



This is a repository copy of *European integration in crisis? Of supranational integration, hegemonic projects and domestic politics*.

White Rose Research Online URL for this paper:
<http://eprints.whiterose.ac.uk/91413/>

Version: Accepted Version

Article:

Bulmer, S. and Joseph, J. (2015) European integration in crisis? Of supranational integration, hegemonic projects and domestic politics. *European Journal of International Relations*. ISSN 1354-0661

<https://doi.org/10.1177/1354066115612558>

Reuse

Unless indicated otherwise, fulltext items are protected by copyright with all rights reserved. The copyright exception in section 29 of the Copyright, Designs and Patents Act 1988 allows the making of a single copy solely for the purpose of non-commercial research or private study within the limits of fair dealing. The publisher or other rights-holder may allow further reproduction and re-use of this version - refer to the White Rose Research Online record for this item. Where records identify the publisher as the copyright holder, users can verify any specific terms of use on the publisher's website.

Takedown

If you consider content in White Rose Research Online to be in breach of UK law, please notify us by emailing eprints@whiterose.ac.uk including the URL of the record and the reason for the withdrawal request.



eprints@whiterose.ac.uk
<https://eprints.whiterose.ac.uk/>

European integration in crisis? Of supranational integration, hegemonic projects and domestic politics¹

Introduction

The European Union currently faces many challenges. A decade-long attempt at constitutional reform nearly foundered as a result of the French and Dutch electorates' rejection of the Constitutional Treaty in 2005 and the Irish electorate's initial rejection of the Lisbon Treaty, eventually implemented in December 2009. That step coincided with the emergence of the ongoing Eurozone crisis, which revealed the EU institutions and the member states as slow to react and politically weak in the face of the financial markets. Germany reluctantly moved to the fore amidst the leadership vacuum, with the traditional Franco-German motor having lost power. The Eurozone crisis and the linked economic and financial crisis have contributed to greater Euroscepticism as revealed by the outcome of the May 2014 European elections. The EU's response to the foreign policy crisis on its doorstep in Ukraine has been hesitant. A refugee crisis threatened EU asylum and migration policy, opening up new divisions between states. Finally, British Prime Minister, David Cameron, wishes to secure EU reform prior to holding an in/out referendum.

Theorizing integration is once again under the spotlight. The main contending theories reveal insights but also significant flaws in explaining these developments. One response is an emerging 'disintegration turn'. Webber (2014) has suggested that integration theories should be turned on their head in order to offer predictions about the conditions under which *disintegration* might take place (see also Eppler and Scheller 2013; Vollaard 2014).

Our argument seeks to re-examine the dynamics of integration. It does so by embracing recent developments in international relations (IR) theory, notably the structure-agency debate, in order to connect up the international level of integration with domestic politics. The novelty of our argument is to understand European integration as the outcome of contestation between rival hegemonic projects. Hitherto when the EU is understood as a hegemonic project it is typically seen in economic or class terms and as an integral part of the dynamics of transnational capitalism. Our interpretation is different, although it engages with this approach. First, our analytical focus is on European integration rather than seeing the EU as simply an artefact of the global political economy or the product of a transnational elite. Secondly, we argue that integration has always been both economic and political in character and that domestic social relations need to be added to global developments in identifying the way European integration is shaped. European integration may indeed be about embedded neoliberalism (van Apeldoorn 2001), although this was not the case in the 1950s. However, it is also about the empowerment of political elites with good access to the EU's decision-making centre to the cost of those less well positioned. We

¹ We would like to thank Nat Copsy, Defne Gunay, Owen Parker, Willie Paterson, Uwe Puetter, Robbie Pye, Douglas Webber and Antje Wiener as well as the journal's anonymous referees for their comments on earlier versions of this article. The usual disclaimer applies.

therefore explore integration as the outcome of a struggle for power amongst competing hegemonic projects.

We develop our argument to facilitate a dialogue with both mainstream and critical approaches. Our focus on hegemonic projects is distinctive in placing emphasis on historical context, institutional setting, the multiple levels of the integration process and the underlying structural conditions that enable and constrain action. Developing a notion of hegemonic projects in relation to the above issues departs from simply critiquing neoliberalism. At the same time it permits meaningful dialogue with institutionalist approaches, while engaging with recent ontological developments in political studies, namely critical realism and the structure-agency debate. We develop a distinctive argument that hegemonic projects represent a mediating point between macro structure, institutional structures and active agency.

The paper is structured in five parts. First, it offers a brief review of the principal integration theories in the light of post-Lisbon/Eurozone crisis, linking them to neo-Gramscian scholarship. Secondly, it builds on IR scholarship on the structure-agency debate in order to develop a way of understanding the relationship between supranational integration, domestic politics and underlying structures. Thirdly, it explores how European integration can be considered the outcome of competing hegemonic projects with their roots in domestic politics. Fourthly, it examines the current crisis to reveal what our approach can add to existing analysis. Finally, we conclude.

Theorising integration

Integration theory is potentially a vast canvas of literature. In Diez and Wiener's classification (2009: 7) it comprises not only the classical theories that seek to explain the trajectory of European integration, but also encompasses the governance turn of the 1980s and the sociological and critical turns from the 1990s. In terms of 'scholarly style' (Jupille 2006: 217), our concern is with general theory rather than with particular instances. We also seek to incorporate insights from 'critical' approaches.

We understand integration to be a process that is political, economic and social, with a legal dimension as well. Integration theory is thus concerned with the dynamics behind the transfer of competencies and allegiances to the EU level from the member states. Such shifts may occur through adding new policy sectors, such as fiscal union, new institutional transfers of power, such as to the European Parliament, or through enlargement.

We offer a brief review of the current state-of-the-art of integration theorizing before suggesting a way forward that connects with neo-Gramscian literature on the EU. The long-standing theoretical debates about integration continue (see Wiener and Diez 2009 for an overview). Neofunctionalism and intergovernmentalism have both been deployed in the current crisis, while postfunctionalism also offers analytical purchase on recent events.

Neofunctionalist readings of the Eurozone crisis have concentrated on the transfer of new areas of policy responsibility to the EU level, notably on fiscal policy and the banking union. Amongst the neofunctionalist analyses have been Schimmelfennig (2012; 2014) and Niemann and Ioannou (2015). Neofunctionalist spillover has also been invoked as an explanation in the work of Epstein and Rhodes (2014) on banking union. For example, Niemann and Ioannou (2015) argue that the functional ‘dissonances’ of the EMU design, notably strong monetary integration alongside weak fiscal supervision, indicated the need for functional spillover. Furthermore, the sheer unpredictability of a Eurozone break-up—at least in 2010/11—encouraged political leaders to build on the existing EMU design. Taken together, these factors dynamised a logic of functional spillover to add the missing parts of the design. According to Niemann and Ioannou (2015: 205-12), interest groups, financial markets and supranational institutions offered vital inputs into the resultant fiscal and banking regulatory regimes.

The liberal intergovernmentalism (LI) of Andrew Moravcsik (1993; 1998) retains its status as the ‘default’ interpretation of integration. A domestic ‘liberal’ form of preference formation underpins a pattern of interstate bargaining that privileges the position of large states and leads to specific delegations of power to the EU. Its proposition that governments may delegate powers to the supranational institutions under carefully controlled conditions has also found resonance in the current crisis. Schimmelfennig (2015a) has deployed LI to explain the critical phase of the Eurozone as a ‘game of chicken’. The states that needed a rescue were constrained in their ability to avoid a ‘collision’ by having excluded the option of a break-up of the Euro. Consequently, intergovernmental brinkmanship resulted in the creditor states, especially Germany, determining the rescue terms. Delegation of powers on fiscal supervision and banking regulation was needed to provide (carefully circumscribed) credible commitments in line with LI to ensure the continuation of the Euro.

Beyond the specifics of the Eurozone crisis Bickerton et. al. (2015a; 2015b) have advanced a slightly different version of intergovernmentalism—‘new intergovernmentalism’—to explore a new pattern of integration that they attribute to the post-Maastricht period. They seek to avoid some of the reductionism of LI while emphasising the deliberative dimension of inter-state bargaining, as states seek to build a consensus on key agreements. Their contribution has already encountered critical appraisal (see Schimmelfennig 2015b; Bulmer 2015) and a rejoinder (Bickerton et. al 2015c). Its newness has been challenged, while a separate critique is that new intergovernmentalism is a misnomer for the time-frame in light of the greater functional integration in the post-Maastricht period.

