

**CRISES, LEARNING CAPACITY, AND INTEGRATION:
THE CASE OF THE EU**

by

Julian M Campisi

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ABSTRACT

The history of European Union integration has viewed different types of crises as important events that facilitate the integration process, as many apparent ‘leaps’ in integration have been preceded by a crisis situation. This thesis seeks to position different strands of literature on European integration amongst a variety of discourses on crises and organizational learning capacity. It appreciates the connection between crises and the integration process, but argues that the latter is not just another typically observed functional outcome to exogenous shocks, and rather it involves an intricate process of learning and change, actor interactions and knowledge bases. This project compares the major approaches to European integration and uses constructivist ideas to demonstrate that the social constructs of different actors and discourses in post-crisis interactions are an important aspect of the learning that takes place therein.

This thesis analyzes particular conceptions of the EU, forms of integration, and the different types of crises that can affect the polity. It offers ideas on a new way of looking into crisis-driven integration from a novel standpoint. By using theories, new concepts and illustrative cases of recent European events, it argues that there is essentially a traceable process of interaction and learning in the aftermath of EU crises, and these in fact are the real reasons behind the decision-making and policy changes that spur crisis-driven integration. Offering new concepts of crisis, change, and learning capacities in the EU, is in fact useful for an exploration of the complex dimensions of European integration.

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ABBREVIATIONS

ACED	Action Committee for European Democracy
ATM	Air Traffic Management
BP	British Petroleum
BSE	Bovine Spongiform Encephalopathy
CFSP	Common Foreign and Security Policy
CGS	Council General Secretariat
DG	Directorate General
€	Euros
EC	European Community
ECB	European Central Bank
ECJ	European Court of Justice
EMU	Economic and Monetary Union
EP	European Parliament
ERDF	European Regional Development Fund
ESDP	European Security and Defence Policy
EU	European Union
IGC	Intergovernmental Conference
IMF	International Monetary Fund
JHA	Justice and Home Affairs
MLG	Multi-level Governance
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organization
OMC	Open Method of Coordination
PIIGS	Portugal, Ireland, Italy, Greece, Spain
PJCC	Police and Judicial Co-operation in Criminal Matters
StCF	Standing Committee on Foodstuffs
TCE	Treaty establishing a Constitution for Europe
TFEU	Treaty on the Functioning of the European Union
UN	United Nations
WTO	World Trade Organization

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INTRODUCTION

You never want a serious crisis to go to waste. And what I mean by that is an opportunity to do things that you think you could not do before.

Rahm Emanuel, *White House Chief of Staff*, 21 November 2008¹

The history of the European Union (EU) is rife with game-changing crises which set the scene for deeper integration. In fact, the EU was actually born out of a crisis—World War Two—and a genuine continental desire to never be threatened by such devastation again. Jean Monnet and Robert Schuman, the founding fathers of modern ‘Europe’ were stimulated by the tragedies of the Second World War and the subsequent poverty that ensued to find compromises necessary to ensure Europe would never again revert to such conflict. The negotiations for the initial community Treaties of Paris in 1951 and Rome in 1957 were directly based on this desire and new hope for Europe, fashioned out of years of constant war, crisis, and instability.

Years later in the 1980s, after the European Community (EC) had already expanded on numerous occasions, then Commission President Jacques Delors used the recession, oil price shocks, and the ‘Eurosclerosis’ crisis as a means to stimulate further integration and rejuvenate European institutions through the Single European Act.² Does this mean that recurring catastrophes must occur before we can learn from history? Some readings might lead one to believe so; that European integration is an elite-driven process that is best achievable through crisis situations. But there is another side to the story, one which this thesis develops using additional elucidations.

¹ Noted in an interview with the Wall Street Journal when responding to questions on the newly-elected Obama administration’s plan to deal with the financial crisis. M. Liasson, “On Obama's Team, Ex-Clinton Staffers Get Do-Over”, *NPR*. 23 December 2008. <http://www.npr.org/templates/story/story.php?storyId=98593976> Accessed 2 July 2010

² “Can Anything perk up Europe?” *The Economist*, 8 July 2010. <http://www.economist.com/node/16539326> Accessed 31 August

Nevertheless, crisis scenarios will continue to affect modern societies, even as technological achievements advance and the public becomes more risk-averse. Perhaps some crises have been or can be averted based on past experiences and scientific advancements, but others will continue to occur and shock us despite our best efforts at preparedness.³ Most crises are met with separate responses due to their different nature, but they almost exclusively share at least one common denominator: the institution, organization, place or entity that has been affected by a crisis, is undeniably altered as a result of the respective outcome.

Why focus on EU Integration and Crises?

Students of European integration are faced with an unconventional emerging polity, whose institutions of governance are in constant change rather than a stable equilibrium. This is one of the reasons why the study of the European Union is so fascinating. It is a unique, contentious political beast, and it is open to influence from many internal and external actors such as the Commission, member state governments, the political elite and media, etc. EU integration itself is more of a multi-dimensional process of mutual adaptation amongst all the actors involved, rather than a one-dimensional process of national and member state adaptation toward the concept of 'Union'.⁴ EU integration has been examined by a wealth of scholars and politicians who apply dozens of theoretical and methodological approaches (see more on integration and theory later). They have analyzed institutional and national actors, citizens, politicians, discourses, events, etc., to posit on the essence of actual European integration and its trajectory. Historical actors are framed in certain institutional conditions, and the events and interactions therein produce the intended outcomes. In this sense, integration is contextualized

³ S. Larsson, E. Olsson and B. Ramberg, *Crisis Decision Making in the European Union*. (Stockholm: Elanders Gohab) 2005: 11

⁴ U. Sverdup, "Precedents and Present Events in the European Union: An Institutional Perspective on Treaty Reform", in K. Neunreither and A. Weiner (eds), *European Integration After Amsterdam*. (Oxford Scholarship Online) 2003: 249

in a *structure vs. agency*⁵ framework. But in this thesis, I seek to position EU integration amongst an additional line of thinking that involves a social-institutional reading of the reasons for, and processes within the diverse types of integration.

