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A new analytical framework to explain the troubling
EU (dis)integration dynamics

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Abstract

Disintegration literature is deprived of a widely accepted policy framework to analyze the rationale, the traits and the impact of European integration/disintegration. This article presents a policy oriented analytical framework so as to perceive the complex interplay of EU integration-disintegration dynamics. The analysis begins by setting the problem while section two describes the major tenets of existing EU integration theories on disintegration challenges. Section three analyses the content of an alternative analytical framework for understanding EU integration-disintegration dynamics while chapter four concludes and reaches useful policy implications.

Key words: European integration, European disintegration, European Union policy framework

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1. Introduction

The European Union (EU) faces significant challenges (Hazakis 2018), ranging from Brexit to the Eurozone economic governance architecture sub-effectiveness. Negative referenda in the 1990s (following the Maastricht treaty), in the 2000s (following the Lisbon treaty) and in the 2010s (the Eurozone debt crisis) favoured institutional deceleration and an underperformance of the EU deepening process.

In the last ten years, multiple EU crises rather than acting as windows of opportunity or as variables that spur a “big bang” change in EU integration dynamics have instead entrenched anti-European critiques and Euroscepticism. The main criticisms are that EU institutions produce sub-optimal results and suffer from jurisdictional overstretch. This Euroscepticism gathers momentum as the time lag between EU organizational/policy problems and EU solutions grows, giving rise to the image of a conflictual and ineffective European integration project.

We see now, for the first time in the post 1945 history of the European integration project, Euroscepticism and populism being strongly interconnected calling into question the essence and the basic norms of the EU integration project. The fact that the heterogeneous actors, movements and parties that form the Eurosceptic-populist camp do not have a clear agenda, other than the demolition of the EU project, does not make them less dangerous for the European Union project.

Despite the perils of uncontrollable disintegration, it is evident that there is no common analytical framework to constrain EU crisis variables (Weber 2018; Vollard 2018). Disintegration literature is still in its infancy and cannot be used to fully analyse the rationale, the traits and the impact of anti-European integration forces. As Zielonka eloquently put it, “the problem is that EU experts have written a lot about the rise of the EU but virtually nothing about its possible downfall” (Zielonka 2014:22). What is the future of Europe within such an uncertain and turbulent environment? Is it an a la carte Europe (Dahrendorf 1979), a variable geometry Europe (Wallace et al 1985) or a two speed Europe?

Existing theoretical approaches on EU disintegration differ in many aspects. At the heuristic level, there are different conceptualisations of disintegration, with a lack of consensus on what are the appropriate concepts to frame/comprehend disintegration and interpret its diversified aspects. At the methodological level, there are differences in the attempts to verify disintegration theories and hypotheses, taking into consideration the embeddedness of methods and their multiple linkages with EU state and non-state agents. At the policy level, there are different EU proposals on how to put an end to disintegration dynamics, how to constrain them or how to internalize them in the existing institutional EU framework. At the institutional level, there is a variety of views on the capacity of EU rules, norms, and practices to embed disintegration dynamics and to limit their influence. Finally, at the cognitive level, there is a fierce political and academic debate on who is to blame for the enforcement of EU disintegration thesis and who is capable of shaping the political/ideological forces supporting (albeit for different reasons), the EU disintegration thesis.

This article follows a policy oriented analytical approach in order to capture the dynamics of EU integration-disintegration. More specifically, section two discusses the major tenets of existing EU integration theories on disintegration dynamics, while section three analyses the content of an alternative analytical framework for EU integration-disintegration dynamics. Finally, chapter four concludes and provides useful policy implications.

2. Do existing EU integration theories explain disintegration dynamics?

Despite the fact that history (Vollaard 2014:1123) has many examples of currency areas, federations, empires and states that disintegrated, “existing theoretical arguments -transactionist, neo-functionalist, inter-governmentalist, institutionalist - are ill equipped – to go in reverse” (Jones 2018:2).

Different strands of thought have tried to explain the complex content of disintegration (Leuffen et al 2013). Schimmelfennig argues (2018a 969-970), that disintegration is defined as a decrease/increase in the level of centralization (depth) or membership (width) of EU policy regimes and distinguishes between differentiated disintegration and uniform disintegration, as well as between internal and external differentiation. Schimmelfennig (2018b 1154), also suggests that disintegration can lead to internal differentiation (if a member state remains in the EU but exits from specific policies), or external differentiation (if a state exits from the EU but continues to participate in selected EU policies). According to his analysis, in the case of uniform differentiation, increases or decreases in the centralization level, policy scope and membership of the EU apply to all states equally (Schimmelfennig 2018b: 1156). Although Schimmelfennig’s distinctions eloquently consider the legitimacy and economic aspects of integration/disintegration processes, they do not address disintegration influence and outcomes in EU policy making. Weber argues that disintegration is a decline in the range of common or joint policies applied in the European Union, in the number of states within the European Union and/or in the capacity of EU structures which, where necessary, apply decisions against the volition of EU states (Weber 2014).

For functionalists, crises create “windows of opportunity” for the intensification of European integration, contrary to intergovernmentalism, which views them as influential factors to rebalance national interests. Overall, successful integration is more likely to succeed in issue areas such as commercial integration, where heterogenetic obstacles are low. However, when heterogeneity costs increase, integration becomes politically prohibitive, operational inefficiencies are intensified and interstate crises erupt (Hazakis 2018). Based on the perception that incomplete and inefficient arrangements are better than no arrangements, functionalists do not feel pessimistic when state disputes over integration create obstacles for European community issues (Hazakis 2018). For neo-functionalists, crises delay EU integration projects, but they cannot resist the power of supranational activity and policy spill over, thus there is a tendency to analyse integration dynamics as an interplay of competition and cooperation among societal agents.

