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European Integration Theory

Third Edition

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Liberal Intergovernmentalism

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Introduction

Liberal intergovernmentalism (LI) is one of the key theories in the study of regional integration. Traditional intergovernmentalism developed from the mid 1960s as the main theoretical alternative to neofunctionalism, the dominant theory of regional integration at the time (Hoffmann 1966, 1982). LI is a major revision of intergovernmentalism, drawing on insights from international political economy and on both liberal and institutional theories of international relations (Moravcsik 1993, 1998; Milward 1984, 1994). LI has served ever since as a major reference in the theoretical debate on European integration. Systematic literature reviews reveal that LI serves today as a 'baseline' theory of integration: studies in history and political science either confirm it empirically or employ it as the standard against which new theories are tested (Naurin 2018; Ludlow 2018).

We begin by outlining the main assumptions and propositions of LI. We then use it to examine two of the most important and controversial policy issues in the EU

in recent years: the euro and the migration crises. We conclude by discussing some criticisms levelled against LI, and pointing out the theory's suitability and openness to dialogue and synthesis with other theories of European integration.

Liberal Intergovernmentalism as Theory

At the most fundamental level, LI rests on two basic assumptions about international politics. The first is that states are the critical actors in a context of international anarchy. That is, states seek to achieve goals primarily through intergovernmental negotiation and bargaining, rather than through a centralized authority that makes and enforces political decisions. The European Community (EC) 'is best seen as an international regime for policy co-ordination' (Moravcsik 1993: 480). This assumption is not 'realist': national security is not the dominant motivation, state preferences and identities are not uniform, state power does not rest on coercive capabilities, and international institutions are not marginal (Keohane and Nye 1977). LI simply acknowledges a blunt empirical fact about contemporary institutions like the EU: member states are 'masters of the treaty' and continue to enjoy preeminent decision-making power and political legitimacy.

Despite the wide range of domestic actors involved in preference formation, and often in foreign policy-making itself, LI treats the state as unitary when they negotiate. This is not because domestic pluralism does not matter. Rather, LI assumes that (at any given moment and in any given issue) varied views about state interests internally and varied actors that represent the state externally aggregate to relatively coherent preference functions and strategic calculations. According to liberal theories of international relations, 'the foreign policy goals of national governments vary in response to shifting pressure from domestic social groups, whose preferences are aggregated through political institutions' (Moravcsik 1993: 481).

The second basic LI assumption is that states are purposive and at least boundedly rational. Rationalism is an individualist or agency assumption: actors calculate the utility of alternative courses of action and choose the one that satisfies (or maximizes) their utility under the circumstances. Collective outcomes are explained as the result of the aggregation of and interaction among individual actions based on relatively (but never perfectly) efficient pursuit of these preferences—albeit subject to cognitive limitations, the presence or absence of information, uncertainty about the future, and the availability of reliable theories of cause and effect. Agreement to cooperate, or to establish international institutions, is explained as a collective outcome of interdependent (strategically) rational state choices realized through intergovernmental negotiation.

One way to restate the states-as-actors and bounded rationality assumptions is that decisions to cooperate internationally can be explained in a three-stage framework: states first define preferences, then bargain to substantive agreements, and finally create (or adjust) institutions to commit to and secure those outcomes in the face of future political uncertainty. According to LI, each stage is distinct and each must be explained by a separate theory. Cooperation, or its failure, emerges only at the end of the multi-causal sequence (Moravcsik 1989, 1998).

In *The Choice for Europe* (1998), Moravcsik uses this framework to investigate and explain the evolution of the EU from 1955 through 1992, from the negotiations on the Treaties of Rome to the Maastricht Treaty on European Union. He asks whether: (1) *national preferences* were driven by general geopolitical ideas and interests or by issue-specific (generally but not necessarily or exclusively economic) interests; (2) *substantive bargaining outcomes* were shaped by the manipulation of information by supranational entrepreneurs and information asymmetries, or by intergovernmental bargaining on the basis of asymmetrical interdependence; (3) *the choice of EU institutions* reflected federalist ideology, the need for technocratic management, or an interest in securing credible member state commitments. The basic empirical conclusion of *The Choice for Europe*, in its most condensed form, is that 'EU integration can best be understood as a series of rational choices made by national leaders. These choices responded to constraints and opportunities stemming from the *issue-specific societal (in that period, largely economic) interests* of powerful domestic constituents, the *relative power* of states stemming from asymmetrical interdependence, and the role of institutions in bolstering the *credibility of interstate commitments*' (Moravcsik 1998: 18; italics added). Let us consider each of these three stages in turn.

Stage One: Forming National Preferences

From an LI perspective, the fundamental goals of states—'state preferences'—and the strategies they use to achieve them are neither fixed nor uniform: they vary across issues, states, and time according to issue-specific societal interdependence and domestic institutions (Moravcsik 2008). Critical here is the term 'issue-specific'. Note that LI's basic theoretical claim is *not* that 'producer interests' or 'economic interests' prevail always, but that underlying state preferences are driven by preference functions about how to manage globalization that are issue-specific rather than subordinate to a single overriding policy concern (such as 'national security', as a realist might argue, aggregate economic efficiency, or nationalist identity). Hence, the appropriate theory of preferences differs by substantive issue. In economic issue areas, for example, the most common models of the 'national interest' generally derive from a balance or equilibrium between specific producer interests (insider business and workers), on the one hand, and the broader interests of taxpayers and those interested in regulation, on the other (Grossman and Helpman 1994). The former loom larger in areas easily captured by intense economic interests, such as agriculture, whereas the latter loom larger in issues with more diffuse but salient regulatory concerns, such as environmental policy, immigration, development aid, and even monetary policy. In non-economic issue areas (e.g. defence policy), the interest-based component may hardly take account of commercial interests, but rather be dominated by entirely non-economic concerns (Moravcsik 1995, 1998: 26, 50; Wincott 1995).

In the European Union up to 1989, when most of the initial policy issues were essentially economic and the prospect of internal warfare among democratic capitalist states remote, Moravcsik's empirical analysis confirms that the preferences of national governments regarding European integration mainly reflected concrete economic and regulatory

interests rather than more general concerns, such as Cold War security or European ideals. Moravcsik finds that, initially, the central impetus for post-war European integration arose from the great post-World War II shift from North-South inter-industry trade and investment (i.e. exchanges of manufactures for primary goods) to North-North intra-industry trade and investment (i.e. exchanges of similar manufactures or commodities) (Milward 2000). Governments pursued integration as 'a means to secure commercial advantages for producer groups, subject to regulatory and budgetary constraints' and 'the macro-economic preferences of ruling governmental coalitions' (Moravcsik 1998: 38).