So why concentrate on the study of crises, response, reaction, etc? Primarily, these can pave the way for alternate scenarios and a high degree of change. That being the case, many analysts have reached the common conclusion that a crisis acts as a catalyst for deeper EU integration,⁶ a sort of ‘unity in crisis.’ Elvert hints to a common theme that “against the background of historical experience, [crises] can be seen as a kind of propulsion for the integration process, a motive power that has generated the energy that was needed to set forward the European integration process.”⁷ Leaps in EU integration have benefitted from numerous crisis occasions, another instance being the exchange rate turmoil in 1991-92, which culminated in the push for an Economic and Monetary Union (EMU).⁸ But alternate explanations have also sought to negate this line of thinking and have labeled it as a ‘paradox.’ The reasoning here stems from the idea that this working hypothesis should be considered provocative because the integration process is an intellectual construction, and relative crises are too short-lived.⁹ As noted in examples and case studies in the proceeding chapters, this thesis adheres to the assumption that the opportunity for a push towards further EU integration

⁵ For more on structure, agency, and actors, see a comprehensive explanation in Chapter 1 “Power and Structure” in: S. Lukes, *Essays in Social Theory*. (New York: Columbia University Press) 1977: 3-20

⁶ For a comprehensive edition on the various arguments put forth regarding crisis-driven integration in the EU, see: L. Kühnhardt (ed), *Crises in European integration: challenge and response, 1945-2005*. (New York: Berghahn Books) 2009

⁷ J. Elvert, “The Institutional Paradox: How Crises Have Reinforced European Integration”, in L. Kühnhardt (ed), *Crises in European integration: challenge and response, 1945-2005*. (New York: Berghahn Books) 2009: 50

⁸ T. Barber, “At long last, a crisis-driven ‘big leap’ to European integration,” *The Financial Times- Brussels Blog*, 10 February 2010. <http://blogs.ft.com/brusselsblog/2010/02/at-long-last-a-crisis-driven-big-leap-to-european-integration/> Accessed 19 July 2010

⁹ Elvert: 51

can often be caused by some form of crisis and its subsequent reaction. However, it is important to go beyond this simple correlation and look to other factors, and the degree in which the EU is capable of learning from these crises to further its integration ideals.

European integration can be considered as the deepening of EU-level powers, a form of ‘Europeanization,’ the spillover of competences, the ratification of new treaties or the further cooperation of European partners. There are formal and informal types of integration, occurring in waves or sporadically, and either deeply or slightly ‘unifying’ the polity from above and below.¹⁰ Nonetheless, it is important to clarify that EU integration should not exclusively be viewed as the fortification of centralized powers and institutions, a singular top-down cohesion of domestic structures towards the eventual termination of sovereignty. It can occur in many forms, comprising those mentioned here, but also including the de-centralization and devolution of some European structures, which in turn have provided for increased cooperation. Integration ought to facilitate, according to this thesis, a necessary trend towards the coordination of policies, structures, or discourses on the European level, agreed upon by diverse actors across the Union. These thoughts on crises, integration and change lead this *problematique* towards a tangible thesis discussion.

Research Question and Thesis: External Pressures, Internal Processes

Some necessary questions that can be asked in a crisis aftermath are: What type of reaction caused the distinguishable form of change? How did the parties involved proceed to make changes? Although the answers to these questions undoubtedly vary with the situation at hand, the changes that occur are part of a process that involves both endogenous (ideas, interactions, policies) and exogenous (pressures) factors. Change is a fundamental feature of

¹⁰ See chapter one for theories of European integration, and chapter three for further details on integration methods and structures.

modern entities, and for almost all organic and synthetic ‘beings,’ *it* is one of the only necessary functions for its own viability and evolution. To accept that crises induce a degree or level of change is a useful step in our understanding of the relationship. In most cases, learning is a precursor to, or cause of this change, and is itself worthy of analysis.

Given these notions and suppositions, one cannot only demonstrate when post-crisis integration has happened in the past, but more importantly and central to this thesis, *how* it happens. Thus, the main research questions for this analysis are as follows: *What are the influential factors, ideas and reasons behind crisis-driven integration? Through which processes and institutional levels does this occur during and/or after a perceived crisis? And how does this drive policy and structural changes?* Accordingly, this thesis tries to examine how, and to what degree, different actors and ideas influence the EU’s integration capacity through interactions, learning, and apparent ‘changes’ in regulations or policies after an EU crisis.

First of all, in the study of European integration and its causes, it is necessary to analyze the relationship between crises and integration in order to better understand how the EU as an entity is actually learning and developing. Furthermore, the organizational learning capacity must also be taken into account. In examining crisis events and their outcomes, one can turn to many factors to investigate the ways in which EU actors interact and learn. Accordingly, I hold that an EU crisis can be brought about by both endogenous and exogenous events which lead to a perception of uncertainty and threat to its core values. This thesis hypothesizes that such events are more than simply ‘another variable’ in the long series of crises that have paved the way toward European integration. In fact, post-crisis integration is an intricate process that evolves within an interactive framework of socially constructed and institutional variables, based on learning, knowledge, actors, and preferences.

The bulk of this discussion will continue to argue that integration can occur predominantly via two means: i) crisis decision-making varies between institutions, levels and actors, creating an interaction of ideas, discourse, and arguments which can help dictate the decisions forward and institute policy changes; ii) common and coexistent modes of learning (analytic, from failure, from history, etc.) take place at different levels of the EU hierarchy and build a knowledge base that can generate ideas towards the formation of reform projects and change (i.e. coordination and integration). The interactions and knowledge bases formed after a crisis can explain many changes and policy or regulation revisions, which in this case may relatively deepen EU integration in some capacity.

Scope

The sheer breadth of European studies renders it susceptible to many degrees of in-depth scrutiny. It would be a worthwhile exercise to conduct a detailed study on all types of crises that have affected the EU and its member states since its inception, or into the comprehensive processes involved with the many learning capacities in regional projects. This could pinpoint the concrete facts and make evidence-based correlations from many case studies on the peculiar and sometimes paradoxical relationship between crises and European integration, or find satisfactory conclusions on meticulous learning modes, but these require a more lengthy study. This thesis is selective in its choice of examinable issues and theories, focusing on those of integration, crisis and certain modes of learning. In the following chapters, certain types of crises will be selected for analysis, and only particular conceptions of the EU (outlined in chapter one), its processes, and specific learning capacities will be employed. Criteria such as time, space, research breadth, content interest and specialization were considered in order to make these selections. By using the accepted definitions and the chosen

EU and crisis variables below, this thesis can focus on its more specific goal, that is to discern the internal processes amongst actors and institutions that spur EU integration, by framing them in the aftermath of external pressures (crises) that change the polity (EU).

In studying integration and change as a process, one can analyze the nature of this change in order to understand how, and to what extent, a new type of polity is being constituted in Europe.¹¹ Crisis situations ultimately produce a significant amount of learning capacity and change, and constructivist views can clearly position and explain these elements. The bulk of this research project situates the arguments by employing critical theoretical approaches of integration and learning. It delineates the relevant terminology and concepts by focusing on the structural requirements that are consistent with EU integration, and by identifying the roles and interactions of institutions, governments, leaders, ideas and discourses that facilitate the integration process. This undertaking is also useful as a means to explore if the ways of thinking about learning capacities and learning experiences in the EU are well suited to analyze crisis events, responses and integration.

Referring to the approaches and rationale which will be described hereinafter, this thesis outlines a hybrid form of EU integration that occurs after perceived crises, primarily based on interactions amongst different actors, and diverse opportunities for learning and internalized 'new ideas.' The discussion proceeds in four major chapters. After setting up the context and methodology, the theoretical understandings regarding integration, constructivism, and learning capacity will complete chapter one. It will delve into the concept of what actually constitutes a crisis in chapter two, by reviewing the accepted definitions and terminologies of a crisis. I define what a crisis is for the European Union, I develop a typology of particular characteristics, and I describe how it is managed by the appropriate actors.