Postfunctionalism (Hooghe and Marks 2009) is a further contribution to current debates. It seeks to explain the faltering ‘permissive consensus’ for integration in the politicisation that has developed in elections and referendums. Thus the increased hold of public preferences over those of elites or governments explains the trajectory of integration from this perspective.

These different approaches offer alternative and sometimes conflicting accounts of integration. Thus, as Ioannou et. al. (2015: 156) put it, 'a division of labour between them may add up to a larger picture, in the sense of additive theory ... without being combined or subsumed into a single grand theory through full-fledged synthesis'. However, the tendency for fierce exchanges between and within the positions rather over-shadows the commonalities in the approaches. As Magnus Ryner (2012: 654) has argued, 'European integration orthodoxy' is based on a division of labour between the 'economics' and the 'political sociology' of integration. This orthodoxy, he argues, has screened out more critical approaches to understanding integration, including political economy. His analysis chimes with the observation that neofunctionalism and LI are competing hypotheses based on the same ontological assumptions about European integration.

We seek to be more open in our understanding of integration, eschewing some of the rationalist and deterministic characteristics of the theories. Indeed, our ambition is to advance a critical integration theory in its own right. By considering European integration as the outcome of competing hegemonic projects we seek to offer a fuller account of the political and economic struggles involved, linking political and economic contestation to a threefold model of agents' interests, institutional conditions and wider social context.

To a degree our approach draws on neo-Gramscian arguments. However, the application of Gramsci to the EU is still quite limited and, by and large, does not engage much with the integration literature, suggesting a failure to engage with the EU as something with its own specific dynamics. There are two applications of Gramsci to the EU. One takes Gramsci's concept of hegemony as a foil to the dominant IR usage. It places most emphasis on the cultural and normative elements in Gramsci's work and sees hegemony as a consensual process. Diez (2013: 200) considers hegemony in relation to the normative power debate and defines it as the ability to shape conceptions of the normal. This approach is close to constructivism and does not leave much space for the analysis of either material relations or structure (conceived as social relations rather than something normative).

By contrast, an international political economy (IPE) approach fits the EU into a wider neoliberal project rather than problematising European integration itself. Thus, Bieler and Morton (2001: 4) argue that the 1995 EU enlargement has to be understood in terms of the transnationalisation of production and finance that constitutes globalisation. This in turn is reduced to a class struggle perspective that emphasizes the consensual and ideological character of hegemony (2001: 16-20). Gill's 'new constitutionalism' is more specific in examining new forms of political governance and the redesign and 'marketisation' of the state (2001: 56). However, it is notable that there is a lack of recent literature dealing with the current crisis of European integration although Ryner's (2015: 276) account of ordoliberalism is a notable exception that correctly identifies two tendencies in critical IPE –to reduce hegemony to either a transnational capitalist class or German dominance. Ryner's intervention draws attention to the variegated European response to global change.

Van Apeldoorn also sees the Gramscian bloc as a neoliberal one, but uses the expression 'embedded neoliberalism' to point to its contested nature. While embedded neoliberalism is engendered by the capitalist production process, transnational neoliberal social forces must engage with alternative European socio-economic interests (van Apeldoorn 2001: 79). Thus he talks of the 'Maastricht compromise' as the result of both the growing power of global market forces and freedom of transnational capital, and the need to embed these in a compromise with the subordinate interests of productive capital and organized labour. The German socio-economic model, reflecting both the former (neo-mercantilism and ordoliberalism) and the latter (corporatism) is of particular importance to a successful embedding of neoliberalism (van Apeldoorn 2001: 82). A more recent contribution suggests that embedded neoliberalism is undergoing a crisis as the passive (or permissive) consensus to this project is waning (van Apeldoorn 2009: 38).

This way of understanding hegemony as an embedded project is useful, but there are two problematic issues. First, like the other Gramscian approaches, it tends to over-emphasise the power of transnational class or capital interests, using these to define political and economic dynamics respectively. Second, its choice of terms again suggests that neoliberal transnational capital is the key determining factor, something that underestimates the role of the domestic. For us, 'embedded' means more than the issue of whether transnational capital needs a context in which to operate. Rather, the very context itself (the EU) is a source of rival hegemonic projects. The embedding that van Apeldoorn refers to in relation to European integration is actually a compromise between neoliberalism, neo-mercantilism and other social and political projects: something that this article is keen to underline. Indeed, we can identify tensions within the neo-Gramscian literature, for example, between van Apeldoorn's identification of '*transnationally* constituted national or local projects' (2009: 219) and Drahekoupil's view, with which we agree, that neo-Gramscian scholars tend to under-estimate local autonomy and overstate the extent that local elites are dependent on external projects (2009: 194). In Cafruny we find something of a compromise position that claims monetary union is indicative of an 'embryonic transnational class', while recognising that decisions to participate reflect domestic strategies, social settlements and political calculations (2003: 287).

We label our approach critical integration theory for two main reasons. First, critical implies scepticism towards the competing mainstream views of neo-functionalism and intergovernmentalism as well as reservations about contemporary developments such as new intergovernmentalism. Second, the integration component draws attention to the specificities of integration itself, rather than reading off integration as an effect of some other process or dynamic. Instead, and in line with critical realism, we see it as an emergent social feature composed of complex and often contradictory dynamics. In this article, our argument for a critical integration theory draws particular attention to a) – the multilevel character of integration with particular emphasis on specific national and domestic dynamics; b) – the contestation between distinct political and economic dynamics which exist in complex inter-relationship and often tension.

In contrast to functionalist, rationalist and unitary stances of rival theories, we place emphasis on a relational understanding of the integration process that starts from the bottom-up. This will be explored through a focus on hegemonic projects.

Bringing the structure-agency relationship in

As a key step in developing our argument about integration as a hegemonic project, we wish to emphasise the importance of the structure-agency debate for EU studies. In essence this debate focuses on the relationship between political actors and the environment within which they operate, putting actors/agents in context. It allows an assessment of the possibilities and limitations of various actions including political projects.

The structure-agency debate has not had the same impact in EU studies as in IR where it has played a significant role (Wendt 1987, Dessler 1989, Wight 2006, Joseph 2008). This is perhaps best explained by the dominance of constructivism as the main challenger to functionalist and rationalist views in EU studies. Consequently, a structurationist perspective, drawn from the work of Anthony Giddens and adopted by Alexander Wendt in IR (Giddens 1984, Wendt 1987), has largely gone unchallenged. In emphasising 'mutual constitution' this perspective conflates structure and agency, thus making it difficult to determine different aspects of the integration process or to draw attention to the distinct properties or causal effects of different elements in this process.

By contrast, we adopt a critical realist argument in order to disaggregate structure and agency, thereby putting agents in their appropriate social context. This approach posits that structures and agents are distinct from one another: they have different properties, powers and liabilities. Social structures are relatively enduring and pre-exist the agents who act upon them. Hence they have anteriority and enable and constrain those agents acting within them. Despite this conditioning agents possess their own irreducible powers, notably intentionality, reflexivity and consciousness (see Carter and New 2004). While they may not choose the conditions in which they act, agents possess, to greater or lesser degrees, an awareness of these conditions and an ability to act upon them. It is through such actions that social structures are reproduced and occasionally transformed. The latter process of transformation, or indeed conservation, requires intentional action, notably through the development of hegemonic projects that reflect particular interests and identities. Such projects, therefore, are developed in the context of social structures but the structural properties of enablement and constraint combine with the agential powers of action and purpose to produce (transformations in) outcomes.

In opposing the conflation of structure and agency this position means that there are gaps in both consciousness and time insofar as the constitutive role of structures predates the occupants of positions within them, thus requiring a distinction between the social conditions necessary for agency, the conscious acts of these agents, and the reproduced outcomes of such acts (Archer 1995: 106). The conditioning power of structures may therefore exert a strong influence over agents in shaping both actions and awareness while, given

this context, conscious actions may have unconscious or unintended consequences or structural outcomes. Indeed, it is particularly important that political analysis identifies that actors are usually only partially aware of the context in which they act and that certain actions might have unconscious or unintended consequences due to the influence of different structural factors.

