

EUROCOLLEGE WORKING PAPERS

No. 5

Viljar Veebel

**SPILLOVER BARRIER
IN THE PROCESS OF
EUROPEAN INTEGRATION**

TARTU 2002

The publication of this material is supported by European Union.
The content of this project does not necessarily reflect the position
of the European Community, nor does involve any responsibility
on the part of European Community.

Editing: Liina Kulu
Language editing: Kaili Ahi
Design and layout: Liina Kulu
Cover design: Aita Linnas

Copyright © 2002 by EuroCollege, University of Tartu
ISBN 9985-4-0312-6
ISSN 1406-7879

Tartu University Press
78 Tiigi St., 50410 Tartu, Estonia

FOREWORD

As accession negotiations draw to a close, both academic and public debates on the enlargement of the European Union have become more intense and more sophisticated. While in the early phases of the enlargement process, the candidate countries were often seen as the objects of integration policy and research, they are now emerging as active partners and participants in debates about European governance.

EuroCollege, a centre for EU-related teaching, training and research at the University of Tartu, Estonia, is committed to promoting both academic and policy debates on the various challenges associated with the Eastern enlargement. In 1998, with support from the EU's Phare programme, EuroCollege launched an Estonian-language publication series in order to increase awareness and stimulate discussion about the impact of EU accession at all levels of the Estonian society. The thirteen issues published to date present analysis and arguments by many prominent scholars and policy experts.

EuroCollege Working Papers is a new, English-language series that reaches out to a broader, international audience in an attempt to stimulate discussion about the policy dilemmas associated with the Eastern enlargement. More academic in orientation, the series has two goals. First, it provides an avenue for disseminating the results of research conducted by young Estonian academics and graduate students whose work focuses on some relevant aspect of EU accession. Second, the series seeks to stimulate the exchange of ideas among the emerging centres for EU studies in Central and Eastern Europe as well as the more established research institutes in the West. By providing a forum for academic discussion, the series will facilitate the integration of young CEE scholars into the academic community focusing on European integration. With this kind of dialogue in mind, the series is open to academic contributions from scholars, experts, and graduate students whose work focuses on issues related to EU enlargement, regardless of the country of origin. Potential contributors are encouraged to contact Liina Kulu at liina@ec.ut.ee (Tel. + 372 7 376 379) or send their manuscripts to EuroCollege, University of Tartu, Lossi 3-304, Tartu 51003, Estonia. The first publications of the series are sponsored by the European Union, the EuroFaculty programme, and Tartu University's EuroCollege.

I hope that the articles published in this series will draw our attention to overlooked issues, interesting findings and novel arguments that help us better understand the challenges associated with Europe's current transition.

Piret Ehin, Vice Director of EuroCollege

INTRODUCTION

With the end of the Second World War and the formation of the Marshall Plan and OEEC in Europe, an active integration process began that played a central part in restoring the post-war Europe as well as in decreasing security risks. West-European leaders saw the integration as the best way to avoid new conflicts. Economic interests provided the long searched incentive for co-operation mechanisms — the prospect of improving the living standard and lasting peace were to counterbalance national pride and interests as the main obstacles to co-operation and integration. Once the economic integration had begun, it gradually led the parties to an increasingly closer association, to the emergence of trust, and to the partial delegation of power to supranational institutions. At the same time, the European integration process, being unique when established 50 years ago, is unique even today. The attempts of other countries and regions to achieve success by using a similar integration model have proven to be unsuccessful.

The successful economic integration of the 80s and 90s and its drawing to an end today has made the development process of integration even more acute. The European Union has never had to make such important choices, as it faces today, before — it can either continue with the economic integration, focus on the historic opportunity to include new member states, expand the dimension of foreign and security policy, or advance through internal reforms towards a federation. The decision is even more complicated because of the historical experience, different perceptions of the efficiency of the process already in progress, as well as the shortcomings and inconsistency of the first wave of integration theories. For Estonia as the future member state, the topicality of the above mentioned developments is enhanced by accession negotiations as well as by extensive expectations for prosperity and increasing security. Unfortunately, our choices are also being confused by the vagueness of the past and future developments in the European integration process.

The aim of the present research paper is to assess the accordance of the European integration process of the past with the goals and demands set by the integration theorists. The analysis enables to unfold the central variables of the process and estimate its future prospects. The paper focuses on the development of the foreign, security and defence policy and the central questions being asked are the following:

- How successful has the economic and political integration process been so far and how probable is the continued successful development of integration?
- What are the possible obstacles to the development of foreign, security and defence policy compared to the effectively integrating economic policies?

The hypothesis of the research is the neo-realist conception according to which “the spillover of integration from the economic sector to the political sector is neither uninterrupted nor progressive but rather unlikely, gradual and time-consuming because of the opposition of the member states’ political elite.”

