IV. International Political Economy

C. Integration

Realism and “Integration”

- Realism
  - Anarchy, sovereignty, and self-help
  - Cooperation: balance of power and alliance
  - U.S.-China alliance against State A
  - State B
  - State C

Liberalism and Integration

- Liberalism
  - Individuals
  - Issue-specific cooperation
  - Spill over to other areas

European Union Background

- European Coal and Steel Community in 1951
  - Saarland and Franco-German conflict
    - Coalfields
    - Germany (1870s-), France (1918-) . . .
  - Schuman Plan
    - Controlled by the ECSC
    - Technical cooperation
The Treaty of Rome in 1957

- European Atomic Energy Commission
- European Economic Community
  (=>European Community: EC)
  - Unified tariffs
  - Common market: free mobility
    - French agriculture’s access to Germany
    - Germany industry’s access to France
  - Common agricultural market
    - EU-based subsidies

Maastricht agreement in 1991

- The collapse of East Germany and German Reunification
  - United Germany as a potential threat
  - Subordination of German to European imperatives
- The extension of EU authority to other areas, such as education, health policy, consumer protection, etc.
- Euro: common currency
  - European Central Bank
  - End of country-based monetary policy

EU Government Structure

- The Council of Ministers
  - Consensus voting
- European Commission
  - Day to day operation
  - Eurocrats
- European Parliament
  - Directed elected members
  - Not yet influential
- European Court of Justice
  - Binding rules

Expansion

- Original Six members--Belgium, France, West Germany, Italy, Luxemburg, and the Netherlands
- Denmark, Ireland, and the UK in 1973
- Greece in 1981, Portugal and Spain in 1986
- Austria, Finland, and Sweden in 1995
- Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia in 2004
- Bulgaria and Romania expected. Turkey possible
Discussion

• Why integration develops?
• Realist-mercantilist argument
  – Threat
    • Security: Soviet
    • Economic: Japan and East Asian Countries
• Liberal argument
  – Development of interdependence
  – Diffusion of ideas (human rights)