Yet issue-specific economic interests do not tell the whole story: Moravcsik's empirical analysis concludes that 'sometimes, geopolitical concerns played an important role' (Moravcsik 1998: 3). Of the fifteen cases (five major decisions across three countries) studied in *The Choice for Europe*, forces of economic globalization played an important role in all, yet in fully half geopolitics and ideology had an important secondary impact. In at least three cases, significant outcomes might have been reversed without them (Moravcsik 1998: 474). Overall, Moravcsik concludes, 'naked economic preferences might well have led (instead) to a highly institutionalized pan-European free trade area with flanking policies of regulatory harmonization and monetary stabilization' (Moravcsik 1998: 6).

Stage Two: Reaching a Substantive Bargain

The national preferences of different states rarely converge precisely. To explain the nature of the substantive policies that emerge from negotiations among states with different preferences, LI deploys a bargaining theory of international cooperation. States must overcome collectively suboptimal outcomes and achieve coordination or cooperation for mutual benefit, yet at the same time they must decide how the mutual gains of cooperation are distributed among the states. The outcome of international negotiations, that is, whether and on which terms cooperation comes about, depends on the relative bargaining power of the actors. Yet collective and individual interest often conflict, with hard bargaining over distributional gains sapping the willingness and ability of states to cooperate. To explain cases when governments fail to deepen institutionalized cooperation that some view as desirable, LI looks to incompatible national interests, due either to divergence over fundamental goals or to disagreement over distribution.

In international politics, as in social life, bargaining power may result from many factors. LI posits that in the EU context, the crucial factor is asymmetrical interdependence, that is, the uneven distribution of the benefits of a specific agreement (compared to the benefits of unilateral or alternative possibilities known as 'outside options'). Generally, those states that are least in need of a specific agreement, relative to the status quo, are best able to threaten the others with non-cooperation, thereby compelling them to make concessions. Similarly, if secondarily, those actors that possess more and better information about

other actors' preferences and the workings of institutions can often manipulate outcomes to their advantage.

In the second stage, LI seeks to explain the *efficiency* of bargaining and the *distribution* of gains from substantive cooperation among states whose preferences have been explained in the first stage. The historical data in *The Choice for Europe* portrays processes of hard bargaining, in which credible threats to veto proposals, to withhold financial side payments, and to exclude recalcitrant governments from alternative alliances carried the day. The distributive outcomes reflected the relative power of states based on patterns of asymmetrical interdependence: those who gained the most economically from integration, relative to unilateral and collective alternatives, compromised the most on the margin to realize gains, whereas those who gained the least (or for whom the costs of adaptation or alternatives were highest) tended to enjoy more clout to impose conditions (Moravcsik 1998: 3).

This account downplays the role of informational asymmetries, thereby challenging traditional accounts of integration emphasizing potential inefficiencies in bargaining. Both federalist and neofunctionalist accounts stress the role of 'ideational entrepreneurs' such as the Commission president Jacques Delors and federal idealists like Jean Monnet (see Chapter 3 of this volume). Such theories are based on the assumptions, sometimes implicit, that the intrinsic costs of international negotiation ('transaction costs') are high and that entrepreneurs (often non-state actors) armed with better information, ideas, prestige, or contacts are therefore able to influence national governments (Sandholtz and Zysman 1989; Ross 1995; cf. Moravcsik 1999a, 1999b). LI argues, in contrast, that third parties are rarely required to reach efficient interstate agreements, because the transaction costs of interstate bargaining usually are low, compared to the substantive benefits states receive from cooperation, and because third parties rarely possess information or expertise unavailable to states.

Moravcsik's empirical analysis confirms this: national diplomats can provide entrepreneurship on their own behalf. Information and ideas are plentiful and relatively symmetrically available to various states: there is little evidence that highly interested states are unable to inform themselves, and thus to act, compared to other actors. Given a highly positive array of state preferences, decentralized interstate negotiations in the EU reliably produce efficient outcomes, with few potential gains 'left on the table'. In other words, third-party mediation by the Commission and others may often take place, and states may appreciate its role in lubricating interstate negotiations, yet it is not a fundamental cause of cooperation (any more than other logistical aids, such as airplanes, email, texts, or telephones). To be sure, in exceptional cases, supranational entrepreneurs appeared to have been required for efficient bargaining outcomes to emerge; certain aspects of the Single Act of 1986 seem to constitute one such case—for rare domestic reasons that are exceptional but ultimately explicable within the LI framework (Moravcsik 1999a). Because it generally treats institutions as largely (though not entirely) endogenous to interdependence-based preferences and power, LI tends to be sceptical of the claim that better institutions alone can generate better policy coordination.

Stage Three: Creating Regional Institutions

Once states are prepared to strike a substantive agreement to coordinate policy, LI theory moves into a third stage, in which it seeks to explain the establishment and design of international institutions. To do so, LI relies mainly on a 'regime-theoretical' ('rational' or 'neo-liberal institutionalist') account, which conceives of international institutions as instruments to cope with unintended, unforeseen, and often unwanted consequences that arise when states commit to coordinate their policies (Keohane and Nye 1977; Moravcsik 1998: 67ff).

From a regime-theoretical perspective, international institutions help states cooperate to reach collectively superior outcomes by reducing the transaction costs of further international negotiations to implement, enforce, and extend interstate existing agreements. They facilitate flows of information that reduce the states' uncertainty about each other's preferences and strategies. States establish rules for the distribution of gains according to the pre-existing bargain and reduce the costs of coordinating their activities, monitoring the behaviour of others, further elaborating agreements, and reciprocally sanctioning non-compliance. Central norms and institutions help to efficiently overcome resulting collaboration problems of oversight, incomplete contracting, defection, and sanctioning through credible pre-commitment to common procedures (Pollack 2003; Franchino 2007). Regime theory predicts, therefore, that different issue-specific problems of cooperation yield different institutional designs, varying with the severity of distributional conflict, enforcement problems, and uncertainty about the preferences of other actors and the future states of the world (Koremenos, Lipson, and Snidal 2001).