¹¹ T. Christiansen, K. Jorgensen, and A. Wiener, "The social construction of Europe", *Journal of European Public Policy* 6 (4) 1999: 537

This is followed by an overview of the given explanations and of my findings on the relationship between EU integration, crises and learning capacity, and how and why these developments occurred (processes). This will be accomplished in chapter three, whose focus is the EU's learning and integration capacity, and more specifically, what actually drives the institutional or policy changes, and how this affects different integration forms. Chapter four highlights the arguments by tying it all together using four distinct EU events as brief illustrative case studies to examine the policy processes, changes, learning methods and degree to which crises affect integration. The conclusion will summarize the findings and offer concluding remarks and insights on the EU's integration capabilities. By using this novel approach of different theoretical and conceptual examinations of crises, learning, and integration, I aim to offer a small contribution to the existing literature on European integration from a different standpoint based on recent events. Constructivist thinking about such integration is seriously lacking according to many scholars,¹² and this thesis seeks to contribute to filling that void from a new interdisciplinary dimension by tying together different strands of literature, and linking them to observe learning and integration capacities.

¹² Christiansen et al.: 537

CHAPTER ONE: CONCEPTUAL AND THEORETICAL FRAMEWORKS

For the purposes of this project, a contemporary political organization and/or supranational institution—the European Union—will be the main object of analysis as respects crises, integration and learning capacity. The sheer structure, size and unique design of the EU renders it quite vulnerable to various interpretations and problems. Olsen voices a popular sentiment in that the European political order is often portrayed as difficult to analyze and describe. He continues to note that “it is also uncertain what kind of political integration is possible and likely in a multi-cultural and pluralistic region organised politically on the basis of nation-states.”¹³ This ambiguity requires further detail, especially to understand the true nature of the EU. Undoubtedly, one would need to have a set of certain pre-defined conditions to determine the essence of the EU, but a detailed study into this can be tackled with dozens of novels and articles undertaking this exhaustive task. Rather, I wish to outline briefly the concept of the EU and its key elements (which can be affected by a crisis) for this discussion.

Context of the Discussion

McCormick holds that most explanations of the EU were born out of international relations studies, relating it to an *international organization*, a *super-state*, a *federation* or *union*, *bloc*, etc. But the EU is more than what these common terms suggest: it is a novel idea and an actor on the world stage; an organization, centralizing entity and “political system in its own right.”¹⁴ It is not a nation-state in Westphalian terms; rather it exhibits many characteristics of national political systems. Although it lacks a “monopoly on the legitimate use of coercion,” argues Richardson, the EU has “the policy-making attributes of a modern

¹³ J. Olsen, “Organizing European Institutions of Governance: A Prelude to an Institutional Account of Political Integration”, in H. Wallace (ed), *Interlocking Dimensions of European Integration*. (London: Palgrave) 2001: 329

¹⁴ J. McCormick, *Understanding the European Union: A Concise Introduction*, 4th ed. (New York: Palgrave Macmillan) 2008: 2

state across an increasingly wide range of policy sectors,” most importantly through legally binding legislation that its members must adhere to.¹⁵ Its visibility and influence in the international arena has been growing steadily for decades, though it has not yet reached its full potential. Moreover, in their work on crisis management in the EU, Boin, Ekengren, and Rhinard (2006) distinguish the EU from other organizations due to its structural particularities. It is perceived as a political system able to effectively participate in territorial governance of a geographical entity; a system with defined entities like the central institutions in Brussels, Frankfurt and Strasbourg; and an actor that works together with, and coordinates sovereign and centralized governments in an ongoing policy process.¹⁶ These notable conceptualizations of the EU ultimately stem from the various EU treaties, secondary descriptions, and legal wording and statements therein.

This thesis’ understanding of the EU builds off the relevant literature cited in this thesis, and most importantly, is derived from the Preamble to the *Treaty on the Functioning of the European Union* (TFEU), which was recently updated in March 2010.¹⁷ I will refer to it hereafter as a self-perceiving and evolving organization composed of the following core structural elements and related *values*:¹⁸

¹⁵ J. Richardson, “Policy-making in the EU: interests, ideas and garbage cans of primeval soup”, in J. Richardson (ed), *European Union: Power and policy-making*, 3rd ed. (New York: Routledge) 2006: 4

¹⁶ A. Boin, M. Ekengren, and M. Rhinard, *Functional Security and Crisis Management Capacity in the EU: Setting the Research Agenda*. Forum for Security Studies (EUROSEC), SNDC (Netherlands: Leiden University CRC) 2006: 3

¹⁷ The Treaty of Lisbon which came into force in 2009, amended the previous treaties, and made significant changes to the functioning of the EU. I used important verses from the preamble of the Treaty to underline the structure and core elements of the EU that are important for this thesis. See: Preamble, “Consolidated Version of the Treaty on the Functioning of the European Union”, *Official Journal of the European Union*. C 83/49, 30 March 2010.

¹⁸ The organizational and structural elements are based on the most recent *Treaty on the Functioning of the European Union*, and on McCormick and Boin et al.’s respective summaries. The core values are delineated from the EU’s fundamental freedoms and rights as outlined in the *Treaty on the European Union* and The Charter of Fundamental Rights of the European Union.

- a) Unified territory and sovereign borders -*free movement of persons and goods*;
- b) Interconnected financial structures (common market and eurozone) - *functioning and prosperous single market and currency*;
- c) Legitimate citizens and identity - *legally enshrined citizen rights and a projected unified identity*;
- d) Interdependent political and legal systems, officials and institutions –*democratic representation, elected officials and a transparent political system*.

I posit that these features offer the most encompassing view of the ‘transformative organization’ known as the EU, because they essentially cover the main aspects of both modern nation-states and supranational organizations, including territorial, economic, identity/legitimacy, and political-legal components. I presume that these related features and core values best facilitate the ability of a crisis to induce integration and change, and correlate to the typology of crises I propose in chapter two.

A further explanation on the issues involved with the notion of integration is useful here. Integration studies can be considered as a sub-discipline of regional studies on its own. This can be in the form of sociological studies (minority, immigrant groups integration), economics (eurozone, NAFTA etc.), geography (territorial, colonial), policies, and more. Accordingly, this thesis centers on a hybrid of political-governmental and territorial integration, in the unique form of *European integration*, a well-studied phenomenon since the 1950s. Such political integration, according to experts (among others March 1999; Olsen 2001), refers to the “*relations among the constitutive elements of a system*,” and the “*causal interdependence among the parts [institutions]*,” the *consistency*, i.e. “the degree of coherence and coordination among the parts,” and finally, the “*structural connectedness* –a socio-metric or network vision of integration.”¹⁹ This technical view offers a detailed terminology of integration structures, but

¹⁹ Olsen: 326

lacks a tangible point of reference.