European integration involves conscious agency, whilst allowing that there may be many uncontrollable or unintended outcomes and effects. This in turn enables us to talk of the complexity of various processes without having to resort to either the functionalist argument that these processes have their own dynamics or logic, or the instrumentalist view that outcomes are purely the result of conscious interests or actions. A concrete illustration of this point would be the way in which the Thatcher government's promotion of the single market unleashed a range of dynamics in the mid-1980s, such as strengthening EU social and monetary policies that were not the intended consequences of its initiative. Indeed, the dynamics set in train are also at the root of many of the internal disagreements on the EU within today's Conservative Party. More broadly, the political choices taken in the drafting of the Maastricht Treaty provisions on EMU, and augmented by the 1997 Stability and Growth Pact, left an incomplete design with unintended consequences. EU leaders, finance ministers and others have been tackling them ever since the Eurozone crisis developed in 2010 (see Copsey 2015, Chapter 1).

Thus our position on the structure-agency relationship avoids constructivism's risks of conflating the two. The continuous interplay of 'intentionalist' agency of political actors and the structural context is a vital characteristic of the contestation between hegemonic projects in the EU. It helps explain integration's iterative nature: for instance in 2015, as newly elected governments (SYRIZA in Greece or Cameron in the UK) sought to challenge current policy structures; or a new wave of external refugees challenged the existing EU migration regime.

'Structure' here has two components. First, there is the EU *institutional framework*—the EU's institutional architecture, policy competences and the *acquis communautaire*—that shape the agents' negotiating strategy. The institutional framework amounts, at any one time, to the instantiation or outcome of struggles driven by various economic and political dynamics. The institutional framework, it must be noted, is characterised by multi-level governance (MLG) The EU is thus part of the proliferation of various forms of governance operating beyond the traditional practices of (national) governments. MLG highlights the multiple scales and complex, fluid and overlapping jurisdictions of governance (Hooghe and Marks 2005: 15-6; Marks, Hooghe and Blank 1996; Bache and Flinders 2004). MLG also permits understanding of the de-nationalization of statehood, the de-statization of politics, and the re-articulation of territorial and functional powers (Jessop 2004: 61). It also captures the idea of the EU institutional structure as an emergent but not fully realised sphere of governance. The structure-agency debate helps us understand this form of instantiation by drawing attention to both structural and agential aspects of European integration.

While much attention has been paid to the relationship between agents, institutions and norms – particularly in meso-level approaches influenced by constructivism and historical institutionalism – we wish to also emphasise, secondly, the *macro-structural features* understood as underlying causes and contexts for integration that shape agents' interests in the first place. These features include the global economy, the financial crisis, neoliberal attempts at restructuring social relations, the geo-political and strategic context relating to the post-Cold War order such as the shifting US–EU relationship, new securitisation processes, the changing role of the state, changing state-society relations, the shift to new forms of governance, developments within civil society and demographic changes.

These underlying macro-structural features necessitate agency in order to mobilise for integration. Agency is not located exclusively at the domestic level because supranational institutions such as the Commission can also exercise it. And transnational actors can seek to pursue their projects at this level (see van Apeldoorn 2000 on the European Round Table of Industrialists). However, its social embeddedness means that agency is much more strongly grounded at the domestic level, comprising the member state governments plus the social, economic and political forces organised at national and subnational levels within the states. The key point is that we see this way of looking at things as enabling domestic politics and social relations to be brought in without limiting the account to national governments forming the umbilical cord between EU institutions and domestic interests in the way that (liberal) intergovernmentalism does.

Moreover, we argue that domestic actors are not only driven by economic motivations and geopolitics, as per LI. Nor are they only capable of interpretation through instrumental rationality, as per LI. Similarly, they are not just driven by transnational capital and class struggle according to some neo-Gramscian interpretations. They may be politically driven: a 'Europe of the regions' advocated by Bavaria, or a repatriation of EU competences, as advocated from some quarters in Britain. And they may arise from popular interventions, such as adverse referendum votes on treaty reform, from Euro-scepticism that typically has political roots, or from domestic political resistance to integration (see McCauley 2011), including political opposition to the consequences of the Eurozone crisis. In short, domestic actors may just as easily be Euro-sceptic politicians from the 'constraining dissensus' as elite-level advocates of integration (Hooghe and Marks 2009). In this way we explicitly connect integration to underlying domestic politics, whereas neofunctionalism and LI, as competing elitist explanations, make more limited connections.

The relationship of actors to the EU is complex because of the number of different levels of governance and their different configuration across policy areas. Different interests across the EU shape integration. Institutional fixes must be achieved at supranational as well as the national or subnational levels. There may be conflicts between the different levels and conflicts will also exist within national and regional blocs over orientation to the EU. The complexity of the

terrain means that it is often far from evident exactly what the consequences will be for particular actions and agreements and the consequences of a fix at one level may only be revealed over time as the full socio-institutional consequences unfold. The fluidity of the EU, in particular in relation to its political form, is the product of these complex relationships, while the structure retains continuity because of the path-dependence and incrementalism explained by historical institutionalists such as Paul Pierson (1996).

Hence we conceive of integration as a three-way relationship between underlying macro-structural conditions, agency and institutional framework where each impacts on the integration process producing outcomes that can only be understood in historical context. The institutions of the EU are caught between macro-structural and agential pressures. Macro-structural influences may exert pressure to change the EU institutional framework, perhaps leading to change despite conscious agential efforts to prevent or avoid this. Agents may seek to shape the integration process in accordance with wider structural changes such as developments in the global economy or the general trend towards new forms of governance. But agents may also seek to resist these changes and may develop policies that are at odds with the general underlying conditions. The institutional element is particularly interesting because, as both institutionalists (e.g. DiMaggio and Powell 1983), constructivists (e.g. Barnett and Finnemore 2004) and advocates of the 'practice turn' in IR (Adler and Pouliot 2011) have noted, institutions and bureaucracies develop their own administrative dynamics that are irreducible either to the agents involved or the structures they interact with. These dynamics can be understood in terms of isomorphism, path dependencies and the significance of historical legacies. The requirement of unanimity on treaty reforms and the convention of seeking to achieve consensus between member governments on major EU-wide policy decisions support path-dependency when agential efforts may favour change.

We now move to fit hegemony into the structure-agency picture which means looking at the conditions, opportunities and possibilities for social agents to construct political projects. In particular, we take the view that hegemony represents the mediating point between structure and agency, providing the strategic element that explains why particular things develop in certain times and places. Hegemony is also particularly useful in relating to institutions and the process of embedding strategic responses to macro level issues. A complex of structures – political, economic and cultural – provides the context for actors to develop or pursue their own interests, but this also sets limits and points the projects in a certain direction. Gramsci captured this idea through his argument that hegemony is not simply the relation of one group over another, but the relation between these groups and their social conditions (Gramsci 1971: 49). Hence we are concerned to avoid both the individualist approach to agency as embodied in liberal intergovernmentalism, the functionalism and teleology of neofunctionalism and the reductionist approach of those Marxist scholars who reduce the effects of macro structures to questions of capital or class. The main thrust of Gramsci's intervention is to reject those accounts that suggest that political projects simply reflect socio-economic conditions or the 'requirements' of capitalist production. Drawing from critical realism, we advocate an

'emergentist' approach to avoid the suggestion that the EU integration project can be read off from dominant economic conditions even if these exert a powerful influence over the political agenda. Indeed, hegemony both recognises and problematizes these conditions, particularly in relation to the economy. While a successful hegemonic project must try and root itself in the 'decisive nucleus of economic activity' (Gramsci 1971: 161), it must also relate to broader issues of social cohesion – something that is particularly hard to achieve at the European level. We therefore develop this understanding of the concept of hegemony in order to draw attention to the distinctive social, political and economic interests that integration needs to reconcile.

European Integration as a hegemonic project?

We take a hegemonic project to refer to attempts to mobilise support in favour of a far-reaching programme of action. This is based on the interests of the leading group (for Gramsci it would be the dominant class fraction), but which seeks to incorporate other groups and fractions while attempting to resolve conflicts between particular interests and a more general interest. This exercising of leadership and balancing of interests cannot be confined to the economic sphere, however important this may be, but is exercised on the terrain of politics, civil society and the state. In terms of scale, therefore, a hegemonic project goes beyond more narrowly defined political projects, policy agendas or economic objectives particularly insofar as it impacts, according to our earlier understanding, on the relationship between structures, institutions and agents.