The post –functionalists (i.e. Hooghe and Marks 2009; Schimmelfennig 2018b) underline the enabling factors of the demand for EU disintegration. For post-functionalists a mismatch between current institutions and pressures for better governance is evident in high interdependence situations. More specifically, Schmitter and Lefkofridi (2016) analyse, from a neo-functionalist point of view, disintegration problems and examine the specific suppositions, hypotheses and empirical data of EU integration schemes.

Intergovernmentalists (i.e. Hoffman 1982) insist that EU integration stalls because countries do not favour the critical high politics area of the EU project. For intergovernmentalists domestic groups shape preferences, and intergovernmental bargaining follows, taking into account asymmetrical interdependence.

In the same manner, new intergovernmentalism perceives the post Maastricht EU as being in a state of disequilibrium. As Hodson and Puetter (2019:5) argue “the disequilibrium is the product ... of dysfunctional output by integrationist and consensus seeking elites on the one hand and dysfunctional inputs, including public skepticism about the benefits of European integration and declining trust in the EU and national political systems on the other hand”.

Moravcsik (1993; 1998) further suggests that national governments have established European institutions so as to pursue their own economic interests. Based on the theoretical framework of liberal intergovernmentalism, Moravcsik (1993) argues that from the Treaty of Rome to the Maastricht Treaty, “the EC has developed through a series of celebrated intergovernmental bargains, each of which set the agenda for an intervening period of consolidation” (1993: 473) and thus “The EC can be analysed as a successful intergovernmental regime designed to manage economic interdependence through negotiated policy coordination. Refinements and extensions of existing theories of foreign economic policy, intergovernmental negotiation and international regimes, provide a plausible and generalizable explanation of its evolution. Such theories rest on the assumption that state behaviour reflects the rational actions of governments constrained at home by domestic societal pressures and abroad by their strategic environment. An understanding of the preferences and power of its member states is a logical starting point for analysis. Although the EC is a unique institution, it does not require a sui generis theory”, (1993:474).

Weber (2019:16) suggests that both liberal intergovernmentalism and neo-functionalism cannot explain disintegration and that in the absence of comparably powerful supranational actors in other issue areas, the EU may need a stabilizing hegemonic state or coalition of states to withstand the centrifugal forces generated by the rising challenge of national-populist movements and potential new crises and to remain as politically integrated as today.

Institutional theories (Dowding 2000; Aspinwall and Schneider 2001; Jupille and Caporaso 1999) examine not only legislative and executive European Union politics, (including several aspects of European Union decision making and member state voting power), but also the impact of politics on EU governments and EU integration evolution (Hodson 2009). European Union institutions are analysed either

as independent variables that explain how policy outcomes at several policy issue areas are realized (Nugent 2006), or as dependent variables created by member states to perform specific roles/functions within the European integration framework (Hazakis 2018).

Both intra-institutional dynamics (i.e. the European Union council consensual decision making) and inter-institutional relations (among the European central bank, European Union parliament, European council and European Commission) are given high importance for EU integration/disintegration. The view of institutionalists is that EU member countries surrender part of their sovereignty because, the sets of rules, norms and specific organizational frameworks offer states positive spill overs that they would be unable to safeguard on their own.

Pollack (1997) argues that member states deliver authority to supranational institutions concerning four functions; to monitor member states compliance to rules, to solve problems of contracting, to serve as independent regulators and to set the agenda for the principals. For example, stability and growth pacts in the Eurozone provide transparent and clear rules of the game against which to evaluate compliance with the target of price stability thereby eliminating beggar thy neighbour policies and national currency competition within the euro area. This does not mean that national preferences of euro area states are downgraded since any agreement or institutionalization of principles presupposes convergence of national preferences.

What are the major tenets (Hazakis 2018) of the institutional approach? Firstly, institutionalists suggest that European states create supranational institutions to realize joint gains through cooperation and to avoid negative spill overs, externalities and asymmetries of non-cooperative options. European institutions promote cooperative behaviour by increasing information about other states' goals, behaviours and expectations, allowing for easy detection of non-compliance and defection. Moreover, European institutions increase trust in decision making which promotes further cooperation between states and helps to achieve medium and long-term cooperative gains.

Secondly, institutional theory underlines the embeddedness of agents' actions within the networks of European Union institutions. Complexity of policy areas increases embeddedness and *acquis communautaire* (the sum of existing European Union practice and legislation) influences integration needs and promotes the incremental revision of policymaking in several integration issue areas. This does not lead a priori to a "lock-in" of member states' preference but certainly does lead to a limitation of the "degrees of freedom" in decision making, thus limiting national capacity's for policy manoeuvring. The rules of the game in EU policy making have been constructed through such intensive, long term and complex interstate negotiations that it is impossible to bypass them without undermining the essence of EU institutional and integration dynamics (Hazakis 2018). Moreover, the long-term embeddedness of EU policies generates sunk costs, creates commitments, and increases exit costs for all member states.

Path dependence is also evident since early decisions provide incentives for national agents to perpetuate behavioural patterns and policy choices from the past. Institutional inertia is also crucial for

the integration/disintegration analysis, taking into consideration that while states do fear sub-efficient EU institutional performance they are even more afraid of the policy uncertainty and ambiguity linked with less controllable and untested institutional reforms.

Thirdly, EU institutions create arrangements in issue areas that allow reasonably efficient decision making and effective compliance despite the involvement of states with divergent preferences. This means that European institutions have the ability to influence the agenda setting, to frame policy problems and to accommodate often conflicting national targets. Crucially important in this procedure is the internalization of EU institutional norms and principles in national policy making frameworks.

Usually, an institutional approach has three fundamental levels of analysis (Hazakis 2015). At the first level, are the basic concepts, norms, routines and values of European integration which are the most enduring and resistant to policy change. Concepts are extremely important for institutional analysis as they exert the greatest influence at all policy levels, defining the cognitive conditions that lead to compliance or non-compliance with the EU policy framework. The second level of analysis concerns institutional arrangements and includes complex EU institutional networks and institutional hierarchies, influencing national economic agent motives and risk/profits/burden sharing in European policy implementation. The third level of analysis concerns not institutions per se but the systemic dimension of EU policy framework. The sustainability of European Union policies rests not only on getting EU organizations and national decision-making systems working more efficiently on an individual basis but to do so in an interconnected fashion.

