

European Union: Economic Integration or Political Integration? and Understanding of the EU's Decision-Making Process

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Abstract

The main purposes of this study were (1) to develop understanding of the nature of the European Union motives and trying to answer questions; is the EU a political or an economic union (2) to examine the agenda setting process in EU's decision making by looking at the EU policy making procedures and the distribution of agenda setting power to the EU main institutions. This study focuses on various empirical studies and use of both the qualitative and quantitative methods. The study revealed that (1) The EU, being one of the strongest regional blocs nowadays despite the EU still exist with a survival matter towards integrated union, both economically and politically ; (2) Yet, as long as these the EU member countries are

concerned with national sovereignty and interests, an integrative union remains a challenge ; and (3) In the complexity of the legislative procedures in the EU, not only the Commission but also the Parliament and the Council were granted the agenda setting power with different leverage.

Keywords: economic integration, European Union, Political Union

สหภาพยุโรป: การรวมกลุ่มทางเศรษฐกิจ หรือสหภาพทางการเมือง และความเข้าใจ ในเรื่องกระบวนการตัดสินใจของอียู

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บทคัดย่อ

วัตถุประสงค์หลักของการศึกษานี้คือ (1) เพื่อพัฒนาความเข้าใจในเรื่องของลักษณะการรวมกลุ่มของสหภาพยุโรปและเพื่อที่จะตอบคำถามที่ว่า: สหภาพยุโรปเป็นสหภาพทางการเมืองหรือเป็นการรวมกลุ่มกันทางด้านเศรษฐกิจ (2) เพื่อตรวจสอบกระบวนการที่ใช้ในการตัดสินใจภายในของสหภาพยุโรป โดยพิจารณาจากกระบวนการกำหนดนโยบายภายในของสหภาพยุโรป และการจัดสรรอำนาจในสถาบันหลักของอียู การศึกษานี้มุ่งเน้นไปที่การศึกษาเชิงประจักษ์โดยใช้ทั้งวิธีศึกษาแบบเชิงคุณภาพและเชิงปริมาณควบคู่กัน จากการศึกษาพบว่า (1) สหภาพยุโรปยังเป็นหนึ่งในการร่วมตัวของกลุ่มภูมิภาคที่เข้มแข็งที่สุดใน

ยุคปัจจุบันแม้ว่าจะยังคงเผชิญปัญหาในการด้าน
ความอยู่รอดของกระบวนการบูรณาการทั้งทางด้าน
เศรษฐกิจและการเมือง (2) トラバドที่อธิปไตยและผล
ประโยชน์ของชาติเป็นสิ่งสำคัญสำหรับประเทศต่าง ๆ
ของสหภาพยุโรป กระบวนการบูรณาการก็ยังคงเป็น
สิ่งที่ท้าทายสำหรับสหภาพยุโรป (3) จากความซับซ้อน
ของขั้นตอนการออกกฎหมายในสหภาพยุโรปพบว่า
ไม่เพียงแต่คณะกรรมการของสหภาพยุโรปเท่านั้น
ที่มีอำนาจในการตัดสินใจกิจการภายในของยุโรป แต่
สมาชิกของรัฐสภาและสภาของยุโรปก็มีสิทธิอำนาจ
ในการตัดสินใจในระดับที่แตกต่างกันออกไปด้วย

Introduction

“European integration¹ resulted from a series of rational choices² made by national leaders³ who consistently pursued economic interests”. Discuss in relation to the agreement on the Maastricht Treaty⁴.

The Post-World War II era demonstrated to European integration’s advocates that tackling institutionally the political and the economic challenges of a fragmented Europe is the key to union. Hence, the European states aimed for a European integration ranging from trade agreements, human rights, political decisions and policy coordination.

This article aims mainly at investigating the nature of the European Union (EU) motives; is the EU a political or an economic union? In order to answer this quest, the article looks at the nature of the Union’s orientations from policy-making actors as one level of analysis i.e. political leaders, and what interests are they guided by; economic interests or political ones.

Furthermore, nowadays, the European Union has become the most highly institutionalized international organization in the world: its membership has multiplied nearly fivefold; the scope integration and the areas within its competency have significantly expanded; and accordingly, the sophistication as well as complexity of its legislative decision making procedures have immensely increased.

This development process, where the incremental development of competences has been presented as EU’s core and the range of areas which are brought to supranational level to form the union’s policy has become the engine for its advancement, has proved the significant importance of agenda setting - which means even more than putting issues on the agenda. Indeed, agenda setting is a

cumulative course in which issues are recognized by policy makers, and then effectively framed and put forward in the agenda so that it would radiate the most powerful impact in the adoption of the policy.

Research Question

1. What is needed for European integration: political integration or economic integration?
2. Who has the “Agenda Setting” Power in EU’s Decision Making?

Problem statement

While some intellectuals argue that the main motivation behind founding the EU was first and foremost economics others gave more weight to politics as being the chief drive to form the union.