European integration can be seen as a weak hegemonic project, made up of many sub interests and compromises between rival interests. It requires a great deal of institutional fixes and historical compromises at key moments and, because of its fragile and contested nature, is particularly subject to unintended consequences. More precisely, we regard European integration not as a single coherent project, but as the outcome of competing projects. In contrast to the neo-Gramscian literature's emphasis on transnational class interests, we see these projects as driven by a variety of political interests and economic motives operating at different levels. Some have a more domestic character, others are driven by more global motivations whether this be some kind of neoliberal project, or a particular political vision of Europe. In confining our analysis to competing political and economic dynamics, we note that this is a potential simplification. Buckel (2011), for instance, explores whether the European Court of Justice is moulding forces into a new 'hegemonic legal project'.

Two things are of key importance: recognising the contestation between projects with different political and economic motivations; and the importance of member state-EU relations and MLG to this contestation. Hegemonic projects are easier to mobilise within member states than at EU level because there is a relatively weak sense of European social or economic relations. This observation reflects the limitations of the EU 'public space', not to mention the absence of a European 'demos', even if there is a well developed set of institutions at supranational level. Hence the struggles in relation to different political and economic dynamics are predominantly driven by competing views originating

from the member states, incorporating wider domestic political and social contexts than merely the views of member governments.

Our first step is to distinguish between hegemony and hegemonic projects. Hegemony might be said to describe a relatively stable or stabilised condition where there is some kind of unity between different processes, interests and contexts. Gramsci talks of the unity of 'structure' and 'superstructure' (1971: 366) meaning that projects need to be well integrated into their social context. It is difficult to see European integration as a successful form of hegemony because of the dynamic tensions that exist between different processes, levels and interests and, not least, its fluidity over time in terms of competences (treaty reform) and boundaries (because of both enlargement and differentiated integration). It is easier to see European integration as a complex process caught between economic and political tensions, some projects having more of an economic character, others with a more explicitly political nature. In making this distinction we recognise they are interlinked and in constant dynamic tension.

Van Apeldoorn and Overbeek consider insertion into the world market as one factor in determining the success of a hegemonic project alongside the composition of the bloc, class forces and path dependencies or historical legacies of institutions and structures (van Apeldoorn and Overbeek 2012: 9) This perspective regards neoliberalism as a project in constant motion that is required to engage with existing path dependencies and counter-strategies in a constant process of struggle, contestation and renegotiation (2012: 7). The fact that such a project needs to mobilize people and gain consent makes its success far from certain, particularly when applied to Europe's diverse political terrain. Neoliberal European governance can therefore be said to be a project but not necessarily a hegemonic one given its need to engage with and adapt to different European populations, institutions and traditions (van Apeldoorn, Drahokoupil and Horn 2009: 12). These political tensions are drawn out by Hermann and Hofbauer (2007), who stress the importance of the European Social Model as an alternative to the US neoliberal model. Placing emphasis on the political domain in line with our aim, they argue that this social democratic vision of a unified Europe is clearly an approach that holds social and political programmes to be equally important, even if now overshadowed by free market alternatives (Hermann and Hofbauer 2007: 127). Importantly, such an argument draws attention to the fact that European projects are required to present a vision with which wider forces can identify, something that neoliberalism has clearly failed to achieve in the political sense, despite its economic advances. Hegemony is important in pointing to the need for this wider support, and to the perils of advancing European projects that clearly lack it.

Our second step comes as a consequence of recognising that EU integration is not itself a successful form of hegemony and certainly not the result of some kind of unified project or vision. Rather, it is better to see integration as the *outcome* of various projects that compete across the political and economic terrain. The shape of the institutional architecture, policy competences and the *acquis communautaire* is punctuated by moments of

historic compromise between these competing interests. It might be tempting, particularly for neo-Gramscian analysis (e.g. Bieler and Morton 2001), to conclude that the integration process has been captured by a coherent neoliberal project driven by transnational capital. Yet, even if we limit analysis to economic issues, we can see competing economic interests that confront the neoliberal focus on financialisation and unrestricted capital mobility (as has been revealed in responses to recent crises). In particular, in Germany, Europe's driving economy, the powerful interests of industrial capital and a big home market (neo-mercantalism) and a rules-based approach to economic management (ordoliberalism) force the neoliberal finance-driven project into compromise. Across the EU we find a lot more diversity than within individual member states. In some states there are still powerful organised labour interests, corporatist, statist or solidaristic tendencies. So European integration is not only multi-layered but also pluralistic, reflecting tensions between economic and political interests rather than a coherent neoliberal project. Critical integration theory recognises the primacy of these tensions, rather than reading them off as the secondary consequence of functional, instrumental or capital logics.

When we look at political dynamics we see that there are clearly different political projects that cannot be reduced to and may contradict the idea of a single economic logic. Indeed some of the political projects that continue to exist today predate the current neoliberal agenda by decades. These older projects draw their legitimacy from a very different vision of Europe and continue to motivate a set of political interests that often stand in the way of a neoliberal agenda. The Common Agricultural Policy's protectionism vis-à-vis lower cost global food producers is a case in point.

It is decidedly *anti*-Gramscian to see the integration process as reflecting a clear neoliberal agenda representing only the economic strand, thus downplaying the role of politics, ignoring the causal power of alternative visions of Europe and undermining the idea that such projects are contested. Nor does it create adequate space for the role of governance, which, if anything, may well be a more valuable way to understand neoliberalism. If neoliberalism is viewed less as a homogenous economic doctrine and more as a particular form of governance that rules through an appeal to the discipline of the market, then it is open to challenge from alternative approaches to economic governance in the EU, particularly the French tradition of dirigisme and, more importantly, the German ordoliberal approach that has been influential in the search for solutions to the Eurozone crisis (Bulmer 2014, Ryner 2015).

If a neoliberal designation of the EU's political economy is open to challenge, the political leitmotif is equally contested. Political contestation has been in progress since the French Schuman Plan proposed joint (supranational) control over coal and steel as a way to assure Franco-German peace. The supranational pre-requisite excluded the participation of Britain, whose faith in the nation state had been maintained during World War Two. The long-standing debate as to whether the EU should be supranational or intergovernmental in character continues. Each round of constitutional reform or institutional settlement has been of great importance because it has represented an

embedded compromise arising from this struggle. However, it has also provided an arena of ongoing contestation until the next settlement. Advocates of supranationalism welcomed the enhancement of decision-making powers for the European Parliament (EP) in the Lisbon Treaty. Yet the EP's powers have been overshadowed by the European Council's since treaty implementation even though the latter's formal powers were little revised. This development—illustrating the importance of both 'summits' and 'valleys' in the integration process (Christiansen and Jørgensen 1999)—reflects the way in which the Eurozone crisis has dominated the EU's agenda from 2010 onwards, and the way in which government heads have played such an important role in rescue measures, rectifying design faults in monetary union and so on.

There have been, smaller-scale areas of contestation as well: on whether policies should be interventionist, like the original Common Agricultural Policy, or more market oriented. Sub-plots exist, for instance in relation to the balance within the Area of Freedom, Security and Justice (AFSJ) policy between ensuring internal security and protecting liberties, or on the spread of powers across levels of government in debates on subsidiarity.

These forms of political contestation have been well captured by Jachtenfuchs et. al. (1998) in their examination of the conflicting models of a legitimate European order (abbreviated to polity-ideas). Similarly, Marcussen et. al. (1999) explored the inter-relationship between national identity and the integration project in France, Germany and the UK. Their explanations are grounded in, respectively, normative-discursive and identity-based interpretations. Like constructivist accounts, they discuss contesting views among actors, but struggle to account for the *reasons* behind such contestation and change. It is telling that Wæver is forced to move beyond a discursive approach in suggesting that change and re-articulations are produced through adjusting to changing internal positions like the growth in power of certain groups, or in response to external conditions like the momentum of the EU in the 1990s (Wæver 2002: 39).

Having looked at the multiplicity of interests and the usefulness of an approach that recognises separate political and economic dynamics in complex interaction, we now put this into the context of MLG. Taking a multi-layered approach to hegemony means recognizing the specificity of different projects operating at national and subnational levels and examining how these engage with the supranational level and respond to it in positive and negative ways. The fluidity of contestation was demonstrated during the Scottish independence referendum, with the different values and indeed attitudes to the EU on display compared to England. While hegemonic projects at the national and subnational levels are stronger and easier to develop, the result may be contradictory and conflicting projects across the EU. Thus integration is best seen in terms of hegemonic contestation rather than as coherent and unified strategies. This position is consistent with a view of the EU as both a site of governance and a terrain for the unfolding of various projects. This argument will be illustrated in the final section.