The third level of analysis also concerns the hierarchy of European policy issue-areas and the multiple linkages among them. While each of the EU issue areas has some autonomy, an institutional logic leads all issue areas into a common policy configuration. This occurs because all issue areas are highly embedded in the European institutional framework and as a consequence their logics are symbolically grounded on the same integration values (first level analysis), organizationally structured around pre-existent European institutions (second level analysis), technically constrained by the same rules (second level analysis), materially specified according to power sharing among states and politically legitimized according to national decision making and EU procedures.

Crucially important in the process of EU issue area regimes formation, is the bargaining power of state and supranational actors, the functional and organizational interdependencies between policy issue areas, the available learning/adaptation processes for involved EU agents and the switching costs of alternative policy options for agents. Taking into consideration the complexity of EU integration/disintegration dynamics what is the content of EU disintegration?

According to our view EU disintegration refers to the abolition, reduction and weakening of existing formal interactions, rules, jurisdictions, processes and competences in the EU. This influences institutional membership and the non-institutional aspects of EU structure and cohesion as well as the territorial, institutional, economic, political, social and cognitive terms of EU organization. Thus, disintegration in the

EU involves state and non-state EU agents, and it is a multidimensional phenomenon since it covers different analytical and EU agent levels. Furthermore, it means that disintegration dynamics erode not only *acquis communautaire* and achievements in several issue areas of the EU, but also the essence of EU policy making, the agenda setting and the legitimization of EU authority and action. For disintegration supporters, EU checks and balances are inefficient since they do not provide resources and instruments to minimize systemic and national risk in specific issue areas. What's more, they fail to reduce transaction cost in high politics issue areas, decrease in real (not nominal) terms territorial/economic disparities, reduce informational/policy asymmetries, and internalize negative spill overs of external/internal challenges.

3. A new policy framework to analyse EU integration-disintegration dynamics

The EU is a complex policy system involving state and state agents that are heterogeneous and path dependent. Heterogenetic traits include plurality of agents' interests and intensive negotiations during all stages of EU policy and decision making, especially when there are not sufficient and commonly perceived trade-offs. All the agents involved in EU policy making do not always have perfect knowledge about policy problems and thus they do not have perfect knowledge of available policy instruments. Additionally, state and non-state agents can manipulate the policy/institutional environment in favour of disintegration and can organize their policy agenda against EU collective intentionality and collective action.

Studies on the recognition of the public and private interaction in EU policy making argue (Cowles 2003:106-107) that non-state agents together with institutions do have an impact on the delegation of authority and do participate in the shaping of policy proposals prior to, during and after the completion of authority delegation. What is equally important is that non-state agents do provide, under specific circumstances, legitimacy to supranational institutions decision making and policy initiatives. Thus, one can easily understand how a coordination vacuum in high politics problems can lead to suboptimal effects and how agents can influence the content, the type and the direction of EU integration/disintegration dynamics.

Complexity means that member states adapt in different and sometimes inconsistent ways to EU policies and rules and decision making mechanisms to implement the essence of EU rules and practices whilst still allowing for maximum flexibility. One should also be aware that EU integration/disintegration dynamics take place in an unstable and uncertain external EU environment, enlarging risk and volatility. The dynamics of emerging properties in such a decision-making framework puts into doubt fully rational predictability.

Of equal significance is the fact that policy selection involves national and EU choices, constraints, risks, benefits, costs, pressures and path dependent practices and is not the unavoidable outcome of a rule-based system. It depends on many variables if, how and under which terms policy choice manipulates existing institutional and rule limits. This explains why EU adaptation and learning mechanisms lead to varied results.

This article proposes a new analytical diagram so as to perceive the complexity of EU integration/disintegration dynamics taking into consideration institutional, economic, political, social and cognitive variables. The proposed diagram also presents a simplified type of interactive processes and links in European integration/disintegration dynamics. It highlights the rationale and flow of EU integration/disintegration decision making and it elaborates the patterns of interaction and their effects on European integration/disintegration decisions. The diagram also outlines the terms under which EU integration advances, gets stuck or is reversed, as well as describing how EU integration/disintegration dynamics function and evolve in the EU project. Ultimately, it seeks an explanation as to why integration/disintegration dynamics too often evolve simultaneously in different issue areas of EU policy.