Taking a real-life case as an example, this paper sets out to examine the conception of the spillover barrier which has been elaborated on the basis of the integration criticism of the neo-realists’ intergovernmental model that in turn has developed out of the criticism of neofunctionalists’ integration theory.

1. WHAT IS INTEGRATION AND HOW TO MEASURE IT?

To prove the hypothesis (finding out either the spillover effect or the spillover barrier) the first research phase is related to the process, where cooperation develops into integration. If cooperation develops into integration first in the economic sector and then spreads automatically into the social and political sectors without any stagnation stages, then the spillover effect works, if the crossing sphere does not appear and integration continues to be an economy-centred phenomenon, then the spillover barrier theory appears to be proven.

Definitions to differentiate these two conditions are the following.

Cooperation is a process whereby economic and political relations between states are qualitatively and quantitatively improved by using the existing power distribution and creating intergovernmental structures.

Integration is a process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities toward a new centre, whose institutions possess or demand jurisdiction over pre-existed national states. The end result of a process of political integration is a new political community, superimposed over the pre-existed ones (Haas 1968, p.16).

As the precondition for finding the spillover effect is to differentiate integration spheres, because as being a dynamic phenomenon, integration needs at least two different spheres to act. Theoretically, usually only two spheres are defined (giving logical models more easily to readers) but to get a more detailed outcome, this research uses a three sphere environment — additionally to the political (high policies) and economic spheres (low policies) a middle sphere is added (consists of cultural and social aspects and policies).

It is also necessary to give even deeper and a more detailed differentiation where the sphere of high policies is also divided into three sectors — foreign, security and defence policies and integration aspect are separately examined. Differentiation in the article is made by using the logic of the Amsterdam Treaty.

In general the *political integration* is understood as a process where national policymakers are not attempting to create independent foreign, security and

defence policies but use common structure for their initiatives, resources and loyalty.

Using the described logic the analysable effects could be described as following. *Spillover effect* is a dynamic phenomenon — a process which started from key economic sector will automatically and progressively spread into other economic sectors and afterwards into political sectors. As a result of the process the new supranational institutions will take over the functions of nation states in shaping, financing and implementing foreign, security and defence policies.

Successful spillover presumes:

1. All institutional and loyalty integration criteria are fulfilled.
2. Automatic transfer of economic integration from economic sphere to political sphere.
3. Progressive character in time and scope of integrity.
4. No need for additional resources and no stagnation periods.

Integration process growing from spillover effect has theoretically numerous middle stages, which all should be fulfilled. The first five stages are parts of economic integration and the last four parts of political integration.

1. Free trade area: tariffs between member states are prohibited but continue to work in relations with third countries.
2. Customs union: common tariffs and trade barriers against third countries.
3. Common market: freedom of goods, services, capital and labour movements.
4. Economic and monetary union: using common currency and common co-ordination of monetary and economic decision making.
5. Full economic union: fully integrated economic and monetary policies.

After fulfilling these stages, the integration process should automatically and progressively continue in the political sector (Jordan, Feld 1987, pp. 21–44).

1. Institutional integration: creation and developing of supranational institutions, which are independent from member states in their legislation and execution area.
2. Political integration: creating clear model of competence division between member states and common institutions.
3. Attitude integration: forming public opinion and creating common identity.
4. Security integration: creating common structures and formulating common priorities in foreign, security and defence policy to prepare creation of common policies in this sphere.

Spillover barrier: political integration is more time consuming, less possible than economic one because of lack of functional motivation of interest groups in non-

formal financing of this process. According to that, political integration is not a logical next stage for economic integration

As the revelation of the potential integration barrier presupposes that the integration criteria are differently met in the economic and political spheres, the article includes the analysis of the integration criteria in the economic sphere as well. If the above mentioned criteria are satisfied at the same level both in the economic and political spheres, it indicates the existence of a spillover effect and the validity of the neofunctionalist theory, which means that the main hypothesis of the article has been refuted.

If the integration criteria in the political sphere are not satisfied or are satisfied insufficiently compared to the economic sphere, it indicates the occurrence in the given case of a spillover barrier described by the neo-realists (that has proved completely insuperable in the first case and limited in the second) and the verification of the main hypothesis. The barrier is more effective the fewer integration criteria are met in the political sphere on the whole as well as compared to the economic sphere.

The criteria of analysis are the following.

The criteria of historical dynamics

The analysis of dynamics in the development of economic and political integration enables to verify the hypothesis by means of relative criteria — comparing the development of the integration process in the political sphere with general development, by taking the time spent to achieve integration, uninterrupted and progressive process and expansion of spheres as the criteria of evaluation.