Cameron states: *“The EU can be considered as political actors motivated by self-interest and influenced by considerations of position and power in the international system.”*⁶

The EU developed institutionally in achieving co-operation⁶, while transferring part of their ‘national sovereignty’ to supranational institutions i.e. the European Commission, Council, Parliament and Court of Justice. De Grauwe believes that the member states have transferred their ‘sovereignty’ to the European institutions in some areas and maintained it in others. This transfer has been in the areas of: agriculture, competition policy, external trade policy. While, it has been limited in the areas of: taxation, social security, wage policies, defense and foreign policies.⁷ Thus, sovereignty dilemma has created a relative integration of the EU, when disintegration threatens the future of a holistic regional bloc.

This paper also is an effort to examine the agenda setting process and its influence in EU's decision making by looking at the EU policy making procedures and the distribution of agenda setting power to EU main institutions in these processes, namely the European Commission, the Council of Ministers, and European Parliament; as well as the consequent weight that it cast on the policy outcomes.

It is generally recognized that the European Commission almost has the formal monopoly over policy initiation. However, it is possible for the Council - which is composed of ministers from the member countries with substantial powers over the informal agenda setting process, and the Parliament - which has the power to pass certain legislation under the “cooperation” procedure, to have their desired issues brought into consideration.⁸

Examination of each procedure in EU's legislative process also revealed the systematic variation of agenda setting power contribution: while under “consultation” procedure the agenda setting power is granted to the Commission, this power is shared with the Parliament under the “cooperation” procedure, and “codecision” procedure “makes the Council the effective agenda setter”⁹. Therefore, the paper first examines the EU's legislative procedures and the interactions among the Commission, the Council, and the Parliament as they reflect the systematic change of balance in legislative power between the institutions; and then attempts to analyze the agenda setting power in each institution as well as and the influences on the policy outcomes.

What is the European Union?

According to Sergio Fabbrini, the EU is a union of demographically

asymmetrical states who are nationally, linguistically, culturally differentiated, yet, it 'hardly' accommodates centralizing processes of representation and decision-making, due to multiple states structures. This asymmetry has created divides among the EU members. Consequently, the EU lacks a constitution in settling possible interstate disputes.¹⁰

Fabbrini states:

*"The EU shares aspects of a 'compound union', or a union of states whose institutional design is targeted toward ameliorating tensions both between the member states and the overarching government. In order to nudge the EU toward a more coherent version of this type of democratic model, more clear separation of powers between the EU bodies as individual institutions would have to be formally realized. The principal of unanimity (union) regarding the amendment of treaties also may bear abolition as the text convincingly makes the case that this condition of unanimity has led to a tyranny of the minority with regard to EU integration."*¹¹

Theoretical Framework

To approach the quest of EU's integration, this paper discusses three theories to support on this research, namely; Functionalism, Intergovernmentalism and Institutionalism:

1. Functionalism:

According to Zeff and Pirro: *"Functionalism was the preferred explanation for how Europe would integrate its member states."*¹² As the EU has evolved throughout a series of negotiations, treaties, institutions, objectives, existential/full integration was of major challenge

among the member states who attempt from one hand to co-operate (even though limited) and from another to uphold state sovereignty. Schumann developed the idea of gradualism. To him, the coal and steel industries will pave the way to upcoming projects in other areas than industry, and inevitably to European integration.¹³ This implies that the member states have to create common activities, deliberately give up their national sovereignty, when interests merge for a functional Europe. This would facilitate the functions assigned to the institutions and synchronize their tasks. The ultimate objective, accordingly, is to transfer economic orientations into political ones.

2. Intergovernmentalism:

As Andrew Moravcsik applied the theory of Realism (in the field of International Relations)¹⁴ to European integration in developing the theory of intergovernmentalism in his volume *"A Choice for Europe"*. He believes that national states have built European institutions in order to pursue the economic interests of their domestic affairs.¹⁵ Intergovernmentalism vis-à-vis EU's integration theory relates the domestic economic interests to national attitudes and policies.¹⁶ For instance, United Kingdom, Denmark, and Ireland were primary concerned about their national sovereignty before joining the EU. Besides, rhetoric engendered concerns about economy at the expense of integrative policies. Academic literatures refer to this behavior as 'Euro-skepticism'. Having this in mind, intergovernmentalists' hypothesis is that "European integration is determined by states' interests and negotiations, giving that integration only takes place if there is a permanent excess of gains and losses for nation-states."¹⁷ The member states structure their domestic affairs, as far as the national political

level is concerned, based on internal considerations.¹⁸

On the other hand, in Monavcsik's *Europe after the Crisis, how to sustain a common currency, we read the following:*

*"The problem is the result of a fundamental disequilibrium within the single currency zone, which applies a single monetary policy and a single exchange rate to a diverse group of countries. Policy proposals for budgetary austerity, the micromanagement of national budgets, fiscal federalism, bailouts, or large funds to stave off speculators are insufficient to solve this problem alone. Instead, Europeans should trust in the essentially democratic nature of the EU, which will encourage them to distribute the costs of convergence more fairly within and among countries. The burden must be shifted from Europe's public sectors and deficit countries to its private sectors and surplus countries. If this does not occur, the survival of the euro will be called into question and Europe will face a long-term economic catastrophe that could drain its wealth and power for the rest of this decade and beyond."*¹⁹