Let us bridge the gap between this ‘notional’ political integration and the contemporary EU by using abstract examples. Weiner intuitively describes classical twentieth century notions of political integration by noting the wide range of usage that the term covers, and analyzes five reoccurring issues involved with it:

- i) The process of bringing together culturally and socially discrete groups into a single territorial unit and the establishment of a national identity;
- ii) The issue of establishing national central authority over subordinate political units or regions which may or may not coincide with distinct cultural or social group;
- iii) The difficulty in linking government with the governed (gap between political elite and society);
- iv) The minimum value consensus necessary to maintain a social order (values i.e. justice, equality, economy);
- v) The capacity of people in a society to organize for some common purposes.²⁰

These reoccurring presumptions and issues with political integration can be directly applied to the EU, a creation of this same modern era. In particular, one can compare these issues to the four core EU values/variables delineated in the paragraph above by demonstrating which integration variables are connected to certain EU elements. The following table (1.1) provides examples for the tangible links between the two by positioning the relevant variables in the same rows.

²⁰ Compiled from: M. Weiner, “Political Integration and Political Development”, *Annals of the American Academy of Political and Social Science* 358, ‘New Nations: The problem of political development’, 1965: 53-54

Table 1.1 – Political Integration and Core EU Elements²¹

<i>EU Core Make-up</i>	<i>Weiner's Integration Issues</i>	<i>Relative EU Examples</i>
a) Unified territory and sovereign borders	ii) Territorial control over distinct regions	Illegal immigration; Volcano Ash Chaos
b) Interconnected financial structures (common market and eurozone)	iv) Establishment of norms to maintain a social order	Eurozone debt default; Bailouts; Austerity measures
c) Legitimate citizens and identity	i) National identity; v) Organizing citizens to achieve a common purpose	Old vs. New Europe; Lack of European identity
d) Interdependent political and legal systems and institutions	iii) Gap between governors and the governed	Constitutional Treaty rejections; Democratic deficit; Representation

The potential links are clear. Certain integration issues or problems are directly attributable to particular core elements of the EU, and leave the polity's integration capacity more susceptible to substantial difficulties. Where this is useful, more specifically, is in demonstrating how these integration problems facilitate crisis events, which in turn affect that same aspect of EU integration—the relationship is reciprocal.

Methodology

The intended conceptual investigation and methodology of this thesis consists of a multi-pronged technique. This includes a critical analytical approach by utilizing the relevant literature on the different types of crises employed by this thesis to examine relative responses and outcomes, and to scrutinize European integration policy processes and structures by focusing on the more unconventional learning capacity and techniques. It uses theoretical approaches (constructivism) to evaluate and critique previous theories and conceptual explanations of integration based on assumptions of crises and integration. It follows a

²¹ This table is designed by the author. It repeats the four EU core values/elements that were chosen to represent its underlying nature, and it connects some of Weiner's integration problems to the values to which they relate. It also matches EU examples with each core element to demonstrate what can happen (a crisis) when an integration problem affects a core element.

descriptive historical path that takes into account specific definitions of the EU, integration, and crises, and also developments in crisis situations, with reference to previous precedent-setting events and their conclusions. It uses and describes organizational learning methods and capacities as important processes in the field of European integration.

A simple causal analysis, i.e. that event *b* followed event *a*, therefore *a* must have caused *b*, is not a sufficient rationale in analyzing how crises can spur EU integration. A detailed look inside the organizational learning capacity of affected EU institutions is necessary, along with a glance at repeated instances of correlation between the crisis event and subsequent integration capabilities. This thesis employs an illustrative case study approach—“the detailed examination of an aspect of a historical episode to develop or test historical explanations that may be generalizable to other events,”²²—using four relevant European crises as examples to discern the relation(s) between crises, learning capacity, and EU integration. These cases are situated in constructivist EU integration frameworks in order to demonstrate and explain how a crisis’ affect on integration is part of a transformative process of policy and structural change.

As noted above, many scholarly works have pointed to the complexities of contemporary European integration by demonstrating how crises have provided an important opportunity for the EU to further its political and social unity. There has been ample research conducted on learning methods as well, but too few approaches have analyzed the inherent relationship between organizational crises, learning capacity, and EU integration, and have rarely positioned them together. I seek to build on the work of, amongst others, Stern and Sundelius (2002), Boin et al. (2006), Kühnhardt (2009), and Larsson et al. (2005), who have focused on the analysis of EU crisis experiences, including the decision-making process

²² A. George and A. Bennet, *Case Studies and Theory Development in the Social Sciences*. (Cambridge: MIT Press) 2005: 5

therein, and how the EU handles crises internally. This thesis is novel in that it seeks to position crisis situations and responses amongst different strands of theoretical literature on European integration and organizational learning capacity in order to identify *how* EU crises might cause integrative changes. It identifies and examines the main actors and sources involved in the post-crisis integration process, and goes beyond simply reconfirming that crises further EU integration.

This thesis utilizes a variety of primary and secondary sources to ensure a diverse and comprehensive synopsis of the topic. This includes formal EU treaty articles and summaries (Lisbon, Amsterdam, etc.), declarations, official statements and relevant media outlets including journal articles and news accounts. In addition to a number of peer-reviewed articles and chapters relating to the subject matter, I refer to independent, university, and think-tank reports on crisis decision-making and capacity in the EU.

Theoretical Approaches & State of the Literature

A succinct theoretical approach is required to guide the ideas put forth in this thesis. Theories are necessary to make sense of fact and observations, and to explain socio-political relations. By outlining the appropriate theories and state of the relevant literature, one can better grasp the argument at hand. However, as ambiguous events with cross-disciplinary natures, crisis scenarios are not easily situated into a single theoretical framework. They can be attributed to many different fields of study, and although well documented and analyzed, are not always identifiable in concrete theoretical settings. Certain scholars (Bowonder and Lindstone 1987; Pauchant and Mitroff 1992) prefer a systems approach for the study of organizational crises, where different disciplines should be considered integrated before studying a crisis, while others (Fink et al. 1971; Staw et al. 1981) embrace a clear

multidisciplinary approach. Many of the single and interdisciplinary approaches, however, are primarily focused through psychological, technological-structural, and business-management theories.²³ Alternatively, I propose an examination of the study of crises and their responses through a different interdisciplinary framework, one that gleans insight from well-founded literature on crisis management, and theories on European integration and learning capacity. A detailed overview of the concept of crisis and its usage in this thesis follows in the next chapter. Here below, the focus is on integration and social learning.

Theories of European Integration

International relations and comparative politics theories can be borrowed and utilized by EU scholars to better understand the decision-making and integration process of political systems. Such a theory is best employed as a lens to observe and explain the dynamics of European integration,²⁴ a fundamental exercise for this thesis. The scholarly debate on the nature of European integration has been present since the founding of the European Community. It has come in waves, occasionally falling out of favour and then reemerging during certain periods. For instance, in the 1960s, when Charles de Gaulle pushed for national member state supremacy, intergovernmental arrangements, and opposed close relations with EC members,²⁵ integration debates cooled off. But in the early 1990s after the Maastricht Treaty and Single Market programs were implemented, traditional and newer arguments on integration heated up again.²⁶ The two classical approaches to EU integration are

²³ J. Clair and C. Pearson, "Reframing Crisis Management," *The Academy of Management Review* 23 (1) 1998: 59

²⁴ T. Risse-Kappen, "Exploring the nature of the beast: international relations theory and comparative policy analysis meet the European Union", *Journal of Common Market Studies* 34 (1) 1996: 55

²⁵ A. Moravcsik, "De Gaulle and European Integration: Historical Revision and Social Science Theory", *Center for European Studies Working Paper Series, Harvard University Working Paper Series* 8.5, 1998: 2

²⁶ Risse-Kappen: 55

neofunctionalism and intergovernmentalism, which are both still evolving. They view the EU and its systems with opposing methods, but also share important weaknesses.