Moravcsik argues that this is what we observe in EU history. The extent to which EU members genuinely pool or delegate sovereignty reflects underlying variation in issue-specific concerns of national governments about each other's future willingness and ability to comply with the substantive deals reached (either in the sense of strict enforcement or further elaboration of a bargain). Most institutional procedures in the EU do little more than set common norms, standards, and procedures that permit more predictable policy alignment, bargaining, and enforcement (Majone 1994). In such cases of game-theoretical 'coordination', LI predicts that governments delegate decisions to common decision-making forums, or delegate them to EU institutions—as with some 'standard-setting' decisions—to the extent that it is expedient to reduce the transaction costs of agreeing on common solutions (Scharpf 1999: 165–6). Deeper pooling or delegation—for example, the use of qualified majority voting, Commission right of proposal, the Common Agricultural Policy, the powers of the European Central Bank, the negotiating mandates of the European Commission, the adjudicatory power of the European Court of Justice, and Europe's modest fiscal centralization—is rarer. It is generally aimed, LI argues, at managing game-theoretical 'prisoner's dilemmas' in which governments have a predictable incentive to defect from or block the elaboration and enforcement of agreements. Interestingly, these are often the most sensitive areas, precisely because the temptation to defect is greater there (Kleine 2013).

Ultimately, however, the logic underlying LI theory departs from purely 'institutionalist' accounts of implementation. In the EU, pooling or delegating sovereignty in semi-autonomous decision-making institutions is not the decisive source of state commitment.

Brussels has far weaker instruments of state power and less basic capacity to implement commitments than even the most decentralized member state. Outside of a few (partially) exceptional areas—such as competition, trade policy, and, to some extent, monetary policy—most EU rules are implemented, administered, and enforced primarily by national officials (Moravcsik 2007; Franchino 2007). The EU has scant fiscal capacity (2 per cent of European public spending), an extremely small administration (barely the size of a European city of a million people), a court whose influence is mediated by national judicial and political systems, no coercive capacity, little independent ideological legitimacy, and few truly autonomous institutions.

How, then, does a system as weak, flexible, and decentralized as the EU generate relatively high levels of cooperation, compliance, and deepening over time? To address this puzzle, LI looks also to domestic commitment mechanisms. As in all liberal IR theories, the most fundamental guarantee of the irreversibility of policy coordination lies in the evolution and adaptation of domestic (and transnational) preferences and institutions themselves, not the imposition of external institutional norms (Moravcsik 1998: 493; Slaughter 2000). Such enhanced commitment over time can occur by empowering the national executive (Moravcsik 1994), bolstering the national judiciary (Burley and Mattli 1993; Alter 1998), or strengthening the domestic groups that support the policy against other domestic forces building up pressure for non-compliance (Bailey, Goldstein, and Weingast 1997). One way or another, institutions can help effectively remove issues from the varying influence of domestic politics, which might build up pressure for non-compliance if costs for powerful domestic actors are high (Moravcsik 1998: 9, 73).

KEY POINTS

- States are the critical actors in European integration. They pursue integration in order to manage globalization and mitigate policy externalities that arise among them.
- The issue-specific interests of powerful domestic constituents drive state preferences on European integration.
- Intergovernmental negotiations consist in hard bargaining about the distribution of the integration gains. The relative power of states stemming from asymmetrical interdependence shapes the outcomes.
- Regional institutions are designed to bolster the credibility of state commitments to the negotiation outcomes. Domestic institutions can often play a critical role.

Money and Migration: Two Liberal Intergovernmentalist Accounts

In this section we trace through the three stages of national preference formation, intergovernmental bargaining, and institutionalization to explain the trajectories and outcomes of the euro and migration crises. First, differences among the underlying preferences of governments reflect conflicts among national preferences derived from their relative structural positions in long-standing patterns of interdependence: their relative

position as financial creditors or debtors in the euro crisis and their geographical position along immigrant routes in the migration crisis. Both conflicts were triggered by external shocks that exposed the vulnerabilities of EU member states and the deficiencies of existing arrangements. These societal forces drove distinctive intergovernmental constellations of national preferences, bargaining power, and collective action problems, which in turn have decisively shaped the willingness of countries to accept policy coordination and institutional commitments. Second, governments have bargained hard over these outcomes: they fought over the distribution of financial adjustment costs in the euro crisis, and over the distribution of migrants in the migration crisis. While an interstate bargain rarely gives any state exactly what it seeks, the outcomes in both money and migration have in general reflected the constellation of national preferences. Finally, institutional innovations do not correlate 1:1 with levels of substantive policy coordination. Where underlying collective action problems do not require more, governments satisfied themselves with informal or tacit cooperation, which has often been just as effective, particularly in the migration issue area. By contrast, the monetary area has seen more centralized institutional innovation: the member states created a permanent rescue fund (the European Stability Mechanism—ESM), a banking union, and several new measures to improve the supervision of national budgets and the enforcement of fiscal discipline.¹

The Crisis of the Euro

From an LI perspective, national preferences on monetary integration reflect an interdependence-induced mix of convergent economic interests in monetary integration and conflicting distributional preferences regarding its terms. Originally, the euro was created largely to achieve economic goals: competitive exchange rates for Northern European countries and lower interest rates in Southern European countries. In the short term, both groups got what they wanted. But these results proved unsustainable (Moravcsik 1998, chap. 6). The euro crisis resulted from an exogenous shock: starting in 2008, the greatest financial crisis since the Great Depression revealed internal contradictions in the system. A subprime mortgage crisis in the United States triggered a global financial and banking crisis, spilling over into a balance-of-payment and debt crisis of several euro area countries, which put in question their ability to retain the euro as their currency. The crisis threatened the welfare and autonomy of the member states, and thus sparked contentious distributional conflicts over how to manage the euro that had remained latent since the negotiation of EMU (James 2014; Moravcsik 2012; Mody 2018).

One issue was how to rescue troubled national banks, banking systems, and macroeconomic systems. In founding the EMU, member governments discussed this issue but left the responsibility to member states, because they have not been able to agree on how to divide the costs of properly managing the risks. A dynamic sovereign-bank nexus developed: governments undertook financial sector bailouts that increased sovereign credit risk, which in turn increased the vulnerability of banks invested in sovereign bonds (Acharya, Schnabl, and Drechsler 2011). The bursting of the Irish and Spanish real-estate bubbles forced states with balanced budgets to go into debt and risk their creditworthiness. The Greek government faced a sovereign default that could drag down its national financial system. The Italian lack of real economy

performance undermined its banks. These banking and sovereign debt crises in the south left French, German, and other northern banks heavily exposed, threatening their home governments with the prospect of having to bail them out.