Combining the responsibilities of the public (nation-states) and private sectors (banks and financial institutions), the author's proposal argues for equilibrium, trust, shared responsibilities among member states. Yet, sovereignty dilemma still persists. According to Monavcsik: *"Governments only transfer sovereignty to institutions where potential joint gains are large, but efforts to secure compliance by other governments through decentralized means are likely to be ineffective."*²⁰

3. Institutionalism:

Institutionalist approach, on the other hand, has "constituted the conventional theoretical wisdom of European studies" ever since the 1960s and the new institutionalisms have been adopted widely by

students of European integration within the past decade.²¹ This paper uses supranational institutional approach and the principal-agent framework to examine the agenda shaping power and its influence in EU's decision making. Basically, the approach accepts the key role of member states in the integration process as well as their utmost importance in certain policy procedures. However, they are constrained by voting rules and procedures in EU's legislation procedures; the existing levels of integration; as well as factors that make the principals unable to control agent such as the agent's possession of greater information, and the principals' inability to project the outcomes of agent's actions.

Thus, supranational institutions have a certain amount of autonomy and ability to influence European integration against the preferences of member states. EU's institutions, therefore, are put under more thorough examination with this approach, which make their independence and institutional power more comprehensively exposed.

European Integration

The history of European integration is complex²³, because political actors i.e. governments, technocrats, interest groups, lobbies pursue diverse²⁴ economic and political goals.²⁵ However, EU's state members pursued 'their' own economic benefits at the expense of 'their' political integration.

Schumann Declaration

The founding document of European integration is the Schumann

Declaration²⁶ (9th May, 1950) which advocated for “*Franco-German production of coal and steel as a whole to be placed under a common High Authority, within the framework of an organization opened to the participation of the other countries of Europe.*”²⁷ Justified by security, it aimed to prevent any potential war between France and Germany, and make it “*not merely unthinkable, but materially impossible.*”²⁸

This project paved, plausibly, the way to initial steps towards a more relevant project i.e. federation. As a result, partial integration in coal and steel industry was practical, but possible integration in sensitive areas (collective defense and policy coordination) is faced by political opposition.²⁹

Having said that, to speak of the European integration, according to Fraser Cameron, is to take into consideration the main factors which made initially the union possible. These factors are³⁰:

1. Visionary politicians: Robert Schuman (France) and Konrad Adenauer (Germany)³¹ advocated a political project based on supranational “community model”³² instead of balance-of-power.

2. The US support: It helped advancing the European vision of Union, extensively known as the ‘United States of Europe’, advocated by Sir Winston Churchill during Zurich Speech in September 19th, 1946.³³

3. Politics of consciousness: Beside the political will to construct common institutions towards integration, the EU approach is based on solidarity, and support in times of ease and hardship.³⁴

These factors lacked *validity* when economics clash with politics, with the persistence of diverse systems, the same thing i.e. political

union, could mean different things to the member states. Besides, Spolaore contends that the history of European integration reflects the tension between the role of supranational institutions (functionalism) and the power and interests of national governments (intergovernmentalism).³⁵

Other literatures conclude that integration was successful with respect to regulatory authority transfers to independent supranational institutions, while proposals to strengthen the political dimension of integration largely failed.³⁶

France and Germany's positions on European integration

The Maastricht resolutions demonstrated that states mainly France and Germany defended two different integration projects. The Bundesbank President, Hans Tietmeyer, constantly called for 'deeper political integration', arguing that

*"The monetary union needed an extensive political underpinning in the form of significant transfers of fiscal, tax and wage authority to the European level".*³⁷ Contrary, the French President opposed substantial transfers of national sovereignty and called for a flexible application of the Maastricht criteria.³⁸ The conflicting position among state members is considered also an obstacle to an integrative Europe, because to state interests, and relative gains.

What is needed for European integration: political integration or economic integration or both?

According to Brou and Ruta, when economic integration is related to political integration, innovation and growth tend to be stronger and welfare higher.³⁹ The researchers have found that political and

economic integration are complementary. They state:

"This result is contrary to the previous literature which treats political integration as a way of expanding economic markets when the option of economic integration is not available. By contrast, we conclude that, participation in both the economic and political spheres⁴⁰; political integration prevents economic integration from skewing incentives away from productive activity."⁴¹

EU and the question of survival on economic and political integration

The discuss the question of EU's survival, it is believed that the European Commission's speech is responding to the thesis's assumption, and tackles the drawbacks of a relative union among EU's member states. José Manuel Durão Barroso stated:

"If Europe is to maintain its leading role, we need to reinforce our institutions and improve the governance structures. We must realise that our member states, even the biggest ones, are no longer capable of facing up to some of the challenges that a globalised economy puts them and act on this. But they can do it together in the EU, if they are able to pool their national sovereignty. This is not about losing sovereignty; it is about pooling it to be stronger, about sharing power to regain power and influence in the world. And it is not about giving up on politics, it is about adapting our political toolbox to make a difference and help shape globalization. Politics matters⁴² ...It's impossible to take decisions that are looking only into the national interests, because national interests should be understood and promoted...in the context of the regional or global challenges. So it's a change in the shape or