Institutional and competence criteria

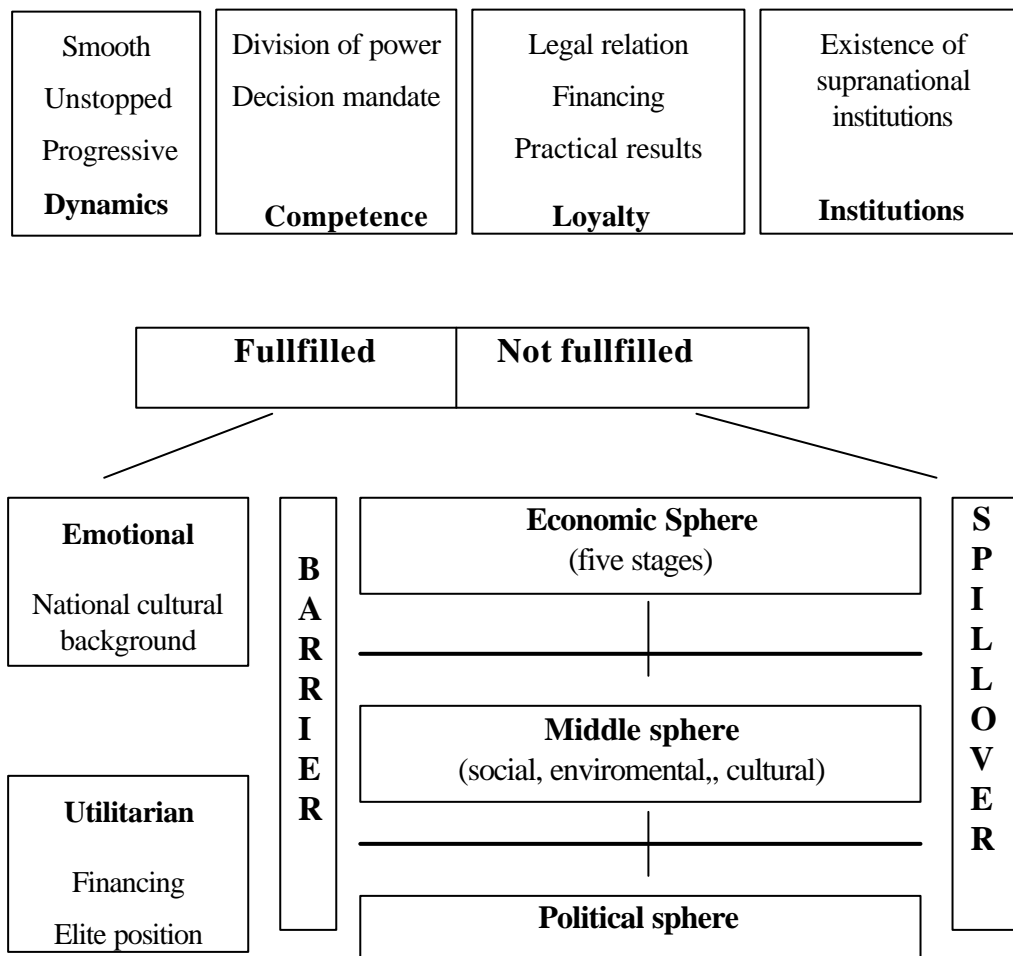
1. The existence of central supranational institutions and common policies.
2. The existence of institutional competence and finance in order to participate in the socio-economic processes.
3. The expansion of those functions.
4. The existence of a model for the spillover of competence from member states to the new institutions.
5. The use of qualified voting and veto.

Loyalty criteria

In the implementation of policies, the loyalty of participants is the key factor in advancing from the formal-regulatory level to an effectively functioning policy. It is

impossible to set the same specific criteria for the shifts and motivation of the loyalty of elite. Thus the article bases itself on the definition of loyalty by Ernst Haas presented in the context of the spillover theory. According to this definition, loyalty is: *“The subordination and lack of opposition of the makers of the political process towards certain institutions and symbols, and associating one’s expectations with those habitually, purposefully and over a long period of time.”*

Loyalty was considered the subordination and lack of opposition of the participants towards certain institutions and symbols, and associating one’s expectations with those habitually, purposefully and over a long period of time. The article examines the occurrence of those aspects through legal and financial relations between the political elite of member states and the Union, but also through the preparedness of the union to manage the activities of member states in the political sphere by means of the Common Foreign and Security Policy (CFSP).



2. INTEGRATION IN THE EUROPEAN UNION

2.1. Historical criteria

This section examines the integration process during 1947–1991 with the aim of evaluating the dynamics of satisfying the integration criteria before the European Union and the CFSP were founded.

The integration process of this period cannot be qualified as uninterrupted and progressive rather it has been inconsistent in its goals, measures and dynamics. At certain periods the national interests have been dominant (1958–1978), at others the interest in integration has prevailed (1947–1958; 1979–1992) (see Table 1). As a result of a 45-year-long development the third integration level has been achieved in the economic sphere (common market) and the domination of supranational institutions has been ensured in the Europe-wide management of several branches of economy (agriculture, fishery etc.). At the same time, although partly into the middle-sphere (concerning social, environmental and legal matters), there has been no integration spillover into the political sector during that period.