LI predicts that the threat of common catastrophe creates strong incentives for both northern and southern countries to avoid the immediate costs of defaults. The common interests were clear. For the highly indebted countries, abandoning the euro would have meant sovereign default, a likely breakdown of the monetary and financial system, hyperinflation, and being cut off from external capital. Moreover, whereas the other euro countries would probably have been able to cope with a default and exit of Greece alone, some feared that financial markets would lose trust in the euro more generally, withdraw from further debt countries, and force the eurozone to back countries (such as Spain and Italy) that were too big to rescue. For Germany and the north, a breakdown of the euro would have resulted in a steep appreciation of its currency, a concurrent slump in exports, and deep and long-lasting recession. At the height of the crisis, even the exit of Greece from the euro area was believed to pose too high a risk of market panic and contagion (Spiegel 2014).

Yet the common interest in avoiding the costs of a collapsing eurozone did not preclude severe distributional conflict over which countries, and who within them, should bear the costs of adjustment. As LI predicts, this mixed-motive situation—one in which all countries had a strong joint preference for avoiding an extremely costly short-term outcome of a euro collapse, but also sought to avoid the costs of backing down and taking over the burden of adjustment—dictated the major intergovernmental coalitions of the euro crisis. The ‘southern’ coalition—less wealthy, more highly indebted, and under immediate pressure from the financial markets—pushed for the ‘Europeanization’ of sovereign debt and soft adjustment policies. This would entail bailouts, euro bonds, or fiscal equalization schemes, which placed the burden on the solvent member states to pay heavily indebted member states and their banking systems. The northern coalition of Germany, Austria, Finland, and the Netherlands—united by a more favourable balance of payments, a strong fiscal position, high solvency, and strong credit ratings—sought to minimize their liabilities and financial assistance by demanding that crisis countries adjust through ‘austerity’ (i.e. spending and wage cuts). Whichever were the parties in government, fiscally healthier countries advocated limited financial commitment together with strict fiscal and financial supervision, while fiscally pressurized countries advocated strong European financial commitment in combination with looser fiscal and financial regulation.

These mixed motives in the euro crisis constituted a ‘chicken game’ characterized by hard intergovernmental bargaining and brinkmanship—in which those with lower short-term costs and risks were advantaged. Examples of intergovernmental bargaining include bailout packages, the rescue funds EFSF and ESM, the Stability and Growth Pact (SGP) and Fiscal Compact, and procedures to monitor EU budgets and banking union. All were hammered out in interstate negotiations before they entered the formal legislative process. The brinkmanship characteristic of a chicken game has been apparent in that the solvent countries repeatedly rejected and delayed

(additional) support to the crisis countries and pushed them to make fiscal cuts up to the point at which sovereign default was imminent. The indebted countries, in turn, sought to postpone painful adjustment measures and demonstrate their incapacity to counter financial market pressure until the solvent countries came to the conclusion that rescue was inevitable.

Yet this basic pattern of interdependence was asymmetrical—and this, as LI predicts, proved decisive in explaining the bargaining outcomes over who had to adjust in the euro crisis. The stakes were high for all eurozone countries, yet the immediate consequences of the crisis and potential disintegration were significantly more severe for the highly indebted countries. For this reason, creditor countries, led by Germany, consistently found themselves in a better position than the southern countries to impose their preferences on others. At each stage of crisis decision-making, Germany shaped the terms of integration in return for giving up its opposition to bailing out insolvent eurozone members. Berlin blocked the introduction of euro bonds or any other formally mutualized sovereign debt. In exchange for financial assistance, it imposed conditionality and strict austerity, strengthened the EU’s monitoring and sanctioning of national budgets, and secured the Fiscal Compact, which included a balanced budget rule to be enshrined ‘preferably’ in domestic constitutional law. Whereas the citizens of the debtor countries have suffered huge losses in wages, subsidies, social security benefits, and increases in taxation, the creditor states have successfully opposed any write-off of their rescue money (so far). In sum, Germany and the other solvent countries cooperated to provide sufficient financial assistance to debtor countries to forestall sovereign default, yet they were able to shape the terms of adjustment in line with their preferences.

From an LI perspective, the structurally asymmetrical interdependence that gives rise to divergent preferences and unequal bargaining power renders any alternative to the status quo unlikely. To approximate the US federal system, for example, would require transfers from northern European countries of roughly 5–15 per cent of GDP, as well as massive northward immigration. That is politically impossible (Moravcsik 2012). While from a technocratic perspective, ‘muddling through’ with the current system may in fact be the worst choice of all, LI explains why for politicians and, to a surprising extent, publics, it remains the only viable choice. Yet muddling through to the advantage of surplus countries still leaves all eurozone governments with some shared interest in short-term management of the system. As LI predicts, these functional benefits have incentivized cooperation negotiated by national officials in the European Council and the ECB board, where national officials have consistently wrangled over crisis management and, even in the absence of any clear institutional precedents, have established the ad hoc institutions to overcome collective action problems.

As LI and regime theory predict, governments designed these new institutions where they were required to overcome specific collective action problems within the EMU system. First, financial crises are more likely when national governments fail to maintain fiscal discipline, which also undermines the commitment of creditor countries to the system. The SGP, established to commit countries to provide this discipline, had proven malleable and ultimately toothless, due to its distributional costs. The Fiscal Compact and new

legislation on the surveillance of member states' fiscal and economic policies tightened external oversight.

Second, both the basic prevention of crises and continued market confidence under conditions of financial market integration rest on the fundamental soundness of banks. The euro crisis highlighted the inadequacies of existing national banking supervision and resolution: lax supervision due to cosy relations between bankers and politicians and the sovereign-bank nexus, regulatory arbitrage across member states, and burdens as well as blame-shifting among national regulators when transnationally operating banks ran into trouble. Legislation on banking union tackles the sovereign-bank nexus and the enforcement problems of national regulation in an integrated financial market.

Third, sovereign debt crises in the eurozone spread and deepened in part due to the lack of procedures pre-committing member states to help rescue countries hit by exogenous shocks, sudden stops, and balance of payment difficulties, even when they did not have excessive budget deficits (such as Ireland or Spain). The ESM creates fixed and centralized rescue procedures, thereby more firmly committing solvent countries to the rescue of insolvent ones.

Yet these new and reformed institutions are deliberately designed to be limited in scope and power. They feature intergovernmental financial assistance with a fixed limit on lending capacity, together with supranational fiscal and economic surveillance in the reformed SGP and the Fiscal Compact, and a banking union that combines supranational supervision with more intergovernmental resolution. This is because the level of commitment tends to track the underlying preferences of more solvent countries, led by Germany, who possess the greatest bargaining power. They have sought to strengthen the credibility of the highly indebted countries' commitment to fiscal discipline, but tried to limit their own financial commitment and exposure. At the same time, even Germany cannot permanently impose domestic adjustment on the deficit countries, so the system remains potentially unstable in the future.