*the form of politics, but not the irrelevance of politics. It is not the supremacy of technocratic decisions, because even when there is a choice of technocratic decisions this is a political choice. And it's important from that point of view to still keep the idea of the primacy of politics. Political union is a key complement to fiscal and economic integration. Europe's democratic legitimacy and accountability must keep pace with its increase role and power.*⁴³

Procedures in EU's decision making

The Treaty of Lisbon entered into force on 1 December 2009, grouped the former consultative, cooperation and assent procedures together and put under the title of "Special legislative procedures."⁴⁴ They are procedures to be used for sensitive areas, namely: treaty revision, EU's certain international agreements, uniform procedure for elections, accession of new member states, and violation of human rights (equivalent to the former "assent" procedure); rules for the multilateral surveillance procedure, prohibition on privileged access to financial institutions, and prohibition on assuming liability for member states' commitments (equivalent to the former "cooperation" procedure); and cases that are not expressly subject to the cooperation or codecision procedures (equivalent to the former "consultation" procedure).⁴⁵

Similar with the special legislative procedure, with the Treaty of Lisbon, the former "codecision" procedure - the most legitimate from a democratic point of view and the most widely - used - was renamed "ordinary legislative procedure". Article 294 stipulates that the modalities of this ordinary legislative procedure remain the same as those of the former "codecision" procedure.⁴⁶

As the nature of the procedures remain the same, this paper uses the former titles for a better and detailed understanding which would also be synchronized with the traditional literature of European studies.

Assent procedure

The procedure was introduced by the Single European Act which was signed in 1986 and modified at Maastricht in 1992. Being one vestige of the Luxembourg compromise that governed decision making in the EU approximately from 1966 to 1986, although the procedure gave the formal right to propose to the Commission, those proposals must receive unanimous support in the Council to become law. It would have been a form of pure intergovernmentalism of the Luxembourg compromise it had not been the introduction of a parliamentary veto in which the Council can not legislate without consent by absolute majority from the Parliament. However, the Parliament would not opt for this alternative in practice considering that alternatives from the Council will always be more preferable than no reform at all.

Keeping in mind the theoretical framework which assumes Status Quo as the preference point of the least integrationist or least harmonized government in the Council and other members of the Council as well as the Commission and the Parliament take the most integrationist or harmonized position in the EU; policy outcome of the unanimous voting in the Council would not eliminate the preference of that least integrationist government.⁴⁷ Only with the replacement of unanimity by qualified majority voting in other procedures, other determiners can influence the policy outcomes.

Consultation procedure

This procedure was introduced in the Rome Treaty in 1957, but was not in use until 1980s due to the influence of the Luxembourg compromise. The essence of the procedure is the “consultation” between the Council and the Commission, with advice from the Parliament.

As the Council’s qualified majority voting is used in the “consultation” procedure and the Commission wants to make the most pro-integrationist proposal that would be passed in the Council, it will make the proposal closest to the desired outcome of the pivotal member in the Council.⁴⁸ However, the Parliament does not share power in this procedure, as their opinions on Commission’s proposals do not carry obligatory characteristic. Certain stages are required before the Council decides on any issues including not only the Commission, the Council and the Parliament, but also the European Economic and Social Committee and the Committee of the Regions, depending on the subject which is due in the decision making process.

Cooperation procedure

The procedure, which was introduced by the Single European Act, gave a considerable legislative role for the European Parliament when the Parliament can make amendments to both Commission proposals and Council common positions and thus, attains conditional agenda setting.

More detailed description and noteworthy changes of the procedure can be seen in the above diagram: the common position which is adopted by the Council will be examined by the Parliament and voted for in the institution under absolute majority rule. The

Parliament then can choose to accept the Council's common position and it becomes law. If the Parliament rejects the common position, this can only be overridden by the Council unanimously. In the case the Parliament wants to amend the common position, the amendments will be sent back to the Commission for consideration. If the Commission accepts Parliament's amended bill, it will be voted in the Council under qualified majority rule or can be amended unanimously. If the Commission rejects the amended bill, it will lapse unless it is supported unanimously in the Council.⁴⁹

Codecision Procedure

"Codecision" procedure was first introduced in the Treaty on European Union signed at Maastricht, and was considered as an extension of the "cooperation" procedure. The different of "codecision" procedure lay in the Conciliation Committee made up of representatives from the Council and Parliament to address the disagreements between two bodies which would curb the Council's capability in the "cooperation" process to disregard the opinion of Parliament in unanimous act.

In case the Conciliation Committee could not agree to a joint text, the Council could reaffirm its prior common position, possibly with amendments proposed by the Parliament. Unless an absolute majority of members in the Parliaments vetoes the common position, this proposal becomes law. It appeared again in Amsterdam treaty in 1997 and modified arrangements for Conciliation Committees to stay at the last stage of the process.