Neofunctionalism stems from Mitrany's functional and logical-cooperation based arguments in the 1960s. Its main proponents (among others Haas 1958; Lindberg; and later revised by Sandholtz and Zysman 1989) require a set of preconditions before integration can occur, including a move away from nationalism towards cooperation, pragmatic reasons for integration, and the desired release of power and sovereignty to a higher authority.²⁷ Risse-Kappen summarizes:

Neofunctionalists emphasize an incremental and gradual process of political change that is fundamentally driven by the logic of functional self-sustaining processes. These processes respond to external constraints and opportunities (changes in the international economy, for example), as well as internal developments that create their own follow-up problems. Hence the focus on functional and political spillover.²⁸

Supranational EU institutions play an important part in the system, and wield tremendous power, which is democratically 'bequeathed' by participant member states. National governments are only singular actors among many, and are held in check by interest groups and institutions, whose supranational nature allows them to become 'unintentionally' powerful and perhaps entrepreneurial. The spillover effect is the most important attribute (although it sometimes needs intergovernmental bargaining), and it relies on the assumption that such preconditions hold more sway than actual actors.

Numerous criticisms of this approach arrived with the rise of intergovernmentalism and later liberal intergovernmentalism. Its supporters (Moravcsik, Millward, Hoffman 1966, etc.) see member states remaining as the key actors. They agree to sometimes pool sovereignty, and

²⁷ McCormick: 9

²⁸ Risse-Kappen: 55

cooperate only in the pursuit of key material interests, but there is no automatic linkage or spillover. The idea of a rationalist/liberal regime analysis leads to inter-state bargains (intergovernmental conferences [IGCs]), which rule the game instead of the European Court of Justice (ECJ), European Commission, or interest groups. Intergovernmentalists hold that EU relations are part of a ‘two-level game’ where member state governments link the domestic and international levels. Rather than limiting national sovereignty and signaling the ‘end’ of the nation-state (as neofunctionalism tends to prefer), state-centric presumptions hold that European integration can actually “strengthen the state, since the ‘Europeanization’ of previously domestic issues tends to remove those issues from domestic controversy and into the arena of executive control.”²⁹ These executive branches possess the real decision-making powers. Following a realist tone, national commercial and economic interests (not to mention identities) are too strong to be voluntarily surrendered to a high central authority, and thus governments work with other states to further their own advancements.

Both of these classical notions share certain weaknesses. They assume that European integration is fundamentally driven by the self-interest of actors defined in economic terms, whether these actors are single nation-states or common institutions. The ‘incremental integration’ logic of neofunctionalism does not clearly identify the specifics or principal actors that drive the integration process,³⁰ and similarly, intergovernmentalism—arguing that deeper European integration does not challenge the autonomy of member states, but rather enhances it through inter-state³¹ bargaining—does not appreciate the role EU institutions play in driving the integration process. While intergovernmentalism gives a relatively concrete description of

²⁹ Ibid: 55

³⁰ Ibid: 55

³¹ G. Marks, “European Integration from the 1980’s: State-centric vs. Multi-level governance,” *Journal of Common Market Studies* 34 (3) 1996: 344-5

how policy-making occurs within the community, its analytical and explanatory powers are limited to a rationale of self-interests and bargaining. Neofunctionalism's explicatory routine tends to constrain itself to assumptions regarding the permanent affect of 'spillover.'

It is based on these weaknesses that other, and more critical approaches to European integration were born. Path dependency, ideas and norms-based critiques (Keohane and Goldstein 1993; McNamara 1998) sought to position ideas and embedded paths as focal points in the decision-making process. Marxist and economic globalization assessments argued that economic changes and capitalist elites determined the political outcome of Europe. Other offshoots of functionalism and institutionalism followed suit in the decades to come. One particular approach, that of multi-level governance (MLG), became popular in the 1980s. The literature (Marks, Hooghe, Blank 1996) posits that within the emerging polity, political arenas are interconnected, and "the clear separation between domestic and international politics...is blurred under multi-level governance. States... share, rather than monopolise, control over many activities that take place in their respective territories."³² Here, separate levels of government (local, national, supranational) are combined to create a polity in which authority and influence is shared amongst the levels. The collective decision-making process allows the EU to continue integrating while single state sovereignty is only slightly diminished.³³ Notwithstanding their differences, these approaches are not all-encompassing realities of EU integration.

By briefly putting some of these to practice, at least hypothetically, each integration theory can be implemented as a lens to briefly view a crisis response's effect on European

³² T. Conzelmann, "'Europeanisation' of Regional Development Policies? Linking the Multi-Level Governance Approach with Theories of Policy Learning and Policy Change", *European Integration online Papers (EIoP)* 2 (4) 1998: 5

³³ Marks: 345

integration (positive or negative). Depending on the event at hand, neofunctionalists could argue that a given crisis creates a situation that requires cooperation amongst members and direct leadership from a supranational entity, which guides the common institutions accordingly. A spillover effect of previous community agreements could set the stage for deeper integration, which can occur through the harmonization of internal processes and policies that are needed to respond quickly to the crisis and ensure that it is resolved and does not recur. The political elite and European policy makers would predominantly facilitate this, but the European public and business community would also remain essential actors in pressuring such governments.

MLG proponents, on the other hand, could seek to demonstrate how crisis responses ultimately create a situation where different levels of EU authorities (local, national, etc.) choose to combine their efforts and powers, in order to reach a communal, legally binding agreement to deal with the crisis. From this legal basis, the opportunity for further integration would be in place. Alternatively, intergovernmentalists might use a crisis reaction to show how states remained the central decision-making actors, and instead of allowing common institutions to lead the response, certain states converged on material and national interests, and their own political will in dealing with others was the key mechanism of change.

Constructivism

These understandings are relevant, and each can explain post-crisis integration in its own manner. But while many EU crisis responses could be interpreted through a neofunctional or an intergovernmental view, or via a MLG *modus operandi*, a critical social and learning approach—that of constructivism and its offshoots—offers a promising critique of these theories. This is due to constructivism's alternative side that is more conducive to comprehensive learning-based explanations, and that allows for a better understanding of

actor-interactions which produce these learning bases. Constructivism leaped into the mainstream of critical international relations theory as a response to neo-realists and neo-liberals of the early 1990s at the end of the Cold War. It is significantly concerned with the social construction of world politics, focusing on three core propositions regarding social life: the importance of normative/ideational and material structures; the idea that identities constitute interests and actions; the notion that agents and structures are mutually constituted.³⁴ This approach does not work, nor should it be viewed, as a grand theory of European integration *per se*, but more as a particular position in the social sciences.