The results of the integration process described here enable us to argue that the neofunctional model is not valid with regard to the dynamics criteria (uninterrupted and progressive expansion) — the development in the first ten years was more extensive than in the next 35 years put together, and during almost half of the examined period degeneration occurred. Especially the development during 1947–1954 made it evident that political integration would not be successful arising from an equal position and having the support of equivalent interest groups.

So the present historical analysis confirms that in a situation where neofunctional preconditions for economic integration are not yet completely fulfilled, the realisation of an independent political integration or its spillover from the economic sphere have proved unsuccessful up to 1992 and therefore the validity of the neo-realist conception of the spillover barrier has been established.

Table 1

European integration process during 1946–1992

	Economical sphere	Middle sphere	Political sphere
1946 - 1958	<ul style="list-style-type: none"> • ECSC, OEEC, EEC successful launch and institutionalizing 	No integration criteria found	<ul style="list-style-type: none"> • OEEC and ECSC successful launch • WEU and NATO successful launch but no integration criteria fulfilled • Unsuccessful ideas of launching EDC and European Parliament
	<ul style="list-style-type: none"> • Period fulfills both integration and spill-over criteria in aspects of loyalty, institutional development, competence and gradual and progressive development in economical area and in general, because political integration is not expected in this stage • Neo-realists see partial spillover barrier, because of unsuccessful start of integration in political sphere, where no criteria are finally met 		
1958 - 1978	<ul style="list-style-type: none"> • Luxemburg compromise • Institutional backlash and loosing elite loyalty • Launching custom union, but stopping for many years in this stage — unsuccessful attempts for fast creations of single market and common currency policy 	No integration	<ul style="list-style-type: none"> • Avoiding political integration by prioritizing national interest • Launching intergovernmental EPC
	<ul style="list-style-type: none"> • Theoretically integration not proved, because of stagnation periods and backlash of economical integration, what does not allow getting enough concentration for over going into political sphere • Loosing motivation and support of national political elites to support integration process 		
1978 - 1992	<ul style="list-style-type: none"> • Institutional development both in aspects of competence and creation new structures • 3rd and 4th stage of economical integration — creation of single market and economy and currency union • Gradual shifting of national loyalty 	<ul style="list-style-type: none"> • Common social and environmental policy • Common European legislation on common market 	<ul style="list-style-type: none"> • Merging of EPC into community system • Preparations for creation of CFSP
	<p>Integration process works in this period as expected in neofunctionalist theory. Spillover is even to early considering fact that economical integration has not yet fulfilled all its 5 stages and criteria, when its already spills over middle and partly political sphere</p>		

2.2. Institutional and competence criteria

When looking at the political sphere as a whole, it does not qualify as integration from the institutional point of view. But considering the variation within the sphere described above, it would not be objective to view the economic nor the political sphere as a uniform because of the significant differences in satisfying the given criteria. It would be appropriate to divide both spheres into subspheres. The integration criteria were noticeably better satisfied in the part of the economic sphere that deals with private enterprises and the open market — agricultural policy, four freedoms, but also foreign trade policy, which is treated separately from the classic foreign policy. In addition to the CFSP and the defence dimension, the imperfection of integration could also be found in taxation policy, immigration policy, the competence of the Court of Justice, single currency and border crossing.

The middle-sphere policies that can be placed between the two spheres because of their functions (environmental, cultural and health policy), lie between the economic and political spheres because of their level of integration as well — as a result of the community governance model of the Union that is being employed in most of them (except the co-operation in legal and internal matters). Nevertheless, all the common economic or middle-sphere policies founded by the Community meet all the integration criteria better than the CFSP.

Even more important differences in integration level than within the economic sphere or between the economic and middle-sphere exist within the political sphere between the external and indirect security policy and the hard security and defence policy. The former belong today to the Union competence in the form of the CFSP and the latter are under the complete management of member states. Although primary agreements have offered an opportunity for common defence policy, member states have retained a total veto in defence or military intervention matters. In addition, the Union lacks the financial means and applicable measures in those matters. Resting upon the above mentioned the difference between the CFSP and the direct security and defence policy regarding the integration criteria is today comparable to the difference between the CFSP and the economic sphere (see Table 2).