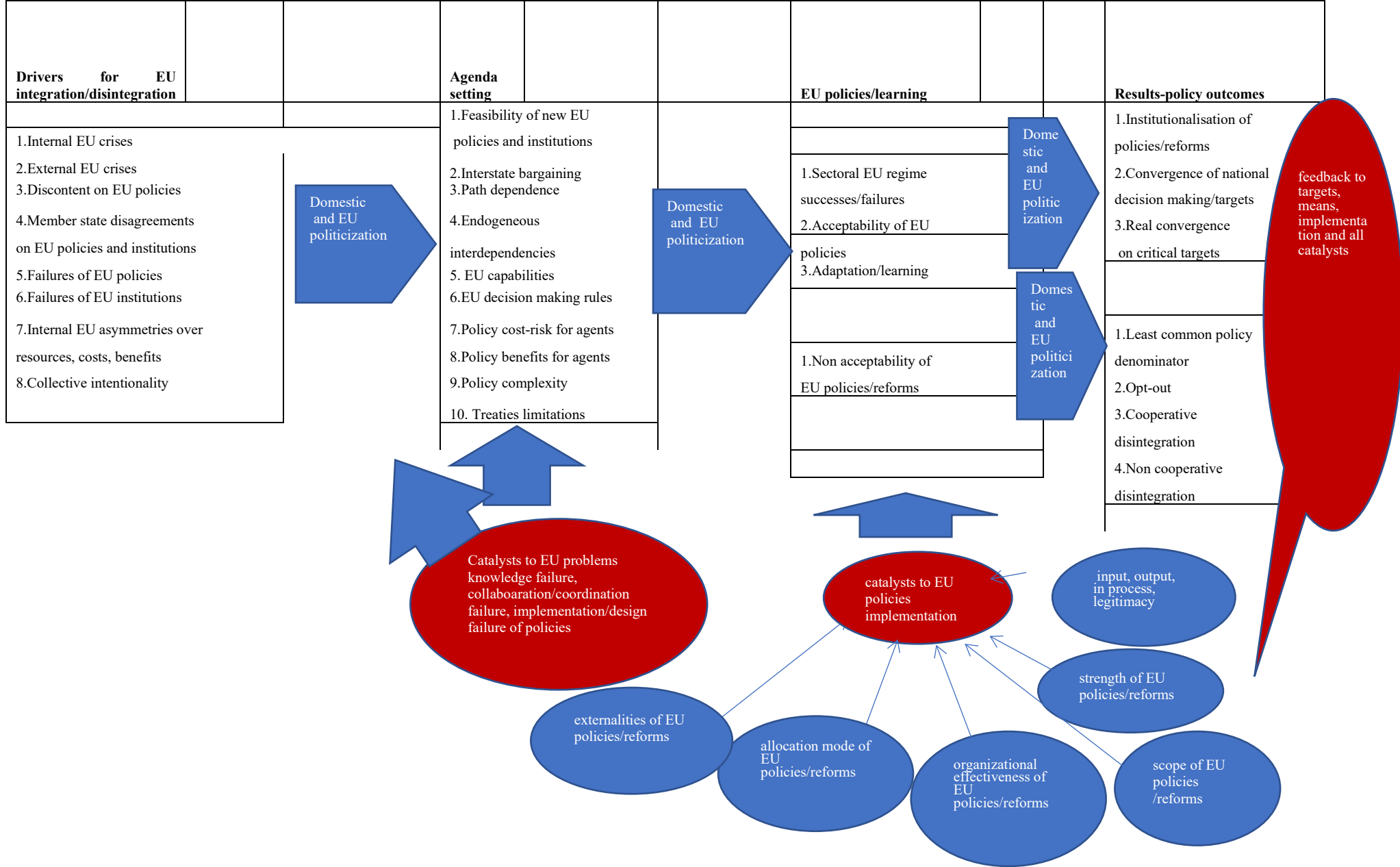


Diagram 1: European integration/disintegration dynamics

According to diagram one four major pillars of integration/disintegration dynamics are distinguished. The first level of analysis concerns the drivers for EU integration/disintegration and begins with an examination of the role of internal and external crises in EU project evolution. An EU crisis is a situation of heightened and asymmetrical interdependence with strong externalities and non-predictable coordination, distributional, and risk effects. In such a situation policy uncertainty and ambiguity, are not easily controlled and state and non-state agents try to minimize crisis burdens and maximize benefits from policy/institutional reforms. Which type of crisis is critical to shake the EU integration project given this complexity? Exogenously given variables (i.e. immigration, economic protectionism, relocation of economic activities due to globalization) or internal ones not properly accommodated (i.e. Eurozone architecture imperfections)? More importantly, what is the critical point in which, EU policy selection mechanisms lead different EU agents to a disintegration choice, to integration retreat or to integration stand-still?

Whether an EU internal or external crisis induces collective activity and change depends on how EU agents perceive policy challenges regards; the stability of ad hoc or structured agents' coalitions, agents' openness to new cognitive frameworks in an issue area, institutional inertia and the power of path dependence. Lack of consensual policy in an issue area can lead even to the a priori exclusion of any policy proposal from the EU agenda.

Indeed, internal crises (Eurozone debt crisis, Brexit) and external crises (Ukrainian crisis, protectionist pressures) lead to different types of policy risk and ambiguity. However, it is not only discontent with EU policies or long-term disagreements by member states that intensifies disintegration forces. For the first time in the history of post-World War Two European projects, there is an emerging (although highly heterogeneous) bloc of political parties and movements, which not only challenge the ability of the EU to effectively manage issue areas, but also undermine the results of the institutional edifice of the EU and the rationale and legitimization of pro-integration strategies.

Discontent with EU policies and persistent member state disagreements are intensified due to growing levels of Euroscepticism. Although Euroscepticism existed in the past, the disastrous and unpredictable interaction of Euroscepticism with populism has led to the presentation of European projects as being an inadequate solution to collective issues and as the source of EU problems.

Indeed, Eurosceptics insist that disintegration is a policy choice that expresses the incompatibility of national decision-making system priorities with a "one size fits all EU integration policy" in all issue areas of the EU. They argue that the EU integration project is politics without policy, defined by the substitution of commonly agreed upon collective intentionality by pure technocratic terms of management. Further, Eurosceptics ask for repatriation of EU policies, for the retransferring of EU legislative/institutional powers to national parliaments, the limitation of EU internal market freedoms, the renationalization of EU competences and for more degrees of policy freedom on all major issues instead of robust EU issue area regimes.

In their view, a pure intergovernmental response means the implementation of a “least common denominator” policy in all EU issue areas, which adds trust and certainty to interstate bargaining of the EU agenda. They also suggest that the EU project suffers from jurisdictional overstretch, from ineffective and rigid overregulation and from strong and persistent economic, structural and welfare divergences, between European regions. They further insist that structural inefficiency of the EU project is accompanied by a structural legitimacy handicap of the EU project, meaning dissatisfaction of the people (not of the citizens) with EU management in common issue areas and, more importantly, a lack of awareness of people’s and sovereign states’ hierarchy of preferences and priorities. Populism and political party strategies exploit cooperative, distributional risk failures and weaknesses of existing EU issue area regimes, and the lack of a coherent long term EU collective intentionality, proposing instead a “back to basics” European project agenda where states limit and control all decision making phases and content. Disintegration politics do have a territorial/institutional dimension (a deepening/widening of the EU), but also a political/ideological dimension since some political parties and movements demand controlled or one-off EU disintegration through different political routes. Politicization is a critical filter in the whole process of EU integration/disintegration dynamics formation.