The Migration Crisis

Dealing with migration poses two common political challenges for European governments: first, to distribute and determine the asylum status of those migrants who arrive in Europe, and, more important, to limit the number of migrants who reach Europe in the first place. Many believe EU migration and asylum policy has failed on both counts—yet the truth is more complex. So far the EU has tried and failed to establish a centralized scheme to share migrants proportionately. Some European governments have imposed temporary border controls, somewhat compromising the Schengen arrangement. The humanitarian costs of migration, measured in thousands of deaths at sea, remain high. Overall, European migration policy remains in many respects decentralized, giving large discretion to national governments. European governments continue to disagree heatedly. Yet, at the same time, European policies since 2015 have been astonishingly successful at achieving their primary goal: to reduce net migration across the Mediterranean.

From an LI perspective, this mix of outcomes follows directly from national preferences, relative bargaining power, and interstate collective action problems. The arrangements of EU migration policy that have resulted from the migration

crisis institutionalize a stable interstate compromise among national preferences more cost effectively than any other feasible alternative. In the end, governments have succeeded in achieving much of what they seek.

As in other EU issues, national preferences (and thus also relative bargaining power) in migration policy stem primarily from domestic social and political pressures to manage a particular form of issue-specific interdependence—in this case, the movement of migrants and asylum seekers—advantageously. Normative or technocratic concerns, such as facilitating safe migration into Europe, distributing refugees in a fair manner, and, at least on the margin, protecting the integrity of the Schengen agreement, are secondary to them. All European governments share a primary and stable national interest in managing issue-specific social interdependence by reducing migration to levels tolerable to the prevailing domestic political consensuses in their countries. This is because in every member state, many, and usually most, national voters strongly oppose greater immigration and this issue has greater salience in their minds than almost any other. With temporary exceptions, governments take the same position. Countries are prepared to compromise ultimate control over their borders only if interdependence has rendered such control ineffective.

While the underlying goal of controlling migration has been consistent for decades, an issue-specific exogenous shock has recently boosted public opposition to granting asylum. This lies at the heart of the 'migration crisis'.² In the migrant surge of 2015, the number of asylum seekers rose to almost 1.3 million, most of them arriving in Greece across the Aegean Sea. Such flows were politically unsustainable: even Germany and other countries where the tolerance and capacity are highest have suffered a backlash that marks an unambiguous limit of public tolerance. As a result, the primary goal of all European governments today is to limit the total number of migrants in their respective jurisdictions. A secondary goal is to cope with those who do enter. In both cases each government prefers that other governments pay the financial and adjustment costs of doing so. The existence of this intense distributional conflict means, as in the euro crisis, that how and how much European countries actually cooperate depends on the outcome of hard intergovernmental bargaining over the allocation of these costs.

To reduce costs, European governments can pursue one or both of two common policies, each of which generates a distinctive set of distributional concerns. The first policy is to limit migration into Europe at its external borders. This generates disagreement over how much each country should contribute financially, logistically, and morally to this effort. The second policy is to redistribute those migrants who succeed in reaching Europe, averaging out the load across countries. This generates disagreement over how many migrants each country will take.

LI predicts that the outcome of these negotiations depends on the issue-specific asymmetrical interdependence. In migration policy, the structure of interdependence reflects the relative position of countries on migration routes. Unequal exposure to migrant flows generates varied interests and influence, depending on whether 'exogenous shocks' generate a low or high number of potential migrants. Each European government can find itself in one of four positions: that of a front-line, destination, transit, or bystander state.

Front-line states such as Greece, Italy, and Malta lie on the EU's external border where migrants land. The impact of migrant flows on them is high in the short term, yet they do not offer social or political conditions attractive to asylum seekers in the long

term. When states further 'downstream' will take migrants, therefore, these 'upstream' countries can simply encourage migrants to pass. However, if destination states unilaterally refuse to admit more migrants, they find themselves in an unpleasant situation. Under these conditions, front-line states have already lost de facto control over borders, the cost of maintaining the status quo increases, and these governments may become uniquely willing to compromise national discretion over the entrance of migrants. They may favour European cooperation to permit asylum seekers to move where they please, to distribute migrants proportionately by fiat, or to have all member states share the costs of external border control.

Destination states like Germany and Sweden seek to manage the flow of refugees. Their robust economies and relatively generous asylum conditions make them attractive ultimate destinations for asylum seekers. At modest levels of migration, they may be willing to take a significant number of migrants. When exogenous shocks trigger higher migration, however, political opposition rises. They then have more reason to support common policing of the EU's external borders and may even experiment with modest use of centralized quotas to protect other values, such as sanctity of free movement within the Schengen zone. Optimally, however, they would prefer that front-line states retain responsibility for policing their borders and for taking migrants who come, for which they may assume some costs.

Transit states such as Hungary and Slovenia find themselves on migration routes between front-line and destination states. If exogenous shocks increase migrant flows, and particularly if 'downstream' destination states close their borders, transit states may seek to avoid having 'mid-stream' refugees stranded in their country by tacitly supporting stronger external policing, as long as the cost remains low. They have only modest reason to support centralized allocation of refugees, as they expect eventually to offload those refugees they have, and eventually prefer simply to close their borders.

Finally, *bystander states* have no interest in cooperation at all, positive or negative, because they are not located on the migration 'stream'. For them, either common policing or quota arrangements impose a burden without a corresponding benefit: the first they oppose because of the financial cost and the second because they do not seek more migrants. Yet they may accept very modest tacit or optional policy coordination among 'coalitions of the willing' to help solve these problems.

Exogenous migration shocks increase support for both common border controls and for centralized quotas. Yet the two aspects of migration policy differ. Higher migration generates a consensus for common border controls, whereas support for centralized quotas remains narrower and weaker. The reason is clear: unlike border controls, the redistribution of migrants creates a 'deadlocked' zero-sum conflict in which any proposal leaves at least one important player with a dominant strategy not to agree and the others dissatisfied.³

The greater effectiveness of cooperation to impose harder border controls than distributive quotas results not just from the distribution of underlying preferences per se, but also from the way those preferences affect relative interstate bargaining power.