For now, two significant points can be identified in relation to the drivers of integration. We wish to emphasise:

- the significance of the domestic as reflected in different political strategies, settlements and calculations. Interests are more strongly grounded at the domestic level as are mechanisms of articulation and legitimation.
- integration is driven by elites, but these ought not be reduced to different class or capital fractions. To do so ignores the specific political and institutional interests of such groups. Moreover, the 'European elite' is peculiarly 'disembedded', thus emphasising the significance of our first point about domestic politics. This has been manifested in different ways during moments of crisis of integration and 'constraining dissensus' (Hooghe and Marks 2009).

Corresponding to specific political and economic changes, we make the general claim that the complex processes of rescaling in European integration can be linked to two intersecting dynamics, namely:

- the changing political forms of rule and the general shift from government to governance and simultaneous devolution of state powers downwards and internationalization of policy upwards, including in non-economic areas such as the Common Security and Defence Policy and AFSJ; and
- general economic changes towards greater interdependence and intensification of economic flows, increasing financialisation and shifting ways of regulating markets and a drive to market liberalization but conditioned by the rules-based ordoliberal approach to EU monetary and fiscal policy and attempts to protect social provision: all of which are reflected in the integration project.

Despite the significant political and economic divisions already mentioned, these trends have a general resonance across the member states. But the multilayered character of EU governance means that even though the economic project has a strongly supranational centripetal character, its dependence on implementation by member states introduces centrifugal tendencies. Greece's 'massaging' of its economic data, with the consequent triggering of the Eurozone crisis is sufficient illustration. Thus, as van Apeldoorn has noted (2009: 22), whilst the EU's competitiveness agenda and promotion of economic liberalisation may be relatively supranational, implementation is the responsibility of nation states, and in each case depends on the relative embeddedness of this project in national institutions.

The need to nationally embed a supranational project raises two significant challenges that the notion of hegemony is particularly good at highlighting: coordinating hegemony across scales; and reconciling the different political forms that national hegemony takes. It would be normal, therefore, to expect somewhat different projects to exist across the different levels, each with their own political and economic priorities. While this does not make a supranational project impossible, it makes it more difficult to achieve (through reconciling different national interests) and to maintain (across the different

levels). The existence of different projects at different levels means that supranational projects are *emergent* insofar as they are dependent on but not reducible to certain fundamental social relations and interests (see Ferrera 2014: 227-30). Their 'emergent' status contrasts with any functionalist notion that what goes on at national and local levels might simply be read off from some larger project. It is in this connection that the decline of the 'permissive consensus' is salient. European integration has less embeddedness in domestic social relations than national projects, thus making it much more fragile when fair weather conditions end, such as has been the case following the financial crisis and, more specifically, for the debtor states in the Eurozone crisis.

From abstraction to empirical interpretation

In this section we seek to offer illustration of how our critical integration theory can shed new light on the current crisis in the EU. We follow our conception of integration as a three-way relationship between underlying macro-structural conditions, agency and EU institutions. Agency is most strongly rooted in the member states, reinforcing the important role of domestic politics in integration. By understanding the state of integration as the *outcome* of trying to balance contested hegemonic projects, we seek to go beyond the rival *elitist* interpretations of integration offered by neofunctionalism and liberal intergovernmentalism.

European integration in the post-Maastricht period has been characterised by a number of key features:

- the increased role of government heads in the steering of the overall process and of individual component parts, such as EMU, foreign policy and Justice and Home Affairs (a stronger intergovernmental process on strategic decisions);
- increasingly supranational integration outcomes, since additional policy areas such as monetary policy, fiscal policy, banking regulation, home affairs and energy security—to list some illustrations—have been partially or wholly transferred into the EU's competences, (stronger supranational outcomes);
- the growth of differentiated integration as a pattern of institutional fixes that permits a strengthened integration outcome for some member states, such as those in the Eurozone or the passport-free Schengen zone (hard intergovernmental bargaining resulting in more supranational outcomes only for insiders); and
- the increased penetration of politics at the supranational level by domestic political considerations: from referendum rejections of treaty reform through to protest on the streets in relation to Eurozone austerity policies (challenging the elitist assumptions of both neo-functionalism and intergovernmentalism).

Our conclusion is that it is necessary to look beyond the traditional theoretical apparatus in order to find an explanation for the EU's current challenges.

The Eurozone crisis is the most immediate component of the EU's current plight. It derived from a crisis in public finances in some states, notably Greece and by contagion Portugal, and from a banking crisis in others, e.g. Ireland and

Spain. When the crisis broke it led to recognition that the design of EMU was unbalanced because of the lack of fiscal powers to match those for monetary policy. Whilst the acute phase may have passed—although Greece remains on the critical list—a chronic problem of weak economic growth persists.

The crisis is also political in character. A deep-seated, slow-moving political crisis of integration has arisen from the decline in public support for integration. Reflected in several rejections by referendum of EU treaties, it found particular expression in the May 2014 EP elections, when the advance of Euro-scepticism was especially noticeable even if in several variants of populism. The UK Independence Party topped the share of the vote in Britain; the 5 Star Movement came second in Italy. The right-wing Front National topped the polls in France. The European Conservatives and Reformists Group, the third largest in the EP, represents a softer form of Euro-scepticism, led by British Conservatives. Polls in Greece were topped by SYRIZA, in government and offering a critique of Eurozone orthodoxy from the left. Whilst these groups may be divided in the EP, and their underlying political significance might have been enhanced by protest voting at a ‘second-order’ election, Euro-scepticism has taken root in many EU member states. Its precise form varies from one member state to another but in the UK case its electoral and parliamentary potency at Westminster led to the Conservatives’ commitment to seek reform of British membership prior to a referendum. Their majority in the May 2015 election therefore placed a further reform challenge on the EU’s agenda.

We explain post-Maastricht politics, and the continued manifestation of its characteristics during the Eurozone crisis, through conflicting hegemonic projects that are rooted in and legitimated through domestic politics. We can identify at least four projects that have shaped integration over recent decades (using the terms deployed in neo-Gramscian analysis by Buckel 2014: 643-4; see also Kannankulam 2013; from a normative approach see the ‘polity-ideas’ in Jachtenfuchs et. al. 1998). Arguably dominant is a *neoliberal hegemonic project* that has seen its advocates (certain governments plus business interests) pushing for an EU that can be competitive in a global trading and production setting, pushing for liberalisation in the single market, EU external trade policy and seeking to limit the EU regulatory burden. A second project can be identified as a *national-social hegemonic project*. The primary motivation of its centre-left and trade union advocates has been the preservation of strong social systems at member-state level, assured through maintaining a more interventionist nation-state role to facilitate domestic redistributive outcomes. Thirdly, a *national-conservative hegemonic project* brings together political forces resisting further integration, and supported by members of society who have lost out from globalisation, resist cosmopolitanism and typically also immigration. Fourthly, a *pro-European social democratic hegemonic project*, though much weakened in recent times, continues to press for a ‘social Europe’. Proponents of this EU ‘social dimension’ sought to ally with the European Commission, especially during the presidency of Jacques Delors, and the EP for further integrative steps

to secure market-correcting measures at a supranational level.² The projects should be understood heuristically as simplifications or broad contours of more complex and nuanced contestation. This is especially the case when exploring the Eurozone crisis (below), since the discrete thinking of ordoliberalism offers valuable insights into policy solutions that were advocated.

The Maastricht Treaty secured a historic compromise between these projects, as manifested in the context of the special circumstances of the end of the Cold War and German re-unification. However, the initial Danish ‘no vote’ in June 1992 and the need for opt-outs to accommodate specific requirements on EMU (Denmark and the UK) and social regulation (UK) were indicative of the increasing way in which domestic politics were directly penetrating EU level compromises in ways that necessitated new types of institutional fixes, namely differentiated integration. Maintaining this compromise has proved very challenging in the post-Maastricht period.