Checkel reiterates the constructivist buzzwords that include ‘socialization,’ ‘social learning,’ ‘deliberation,’ ‘rule-driven behavior,’ etc. He argues that the socialization and social interaction “that occur within EU institutions are often characterized as processes of argumentation and learning...that deliberation may transform the very interests of state agents in supranational settings at the EU level.”³⁵ In short, different social settings and contexts provide actors with specific understandings of their interests. By learning *constructively*, the context and interests ‘constitute’ these actors. Constructivism differs from rational choice theory’s assumptions on *individualism* as the basic premise of social analysis. Such an individualist theory is agent-centered, where social phenomena are explained only via self-interested individual actors, their goals and actions.³⁶ Rather, constructivists explore social facts and norms in constructing the interests of actors (states or institutions). Jupille et al.

³⁴ R. Price and C. Reus-Smit, “Dangerous Liaisons?: Critical International Theory and Constructivism”, *European Journal of International Relations* 4, 1998: 266-67

³⁵ J. Checkel, “From meta- to substantive theory? Social constructivism and the study of Europe”, in J. Checkel and A. Moravcsik ‘Forum Section- A Constructivist Research Program in EU Studies?’, *European Union Politics* 2 (2) 2001: 220-21

³⁶ J. Jupille, J. Caporaso and J. Checkel, “Integrating Institutions – Rationalism, Constructivism and the Study of the European Union.”, *Comparative Political Studies* 36, 2003: 14

(2003) synthesize the argument: “such ‘construction’ comes about not only or primarily through strategic choice but also through dynamic processes of persuasion or social learning.”³⁷ In doing so, one considers other elucidations of the EU.

But what does this have to do with EU integrations theories as explained above? How can one apply this social construction and learning to crisis resolution and integration? The answer is two-fold. Initially, one can situate critical constructivist methods among different frameworks of institutional analysis to examine the transformative processes of EU integration.³⁸ Secondly, one can forge a link between constructivist approaches and organizational learning methods to clarify the capacity of such entities to internally enact the changes which lead to this integration. We are thus presented with a multi-level system of governance in the EU that can be understood through a unique constructivist approach. These thoughts are best applied to EU crisis scenarios in order to develop and position the complexities into conceptual and historical instances. The tumultuous path of challenge and responses that lead to integration conforms to many constructivist assumptions.³⁹

Constructivism, like most methods, has been critiqued, revised, and modified into various forms and considered as conventional, radical, positivist, etc. Certain scholars have amalgamated forms of constructivism to the large family of institutionalism, to create a middle-range approach that could have a stronger impact on EU integration studies. Institutionalisms (new, historical, normative, etc.), though widely studied, were vacant in any constructivist literature until the turn of the millennium saw Hall and Taylor’s historical institutionalisms engender a unique new brand. Hence, constructivist institutionalism,

³⁷ Ibid: 15

³⁸ Christiansen et al.: 537

³⁹ Kühnhardt: 3

according to Hay (2008), which is distinct from the others by way of its ontological assumptions, displays its capacity to “inform an endogenous account of complex institutional evolution, adaptation, and innovation. [Its] actors are strategic, seeking to realize certain complex, contingent, and constantly changing goals.”⁴⁰ Ideas and ideational motives are important distinguishing factors for the socially constructed nature of interests. In the context of institutional innovation, summarizes Hay, *change* is seen to:

reside in the relationship between actors and the context in which they find themselves, between institutional “architects,” institutionalized subjects, and institutional environments. More specifically, institutional change is understood in terms of the interaction between strategic conduct and the strategic context within which it is conceived, and in the later unfolding of its consequences, both intended and unintended.⁴¹

The approach, in essence, allows for an identification of how institutions, and the attributes that they are comprised of, move through the processes of change over a certain time period. This thesis’ usage of a crisis’ influence, by means of external pressures, on the internal processes of the EU and its institutions are thus reflected through a constructivist institutionalist view that takes persuasive, ideational, and learning factors into consideration with the changes, and does not simply observe them as functional responses to exogenous shocks (crises).

A quick note is in order here on the roles of power and preferences, and their relationship to the actors involved with post-crisis interactions and learning. Although they prefer the social conditions of persuasion and influence to conflict scenarios, constructivists still see a role for power and preference in the field of international relations. Social interaction and learning needs actors, and the role of power is tightly enshrined into actor preferences.

⁴⁰ C. Hay, “Constructivist Institutionalism”, in R. Rhodes, S. Binder and B. Rockman (eds) *The Oxford Handbook of Political Institutions*. (Oxford: Oxford University Press) 2008: 63

⁴¹ Ibid: 64

These variables are distinguishable in constructivist assumptions on actors' interests in social constructs rather than material ones. Power and preferences come to be defined out of these beliefs on self-interested perceptions of the world (or situation), and actor preferences depend on how they 'construct' their realities. So when presumptions are made out of the self-interested behaviour and social constructs of each actor, they are still made based on preferences. This is relevant for the discourse on policy changes, and the learning-based vs. conflict-based explanations therein (see chapter three).

Adding literature on learning capacity to the mix creates another dilemma for proven theories, but does not discount them. Luckily, there are many important attributes of a critical social approach to EU integration, constructivism (and constructivist institutionalism), which use 'learning' and 'institutional change' as important explanatory and analytical tools to study the European Union, and to understand its internal mechanisms. Learning capacity has been applied to a variety of fields across the hard and social sciences. Behavioural studies, psychology, business management practices, individual and childhood learning, etc. all utilize capacity building and development techniques related to their own subjects. One type of learning in particular, organizational learning, is generally viewed in terms of a business or firm with a distinct organizational structure and chain of employees.

Further details on organizational learning and the EU will be the subject of a later chapter, but a brief description is beneficial here. Miller (1996) synthesized the abundant literature and proposed a new definition: "organizational learning is the acquisition of new knowledge by actors who are able and willing to apply that knowledge in making decisions or influencing others in the organization."⁴² This notes a type of social construct that needs

⁴² D. Miller, "A Preliminary Typology of Organizational Learning: Synthesizing the Literature", *Journal of Management* 22 (3) 1996: 486

different actors to use specific knowledge for an influential purpose. Most analyses in organizational learning are tendered by companies seeking to increase productivity, boost morale, or further capacity and capabilities, defined as “those skills that make the firm good at using its assets or putting knowledge to work.”⁴³ But rather than focusing on private firms, the breadth of organizational learning can be expanded to include public institutions, namely the EU.

Organizational learning thus becomes tied to the constructivist institutionalist appreciation of the existence of conditions for change. This ‘learning’ and ‘change’ factor is the most important feature that the two share. When applied to the EU, one can observe the links between socially constructed and affected actors, discourse analysis in an institution (especially during a crisis), and the focus on discursive constructions of crises, and ideational presumptions of institutional change.⁴⁴ Checkel notes that social learning involves “a process whereby actors, through interaction with broader institutional contexts (norms or discursive structures), acquire new interests and preferences.”⁴⁵ Ultimately, interaction between agents shapes the changes. The EU’s capacity to learn from crisis scenarios and deepen integration is an important variable in positioning the two theories together (see more in chapter three).