Do, as Bartolini suggests (2005:386), euro parties, euro interest groups and social euro movements displace national actors as structures of representation? It seems that the opposite is taking place. Instead of the European parliament acting to transform member states’ internal politics and to internalize conflictual positions on key issue areas, a reverse interaction is taking place whereby some European political parties have come to facilitate the transmission of national politics.

The asymmetry between the rise of problems and the creation of targeted EU policy solutions also highlights the fact that the EU is deprived of speed, flexibility and central coordination. The EU policy framework does not adapt sufficiently to the increased level of problem and policy interconnectedness within the EU. Its ad hoc and incremental changes have proven to be insufficient in addressing the fundamental match between policy interconnectedness, policy challenges and integration evolution. Again, it becomes apparent as asymmetries over resource costs and benefits prevail, that the EU institutional structure does not provide the appropriate policy tools to internalize the challenges coming both from the internal and the external environment of the EU. Even when circumstances push for immediate action, like the refugee problem, there is a lack of synchronization between national and EU policy action as well as an asymmetry between the resources applied to solve a problem and the size of a problem.

As diagram one shows, domestic and EU politicization acts as a filter between all EU policy making stages. It embeds consensual and too often contrasting and conflictual positions on the critical problems at stake and it creates power conflicts. However, compliance of member states and non-state actors to EU rules and norms is not an automatic process. States have incentives to avert timely compliance to policies, prioritizing electoral cycles and internal party management. Equally important, in many cases, rent seeking rises and partisan or vested interests exhibit an influence usually greater than their real

resources and capabilities. States act within this framework not as rational maximisers of a rule-based regime but according to the rationale of appropriateness, linking short term targets and preferences to compliance.

EU integration/disintegration dynamics include a selection of policies, rules, norms and practices to be applied each time in an EU issue area which influence the type and content of interaction in policy making. Strong collective intentionality for an EU integration policy favours a reduction of uncertainty, risk and transaction costs in an issue area. EU collective intentionality includes intentions of involved agents, beliefs, and a commonly agreed upon directedness of the EU integration project. Collective action dilemmas, especially when they do not stem from inside the EU (like Euro zone problems) but are external (trade protectionism, illegal immigration), demand a strong policy convergence within the EU and effective convergence of national policies in several issue areas.

Thus, at the first analytical level, a crisis leads either to the abolition, reduction or weakening of existing formal interactions, rules, jurisdictions, processes and competences in the EU or to the enforcement of formal interactions, rules, jurisdictions, processes and competences in a specific issue area of the EU integration project (i.e. the establishment of the European stability mechanism and the application of the “Two pack” and “Six pack” provisions to tackle macroeconomic and fiscal challenges in the euro area).

The second level of diagram one includes all the factors that influence the content and the scope of EU integration/disintegration dynamics. Institutional thickness (i.e. inter-institutional EU interactions, shared policy norms and practices) in an issue area, as well as organizational hedging (i.e. the content of links and the existing modes of practice between involved EU agents in an issue area), create the conditions for sharing risk, cost and benefits in an integration project issue area, favour the institutionalization of technical changes and creates an identity network of beneficiaries. The conceptual framework or normative framework of a policy includes norms, values, attitudes and behaviours of agents in a historically constructed environment.

Policy choice comes up as an amalgam of past experience, knowledge, capabilities and resources, expectations and hierarchy of targets. For example, Brexit cannot only be understood relative to the benefits, welfare and risks of an exit scenario but also relative to the perception of national power, true or hypothesized. Observational and expectational learning are vital in the process of policy choice. Observational learning outcome is when agents form expectations based on lessons of the actions chosen and results experienced by other agents in an issue-area. Expectational learning is one of the dimensions of observational learning as EU agents form expectations linked to different actions.

Do the failures of EU institutions pave the way for reverse integration thus weakening EU issue area's regimes and practices? EU institutional inertia is a crucial element of EU integration/disintegration dynamics and it refers to the persistence and entrenchment of EU rules, norms, practices and principles and decisions in an issue area, even though they become more costly, less efficient and less legitimized as time passes. Any proposal that calls into question the hierarchy, content and prescribed behaviour of

an issue area regime is considered inappropriate for agenda setting. Some authors, (i.e. Moravcsik 2005), even argue that the EU institutional edifice does not suffer from inertia but has in fact reached a stable constitutional equilibrium. Moravcsik notes (2005:376) that the EU is a “constitutional system that no longer needs to expand and deepen in order to assure its own continued existence”.

To define the EU integration/disintegration agenda further consideration ought to be paid to the strategic targets of a policy choice, the available instruments and the alternative methods to achieve a target. Critical success variables should also be described as should the resources that act as promoters or as bottlenecks to the effective implementation of an EU integration policy. As agents compete for limited and common EU resources in an issue area, a balanced negotiation framework to incorporate different targets is needed.

Thus, there are two problems with promoting changes in favour of the European project. First, how to put in place a commonly agreed agenda of challenges to be addressed and second how to apply a joint long-term strategy to reconcile agents’ interests within a new issue area governance structure. The second level also includes networking potential and the ability to produce, through negotiations, an inclusion certainty for all interested EU agents, based on shared expectations, risks and benefits and taking into consideration a commonly reached perception of the constraints that the EU treaties and derived court decisions set.

The bargaining power of ad hoc or long term coalitions within the EU are linked to the interdependence of different EU issue areas and influence positively or negatively the ability of EU institutions and issue area regimes to accommodate reforms and to bear the cost of reform application. This means that both intra-EU institutional dynamics and inter-institutional relations within the EU architecture play an important role in EU policy making reform bargaining, effective assignment and policy deliverability.