Whilst it is possible to see domestic politics—like European integration itself—as the product of transnational capitalism (see Drahekoupil 2009; van Apeldoorn 2009), we depart from that position which has been encapsulated by Drahekoupil. ‘Domestic politics ... cannot be understood as completely internally determined. I argue that it must be treated as an instantiation of locally materializing transnational processes’ (Drahekoupil 2009: 190). We argue that there is more to the current crisis in the EU, and its manifestation in the domestic politics of the member states, than ‘locally materializing transnational processes’.

In order to make this argument in the wider context of competing hegemonic projects, we offer two short case studies. One examines Germany’s role in the Eurozone crisis, since its prominent role has led to suggestions, even by the Luxembourg foreign minister (Rinke 2013), that it is pursuing a hegemonic project of its own (see also Bulmer 2014). As a contrast, we explore the background to the British Conservative government’s commitment to negotiate a new deal with its EU partners and put it to a referendum on continued membership. Here the focus is on a state that has become caught between two rival hegemonic projects that are associated with major domestic political fault-lines and that have marginalized the UK’s role in the EU and may lead to an exit.

The original Maastricht design of European Monetary Union (EMU) was strongly influenced by Germany (Dyson and Featherstone 1996). It institutionalised the Bundesbank model of price stability and central banking. It placed the burden of economic adjustment on other states. It insisted on the inclusion of a ‘no bail-out clause’ and prohibited the ECB from monetary financing of Eurozone states’ public debt. It pressed for the continued surveillance of fiscal discipline via the Stability and Growth Pact (SGP). All this

² We note here that Buckel (2011: 644) includes a fifth ‘left-liberal-alternative hegemonic project’ that comprises pro-environmental and pro-human rights groups with the third wave of the women’s movement. Whilst recognizing the voice of these groups we are not convinced that this amounts to a coherent hegemonic project, so omit it from discussion here.

was done with a very small budget for fiscal transfers via the EU cohesion funding and with no budgetary provision at all for macroeconomic stabilisation. Krotz and Schild (2013: 185) summarise the German position as reflecting a 'basic willingness to cede sovereignty but only in case European rules and institutions emulate the German stability model'.

The German position on the EMU design was driven by the wish to assure neighbours that its unification in the new post-Cold War world would not be a threat to peace but, rather, would be accompanied by a deepening of supranational integration. At the same time EMU would facilitate the continuing economic integration of the EU (following the single market), thereby bringing benefits to a major exporting state. The design of the rules conformed to the ordoliberal economic model that had served Germany so well in the postwar period and was admired by a group of fellow member states. The export of a German rules-based model to the EU also allayed concerns of the German public, which was anxious about giving up the Deutsche Mark, one of its major symbols of identity. We should note here that the German position was itself the synthesis of different hegemonic projects: the neoliberal one of market-making; a political one of transcending the nation state as part of assuring European peace; and an ordoliberal one (on which see Bonefeld 2012) that reflected the distinctive rules-based system rooted in a German tradition, in which the state plays an active role in assuring functioning markets. At EU level the 'historic compromise' also included strengthening cooperation in foreign policy and justice and home affairs, plus an increase in intra-EU financial transfers agreed at the Edinburgh European Council in December 1992.

The first signs of the Eurozone crisis emerged at the end of 2009, on the heels of the global financial crisis. Events in Greece accelerated Eurozone governments towards a rescue agreed in May 2010, and eventually led on to further rescues of Ireland, Portugal, Greece again, Spain and Cyprus. As the largest Eurozone state, the leading creditor state and the architect of the EMU design, the decision to preserve the achievements of the Eurozone structure gave Germany significant leverage in determining the necessary reforms to rescue the system. Again they came with a strong ordoliberal flavour: debtor states had to take responsibility and undertake domestic reforms as part of 'doing their homework'; the weak fiscal rules of the Eurozone had to be strengthened; banking union was needed to break the link between sovereigns and banks; and rescue funds would be needed to provide a firewall and limit contagion. By force of circumstances Germany was able to shape the rescue of EMU in many respects.

Emblematic of the ordoliberal prescription was the Fiscal Compact, signed in March 2012, which comprised a balanced budget rule (like one Germany had introduced in 2009); a debt-brake rule; an automatic correction mechanism if these rules are not complied with; and the requirement of the states to give these rules at least at the status of law. We note in passing that the Fiscal Compact had to be agreed under international law because the UK and the Czech Republic refused to sign: an indication of how the UK government rejected ordoliberal rules that might constrain its neoliberal concerns on behalf of the

City of London and the national-conservative/Eurosceptic sentiment on the part of public opinion, the print media and key parliamentary backbenchers.

So, how does the rescue of the Eurozone tie in with our understanding of integration as the outcome of conflict between competing hegemonic projects? It is possible, of course, to attribute the Eurozone crisis to the 'contradictions and limits of the neoliberal European project as constructed over the past few decades' (van Apeldoorn 2012). However, our focus is on the outcome in terms of European integration, where deeper fiscal and banking integration has ensued. Is it, therefore, a largely unmediated triumph of an ordoliberal project, driven on by Germany? Such a conclusion would be too simplistic.

First, it needs to be recalled that the European Central Bank (ECB) can take considerable credit for facilitating the rescue of the system: through President Mario Draghi's 2012 'whatever it takes' intervention that stilled the markets and the ECB's 2015 policy of quantitative easing. Both these measures incurred the wrath of the President of the German Bundesbank, Jens Weidmann, who regarded them as a betrayal of the (German) rules institutionalized in the European Central Bank Statute (*Die Welt* 2015). Secondly, Germany was a 'reluctant hegemon' (Paterson 2011). The Berlin government had to be attentive to public opinion, which was whipped up by the tabloid press's characterization of feckless southern Europeans receiving support from German taxpayers. It had to take account of party politics, since in six of nine roll-call votes in the Bundestag between September 2010 and November 2011 the centre-right coalition was unable to secure a majority for approving key Eurozone decisions without support from opposition Social Democrats and Greens. The rise of an anti-Euro party (Alternative for Germany) later in the crisis introduced further domestic concern. Moreover, the Federal Constitutional Court—a defender of national democracy via the Bundestag—made several key judgments on which the financial markets and potentially the fate of the Eurozone have depended. Domestic politics mattered! As a final observation it must be noted that debate within the ordoliberal camp about who represents the 'true ordoliberalism' (see Jacoby 2014) has prevailed over any democratic socialist hegemonic project, since the influence of French President Hollande, Italian Prime Minister Renzi not to mention Greek Prime Minister Tsipras has been very limited on the integration outcome.

The common ground between Germany's role in the Eurozone crisis and the UK government's search for a new deal with the EU lies in the domestic politicisation of European policy. Politicisation has been longstanding in the UK. For instance, the Labour Party, in opposition in the early-1980s, adopted a policy of supporting withdrawal from the EU but later moved from defending a 'national-social hegemonic project' towards limited engagement under Tony Blair with a European social project, as reflected in signing the Social Chapter in 1997, as well as endorsement of the Thatcherite legacy of neoliberalism.

The proximate source of the second Cameron government's renegotiation efforts can be attributed to the legacy of Thatcherism. Her advocacy of the single market was the UK's greatest imprint on the EU and a major contribution to the

neoliberal hegemonic project at EU level, albeit combined with other contrasting measures in the 1986 Single European Act. Commission President Jacques Delors built on this momentum to pursue a European social-democratic project entailing EU-level social regulation and monetary union. This development caused a major fracture in the Conservative Party, reflecting Prime Minister Thatcher's turn towards Euroscepticism, between those for whom primacy was on defending national sovereignty and those supporting a neoliberal project via the EU (Ludlam 1998). This conflict has not been resolved and has been exacerbated by the rise of the UK Independence Party to the Conservatives' right, with 12.6 per cent of the vote in the 2015 General Election. How the negotiations, their impact on EU integration, never mind the outcome of the UK referendum, all play out, remains to be seen. However, the key point here is that conflict between competing hegemonic projects at EU level is immediately evident within the UK.

These two illustrations, we argue, reveal how contestation amongst different projects is rooted in domestic politics. The projects are dynamised by responses to macro-structural change: geo-political, such as the end of the Cold War; economic, such as globalisation and financialisation; and others. Domestically, the projects are no longer the preserve of economic and political elites, as the 2014 European Parliament elections or southern European protests against austerity reveal. How they are resolved at EU level produces an outcome in terms of integration that may be the transfer of more powers to the EU, intergovernmental obstruction to further transfer of powers, or increased differentiation within the EU due to complex institutional fixes to accommodate individual states' positions. The tendency to understand the resolution of these issues in terms of mainstream integration theories downplays the substantive political and economic struggles and the role of domestic politics in favour of competing elitist accounts of institutional outcomes (intergovernmentalism or supranationalism).