⁴³ H. Johnson and A. Thomas, “Individual Learning and Building Organizational Capacity for Development”, *Public Administration and Development* 27, 2007: 40

⁴⁴ Hay: 58

⁴⁵ J. Checkel, “Social Construction and European Integration”, *in* T. Christiansen, K. Jorgensen and A. Wiener (eds) *The Social Construction of Europe*. (London: Sage Publications) 2001: 53

CHAPTER TWO: WHAT CONSTITUTES A CRISIS?

The discourse of crisis response/management and its relationship with the EU's integration capacity requires a clear idea of what constitutes a crisis, as well as an outline of crisis definitions which are best suited for analysis in the discussion. The term crisis can mean many different things to many people. A simple definition of a crisis has even been bluntly classified as a "normal accident in [an] advanced societ[y]." ⁴⁶But the subjective nature of humans and societies to view and judge an event differently allows almost anything out-of-the-ordinary to be deemed a crisis. Common perceptions of a crisis can include endemic scenes of major natural disasters, loss of life, terrorist attacks, economic collapse, environmental disasters, human-error and an exhaustive list of potentially exacerbating scenarios that are regular features of modern technological societies.

Common Understandings of Crises

Because the term "crisis" encompasses so many things, further detail is undoubtedly beneficial here. The literature cited in the paragraph below sums up the classical concept of 'crisis,' and touches upon its two-sided nature. Turner and Pedgeon (1997) reiterate the case that no single definition of crisis or disaster can be accepted universally. The argument holds that due to the subjective and varying nature of a crisis or disaster, its definition is dependent on the discipline utilizing the particular term. ⁴⁷ Despite this lack of such a universally recognized description, it could be deduced that a crisis is actually universal in nature, in that, according to Darling (1994), it can occur almost anywhere, at anytime, to anyone or anything,

⁴⁶ Boin, et al.: 1

⁴⁷ I. Shaluf, F. Ahmadun, and A. Said, "A review of disaster and crises," *Disaster Prevention and Management*, 12 (1) 2003: 30

generally with little or no warning.⁴⁸ When designating what is or is not a crisis, it is important to keep in mind this subjective nature, which is based on the notion that “a situation is a crisis only if it is perceived as such.”⁴⁹ This gives the entity involved the ability to basically decide if something should be deemed a crisis or not. It also presents issues for students of crisis management, who sometimes have to wait for and rely on managers, governments and policy-makers in the organization to perceive the crisis or not.⁵⁰ This may exacerbate the frequency of so-called crises,⁵¹ but it is nonetheless an essential aspect needed to analyze different situations judged as crises, which can be brought about both externally and internally.

One could then perceive a crisis as an event characterized by some or all of the following facets outlined by researchers McMullan (1997) and Carley (1991): disruption of operations or planned goals, negative public perception, financial strain, productivity loss, loss of morale, and occurring within a certain time period. Moreover, Hermann’s basic model of a crisis scenario highlights three specific elements needed to constitute a crisis: threat to values, surprise and decision time.⁵² Others hold that a crisis is a loose term which refers to a “disturbance of stability in a social system.”⁵³ These broad understandings can encompass far too many disciplines that are subject to different criteria in each. This renders a single usage of the term ‘crisis’ impossible in this respect. It is thus important to condense these views and

⁴⁸ J. Darling, “Crisis Management in International Business: Keys to Effective Decision Making,” *Leadership and Organizational Development Journal*, 15 (8) 1994: 4

⁴⁹ T. Milburn, R. Schuler, and K. Watman, “Organizational Crisis. Part I: Definition and Conceptualization,” *Human Relations* 36 (12) 1983: 1144

⁵⁰ Boin et al.: 12

⁵¹ I do not touch upon the argument that organizations purposely fabricate many situations as crises for private, financial, military or geopolitical, etc. gain, but there have been recent accusations of this sort of fabrication on many accounts. See, for example, the Bush administration regarding WMD, etc.

⁵² Based on Carley 1991; Hermann 1972; and McMullan 1997; cited from Shaluf et al.: 30

⁵³ Boin et al.: 11

limit the scope of ‘what a crisis is’ to a more specific version, in this case ‘organizational crises.’

The Duality of Organizational Crises

Why use organizational crises as the subject of reference? Being a supra-national political institution, the EU is in essence an ‘organization’ with distinct members, leaders, citizens, employees, private and public firms, laws, goals/prospects and finances. The organization, institutions, and subsidiaries of the EU contain most of the attributes that can be affected by a crisis. Accordingly, the following section will highlight the literature that adopts organizational crises into this discussion. Although the term ‘organizational crisis’ could still exude an ambiguous, multi-definable character dependent on the discipline defining it, various scholars have dissected it into detailed variations of the definition, as noted below.

Hermann (1972) was a pioneer in international crisis research. He defined a crisis as a “situation that threatens the high priority goals of the organization, restricts the amount of time available for response, and surprises decision-makers by its occurrence, thereby engendering high levels of stress.”⁵⁴ Clair and Pearson (1998) synthesized the various meanings of organizational crises popular in the 1980s. They noted that these crises are believed to be ambiguous situations where “causes and effects are unknown;” the probability of occurrence is low but still pose significant threats to the organization’s survival and its stakeholders; where there is little time to respond; and which surprise members of the relevant organization.⁵⁵ For example, an environmental spill, a security breach, legitimacy shortcomings, product/service boycotts, a natural disaster that disrupts a major service, corporate takeover, and other similar

⁵⁴ C. Hermann, “Threat, time and surprise: A simulation of international crises”, in C. Hermann (ed) *International crises: Insights from behavioral research*. (New York: Free Press) 1972: 13

⁵⁵ Based on Quarantelli 1988; Jackson and Dutton 1987; Shrivastava 1987; Hermann 1963; cited from Clair and Pearson: 60

scenarios, could all be deemed to become organizational crises.⁵⁶ Milburn, Schuler, and Watman (1983) provided their own distinction of a crisis which included a threat to the organization's capacity to reach its goal, and whose resolution strategy is uncertain.⁵⁷

In a sense, these first notions of the term 'organizational crisis' tend to conjure up negative connotations of despair, bleak scenarios and insurmountable odds. This negativity may be well founded due to the problems that arise out of a crisis on numerous occasions (as outlined in the previous definitions). However, this thesis does not intend to focus on the 'negative' and 'problematic' terminology associated with an organizational crisis as mentioned above, but rather on the notions in the proceeding descriptions. Given the two-sided nature of a crisis, i.e. its potential to not only harm but also to potentially benefit the entity involved, there is reason to appreciate the constructive opportunities that a crisis can create.