Therefore, if the Council and the Parliament cannot agree to a joint text the proposed legislation will lapse. In other words, the last

two stages formulated before - “the Council’s final proposal to the Parliament and Parliament’s decision whether to revert to the status quo” - were removed.⁵⁰

“Agenda setting” power

It should be clarified that agenda setting power is not only limited in the “procedural agenda setting” in which a proposal is put forward so that it can be more easily adopted than amended. Moving beyond the power to structure the choices of the decision makers in the process, agenda setting power is also the ability of a “policy entrepreneur” to set the substantive agenda by defining issues and presenting proposals that gain consensus among the final decision makers.⁵¹

The European Commission

The right to initiate proposals is authorized solely to the Commission in almost all of the procedures. The principal-agent provides a framework for understanding the power of Commission through and from the agenda setting capability. The reasons behind governments renouncements over a range of rights and their delegation of the competencies controlling these rights which were created through the preparation and implementation of Community law to the Commission are their calculations of interests in transaction cost savings, facilitating credible policy commitments, improving decision making efficiency, and shift blame for unpopular decisions and policy failures.⁵²

Governments expected that the control mechanisms would rule

out the cases where delegated competencies can be used against their interests: for example, governments can appoint their partisans for authorization in the Commission and not reappoint those who do not act in their interests. Au contraire, as the Commission can use the asymmetrical knowledge and expertise arising out of its specific mandate⁵³ and exploit differences in interests among multiple principals⁵⁴, it can secure its preferences and enhance its influence on the EU's decision making and integration process. Article 157 of the Rome Treaty stipulates the "indisputable independence" for the Commission and their right to not to "seek or accept instructions from any government" in the performance of their duties.⁵⁵ Furthermore, as the Commission appointment must be approved by all governments, nominations in the interest of only one government are not feasible.

However, the importance of agenda setting and thus, the Commission's power are often downplayed in the EU's legislative procedures. With qualified majority voting placed in the play, the Commission has the advantage that Council adopts a proposal more easily than to alter it, which requires unanimity. The "consultation" procedure is the first hallmark where the agenda setting power of the Commission is widely recognized as it requires at least three governments from the largest member states to vote against a proposal to dismiss it and individual governments do not possess veto power over its proposals.

Additionally, empirical studies of specific cases has showed that as a guardian of the Treaty and as an administrator of European competition law, the Commission can use its agenda setting power as well as its competencies to "manipulate either the Council's default

condition of decision making or the preferences of some of its members". The strategies in use include the "divide-and-conquer" strategy, in which the Commission isolates member states who are pressured into enacting domestic changes; and the strategy to threaten legal uncertainty and fragmentation ensuing from the case-specific transformation of the Status quo through Court rulings.⁵⁶ In these cases, the Commission uses its agenda setting power as a resource to influence the decision making procedures.

It can be interpreted from article 17 of the Lisbon Treaty which reads: "[the Commission] shall initiate the Union's annual and multiannual programming with a view to achieving interinstitutional agreements"⁵⁷, both in the sense that the official agenda setting power is granted to the Commission and that it is the Treaty obligation for the Commissions to reach an interinstitutional agreement on programming with both the Council of Ministers and European Parliament.

Even though no actual working procedure on how to reach this interinstitutional agreement on agenda setting has been projected, the rules and regulations in the treaties as well as the practice in EU's legislative procedures have proved that the Parliament and Council indeed can attain and utilize the conditional agenda setting power under specific conditions.

European Parliament

It is often claimed that the European Parliament is rather weak in decision making procedure compared to the Council. However, successive reforms in EU treaties since the mid-1980s have effectively

stepped up its power. The “cooperation” procedure presents a mechanism in which the Parliament gained the conditional agenda setting power. Analyzing the procedure, it can be seen that after the Parliament considers Commissions proposals, if Parliament’s amendments are accepted by the Commission, the proposal will be voted in the Council by qualified majority voting.

In this procedure, the Commission and Parliament can work on the most pro-integration proposal that would likely win the support in the Council. Looking at the issue from a different angle, if the Parliament can present a proposal that makes the Commission and the Council (under qualified majority vote) better off than either the status quo (which is not majorly preferred in the Council) or the Council’s desired outcome (which the Commission is against), this proposal will be approved by both the Commission and the Council.⁵⁸

Following the procedure we can also see three cases which would happen next when the Parliament makes amendments to Council common positions. They were mentioned earlier in “cooperation” procedure. Notably, the Parliament can force the Council to act unanimously in the case when it rejects the common position. Taking the Commission into account, the Council can be forced to choose either the Commission and Parliament’s proposal or the status quo instead of implementing its preferred policy.⁵⁹ By that mean, the Parliament can gain and utilize the agenda setting power in the procedure.

Council of the European Union

Formal agenda setting has never been attributed to the Council of European Union as one of its powers in the decision making process.

However, considering the conditional agenda setting power, in the “codecision” procedure, Commission has become less effective as it is structurally unable to affect the decisions of the Parliament and the Commission. Instead, the Parliament and the Council have opportunities to come up with their own legislative proposals in and after the Conciliation Committee.