However, negotiation does not inevitably lead to compromises, especially when agents forego information exchanges and communication structures in favour of policy changes or changes considered as being fundamental variables to altering the hierarchy and structure of decision making in an issue area. Thus, an agents’ cooperative or competitive stance during negotiations depends on national policy action and could prevent collective intentionality.

In the same manner, interstate bargaining through ad hoc coalitions continuously reconstitutes EU agents’ practices and priorities and sometimes confuses the content and targets of the integration agenda. Experience shows that the lower the capacity of an EU agent to autonomously regulate problems in an issue area, and the greater the interdependencies with other EU agents in an issue area, the more likely it is to reach a compromise and to accept incremental pro-integration changes in the medium term. Equally important, is that the greater the capacity of an agent and the weaker the interdependencies with other EU agents are in an issue area, the more likely it is to prefer exit scenarios from issue area regulation or to insist on short term and “least common denominator” policy policies. Again, state and non-state agents act on knowledge that they have obtained and pick up strategies influenced by this

past information and experience. Too often pro-integration academic and political considerations overestimate the ability of the EU integration project to internalize all negative externalities and anti-European integration forces, underestimating the power and dynamics of autonomous national policy choices relative to a fragile EU collective intentionality.

Indeed, incrementalism favours institutional changes at the margins of the policy system while in actuality there is a need for strong institutional and policy reforms. There are authors who argue in favour of an institutional determinism under all circumstances, a process by which rules are created, applied and interpreted by those who live under them (Stone et al 1997:310) and always lead member states to stronger integration ties making integration processes unstoppable (Stone et al 2001:27). Within this incrementalist logic, EU policy and institutional incompleteness can under certain terms push towards more integration rather than disintegration. Ball (1994:10) for example notes that “there was a well-conceived method in this apparent madness. All of us working with Jean Monnet well understood how irrational it was to carve a limited economic sector out of the jurisdiction of national governments and subject that sector to the sovereign control of supranational institutions. Yet, with his usual perspicacity Monnet recognized that the very irrationality of this scheme might provide the pressure to achieve exactly what he wanted-the triggering of a chain reaction”. Tommaso Padoa - Schioppa (2004:14) also underlined that “the road toward the single currency looks like a chain reaction in which each step resolved a pre-existing contradiction and generated a new one that in turn required a further step forward”.

An equally important issue is the impact of agents' preferences on integration/disintegration dynamics. These preferences form a key part of non-cooperative interactions in EU integration/disintegration dynamics. Domestic interests do influence the preferences and choices of a country “the more intense, certain and institutionally represented and organized” (Moravcik 1998:36). Although agents try to have autonomy in setting the hierarchy of preferences and in determining alternative policy choices, they depend on other agents' behaviour. For example, the UK electorate decided for Brexit in 2016, but it is obliged to reach a compromise concerning the content of the transitional period and of the post Brexit future association.

At all stages of EU integration/disintegration transaction costs play a significant role. Transaction costs arise from unclear or inefficient rules of EU policy formulation and implementation in an issue area, from asymmetrical information, from bounded rationality of involved EU agents, from costly enforcement of the imposed regime in an issue area and from functional distortions. Transaction costs also involve costs of applying, administering and monitoring interactions and behaviour in an EU issue area within and between agents and institutions.

High transaction costs involve significant policy risk (in Knight's terminology a situation in which the possible results are known and the probability to occur linked with each result can be assessed under certain conditions) but more importantly policy ambiguity, thus reaching a situation in which the possible results are traced but the probability to occur linked with each result cannot be assessed. For example, Brexit involves high policy ambiguity as the results cannot be embedded or framed. It is impossible to

predict the non-measurable dimensions of such policy ambiguity or estimate the total cost of the disintegration choice. When decision making structures and learning and adaptation mechanisms cannot internalize strong doubts or divergent preferences then uncertainty is high and transaction cost is high. In the context of policy ambiguity and uncertainty it becomes evident that an amalgam of ideological credos, and incomplete theoretical and policy knowledge renders prediction of outcomes in European integration projects non feasible.

In the third level of analysis there is a critical evaluation of proposed EU integration/disintegration policies. An EU policy should compromise the benefits, costs and risks of different EU agents within a treaty prescribed framework but it should also make rules and agent behaviour in an issue-area more transparent, efficient and accountable without causing Babel like regulatory framework. EU agents involved in policy making accept or deny policy integration/disintegration choices based on, amongst other things, the deliverability of policy results, the efficiency of EU policy and the benefits derived by this policy. Involved EU agents perform different functions with different degrees of success relative to their initial targets and they either end up compromising or choosing to loosen their functional links with the EU through some form of differentiated integration. However, the EU institutional edifice presents, in some cases, failures of coordination, failures of information on the internal/external EU problem, failures of consistent implementation of specific actions and institutional inertia. We should therefore ask the question how far short of their assignments did member states and EU institutions accomplishments fail?

One should explain the suboptimal accomplishment of expectations and targets in terms of both member state and institutional failures taking into consideration independent variables of influence from the external EU environment. The “fall-short” situation also needs to examine the necessity for extra resources and better adaptation and learning mechanisms for EU agents, putting on the compliance table more incentives for EU agents to adopt new patterns of behaviour in an issue area.

Likewise, the question “are EU policies effective” is linked with the question “do EU policies attain their targets”? Answering these questions requires a clear definition of targets against which EU policy performance is evaluated. Problem solving effectiveness is evaluated according to statistical and normative criteria but also according to the application of significant pro-integration reforms. Unavoidably, many policies fail because member states are unwilling to deploy the necessary resources and costs, do not have the necessary political will to apply reforms or prefer to follow domestic, economic and political interest priorities.