Table 2

Institutional and competence criteria in year 2000

Area	Rate of supranational institutions	Qualified decision	Supranational decision making
Classical 1 st pillar — community model	+ Supranational EP ++ Partly supranational ECJ, EC and CA – Intergovernmental Council and Council of Ministers	+ In most questions except clearly marked exceptions	+ CM, Council and member states have no legislative initiative + In many areas the competence has fully been delegated to supranational institutions + Wide area of competence of EC, restricted area of competence of EP – CM as central actor in legislation process
1 st pillar with shared competence + middle sphere (social policies)	+ Supranational EP ++ Partly supranational ECJ, EC and CA – Intergovernmental Council and Council of Ministers – Member states	+/- In clearly marked questions	+ CM, Council and member states have no legislative initiative + Division of competences between, national inter-governmental and supranational institutions + Domination of supranational institutions in executive and legal area – <i>A la carte</i> possibility
3 rd pillar	+ Member states + Intergovernmental CM and expert groups as main actors – Administrative role of EC and consultative role of EP	+/- Mainly using consensus voting, but minor areas with QMV	–/+ Clear competence division between member states and union institutions – Intergovernmental actors have a right for veto – Expert groups
2 nd pillar (CFSP)	+ Clearly restricted competence of EC – Main legislative actors are Council and CM – Supranational CA and ECJ are not participating – General Secretary in CM structure and Policy Planning and Early warning Committee	– Only in technical and executive decisions which may not be connected with defence and military action area	+ Legislative initiative inter-governmental bodies, member states right to veto –/+ Administrative role of EC and consultative role of EP – Executive and coordinative role of General Secretary of Council + Open possibility for fully independent foreign policy

Area	Rate of supranational institutions	Qualified decision	Supranational decision making
Direct security and defence	– Preparatory work in expert groups for creation common policy	– Not used	– Full competence of member states, which can be delegated for intergovernmental bodies

Notes: ++ supports hypothesis; + supports hypothesis in many aspects; – does not support hypothesis.

Arising from the comparative analysis of integration dynamics in the previous section, where it became evident that the pursuit for political integration began fifty years ago alongside with economic integration, and also taking into account the fact that in the European Union such ambitions have lasted for eight years under the circumstances where economic integration is drawing to an end, it can be stated that the neo-realist spillover barrier in the given criteria exists and the neofunctional spillover effect has not had an uninterrupted, expanding and progressive functioning, despite the fulfilled prerequisites.

2.3. Loyalty criteria

Contractual loyalty relations of member states and the European Union

From the legal point of view, there exists a significant difference in loyalty between the economic and political spheres today — when comparing the loyalty level of the first pillar (economic sphere) and of the political sphere and considering not so much the wording of the agreement but the above given loyalty definition, we can see that the significant change in loyalty has in fact occurred in the first pillar, where the member states have to subordinate themselves to and accept the governing institutions of the Union (see Table 3). It would be appropriate to view the applicable principles of supremacy and direct applicability as the next step of a neofunctional loyalty — having delegated their capacity to take decisions; the participants have voluntarily become subordinate to and have associated some of their expectations with the new umbrella structure. At the same time, in the political sphere of the CFSP, where the loyalty obligation has been pointed out separately, the member states lack any obligation to participate in the development of a common policy.

Table 3

Comparative appearance of loyalty criteria

	Legally binding loyalty	Financial loyalty	Ability to fulfill political goals
Classical 1st pillar and community model	<ul style="list-style-type: none"> + In main areas power is in general delegated to unions bodies + EC and ECJ having right for using sanctions against member states – Directly applicable and legally superior legal acts 	<ul style="list-style-type: none"> + All costs of common policies from community budget + Common budget incomes based on independent resources 	<ul style="list-style-type: none"> + Successful launch of common tariffs +/- Problems in early stage with launching common market, but finally successful. +/- Problematic CAP
1st pillar with shared competence + (social policies)	<ul style="list-style-type: none"> + Member states have delegated to union either right for creating common rules or partial executing of policies + Member states may have some freedoms in overtaking common rule + EC and ECJ have right for sanctions against member states + Directly applicable and legally superior legal acts 	<ul style="list-style-type: none"> + Legally separated financing between member states and union. 	<ul style="list-style-type: none"> + Unsuccessful attempt to include Social Charter as a obligatory part into acquis – Environmental and healthcare standards
3rd pillar	<ul style="list-style-type: none"> +/- Cooperation in framework of unions structures, which add efficiency to national structures (Europol) – No direct power hierarchy – National competence areas legislation and maintaining order 	<ul style="list-style-type: none"> + Common structures from common budget – National structures from national budget 	<ul style="list-style-type: none"> + Practical execution of political goals in competence of member states – Successful launch of structures like Europol

	Legally binding loyalty	Financial loyalty	Ability to fulfill political goals
2 nd pillar	<ul style="list-style-type: none"> – Only non-binding intergovernmental loyalty and solidarity + New power center is accepted only in clearly restricted area, like technical and administrative tasks + Members states wish to save independent foreign and security policy 	<ul style="list-style-type: none"> + Administrating and costs of common representatives + Peacekeeping, humanitarian aid proliferation control from common budget - Equal covering of crisis management costs 	<ul style="list-style-type: none"> – No unanimity in case of ex-Yugoslavia crisis and ineffective reaction during the crisis + Common diplomatic representation – Relations with 3rd countries and some IGO-s – Lack of common leading and supporting structures
Direct security and defence	<ul style="list-style-type: none"> + “No“ to practical military actions and defence union in short period + Acceptance only for preparatory phase in defence area 	<ul style="list-style-type: none"> + National financing, except cases where Council decides otherwise 	<ul style="list-style-type: none"> + No real common defence policy, only some ideas how to create it – ESDP is meant for crises management not for common defence

Notes: ++ supports hypothesis; + supports hypothesis in many aspects; – does not support hypothesis.