Looking at the voting patterns in the “codecision” procedure would help to explain how the Council gains agenda setting power. The Parliament has the right to amend or reject the common position of the council rather than to pass it under this procedure. Then if the Parliament fails in absolute voting to change the common position, the Council’s proposal is accepted. Even in case the Council does not accept the Parliament’s proposal after the first reading, this requirement of voting in the Parliament makes it possible to get Council’s counter-proposal accepted if the Parliament can not reach an absolute majority voting to amend or reject it.⁶⁰

It is also observable that when Conciliation Commission takes part in the “codecision” procedure, if the Conciliation Committee can not agree to a join text, agenda setting power will revert to the Council which can make proposal to the Parliament that it must accept or reject. Since the Parliament would not prefer returning of a legislative issue to the Status quo point, decision is more influenced by the Council than the Parliament.⁶¹

Conclusion

Integration is a complex mission when orientations are diverse. The EU, being one of the strongest regional blocs nowadays despite the thunders and heavy waves, still exist with a survival matter towards

integrated union, both economically and politically. Yet, as long as these asymmetrical states are concerned with national sovereignty and interests, an integrative union remains a challenge for the European Union. The EU needs to build comprehensively effective and efficient mechanisms to more understanding on the EU's decision-making process and how economic integration can lead to political integration in the European Union.

The agenda setting power is not only the "initial crucial veto"⁶² power which exerts its influence in the starting point of EU's policy making process. It is also the ability to set the substantive agenda by defining issues and putting forward proposals to gain consensus among the final decision makers. In the complexity of the legislative procedures in the EU, not only the Commission but also the Parliament and the Council were granted the agenda setting power with different weight and leverage. If the Commission's possession of agenda setting power is indisputable, not enough weight has been given to the power in the decision making process.

Basically, in the scope of this paper, it can be concluded that the formal agenda setting power of the Commission has been gradually lessened and the effective conditional agenda setting power has been granted to the union's other two institutions with the changes in EU's legislative regulations. Therefore, the actual agenda setting power and its influences in modern EU's legislative procedures can be estimated only if the interactions between EU's institutions to utilize this share of power granted to them in the scope of its treaties have been fully taken into account.

Another aspect relates to the analysis from the research showed

several facts to answer regards to the question that the EU is the European Union: the Economic Union or the Political Union or both? Considering from the European Union's objectives, the EU background setting is coming from different aspect, whether to promotion of peace among countries in the EU after the World War II, to create a well-being to the EU citizens, to support the freedom movement of people, to maintain a sustainable development based on balanced economic growth, and finally, the union need to be a free single market in the future.

Consequently, with the aim of the EU agenda setting above, is conclude that the European Union is setting from both of the economic and the political integration that have common purpose. The EU is not creating from only one aspect side but in fact, the union beginning from several perspectives to construct a union stronger, to make an economic greater and to have more political power by using the tool called "Integration". Therefore, this led to the numerous integrations in the EU following time. In sum without political integration action among the EU member are also mean lack of the economic integration in the EU, because both integration are performing to support each other and play as an important role to expanding several benefits of the EU.

Nevertheless, in many recent years, the EU faces a number of significant changes from political and economic pressures which led to an increase in uncertainty on the economic and politic integration of the EU. Most notably, "Brexit" vote in the UK, it heads to the concern of the EU people, how Brexit is going to affect the EU in the future?

This is a challenging and interesting question, however, many

critics have forecasted that “Brexit” will bring to the uncertainty several affects surrounding issues, particularly on economic and political integration of the EU, both in the short- and the long-term effects. In short-term, Brexit will bring to decrease the trade and political integration and interaction between the EU and UK. While, in the long-term, the big powerful countries like Germany and France could become more powerful and would seemingly launch for deeper on the EU integration. Even, the important questions on the Brexit whether Brexit would pretend an existential risk to the EU but is not least, depend on how the European Union able to finding a common resolution on its contemporary crises in the EU, maintaining the euro, discovering a common way on refugee crisis policy, and on its economic restoration and the UK would be welcomed back if voters overturn Brexit.

Finally, the real question is what kind of European Union, is Economic integration or Political integration? is not so important than the EU countries could come back and do more cooperative in various dimension to improve economic of the EU and making a strong political collaboration tie among members. This could bring the good image of the EU integration back to be a role model for regional integration for other regions.

Footnote

¹ A process of assimilating the European nations economically, socially, politically, and culturally, and combining their resources in creating a common entity with normalized institutions and common markets.

² One of the important terms in economics. It assumes that individuals always make careful and logical decisions which provide them with the greatest benefit or satisfaction and consequently high self-interest.