The focus on the struggle for hegemony grounds our analysis in a range of discursive and non-discursive practices and the wider structural context within which these exist. Thus we have sought to widen our empirical range of analysis beyond the normative and identitive roots typically associated with constructivist analysis as well as going beyond the 'standard' neo-Gramscian account rooted in transnational capital. Instead we have sought to show, via these vignettes, that a Gramscian focus on competing hegemonic projects can offer insights into the compromises reached, the means by which they are achieved, and the wider macro social context which enables and constrains them. However, these compromises go beyond the confines of neo-Gramscian political economy, which tends to neglect the immediate political and institutional sites of struggle in favour of interpretations of EU outcomes as the product of deep-seated developments in transnational capital and their manifestations in class struggle.

Conclusion

The study of European integration was memorably encapsulated by Donald Puchala (1971) as like blind men (sic) studying an elephant. Accordingly,

different integration theorists were feeling different parts of the elephant but not seeing the whole. In this paper we have sought to identify some of the shortcomings of mainstream integrationist approaches and existing neo-Gramscian scholarship on the EU in identifying the ‘nature of the beast’, particularly in light of the challenges presented in the post-Lisbon period.

In developing a critical integration theory, we have sought to embrace and ‘mainstream’ more critical approaches to understanding the EU so as to bring power and political economy into greater prominence. Our objective has been to revive and advance general theory on integration and to buck the trend towards research on ever narrower agendas. We believe our approach entails no teleological bias and can therefore accommodate both deeper integration or disintegration (that is, a decline in the number of EU policy areas or member states or the inability of the EU to put policy into practice owing to the resistance of individual states: see Webber 2014: 342). The emphasis on brokering compromises between projects can also explain an area of integration theory neglected in other general theory: the institutional fixes that are intrinsic to differentiated integration. We consider our theoretical perspective to offer a greater sense of realism, while offering dialogue between different traditions.

By building on recent theorising of the structure-agency relationship we have been able to integrate agency, institutional structure and macro social structures into the account. We have set out how integration outcomes can be both intended and unintended, since the latter are a recurrent feature of the EU. A further component to critical integration theory is its incorporation of ‘the domestic’. Integration is more like a meta-project made up of sub-projects largely rooted at the domestic level. Thus, when something goes wrong or changes at the ‘lower level’, the integration project is soon affected. Consequently, integration is the shifting outcome—instantiated through the EU’s changing membership, policy repertoire and institutional order—of competing hegemonic projects. Finally, the concept of hegemonic projects places power contestation around economic and political ideas at the heart of understanding integration. The (contrasting) elitist bases of neofunctionalism and liberal intergovernmentalism are challenged. Integration outcomes are complex; they are not reducible to theories that privilege one of class, economic interests, functionalism or the instrumentalism of states.

By setting out what we term critical integration theory, and illustrating it through reference to the EU’s current crisis, we propose an innovative way to re-conceive integration theorising that both sheds new light and gives a fuller picture of the ‘elephant’ than some of its rivals.

References

- Adler, E. and Pouliot, G. (2011), 'International practices', *International Theory*, 3(1): 1-36.
- Archer, M. (1995), *Realist Social Theory: The Morphogenetic Approach*. Cambridge: Cambridge University Press.
- Bache, I. and Flinders, M. (eds) (2004), *Multi-level Governance*. Oxford: Oxford University Press.
- Barnett, M. and Finnemore, M. (2004), *Rules for the World*. Ithaca NY and London: Cornell University Press.
- Bickerton, C., Hodson, D. and Puetter, U. (eds) (2015a), *The New Intergovernmentalism: States and Supranational Actors in the Post Maastricht Period*. Oxford: Oxford University Press.
- Bickerton, C., Hodson, D. and Puetter, U. (2015b), 'The New Intergovernmentalism: European Integration in the Post-Maastricht Era', *Journal of Common Market Studies*, 53(4): 703-22.
- Bickerton, C., Hodson, D. and Puetter, U. (2015c), 'Something New: A Rejoinder to Frank Schimmelfennig on the New Intergovernmentalism', *Journal of Common Market Studies*, 53(4): 731-6.
- Bieler, A. and Morton, A. (2001) 'Introduction: Neo-Gramscian Perspectives in International Political Economy and the Relevance to European Integration', in A. Bieler and A. Morton (eds.) *Social Forces in the making of the new Europe: the restructuring of European social relations in the global political Economy.*, Basingstoke: Palgrave Macmillan, 3-24.
- Bonefeld, W. (2013), 'Freedom and the Strong State: On German Ordoliberalism', *New Political Economy*, 17(5): 633-56.
- Buckel, S. (2011), 'Staatsprojekt Europa', *Politische Vierteljahresschrift*, 52(4): 636-662.
- Bulmer, S. (2014), 'Germany and the euro-zone crisis: between hegemony and domestic politics', *West European Politics*, 37(6): 1244-1263.
- Bulmer, S. (2015), 'Understanding the New Intergovernmentalism: Pre- and Post-Maastricht EU Studies', in Bickerton, Hodson and Puetter (2015a), 289-303.
- Cafruny, A. (2003) 'Europe, the United States, and Neoliberal (Dis) Order: Is there a coming crisis of the Euro?', in A. Cafruny and M. Ryner (eds) *A Ruined*

Fortress: Neoliberal Hegemony and Transformation in Europe. Lanham: Roman and Littlefield, 285-305.

Carter, B. and New, C. (2004), *Making Realism Work*. London and New York: Routledge.

Christiansen, T. and Jørgensen, K.E. (1999), 'The Amsterdam process: a structurationist perspective on EU treaty reform', *European Integration Online Papers* 3(1), at: <http://eiop.or.at/eiop/texte/1999-001.htm>, accessed 15 August 2013.

Cocks, B. (1980), 'Towards a Marxist Theory of European Integration', *International Organization*, 34(1): 1-40.

Copsey, N. (2015), *Rethinking the European Union*. Basingstoke: Palgrave Macmillan.

Dessler, D. (1989) 'What's at Stake in the Structure-Agency Debate?', *International Organization*, 43(3): 441-473.

Die Welt (2015), 'Weshalb Weidmann mit Draghi über Kreuz liegt', 26 January, <http://www.welt.de/136741126>, accessed 26 January 2015.

Diez, T. (2013) 'Normative Power as Hegemony', *Cooperation and Conflict*, 48(2): 194-210.

Diez, T. and Wiener, A. (2009), 'Introducing the Mosaic of Integration Theory', in A. Wiener and T. Diez (eds), *European Integration Theory*. 2nd edition, Oxford: Oxford University Press, 1-22.

DiMaggio, P.J. and Powell, W. (1983) 'The Iron Cage Revisited', *American Sociological Review*, 48(2): 147-60.

Drahokoupil, J. (2009), 'The Rise of the Competition State in the Visegrád Four: Internationalization of the State as a Local Project', in J. Drahokoupil, B. van Apeldoorn and L. Horn (eds), *Contradiction and Limits of Neoliberal European Governance*. Basingstoke: Palgrave Macmillan, 187-208.

Drahokoupil, J., van Apeldoorn, B. and Horn, L. (2009) 'Introduction: Towards a Critical Political Economy of European Governance', in J. Drahokoupil, B. van Apeldoorn and L. Horn (eds), *Contradiction and Limits of Neoliberal European Governance*. Basingstoke: Palgrave Macmillan, 1-20.

Dyson, K and Featherstone, K. (1996), 'EMU and Economic Governance in Germany', *German Politics*, 5(3): 325-55.

Eppler, A. and Scheller, H (eds) (2013), *Zur Konzeptionalisierung europäischer Desintegration: Zug- und Gegenkräfte im europäischen Integrationsprozess*. Baden-Baden: Nomos.

Epstein, R and Rhodes, M. (2014), 'International in Life, national in Death? Banking Nationalism on the Road to Banking Union', Working paper no. 61 (Berlin: Free University KFG The Transformative Power of Europe), http://userpage.fu-berlin.de/kfgeu/kfgwp/wpseries/WorkingPaperKFG_61.pdf, accessed 21 May 2015.

Ferrera, M. (2014), 'Solidarity in Europe after the Crisis', *Constellations*, 21(2): 222-38.