Financial loyalty relations of member states and the European Union

The integration criteria in the economic and political spheres were much more similarly satisfied with respect to financial loyalty and solidarity:

1. In the drawing up and enforcement of budgets there is a formal difference between the spheres because of the common system used and therefore there is no potential spillover barrier.
2. But there is a significant difference in the sums and functions meant for financing the policies of the economic sphere when compared to the CFSP. Resulting from the insufficient and limited financing, the only expenses covered in the CFSP are the ones in policy development and in administration.

The neofunctional expectation of there being significantly fewer resource requirements in the case of a spillover of the already existing economic integration into the political integration has not been confirmed today. Financial problems are central in the practical intervention in Yugoslavia as well as in the arisen dilemma of deepening or expansion, which is why the existing resources cannot be considered sufficient. Thus, there is no spillover barrier in the budget treatment and own resources accumulation but there is a barrier in the sufficiency of means.

The preparedness of the Union to govern on the basis of the CFSP and the preparedness of the political elite of member states to subordinate themselves to the development of a common foreign and security policy

The ability to react to the crises arisen in the CFSP was mostly influenced by the fact that when designing the policy, solving military crises was not seen as one of its functions, as was a more vigorous communication in the foreign policy in the international arena and especially in relations with the Near East and the Third World countries. As a result, the policy only included the means of external and indirect security policy; defence aspects were expected to be solved by WEU and partly also by NATO without trying to compete with them in ensuring international order.

Thus the original version of the CFSP had left the Union completely unprepared for its main task during the last decade — regulating the conflicts arising from the disintegration of Yugoslavia by using military power.

2.4. Independent variables (reasons) in the European integration process

Attitude of national elite to the European integration is mostly influenced by the following variables:

1. International model concentrated on national state interests created by Westphalia Peace 1648.
2. Experience of the First and the Second World War, where a necessity to change Westphalian model appeared.
3. Traditional understanding of main nation state priorities: security, prestige, power, welfare, sovereignty and autonomy.
4. Utilitarian expectations of local political elite.
5. Instate loyalty obligations through national constitution.

When the system created by Westphalian Peace, which represented realist nation state preferences, has after the experience of two world wars lost its influence in Europe, the so called supranational does also not have overall support and many traditionalist have risen again specially in light of French behavior in 1960-s (Nugent 1999, pp.12–13).

According to that, the European elite has divided into two groups, one of which wants to follow the integration attitude, setting European interests as the first priority and the second one using traditional nation state based interests model, participating in the integration process mainly for national benefit.

We can also see a utilitarian aspect in this separation — the first group consists of states which do not have sufficient moral or resource capacity to act independently in international arena — Germany, Benelux, Italy, Portugal, Spain etc.

During recent years this situation is changing: first Germany, which is after fifty years freeing gradually from its moral obligations and at the same time France and UK which are becoming more and more dependant from common economy model (Fischer 2000; Blair 2000; Chirac 2000).

The attitude of policymakers in the integration question is on one side influenced by historical experience and from the other side by loyalty obligations set by nation state legal system. Even after joining the Union most member states continue with constitutions where the states' main purpose is keeping national values and symbols and the state itself must be kept fully independent and sovereign (Laffranque 1999, pp. 79–86). If one day the EU will become a federation instead of confederation, most member states' constitutions would not allow participation in such a Union.

A complicated situation is arising from losing control over foreign, security and defence policy, mainly for reason that through these policies a state can most effectively defend its status in international arena. Here we can see that states are ready to delegate only those functions which do not rise a question of losing their statehood according to realist approaches.

They can agree on common tariffs and trade policy, common currency and even with common consular net, but refuse to delegate competence in security and defence sphere and also in boarder guarding.

A solution to these problems could be a synergetic profit gained by joining the world's largest player and using this additional power for national interest (at least in the starting stage).

Integrations are also dependent on culture and traditions (what sometimes are mixed). Still quite a remarkable development has been in the attitude integration relevant to the Union's flag, common currency, common citizenship etc. Many theorists find that the key for spillover effect into political area is changing old classical realist national thinking. And this way the attitude integration is a preparatory stage for the next attempt towards a political union.

In the meantime, if we look at real situations anyhow the support for the integration process is declining both among citizens and political elite (Standard Eurobarometer 2000).

At the same time when member states citizens are critical, the Union itself gets more international influence and the governments find at least today's cooperation and common representation very useful and not achieved by losing national sovereignty.

The supportive opinion is overwhelming also among candidate countries, who despite some national feelings find it very attractive to be inside the fast growing economic area and getting new political challenges in the world arena. For those who still find integration as a questionable choice and the Union better without it, are often suggested to look closer at EFTA experience and constant waves of new countries trying to join the Union.