- ³ Official statesmen who represent the collective will of the respective European states. They meet on regular basis for decision-making.
- ⁴ Also known as the Treaty on European Union. It was signed on February 7, 1992 in Maastricht (Netherlands) by the leaders of 12 member nations with the intention to create a common economic and monetary union.
- ⁵ Fraser Cameron, "The EU Model of Integration- Relevance Elsewhere?" Jean Monnet Chair of the University of Miami, Florida. Vol.5 No.37 (December 2005)
- ⁶ Full co-operation does not exist among all members of the European Union, based on cost and benefit analysis. We can, however, speak of a relative co-operation in limited areas.
- ⁷ Paul De Grauwe, "Enlargement of the Euro Area, On Monetary and Political Union," CESifo Forum 4 (2006)
- ⁸ Guy Peters, "Agenda-setting in the European Community", Journal of European Public Policy, June 1994, p.15.
- ⁹ George Tsebelis and Geoffrey Garrett, "Agenda Setting Power, Power Indices, and Decision Making in the European Union", International Review of Law and Economics, Volume 16, Issue 3, 1996, p.346
- ¹⁰ Sergio Fabbrini, Which European Union? Europe After the Euro Crisis (Cambridge: Cambridge University Press, 2015)
- ¹¹ Anzur Clement Andrew, Sergio Fabbrini, Which European Union? Europe after the Euro Crisis, (Cambridge: Cambridge University Press, 2015), *Politique européenne* 3/2015 (N° 49), pp. 174-177.
- ¹² Eleanor E. Zeff and Ellen B. Pirro, The European Union and the member states, 3rd edition (Boulder: Lynne Rienner, 2015).
- ¹³ In Shumann's words "beginning with the coal and steel industries, cooperation in one functional area would move to other industries, including whole areas of commerce and trade with the ultimate result of spillover into political areas, leading to one Europe." Retrieved from Eleanor E. Zeff and Ellen B. Pirro, The European Union and the member states, 3rd edition (Boulder: Lynne Rienner, 2015).
- ¹⁴ The assumption is that nation-states, being the principle and important actors

i.e. rational actors, pursue their own national interests. Power is the key concept for analysis. Moravcsik also shares the assumption that nation-states are the most important and central units, and that the EU was nothing more than a group of states coming together for rational purposes (the growth of trade and economic development).

¹⁵ Moravcsik argued that the euro is considered as an 'economic gamble', reflecting the interests of powerful national producers. Andrew Moravcsik, "Europe after the Crisis, how to sustain a common currency," *Foreign Affairs*, (May/June, 2012).

¹⁶ Enrico Spolaore, "What Is European Integration Really About? A Political Guide for Economists," *Journal of Economic Perspectives*, Vol. 27, No. 3 (Summer 2013): 8

¹⁷ Julian Bergmann and Arne Niemann, "Theories of European Integration and their Contribution to the Study of European Foreign Policy" (Paper prepared for the 8th Pan-European Conference on International Relations, Warsaw, 2013,7)

¹⁸ The member states generally opt for domestic well-being and cooperation in trade, finance, transport, and other economic zones, not a union of states, due to national sovereignty, Euro-skepticism, risk aversion and cost-benefit outcomes.

¹⁹ Andrew Moravcsik, "Europe after the Crisis, how to sustain a common currency,"

²⁰ Andrew Moravcsik, *The Choice for Europe. Social Purpose and State Power from Messina to Maastricht* (Ithaca, New Jersey: Cornell University Press, 1998), 9

²¹ Donald J. Puchala, "Institutionalism, Intergovernmentalism and European Integration: A Review article", *Journal of Common Market Studies*, Volume 37, no. 2, June 1999, P.319

²² Jennifer R. Wozniak Boyle, "Conditional Leadership: The European Commission and European Regional Policy", *Lexington*, June 2006, pp.5-6

²³ Extensive readings can be done in understanding the argument of "deepening or widening"; should the EU increase political integration or accept new members? However, political integration cannot be understood if not linked with economic integration.

²⁴ These goals can be at times convergent and at others divergent. In other words,

the struggle between politics and economics persists in the survival of a homogeneous union.

²⁵ Spolaore, "What Is European Integration Really About? A Political Guide for Economists,"

²⁶ It was named after France's Foreign Minister Robert Schumann, proclaimed 'Father of Europe', and inspired by Jean Monnet, a businessman and civil servant who played a crucial role in setting up European institutions in the following years. The Schumann Declaration led to the European Coal and Steel Community (ECSC) among six countries (France, West Germany, Italy, the Netherlands, Belgium, and Luxembourg) in 1951. The ECSC was then used as the institutional template for two proposed communities: the European Defense Community (EDC) and the European Political Community (EPC), which included the formation of a common army, a common budget, and common institutions with significant legislative and executive powers, which would have basically amounted to a European federation.

²⁷ http://europa.eu/about-eu/basic-information/symbols/europe-day/schuman-declaration/index_en.htm

²⁸ Ibid

²⁹ Spolaore, "What Is European Integration Really About? A Political Guide for Economists,"⁷

³⁰ Cameron, "The European Union as a Model for Regional Integration," 1-8

³¹ Their Leadership brought into existence the Franco-German axis, despite their tensions and history of wars, the two were considered to be the driving force behind European integration.

³² The EU was fortunate in having the Founding Fathers (Robert Schuman, Aldo de Gasperi, Jean Monnet, and others) in the 1950s with the vision to create the supranational European institutions; Commission (executive), Parliament (legislative) and Court (judiciary). These institutions have helped instill a shared political culture and helped deal with diversity (linguistic and cultural) among the member states.

³³ The USA aspired to create a supranational entity for the Post World War II

European states.

³⁴ EU's politics of solidarity (argued by some academia to be relative or conditional) is a major challenge to integrated regional organizations. EU member states have demonstrated their willingness to push members in crisis by pulling financial aids and monetary support.