Giddens, A. (1984). *The constitution of society: Outline of the theory of structuration*. Cambridge: Polity Press.

Gill, S. (2001) 'Constitutionalising Capital: EMU and Disciplinary Neo-Liberalism' in A. Bieler and A. Morton (eds.) *Social Forces in the making of the new Europe: the restructuring of European social relations in the global political economy*. Basingstoke: Palgrave Macmillan, 47-69.

Gramsci, A. (1971) *Selections from the Prison Notebooks*. London: Lawrence and Wishart.

Hermann, C. and Hofbauer, I. (2007), 'The European social model: Between competitive modernisation and neoliberal resistance', *Capital & Class*, 31: 125-39.

Hooghe, L. and Marks, G. (2009) 'A Postfunctionalist Theory of European Integration: From Permissive Consensus to Constraining Dissensus', *British Journal of Political Science*, 39(1): 1-23.

Ioannou, D., Leblond, P. and Niemann, A. (2015), 'European integration and the crisis: practice and theory', *Journal of European Public Policy*, 22(2): 155-76.

Jachtenfuchs, M., Diez, T. Jung, S. (1998) 'Which Europe? Conflicting Models of a Legitimate European Political Order', *European Journal of International Relations*, 4(4): 409-45.

Jacoby, W. (2014), 'The Politics of the Eurozone Crisis: Two Puzzles behind the German Consensus', *German Politics and Society*, 32(2): 70-85.

Jessop, B. (2004) 'Multi-level Governance and Multi-level Metagovernance' in Bache, I. and Flinders, M. (eds.) *Multi-level Governance*. Oxford: Oxford University Press, 49-74.

Joseph, J. (2008) 'Hegemony and the Structure-Agency Problem in International Relations: A Scientific Realist Contribution', *Review of International Studies* 34(1): 109-128.

Jupille, J. (2006), 'Knowing Europe: metatheory and methodology in European Studies', in M. Cini and A. Bourne (eds), *Palgrave Advances in European Union Studies*. Basingstoke: Palgrave Macmillan, 209-32.

Kannankulam, J. (2013), 'Die Euro-Krise zwischen miteinander ringenden Hegemonieprojekten und autoritärem Etatismus', in Büsing, H., Eis, A and Klöpffer, M (eds), *Demokratie in der Krise. Krisenpolitik und demokratische Legitimation*. Oldenburg: BIS-Verlag, 17-33.

Krotz, U. and Schild, J. (2013), *Shaping Europe: France, Germany, and Embedded Bilateralism from the Elysée Treaty to Twenty-First Century Politics*. Oxford: Oxford University Press.

Ludlam, S. (1998), 'The Cauldron: Conservative Parliamentarians and European Integration', in D. Baker and D. Seawright (eds), *Britain For and Against Europe: British Politics and the Question of European Integration*. Oxford: Clarendon Press, 31-56.

Marcussen, M., Risse, T., Engelmann-Martin, D., Knopf, H.J. and Roscher, K. (1999) 'Constructing Europe? The evolution of French, British and German nation state identities', *Journal of European Public Policy*, 6(4): 614-33.

Marks, G., Hooghe, L. and Blank, K. (1996), 'European Integration from the 1980s: State-Centric v. Multi-level Governance', *Journal of Common Market Studies*, 34(3): 341-78.

McCauley, D. (2011), 'Bottom-Up Europeanization Exposed: Social Movement Theory and Non-state Actors in France', *Journal of Common Market Studies*, 49(5): 1019-1042.

Moravcsik, A. (1993), 'Preferences and Power in the European Community: A Liberal Intergovernmentalist Approach', *Journal of Common Market Studies*, 31(4): 473-524.

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

Niemann, A. and Ioannou, D. (2015), 'European economic integration in times of crisis: a case of neofunctionalism?', *Journal of European Public Policy*, 22(2): 196-218.

Paterson, W. (2011), 'The Reluctant Hegemon? Germany Moves Centre Stage in the European Union', *Journal of Common Market Studies*, 49(Annual Review): 57-75.

Pierson, P. (1996), 'The Path to European Integration: A Historical Institutional Analysis', *Comparative Political Studies*, 29(2): 123-63.

- Puchala, D. (1971), 'Of Blind Men, Elephants and International Integration', *Journal of Common Market Studies*, 10(3): 267–84.
- Rinke, A. (2013), 'Luxembourg minister says Germany seeks euro zone "hegemony"', Reuters, March 26, <http://uk.reuters.com/article/2013/03/26/uk-eurozone-cyprus-luxembourg-germany-idUKBRE92P0XH20130326>, accessed 22 May 2015.
- Ryner, M. (2012), 'Financial Crisis, Orthodoxy and Heterodoxy in the Production of Knowledge about the EU', *Millennium: Journal of International Studies*, 40(3): 647-73.
- Ryner, M. (2015), 'Europe's ordoliberal iron cage: critical political economy, the euro area crisis and its management', *Journal of European Public Policy*, 22(2): 275-94.
- Schimmelfennig, F. (2012), 'Zwischen Neo- und Postfunktionalismus: Die Integrationstheorien und die Eurokrise', *Politische Vierteljahresschrift*, 53(3): 394-413.
- Schimmelfennig, F. (2014), 'European Integration in the Euro Crisis: The Limits of Postfunctionalism', *Journal of European Integration*, 36(3): 321-37.
- Schimmelfennig, F. (2015a), 'Liberal intergovernmentalism and the euro area crisis', *Journal of European Public Policy*, 22(2): 177-95.
- Schimmelfennig, F. (2015b), 'What's the News in "New Intergovernmentalism"? A Critique of Bickerton, Hodson and Puetter', *Journal of Common Market Studies*, 53(4): 723-30.
- van Apeldoorn, B. (2000), 'Transnational Class Agency and European Governance: The Case of the European Round Table of Industrialists', *New Political Economy*, 5(2): 157-81
- van Apeldoorn, B. (2001), 'The Struggle Over European Order: Transnational Class Agency in the Making of "Embedded Neoliberalism"', in A. Bieler and A.D. Morton (eds) *Social Forces in the Making of the New Europe: the Restructuring of European Social Relations in the Global Political Economy*. Basingstoke: Palgrave, 70-89.
- van Apeldoorn, B. (2009) 'The Contradictions of "Embedded Neoliberalism" and Europe's Multilevel Legitimacy Crisis: The European Project and its Limits', in J. Drahokoupil, B. van Apeldoorn and L. Horn (eds), *Contradiction and Limits of Neoliberal European Governance*. Basingstoke: Palgrave Macmillan, 21-44.
- van Apeldoorn, B. (2012), 'The eurocrisis and the crisis of neoliberal Europe: dilemmas for Europe's transnational corporate elite', *Corporate Europe Observatory*, 23 April, at <http://corporateeurope.org/2012/04/eurocrisis-and->

[crisis-neoliberal-europe-dilemmas-europe-transnational-corporate-elite](#), accessed 21 May 2015.

van Apeldoorn, B. and Overbeek, H. (2012) 'Introduction: The life course of the neoliberal project and the global crisis', in Overbeek, H. and van Apeldoorn, B. (eds.) *Neoliberalism in Crisis*. Basingstoke: Palgrave, 1-22.

Verdun, A. (2003), 'An American/European Divide in European Integration Studies – Bridging the Gap with International Political Economy', *Journal of European Public Policy*, 10(1): 84-101.

Vollaard, H. (2014), 'Explaining European Disintegration', *Journal of Common Market Studies*, 52(5): 1142–59.

Waever, O. (2002) 'Identity, Communities and Foreign Policy: Discourse Analysis as Foreign Policy Theory' in Hansen, L. and Waever, O. (eds) *European Integration and National Identity: The Challenge of the Nordic States*. London: Routledge, 20-49.

Webber, D. (2014), 'How likely is it that the European Union will disintegrate? A critical analysis of competing theoretical perspectives', *European Journal of International Relations*, 20(2): 341-65.

Wendt, A. (1987) 'The Agent-Structure Problem in International Relations Theory', *International Organization*, 41(3): 335–70.

Wiener, A. and Diez, T. (eds) (2009), *European Integration Theory*. 2nd edition, Oxford: Oxford University Press.

Wight, C. (2006) *Agents, Structure and International Relations: Politics as Ontology*. Cambridge: Cambridge University Press.