CONCLUSIONS

The results of the comparative analysis of the economic and political spheres in the European Union confirmed the article hypothesis. The integration features elaborated in the article were found in the foreign, security and defence policy of the political sphere only in some instances, and some criteria were left unsatisfied already at the first institutional level of the integration process. At the same time the integration criteria in the economic sphere were mostly satisfied. Thus there is no integration but rather co-operation in the political sphere. The existence of a neo-realist spillover barrier between economic and political spheres was therefore established, but it is important to see the barrier as a factor complicating but not breaking off the spillover of integration.

In the course of the article some aspects supporting the spillover effect theory and decreasing the spillover barrier also became evident. These are mostly regarding the existence of the European Commission and the Court of Justice and the extensive and constantly expanding competence in the economic and the middle-sphere.

Integration spillover is further supported by the high integration level of the middle-sphere, which differs little from the integration level of the economic sphere. In addition, the model of expanding supranational competence has been employed very effectively during recent years. Both developments provide a reason to suspect the possibility of a functioning spillover effect but already in an improved form - through social and legal integration.

In addition, the article enabled to discover certain peculiarities not expressed by the integration theorists, which help to explain as well as plan the European integration process. According to the article the spillover barrier cannot be viewed as whole and explicit only between the economic and political sphere and in all the criteria. The barrier proved to be changing in influence and aspect also within the spheres. An important difference in the integration level existed between the policies of the economic sphere as well as within the political sphere between the external and indirect security policy and the hard security and defence policy. The integration differences within the political sphere are very important as the Union lacks any competence in the defence dimension.

The existence of a spillover barrier is clearly dependent on the integral parts of a traditional state — taxes, border crossing, money, defence and international prestige. As they exist in a greater number in the political sphere and the potential

counterbalancing influence in the form of economic motivation is extremely limited, the integration level is the lowest there.

The effect of the barrier was also discernible in the execution of action — while neither in the primary legislation nor formally in financing there is any difference in integration, the spillover barrier is most marked in the implementation of policies and in the contractually determined obligation of loyalty. The third aspect affecting the scale of the barrier was the origin of the elite — hindering the further development of integration is part of national interest in some countries (the United Kingdom), whereas in some member states (Italy, Greece) the loyalty and attitude barrier determined by the local elite is almost absent.

The principal contribution and novelty of the present article lies in the systematisation of the different levels of the spillover barrier that became evident in the course of the analysis, and the more detailed treatment of the causal variables than in the basic theories. The analysis demonstrated that it would not be quite objective to view the European Union as being composed of two distinct areas separated by the spillover barrier. Although the most conspicuous barrier in the Union does lie between the two spheres, it should be seen as a level of integration obstacles, a certain amount of which exists in all the policies of the Union, and that has proved the most insuperable in the defence dimension, which has indeed been left out of the Union's competence because of it.

The cases chosen in the course of the article generally exemplified the fact that there is a significant discrepancy between the grand goals of the original treaties and the measures designed to achieve them, and also the results to be achieved thereof. Rather, the member states try to limit the rights already delegated to the Union as much as possible because of the national interests. As a result the attempts to employ the structures and measures designed for foreign and security policy aims in the CFSP proved totally inadequate and inefficient in critical situations (Yugoslavian conflicts). An important exception was the diplomatic boycott of Austria, in the case of which the member states demonstrated remarkable efficiency despite contractual shortcomings and the opposition of supranational institutions, which once again demonstrates that the policy makers of member states have a dominant role in the Union's institutions concerning the CFSP.

The research as a whole therefore confirms the position of the neo-realist theorists to a large extent. They see the CFSP not so much as a new stage in the integration process but rather as a socialisation process of national politicians, where there are neither real results nor a functioning political design, but people get accustomed to working together and preparations for the potential spillover of integration are in progress (Wallace 490).

Decreasing the spillover barrier in the near future is mostly being hindered by the policy makers' historical experience and the traditional perception of the importance and priorities of a country, but also by the loyalty obligation stated in the national legislation to preserve the independence, sovereignty and national identity of their countries.

The second significant obstacle is the smaller flexibility of integration in the political sphere compared to the one in the economic sphere, where the whole process has been carried out step by step. The integration processes in foreign, security and defence policy require concurrent institutional reforms and transition into federal governing, which in turn would bring about the loss of sovereignty for member states. The given models of reforms exemplify the same desire of member states to progress in the process but not by burning their bridges.

The questions raised at the beginning of the article of how successful has the integration process been in the political sphere and can a noteworthy development be expected in the near future in that matter get a moderately pessimistic answer — the CFSP cannot be considered a common policy in practice nor a manifestation of integration in theory yet, but the door for the spillover of integration into the political sphere is open, the preconditions in the administrative structure and in the particular contractual base have been established. All there is to do now is to wait for the most essential aspect — change in the perceptions of the national political elite and unanimous support.