³⁵ Spolaore, "What Is European Integration Really About? A Political Guide for Economists," 8

³⁶ Fabio Wasserfalle, "Political and Economic Integration in the EU: The Case of Failed Tax Harmonization," *Journal of Common Market Studies* (2013):4

³⁷ Tietmeyer's proposal: "only a selected core group of Member States that were willing to pool core state powers should proceed with monetary integration." Quoted from Wasserfalle, "Political and Economic Integration in the EU: The Case of Failed Tax Harmonization,"⁴

³⁸ Wasserfalle, "Political and Economic Integration in the EU: The Case of Failed Tax Harmonization,"⁴

³⁹ Daniel Brou and Michele Ruta, "Economic integration, political integration or both?" (December, 2007)

⁴⁰ The researchers conducted studies of the impact of economic and political integration on firms' activities, and generally the consequences of political integration on economic growth.

⁴¹ Daniel Brou and Michele Ruta, "Economic integration, political integration or both?" 2-4

⁴² In response to people who believe that due developments on the financial markets or in technologies or ICTs, politics no longer matters. Barroso believes otherwise, stating that "it's a complete mistake." He also stated: "we can see from the financial crisis, where political mistakes were made, to the other crisis including in terms of war and peace, what happens when some leaders make mistakes."

⁴³ Speech of José Manuel Durão Barroso on the Political implications of European economic integration towards a political Union, European Commission, during the Annual meeting of Jean Monnet Chairs, Brussels, November 18th, 2013. accessed at: http://europa.eu/rapid/press-release_SPEECH-13-923_en.htm

- ⁴⁴ "Legislative procedures", The Lisbon Treaty: A Comprehensive guide, Official website of the European Union, http://europa.eu/legislation_summaries/institutional_affairs/treaties/lisbon_treaty/ai0016_en.htm
- ⁴⁵ "Process and players", Access to European Union law, http://old.eur-lex.europa.eu/en/droit_communaute/droit_communaute.htm#2.1
- ⁴⁶ "Legislative procedures", The Lisbon Treaty: A Comprehensive guide, Official website of the European Union, http://europa.eu/legislation_summaries/institutional_affairs/treaties/lisbon_treaty/ai0016_en.htm
- ⁴⁷ Christophe Crombez, "Legislative Procedures in the European Community", British Journal of Political Science, Volume 26, Issue 02, 1996, pp.199-288
- ⁴⁸ George Tsebelis and Geoffrey Garrett, "Agenda Setting Power, Power Indices, and Decision Making in the European Union", International Review of Law and Economics, Volume 16, Issue 3, 1996, p.353
- ⁴⁹ Andreas Maurer, "The Legislative Powers and Impact of the European Parliament", Journal of Common Market Studies, Volume 41, 2003, p 228-230
- ⁵⁰ George Tsebelis and Geoffrey Garret, "Legislative Politics in the European Union", European Union Politics, Volume 01 Issue 01, 2000, pp.13-14
- ⁵¹ Mark A. Pollack, "Delegation, Agency and Agenda Setting in the European Community", International Organization, Volume 51, Issue 01, Winter 1997, pp.121-124
- ⁵² Jonas Tallberg, "Delegation to Supranational Institutions: Why, How, and with What Consequences?", West European Politics Vol. 25, no.1, 2002, p.26
- ⁵³ Mathew D. McCubbins, Roger G. Noll, Barry R. Weingast, "Administrative Procedures in Instruments of Political Control", Journal of Law, Economics and Organization, Vol. 3, No.2, 1987, p.247
- ⁵⁴ Thomas H. Hammond, "Formal Theory and the Institutions of Governance", Governance Vol.9 No.2, 1996, p.143
- ⁵⁵ "Rome Treaty", European Union website, http://europa.eu/eu-law/decision-making/treaties/index_en.htm
- ⁵⁶ Susanne K. Schmidt, "Only an Agenda Setter? The Commission's Power over the Council of Ministers", European Union Politics, Volume 1, Issue 1, 2000, p.38

⁵⁷ "The Lisbon Treaty", European Union website, http://europa.eu/eu-law/decision-making/treaties/index_en.htm

⁵⁸ George Tsebelis, "The Power of the European Parliament as a Conditional Agenda Setter", *The American Political Science Review*, Volume 88, Issue 1, 1994, pp.131-132

⁵⁹ George Tsebelis and Geoffrey Garret, "Legislative Politics in the European Union", *European Union Politics*, Volume 01 Issue 01, 2000, p.13

⁶⁰ Sara Hagemann and Bjorn Hoyland, "Bicameral Politics in the European Union", *Journal of Common Market Studies*, Volume 48, Number 4, 2010, pp. 815-817

⁶¹ George Tsebelis and Geoffrey Garret, "Agenda setting, Vetoes and the European Union's co-decision procedure", *The Journal of Legislative Studies*, Vol.3, No.3, 1997, pp.75-79

⁶² Guy Peters, "Agenda-setting in the European Community", *Journal of European Public Policy*, June 1994, p.9

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