Governments bargain over sharing migrants by closing or opening their borders, thereby trying to force refugees to remain 'upstream'. This increases the relative bargaining power of destination and transit states, which possess the option of unilateral ('outside') closing of internal EU borders to migrants and of making it more difficult to gain asylum, thus forcing front-line states to house them. That unilateral policy is not cost-free: controlling or fencing borders costs money and can inconvenience individuals and firms crossing European borders under the Schengen Agreement—the most popular of EU policies. Yet at high levels of migration, this unilateral option eventually becomes more attractive than continued migration. Moreover, destination and transit states, which favour stronger external border controls, have an incentive to undermine schemes for such redistributing of migrants within the EU in order to dissuade migrants from coming in the first place.

In this situation front-line states enjoy scant bargaining power. They have fewer viable unilateral policy options: they cannot push migrants out if destination and transit states do not allow them to enter. Their only remaining alternative is to refuse to accept migrants who reach their territory (or territorial waters) in the first place, which both violates international law and exacerbates the short-term humanitarian crisis. What little bargaining power they retain in the EU depends on the desire of destination states to avoid Europe's legal and humanitarian embarrassment, along with the inconveniences of compromising the Schengen regime. Destination states will not pay a high price for this, and thus ultimately the only equilibrium outcome is a pan-European policy of dampening migration by closing ports, building fences, and inducing the governments of neighbouring countries outside the EU to dampen migration and house migrants. LI Thus LI explains why, when the potential for migration increased, Europe—as in destination states like Australia and the US—inevitably evolved towards this outcome.

The recent history of the EU asylum and migration regime confirms LI predictions. The inherited EU asylum regime (the so-called 'Dublin Regulation') rests on two enduring principles aimed at preventing 'secondary movement' and 'asylum-shopping'. One is mutual recognition of asylum decisions based on national standards that are supposed to become roughly comparable over time. The second principle of the Dublin regime is the 'principle of first contact', locating the responsibility to register migrants and process asylum requests in the country where the asylum seeker first enters the Schengen area. When Schengen countries abolished internal border controls in 1990 for the Benelux countries, France, and Germany, and then with the enlargements of the late 1990s and 2000s for a larger group including Italy, Greece, and central European countries, destination states had to find alternative means to control the flow of asylum seekers. States that wanted to join Schengen or the EU were obliged to accept the 'principle of first contact'. Front-line states have repeatedly but unsuccessfully tried to modify this principle (Aus 2006). Yet the outcome remained tolerable to them, because the total migration pressure remained modest and because lax enforcement, some say with the explicit approval of Italian and Greek authorities, permitted most migrants to move on quickly to countries like Sweden and Germany.

This arrangement reached a crisis point in the early 2010s when the exogenous shocks of civil strife and continuing migration out of the Middle East and Africa, exacerbated by Germany's brief experiment with massive migration in 2015, led floods of migrants to reach Europe. Angela Merkel's long-standing approval rating dropped significantly, and the anti-immigration AfD party established itself in the Bundestag and regional parliaments. In response, destination states acted unilaterally to block migration. They suspended the Dublin provisions, which impose responsibility on border states and mutual recognition of grants of asylum by other member states. Starting with Germany in September 2015, several states (Austria, Denmark, France, Norway, and Sweden) have reintroduced controls at some of their internal Schengen borders. Austria (a half-destination and half-transit state) orchestrated an agreement among transit states along the Balkan migration route to close their borders to migrants. Both measures significantly reduced migrant arrivals and asylum requests after March 2016. European governments briefly discussed a Commission proposal for a permanent quota system for the allocation of asylum seekers. It gained some support from Italy and, in a moderate form, Germany, but was rejected not only by bystander states in the East, but also by Spain and France, who had imposed effective unilateral controls on entry that permitted them to act as if they were bystanders (Biermann et al. forthcoming).

Accordingly, the real focus of interstate negotiation became the reduction of overall migration into the EU—an issue on which, as we have seen, European governments agree in principle, even if they differ in the intensity of their views and willingness to bear costs. Here Europe has been extraordinarily successful. Over the past three years, Mediterranean migration has fallen to about one tenth of its 2015 peak and is still trending downwards. This effort has been particularly successful at reducing Eastern Mediterranean migration flows from Turkey into the EU. In the summer and autumn of 2015, over 200,000 migrants per month entered Europe through Greece. In 2018, total migration is set to dip under 100,000 for the first time in over a decade. Some of this drop results from the reversion to harsher, less welcoming policies in Germany and other destination states, as well as internal border controls and blocks among transit countries. Some reflects coordinated national and EU efforts to dampen migration. In particular, Europe has redoubled its efforts to negotiate repatriation and migration control agreements with external states—above all with Turkey in March 2016 and with Libya in the summer of 2017.

Centralized enforcement institutions play a relatively modest role in migration policy, due to the universal desire of governments to maintain a measure of national autonomy. Instead, many policies are tacitly coordinated and implemented through unilateral action or ad hoc coalitions of the willing. The European Asylum Support Office (EASO) and FRONTEX, the two EU agencies active in the border and asylum regime, have seen an expansion of their budget and personnel but have not acquired supranational competencies. The supranational competences the original Commission proposal had contained for FRONTEX did not pass in the Council and the Parliament: the right to return rejected migrants and deploy guards to the borders of EU states without the consent of the government proved unacceptable to the member states (Carrera et al. 2017: 48).

We conclude this comparative analysis of monetary and migration policies by observing that in both issues, governments have cooperated to manage specific policies where interests converged and failed to cooperate where they do not—whatever the prior institutional equilibrium. In migration policy, this has meant substantial cooperation to limit migration, which solves what governments view as the underlying problem facing Europe, but little cooperation to manage the distribution of immediate costs and risks. Monetary policy has seen the opposite. Governments have cooperatively managed immediate symptoms and kept the euro stable and functioning, yet they have done little to solve its fundamental weaknesses, which continue to contribute to low growth, interstate conflict, and increased economic risk in southern Europe.

Three reasons help us understand the difference between migration and money. First, in the migration crisis unilateral action was a viable alternative for all except perhaps some exposed front-line states like Greece and Malta. They could divert the 'migration stream' by unilateral measures such as reestablishing border controls, building fences, and waving through migrants, thereby forcing others to accept their view.

Second, low exit costs distinguish the migration regime from the chicken game of the euro crisis, in which even the most powerful country, Germany, preferred to maintain current arrangements because of the contagion risks and costs of the breakdown of any single eurozone member state. By contrast, compromising Schengen along certain borders was financially tolerable. Even the total elimination of Schengen would cost (according to the most pessimistic scenarios) no more than 0.2 per cent of GDP, and the selective border controls that actually took place were of less significant orders of magnitude.

