence, integration, and convergence are defined and analyzed as global patterns by Alex Inkeles, “The Emerging Social Structure of the World.” World Politics (July 1975). Inkeles shows that interconnectedness does not necessarily predict interdependence, that interdependence and integration need not covary, and that convergence may come about without increases in either interdependence or integration. His argument strongly suggests that there are in the contemporary world powerful trends making for the convergence of patterns and institutions of social organization—i.e., nations are becoming more alike—without necessarily implying a direct link to the emergence of new global political organizations.
conditions associated in the past with welfare objectives tied to a political program of unification. Regional integration theory is therefore properly seen as a component of a larger analytic framework, dealing with a special case within the overall scheme.

Patterns of interdependence are changing everywhere, not just in Western Europe, Central America, or East Africa. The emergence of new political objectives stressing new approaches to human welfare is not confined to these regions. New knowledge is not the private property of any regional elite. Dependence of regional elites on events and demands outside each region seems to be increasing. We have noted the manifestations of rising external cogency in many instances of Community policy making. The implication must be that—barring an ideological resolution of all cognitive uncertainty in favor of regional unions—the growth of interdependence is incompatible with the orderly march of regional integration. But it is not incompatible enough to reverse in all sectors the distance already covered. The moral of the story is: not integration or interdependence, but integration and interdependence, in an unpredictable mixture.

... and institutional tidiness is best forgotten

If the implication of fragmented issue linkage on a regional scale is an institution inelegantly identified as "asymmetrical overlap," the same reasoning would lead us to suppose a very similar evolutionary pattern at the global level. Joseph S. Nye has summed up as "collective economic security" the global trend of issue linkage, bringing together trade, money, foreign investment, foreign aid, food, energy, the oceans, outer space, and environmental protection in one chaotic package of crisis negotiations:

Countries are searching for instruments to increase their economic security. Thus, international economic institutions will have to be concerned not merely with global economic integration but with collective economic security. Broadly defined, collective economic security means governments' acceptance of international surveillance of their domestic and foreign economic policies, of criticism of the effects of their policies on the economic security of other countries, and of various forms of international presence in the operations of markets. In a domestic economic context, the economic security (and welfare) of all factors of production can be hurt by the instability of a wage-price spiral. Therefore, judicious government policies encouraging a halt to the fight over income shares can restore stability and improve economic security. Similarly, on the world scene, international organizations could be used to moderate conflicts over the distribution of the gains from trade and other economic relations and to improve the economic security of all participants.35

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35 Lawrence B. Krause and Joseph S. Nye, "Reflections on the Economics and Politics of
These are the items of governmental activity which will impinge on the future decisions of regional communities. An evolving consensus toward a concept very similar to Nye's can already be traced dimly and imperfectly, as a result of the Sixth and Seventh Special Sessions of the United Nations General Assembly. It is unlikely to result in world government or in quasi-federal or even confederal powers for United Nations institutions. But this consensus may very well culminate in the next few years in a messy global institutional structure, feeding into equally messy regional ones, which will closely resemble the pattern we have imagined for the European Community.