Thus, conformity too often is not attained in real terms (i.e. level of compliance to EU rules and principles) or in cognitive and policy terms (i.e. different agent perceptions concerning illegal immigration, EU foreign policy, EU common tax policy). One cannot claim (based on an endogenous interaction perception) that the propensity for EU agents to conform in an issue area of the EU is always positively linked with the predominant behaviour of agents in an issue area. Loyalty to EU rules and policies and enforcement of EU collective intentionality are not automatic or irreversible due to spill over effects. Refusal or erosion of pro-integration initiatives and policies by EU state and non-state agents are taken

into serious consideration and the question of how to alter their perceptions, through new types of behaviour and interaction, is given primary importance. Thus, EU policy making frameworks should prevent cooperation from becoming unmanageable and more complex, leading to; organizational failures, low institutional performance, institutional inertia and the limitation of tools for trade-offs between different issue areas.

Is there a way to overcome the deleterious combination of EU “too little-too late” policies with non-cooperative member state agendas? Cooperative interaction can put in place an incentive driven policy reform in an issue area that advances integration without being undermined by static agents’ interconnectedness. The latter includes, amongst others, the structural characteristics and resources of agents.

At this critical third level, the way to overcome a policy impasse is to perceive ways of co-evolution and symbiosis between different issue areas concerning integration and disintegration dynamics. An EU issue area regimes’ success rests on its ability to enlarge the action potential within existing institutional constraints, to remain open for inclusion of the hesitant EU agents, to facilitate agents’ negotiations under all circumstances and to be more flexible and less path dependent. EU regimes should convince agents that pro integration policies are the more efficient vehicles for them to gain resources, competencies and legitimization in an issue area. As Kelemen and Tarrant (2011) suggest the greater the distributional conflict in an issue area of the EU, the more likely member countries are to rely on loose European regulatory networks rather than more centralized agencies of the EU.

Indeed, at the third level, connectivity and receptivity of information/knowledge, so as to build consensual EU policy reforms in an issue area, demand coordination mechanisms and cooperative routines. Standardized and tacit routines codify ways of networking between involved EU agents and reinforce trust. Routines also enforce collective problem-solving competences, settle conflictual state relations and permit free flow of information between involved agents in an issue area. The quality of adaptation and learning mechanisms influences the management of cooperation, coordination and conflict in an issue area and the capacity of agents to comprehend new information and knowledge linked with an EU policy problem. Learning and adaptation goes hand in hand with collective intentionality to reform existing structures.

The two mechanisms (adaptation and learning) are connected with the capabilities of EU institutional structure, the capabilities and limits of action autonomy of the EU agents, and the dynamics of integration/disintegration in an issue area. The more intensive interactions are between agents in an issue area, the greater the necessity for both the EU and its various agents to diffuse critical information for pro-integration practices. Thus, EU adaptation and learning mechanisms have adaptive value and fitness ability as long as they; facilitate EU integration reasoning, enforce interstate collaborative bargaining and ameliorate national welfare in real economic terms. A guided behavioural adaptation and compromise of a member state is short lived if it is deprived of a real term improvement in welfare and decision making. Thus, it is time for EU policy making to consider again its institutional fitness when

faced with the evolving problems of EU integration and it is time for member states to consider again their capacity to adapt in the EU institutional edifice. Such a new balance remakes normative reason, requiring not only common preferences, practices and norms from EU agents but also high levels of national support for the European project.

What happens if under all integration and cooperation methods a member state does not accept the rationale and content of an EU policy or reform and prefers a differentiated path or even a total exit from EU issue areas? The states choose a spill-back, meaning that they no longer wish to deal with a policy at the supranational level (Schmitter and Lefkofridi 2016:3). In recent years, periodical disintegration episodes have served not to subsequently reinforce European integration but as dominoes loosening EU structures. Negotiations occurring at the second level of diagram one lead not to consensual but to conflictual targeting and action, and the method of pursuing the least common policy denominator in cooperation has given way to the least common denominator of coexistence in the EU. The exit option, although impossible to fully assess in economic, political and social terms, is presented as the alternative tool, a policy option per se to escape the negative aspects of EU institutional deepening. Indeed, Euroscepticism succeeded, at least in the short term, to convince that the risk premium attached to an uncompromised exit deserves its cost under all conditions and that the EU credo of “policy stabilization under all circumstances” favours only EU institutional survival and not EU state and non-state agents’ preferences.

Then, a triple policy challenge for the EU integration project emerges. First, how to avoid full disintegration through rules flexibility and incentive driven inclusion policies. Second, if this is not feasible, how to prescribe a specific transitional agreement which provides a smooth disintegration path leaving open the chance of future re-integration. Third, how to provide a long-term non-membership agreement, which bridges the gap between full membership and non-membership, leaving robust critical integration channels and interactions in key economic and political issue areas. A revised article 50 of the EU treaty should be more precise on all three aforementioned levels so as to attain cooperative and orderly disintegration. However, this does not mean that disintegration can be fully embedded in a static treaty article. Even if the article is fully detailed it cannot fully capture the peculiarities, and complexities of disintegration which have time specific traits.

The fourth pillar of diagram one, on EU integration/disintegration dynamics, refers to policy outcomes. Successful institutionalization of EU integration strategies and cooperative integration deliver results if it takes into account five critical criteria namely transparency, legitimacy, consistency, effectiveness and flexibility (Hazakis 2018). Legitimacy refers to the need for pro-integration reforms to not only fully respect the existing legal framework of the EU, but also to respect the ideological foundations of the EU in political terms, meaning enhancement of participation and inclusiveness in all levels of decision making. It also means enforcement of input legitimacy (i.e. the role of the European parliament and Euro parties) and output legitimacy (linked with the effectiveness criterion) targeting sustainable welfare for European citizens. Flexibility means the possibility of granting temporary derogations for those states unable to

follow all necessary adjustments for a closer political-economic union, without undermining the basic tenets of the EU integration project. Transparency means an enhanced role for the European Parliament in decision-making and an enhanced involvement in a more focused EU budget. Finally, effectiveness and consistency mean the ability of the EU project to deliver sustainable growth and employment rates throughout the EU especially at the NUTS-2 (regional) level.