Third, the power of the EU could be leveraged to create side payments that 'externalized' the costs of controlling migration to countries outside the EU. The EU-Turkey deal and the 'migration partnerships' with African countries promised to be lower than the costs of asylum within Schengen. By contrast, in the euro crisis, the costs of collapse were greater, externalization was not possible, and weak states were incapable of avoiding bankruptcy without external help. All this gave governments options they did not enjoy in monetary policy.



KEY POINTS

- In the euro and migration crises, state preferences reflected their asymmetrical affectedness by the financial crisis and migration flows and the attempt, by all member states, to shift the costs of crisis adjustment to other member states.
- In both crises, the less affected states (the northern surplus countries in the euro crisis and the bystander and transit countries in the migration crisis) possessed superior bargaining power, prevented a 'Communitarization' of the crisis burdens, and shifted adjustment costs disproportionately to the less powerful states (the southern countries in the euro crisis and the destination and front-line states in the migration crisis).
- That the euro crisis has produced more integration, whereas the migration crisis has not, is explained by the viability of unilateralism and externalization—and the lower costs of a potential regime breakdown—in the migration case.

Theoretical Criticisms, Empirical Scope Conditions, and Paths towards Theory Synthesis

Some criticize LI's claim to explain major trends in regional integration. In this section we consider three such criticisms.

The first criticism, advanced largely by rational institutionalists, is that LI remains narrowly limited to treaty-amending grand bargains, which constitute only a small sliver of EU policy-making—and thus ignore most 'everyday' decisions. Explaining 'everyday' or 'interstitial' decisions (those between formal treaty amendments), such critics maintain, requires theories that incorporate richer institutional detail required, so the same critics maintain, to calculate the effects of the specific rules under which nations vote, set agendas, or interact with the European Commission or Parliament (see Chapter 6 in this volume; Garrett and Tsebelis 1996; Peterson 1995; Pollack 2005).

The criticism that LI is limited to formal 'grand bargains' contains a kernel of truth, yet it is easily and often overstated. Everyday decision-making and enforcement, and 'interstitial' change result from similar processes of interstate bargaining and consent. Moravcsik's original research was, after all, largely concerned with interstitial decisions—the implementation and elaboration of the customs union, the Common Agricultural Policy (CAP), and a common monetary policy over decades—and showed that it proceeded in the same way as initial bargains (Moravcsik 1998: chap. 3). And it remains true in the monetary and migration cases discussed earlier, which involved almost no major treaty revisions.

Empirical research confirms LI's scepticism about the autonomous causal role of EU institutions. One reason is that those institutions are far more flexible than they seem. As we see in both the monetary and migration areas, they result from acts of conscious delegation by national governments jealous of their prerogatives. If national governments are unsatisfied with particular formal institutions, moreover, they can and do replace them with informal norms, opt-out clauses, exceptions, and multi-track arrangements (Kleine 2013). Governments retain a surprising ability to design (and redesign) EU norms and institutions so that they continue to serve broader national interests, with extraordinary institutional protections for isolated outlying views.

Even the core EU legislative process for everyday regulation rarely functions in the supranational manner implied by a naively formalist reading of treaty rules. The intergovernmental European Council, where member states act by direct consensus, now initiates both everyday and long-term policies (Ludlow 1991; Kleine 2013). The EU's major legislative body, the Council of Ministers, rarely votes, but instead acts by *informal* intergovernmental consensus. The presidency often quietly negotiates with recalcitrant states until agreement is reached. Empirical studies of everyday EU legislation show that factors such as formal institutional design, the composition of the Parliament, or the views of the Commission appear to have *almost no impact* on outcomes (Achen 2006; Kleine 2013; cf. Garrett and Tsebelis 1996). Intergovernmental comitology committees oversee implementation that remains essentially national (Zeitlin and Pochet 2005).

A second criticism, advanced mostly by historical institutionalists (HI) and neo-functionalists, charges that LI gives a misleading impression of integration as a process sponsored and controlled by states, because it focuses only on static, self-conscious intergovernmental decisions based on autonomous and exogenous causes. Critics like Ernst Haas, Paul Pierson, Neil Fligstein, and Alec Stone Sweet concede that governments enter quasi-rationally into grand bargains for the reasons LI posits, yet insist that once they do so, 'unanticipated' or 'undesired' consequences often arise. These consequences may be difficult to redress, because domestic socio-economic groups and state institutions often make costly adaptations to new circumstances (Pierson 1996: 30–4), or because supranational officials may 'work to enhance their own autonomy and influence within the European polity', thereby uncomfortably constraining governments in unexpected ways (Stone Sweet and Sandholtz 1998: 26). If this functional or institutional 'spillover' dominates integration, so critics argue, the EU's long-term trajectory will only *appear* to be shaped by intergovernmental decisions and LI's structural factors (see Chapter 3 in this volume). The *real* long-term dynamics reflect a combination of random external shocks and constrained adaptation that generates a 'path-dependent' process of feedback.

HI critics make a valid empirical point that EU institutional arrangements sometimes drift away from initial expectations (see Chapter 6 in this volume). Yet unintended or unwanted feedback does not in itself disconfirm LI theory. To sustain the HI criticisms, one needs to show not just that some consequences were unintended long ago, or are occasionally unwelcome now; one also needs to show that the issue-specific integration process as a whole has been diverted fundamentally and irrevocably from the course that most states currently desire. Yet in contrast to the random flux of enforcement and elaboration, truly fundamental shifts in the integration process that are unexplained by LI factors (broad support of member states, weighted by relative power and threats of exclusion) remain rare and usually modest. Often outcomes that technocratic or normative analysts dismiss as 'dysfunctional' or 'unintended' actually result from cynical calculation and hard bargaining among national politicians. For example, the surplus-driven costs of the CAP—an example that led Fritz Scharpf to apply the 'joint decision trap' model to the EU, on which Pierson's HI theory is based—cannot plausibly be viewed as unintended or unwelcome (cf. Scharpf 1988: 251; Pierson 1996: 144). European governments were not only quite aware of the likely consequences, but favoured them both before and after the fact (Moravcsik 1998: 159–217).

Still, a plausible case can be made that an HI interpretation offers some added value with regard to exceptional EU policies. The current state of the euro, as discussed earlier, may be such an exception. It seems plausible that eurozone governments would have different and superior options today were they not trapped in policies that are too costly in the short term to reverse, despite potentially large long-term benefits. This contradiction between short-term costs and long-term benefits in the present—and not the issue of whether the contradiction was foreseen or not—is the distinctive 'historical institutionalist' claim.