REFERENCES

- Albi, A. Euroliit ja kaasaegne suveräänsus. *Juridica*, 2000, No. 3, pp. 160–172.
- Ministry of Foreign Affairs of Austria. Report of the Three Wise Men, Martti Ahtisaari, Jochen Frowein, Marcelino Oreja, on the Austrian Government's Commitment to the European Values". <http://bmaa.gv.at/presseservice/index.html.en>.
- Blair, T. Britain in Europe. 1999.
<http://www.number-10.gov.uk/news.asp?NewsId=407&SectionId=32>.
- Chirac, J. Unser Europa. Speech held in Bundestag. 28 June 2000.
http://www.bundesregierung.de/dokumente/Rede/ix_1273.
- Cook, R. Championing Enlargement. Speech held in Budapest, 25 July 2000.
<http://www.fco.gov.uk/news/speechtext.asp?4011>.
- Deutsch, K. The Analysis of International Relations. N.J. Prentice Hall, 1971.
- Dinan, D. Ever Closer Union: An Introduction to the European Community. Macmillan, 1994.
- Eliassen, K. Foreign and Security Policy in the European Union. Sage, 1998.
- Council of Ministers. Common Position. 19 March 2000.
<http://projects.sipri.se/expcon/euframe/euyug2.htm>.
- President of the European Parliament. Memo.
<http://europa.eu.int/president/press/en/cp0099.htm>.
- European Parliament. Committee on Foreign Affairs, Security and Defence Policy. Rapporteur: Mr. T. Spencer, 30 April 1998.
- Fischer, J. From Confederation to Federation – Thoughts on the finality of European integration. Speech held in University of Berlin, 12 May 2000.
http://www.auswaeruges-amt.de/6_archiv/2/r/r000512b.
- Fontaine, N. The Report on Austria by the “Wise Men”. 01.10. 2000.
<http://www.europarl.eu.int/president/press/en/cp0099.htm>
- Haas, E. The Study of Regional Integration, in Lindberg & Scheingold Regional Integration. Harvard Press, 1971.
- Haas, E. The Uniting of Europe: Political, Social and Economical Forces. Stanford, 1968.
- Hix, S. The Political System of the European Union. Macmillan, 1999.
- Hoffmann, S. Obstinate or Obsolete? The Fate of the Nation-State and the Case of Western Europe. In The European Union, Readings on Theory and Practice of European Integration. Ed. Nelsen, B.; Stubb, A. C.-G. Lynne Rienner Publishers Inc., 2000.

- Keohane, R. *Neorealism and Its Critics*. Columbia University Press, 1986.
- Laurent, P. H. *The State of European Union*. Macmillan, 1998.
- Lindberg, L. *Political Integration, Definitions and Hypotheses*. In *The European Union, Readings on Theory and Practice of European Integration*. Ed. Nelsen, B.; Stubb, A. C.-G. Lynne Rienner Publishers Inc., 2000.
- Lynch, P.; Neuwahl, N.; Rees, W. *Reforming the European Union – from Maastricht to Amsterdam*. Pearson Education Ltd., 2000.
- Mayhew, A. *Recreating Europe*. Cambridge Press, 1999.
- Moravcsik, A. *The Choice of Europe*. UCL Press, 1998.
- Nelsen, B.; Stubb, C.-G. *The European Union: Readings on the theory and practice of European Integration*. Macmillan, 1998.
- Nugent, N. *The Government and Politics of European Union*. Macmillan, 1999.
- Piening, C. *Global Europe: The European Union in World Affairs*. Lynne Rienner Publishers, 1997.
- Rosamond, B. *Theories of European Integration*. St. Martins Press, 2000.
- Salmon, T. *Building European Union*. Routledge, 1997.
- Schmitter, P. C. *A revised Theory of European Integration*. Harvard Press, 1971.
- Scäuble, W.; Lamers, K. *Reflections on European Policy*. In *The European Union, Readings on Theory and Practice of European Integration*. Ed. Nelsen, B.; Stubb, A. C.-G. Lynne Rienner Publishers Inc., 2000.
- Solana, J. *The development of Common Foreign and Security Policy*. Speech held in Rome, 26. June 2000.
- Sperling, J. *Europe in Change: Two Tiers or Two Speeds*. Manchester University Press, 2000.
- Spinelli, A.; Rossi, E. *The Ventone Manifesto*. In *The European Union, Readings on Theory and Practice of European Integration*. Ed. Nelsen, B.; Stubb, A. C.-G. Lynne Rienner Publishers Inc. 2000.
- Taylor P. *The Limits of European Integration*. NY, Columbia University Press, 1983.
- Wallace, W. *The Dynamics of European Integration*. St. Martins Press, 1992.
- Wallace, W.; Wallace H. *Politics and Policy in the European Union: the Challenge of Governance*. Oxford University Press, 1996.
- Weigall, D.; Stirk, P. *The Origins and Development of the European Community*. Leicester Press, 1992.