Successful cooperative integration also needs a strong consensual agreement between member states on the distribution of costs, risks and benefits. There is a need for EU institutions to reconsider practices to contain disintegration forces. A sanction-based and not an incentive-based approach, in containing disintegration rationale and action, puts in place a spiral of self-fulfilling prophecy undermining further EU legitimacy and effectiveness. Moreover, effective policy results demand a rebalance of EU targeting within the scope and limits of member states (principals) activities. There is also a need to enforce EU flexible instruments for crisis management as the EU institutions lack flexibility to address challenges of the political and economic environment and when they finally act the citizens perceive their policies as “too little-too late”. Despite progress in the deepening and enlargement of European integration in the last sixty years, Brexit, Euroscepticism, the Eurozone debt crisis, illegal immigration and economic protectionism has created an explosive mixture, which if not properly faced, could end up in European disintegration.

4. Conclusions

It seems that the European integration project has run out of steam suffering from the disequilibrium of persistent stagnation and a lack of strategy when it comes to tackling issues arising from integration. Many questions have been raised (Hazakis 2018). Can reforms be applied within the EU’s framework or there is a need for Treaty changes? Are current institutional arrangements effective for EU multilevel governance? Is there a need to fast forward integration based on a core of EU states? What are the policy priorities in an “integration deepening” strategy? Is institutional flexibility the vehicle to political union or the tool to guarantee the intergovernmental dominance in European decision making? Evidently, there is no consensus on the speed of integration and on the policy of integration in many issue areas rendering difficult a long-term vision on the EU (Pirozzi and Tortola 2017; Rubio 2017; Schimmelfennig and Winzen 2014; Vai et al 2017).

This article argues that external and internal challenges and shocks and inadequate policy responses brought into question the EU integration project and enforced disintegration dynamics. Deprived of a strong EU budget and of effective collective policies, EU institutions find it hard to provide solutions to complex and highly politicized problems (i.e. the refugee crisis and euro area debt crisis) and are trapped in a “too little –too late” behavioural pattern. For the first time in the post-1950s European project’s history, the “stop-Brussels” heterogeneous coalition of parties and movements does not challenge

only the effectiveness, deliverability and fairness of EU policies but it also challenges the rationale and the legitimization of the European project.

Evidently, European integration resembles a pendulum swinging from the national to supranational and vice versa with no consensus as to how, why and towards which direction European integration evolves or should be evolved. Although the Bratislava Declaration (EU Council of Ministers meeting 16 September 2016) reaffirmed the EU as the best instrument “for addressing the new challenges”, and underlined priorities on migration, external borders, internal security, defence, and economic and social issues, it remains to be seen how the EU institutions will handle an heterogeneous and unpredictable mix of problems ranging from the completion of the economic and monetary union (i.e. establishment of a fiscal union and a banking union) to democratic accountability and defence and foreign policy issues (Hazakis 2018). What are the policy implications derived from the analytical framework on EU integration/disintegration dynamics?

The analysis identifies a new policy framework to perceive EU integration/disintegration dynamics so as to promptly identify critical differentiation patterns and disintegration forces. A long term and ambitious policy agenda is necessary to renovate the hierarchy and content of economic and political targets in the EU integration project (Hazakis 2018). The type, content, scope and effectiveness of EU policies should be relevant to emerging internal and external EU challenges. A new European policy framework needs to redraw the interconnections between EU structures, EU institutions and EU objectives while recognizing the importance of contingent factors at the national level.

The recognition is made that the assignment functions and the internal competences should be redesigned. Two policy implications emerge; first, there is a need to enforce the interactions and synergies between the EU issue areas regimes and strategies so as to maximize positive spill overs and to close institutional and policy gaps, which give rise to Euroscepticism. This calls not just for the reconciliation of different priorities and identities in EU issues areas but for secured financial resources, competences and the better input/output legitimacy of EU policies.

Thus, relying on economies of scale in EU integration policies alone is not enough to push through EU pro-integration policies. There is a clear need for economies of scope, meaning operational and functional synergies between different EU issue area policies, so as to combine resources, and to use common policy frameworks. Based on this reorganization of common targets and resources the European identity will become stronger and it will be easier to attain convergence of preferences, patterns of behaviour and intentionality between EU regions. Redefining policy competences within and between EU issue areas, restructuring institutional and non-institutional interactions within and between EU agents and redrawing interstate negotiation tactics, are necessary conditions to stop an uncontrollable integration retreat. An uncoordinated and highly diversified set of rules, norms, institutions and expectations just weakens EU collective intentionality and EU governance effectiveness.

Secondly, the key question to be answered is not only which institutional pillars of European architecture and issue areas should be enforced and how, but also how can priorities of European integration be framed by rules and norms so that member states are enabled (to the largest possible extent) to pursue, in mutually compatible ways, national and collective (European) interests. Such a framework presupposes a normative answer to the question “what is the ultimate purpose of a reformed European architecture structure?” Thus, one needs critical and explicit reflection on the ends as well as on the means of European integration, on the what/why as well as on the how. This clearly suggests that analysis should not focus on European institutions as isolated policy units per se but should focus on their interactions, allowing for a full understanding of their dynamics and effectiveness.

Putting in place new processes of managing disintegration forces and their impact does not suffice to save the dynamics of the EU project. What is missing in analyses of European integration/disintegration is a holistic framework of how risks, benefits and burdens of the European project are distributed and how they can be embedded in European institutional, economic and cognitive structures. If properly addressed, European integration crises could be sources of European progress and institutional breakthroughs and not expressions of political failure and disarray. On the contrary, as long as EU inertia persists, the veil of policy uncertainty and cognitive ambiguity over the future of European economic and political integration will hold.

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