Yet even in explaining these suboptimal outcomes, LI remains essential, because it offers the most reliable short-run description of decision-making at any point in time.

While HI theorizes that feedback might occur, it lacks any distinctive substantive theory of societal interests, political power, and institutional influence. As Caporaso (2007) points out, without these, HI alone cannot explain or predict whether interstitial changes will occur, what their consequences will be, *which* of them will be undesired, or why they are sticky—thus it cannot explain why and when feedback matters. As we saw in the migration and monetary case, it is ultimately an LI analysis that theorizes and explains the nature of the short- and long-term societal interests in interdependence that constrain states from adjusting differently. Thus in the relatively rare cases when HI theory is empirically correct—as in explaining certain aspects of the path-dependent development of the eurozone—it is better seen as an extension of LI than as an alternative to it.⁴

Such exceptions lead us to a *third criticism*, which is that LI propositions do always hold empirically. This is obvious—no theory explains everything—but critics need to keep in mind the self-declared limitations of LI. Two are particularly important. First, *LI explains policy-making best in issue areas where social preferences are relatively certain and well-defined*. The LI account of state preferences, which focuses on issue-specific societal interests concerning interdependence, should work better the ‘more intense, certain, and institutionally represented and organized’ those societal pressures are (Moravcsik 1998: 36) and the less ‘uncertainty there is about cause-effect relations’ (Moravcsik 1999a: 171). Conversely, ‘the weaker and more diffuse the domestic constituency behind a policy’ (Moravcsik 1999a: 171) and the more uncertain or modest ‘the substantive implications of a choice’ are, the less predictable national preferences are and the more likely it is that non-issue-specific concerns, transient perceptions, or random factors may be influential (Moravcsik 1998: 486–9; Moravcsik and Nicolaidis 1999: 61).

Second, *asymmetrical interdependence is the primary determinant of interstate bargaining outcomes only under the specified conditions of low transaction costs and rich information that normally prevail in Europe*. Basic theories of bargaining, negotiation, and international regimes predict that decentralized non-coercive negotiations will be more efficient where information is plentiful and distributed widely (Coase 1960). Yet when governments lack the critical information, expertise, bargaining skills, or legitimacy that third parties possess, then supranational entrepreneurs may be influential. Moravcsik argues that such third-party entrepreneurship is influential not so much in situations where international bargaining is complex, difficult, or new, *per se*, but when severe *domestic* coordination problems stop governments from managing complexity on their own, as in the case of the Single European Act (1999a: 282–5).

These three criticisms suggest that the tension between LI and other theories is often exaggerated. In cases such as highly institutionalized decision-making, long-term feedback effects, and cases where diffuse or uncertain interests generate unreliable state preference formation and bargaining, LI can usefully be augmented and extended by adding insights drawn from other theories. Syntheses are easiest where contending theories share LI’s quasi-rationalist foundations and its empirical (‘positivist’) methodological commitments, yet LI can even be synthesized with ideational explanations borrowing from social constructivism (Chapter 7 of this volume; Moravcsik 2001b). Ideological concerns and linkages to other concerns, such

as geopolitics, are likely to play a stronger role when economic interests are weak and cause-effect relations are uncertain. Moreover, identity- and norm-based community effects are more likely to exert an influence on substantive outcomes and institutions if an issue has a strong constitutive or identity dimension, the norms involved have high legitimacy in the EU, and resonate strongly with domestic ideas of the actors, as in EU Eastern enlargement (Schimmelfennig 2003). Constitutional politics issues such as the parliamentarization of the EU and the institutionalization of human rights at the EU level are other such areas (Rittberger and Schimmelfennig 2006).



KEY POINTS

- Whereas LI has empirically focused on treaty making, its assumptions apply to legislative and interstitial decision-making as well.
- The limitations of LI are defined by its assumption of a decision-making context, in which information is rich, transaction costs are low, and the substantive consequences of integration choices are relatively intense and certain.
- LI is open to synthesis with institutionalist and ideational explanations of integration, especially those that share its assumption of states as boundedly rational actors.

Study Questions

1. Which are the three steps of a liberal intergovernmentalist explanation of European integration outcomes?
2. How does LI explain state preferences on integration? Under what circumstances will these predicted preferences be more or less in line with producer or other economic groups?
3. What are the sources of bargaining power and how do they affect integration outcomes?
4. How does LI explain the cause of and response to the euro and migration crises?

Discussion Questions

1. Which kind of integration decisions does LI explain best? Which forms, steps, and characteristics of European integration are less likely to be explained well? Are any decisions entirely outside the scope of LI?
2. Which current policies and institutions of the EU are most (and least) in line with LI? Why?
3. Which is the most likely scenario for future EU development according to LI?
4. How can LI be synthesized with other theories presented in this book? Where are the limits?
5. How would LI explain the Brexit decision and negotiations?

Guide to Further Reading

HOFFMANN, S. (1995) *The European Sisyphus: Essays on Europe, 1964–1994* (Boulder, CO: Westview Press).

This is a collection of essays by the most prominent representative of traditional intergovernmentalism.

MILWARD, A. (2000) *The European Rescue of the Nation-State* (2nd edn; London: Routledge).

This classic work is by the most important post-war historian of the European integration process, who stresses its role in strengthening the post-war European state's capacity to manage globalization.

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

This book represents the most complete outline of liberal intergovernmentalist theory and a detailed analysis of five major cases of European integration from the Treaties of Rome to the Treaty of Maastricht.

MORAVCSIK, A. (2018) 'Preferences, Power and Institutions in 21st Century Europe', *Journal of Common Market Studies* (Special Issue).

SCHIMMELFENNIG, F. (2015) 'Liberal Intergovernmentalism and the Euro Area Crisis', *Journal of European Public Policy* 22(2): 177–95.

This explains the euro crisis from an LI perspective.

Notes

1 This section draws on Schimmelfennig (2015b, 2018) and Moravcsik (1998, 2012, 2016, 2018).

2 We use 'migrants' as a general category regardless of the motivation for migration. It encompasses both economic migrants, political refugees, and migrants fleeing from war and other threats to survival.

3 This is variously referred to as a 'Rambo' game (Zürn 1992) or 'suasion' (Martin 1992).

4 HI theories might also be linked and synthesized with other theories through scope conditions specifying their respective 'domain of application'. See Jupille, Caporaso, and Checkel 2003: 21–2.