Many interpretations of the term 'crisis' allow for a practical side to surface, a side which this thesis will highlight and develop. For example, the origin of the word crisis is Greek—*krisis*, which actually stems from *krīnein*, meaning to separate, judge, or decide.⁵⁸ Likewise, in Mandarin, the expression 'crisis' is explained traditionally as *wei-ji* (危机), whose characters literally translate into 'danger' and 'opportunity.'⁵⁹ Moreover, the tendency of crisis managers to relate the uneasy situation to one "that has reached a critical phase," a "turning point for better or worse," or a "decisive moment,"⁶⁰ clearly indicates a trend towards an alternate future, or towards an opportunity for something useful to come out of the event.

⁵⁶ Clair and Pearson: 60

⁵⁷ Milburn et al.: 1144

⁵⁸ 'Crisis Definition'. Merriam-Webster Online Dictionary, <http://www.merriam-webster.com/dictionary/crisis> Accessed 30 November.

⁵⁹ Shaluf et al.: 29

⁶⁰ Ibid: 29

Accordingly, in their respective studies on organizational crises, Marcus and Goodman (1991), and Pauchant and Mitroff (1992), note that although a crisis can question the viability of a certain system, it can also lead to positive organizational outcomes. Furthermore, they hold that the disturbances within a crisis actually progress a system's development "by providing individuals within the system opportunities for learning and change."⁶¹ This is one of the main facets of the definition that this thesis uses; that an organizational crisis can lead to reactions which create changes and opportunities for the organization to move forward and to capitalize on these 'decisive moments,' via an essential learning process. This concept of crisis was selected from the variety of literature available on crises and organizational crises because it facilitates a broader understanding of the many intricacies of organizational crises, and allows one to better view the correlation between crises and integration capacity.

The EU and Organizational Crises

As demonstrated previously, an organizational crisis can range from a natural disaster disrupting the status quo, to a breakdown in the corporate structure and many things in between. Given the multitude of organization types and crises in modern societies, further elaboration on particular types of organizational crises is needed in order to better understand the concept of 'crisis' that this thesis examines. It is thus necessary to clarify *what constitutes an organizational crisis for the EU*. In their study on crisis decision-making in the EU, Larsson, Olsson and Ramberg (2005) imply that a situation is a crisis when "it is *perceived* by central decision-makers that *basic values are threatened*, there is *limited time available* and there is a considerable degree of *uncertainty*."⁶² An EU crisis is a relevant threat that needs to

⁶¹ A. Mishra, "Organizational Responses to Crisis: The Centrality of Trust," in R.M. Kramer and T. Tyler (eds) *Trust In Organizations*. (Newbury Park: Sage) 1996: 262

be officially reckoned with, but it is also something which does not have a clear path to recourse. In addition to this, a crisis for the EU should be regarded as something that is an urgent threat to the core values of the polity at hand. For example, Boin et al. refer to different European systems as the core values: peace and stability in Western Europe; a secure economy; a common neighbourhood policy; the protection of European society.⁶³ Thus, events that are perceived to threaten these systems are viewed as crises in their analysis.

By making reference to the organizational structure, make-up, and values of the EU that this thesis proposes (territory, interconnected economy, legitimate citizens and identity, interdependent political and legal institutions) based on the Treaty Preamble characteristics and official statements, I draw on Boin et al.'s approach and employ these four EU components and related core values of the polity in a similar fashion. This thesis' own suitable crisis definition can thus be utilized in this manner.⁶⁴ An organizational crisis for the EU can be different in nature, but it still must share a number of common facets. In building off the relevant literature and the stated rationale, I view an organizational EU crisis as a complex and evolving concept that can be best interpreted through a defined set of features based on the generally accepted explanations already provided. It can thus be categorized using the following terms:

uncertainty, core values/system threat, reaction/response, and opportunity. Most importantly, a *decision-making* process under demanding circumstances ought to be a common aspect, which should in-turn provide the possibility for *organizational change*.

It becomes useful to concentrate on two important points: to use this thesis' interpretation of the EU's four core values and/or organizational variables as mentioned above,

⁶² Larsson et al.: 12

⁶³ Boin et al.: 15-18

⁶⁴ This thesis uses the variables outlined in chapter one, and follows a similar logic, i.e. that situations that threaten these elements ought to be perceived as crises to the EU.

and to employ Weiner's 'problems' with integration, and correlate them to forms of crises that are inherently related.⁶⁵ Thus, the following typology of crises stems from those inherent links, and builds off the EU issues from table 1.1. These types of crises, which have affected or can affect the EU, are meant to demonstrate the vulnerability of the EU to diverse situations in more than one important arena, and are chosen based on this project's conception of the EU and its integration problems.

Typology⁶⁶ of EU Crises

Given the vast array of concrete literature on crisis types including environmental, international, terrorist, etc.,⁶⁷ I suggest specific notions and/or types of crises that affect and pose threats to an organized entity (the EU) and its core values and make-up. Many developments in EU studies are based on the notions of security and protection, which evolved from a desire that sought to prohibit future wars and stabilize the continent's geopolitical powers.⁶⁸ But rather than to reaffirm the EU commitment to 'securing peace and stability,' I focus on other priorities that are central to European integration, and which are exemplified by the following EU crisis forms. The typology created is useful as a means to focus on particular crises that will be relevant for later sections that explore the related case studies.

- *Endogenous/Exogenous*: Refers to the source of the crisis; if it was brought about internally, directly from inside the affected entity, i.e. constitutional crisis; or externally, indirectly from outside the affected entity, i.e. natural disaster;

⁶⁵ Clair and Pearson: 60

⁶⁶ The concepts in the typology are derived from academic sources and the definition of crisis that this thesis uses, explained above.

⁶⁷ For information on these and other types of crises brought under the umbrella of security studies, see: B. Buzan, *People, States and Fear: An Agenda for International Security Studies in the Post-Cold War Era*, 2nd ed. (Boulder: Lynne Rienner) 1991; J. Eriksson, *Threat Politics: New Perspectives on Security, Risk and Crisis Management*. (Aldershot: Ashgate) 2001.

⁶⁸ Boin et al.: 16

- *Large/Small*: Refers to the size and depth of the crisis, if it was large enough to facilitate an intricate learning process and subsequent policy/institutional and second-order changes; or simply allowed for minor modifications (i.e. regulations) and first-order changes;⁶⁹
- *Territorial/Natural*: An event or situation (i.e. a natural disaster) that threatens the actual physical and geographic territory, and/or inhibits the territorial control mechanisms, for example disrupting the free movement of persons and goods across the EU;
- *Economic*: A prolonged state of disruption to financial markets which deteriorates capital and investment opportunities, resulting in poor growth, unemployment, and economic stagnancy that is difficult to overcome.⁷⁰ This scenario is a major threat to the economic stability and existence of the common market and eurozone;
- *Identity/Legitimacy*: The increasing lack of a feeling of identity and/or legitimacy, leading to the questioning of the ruling system, and the creation of sentimental and communal distances. Others have suggested it as the continuing disillusionment of citizens that threatens to undo the EU's democratic system.⁷¹
- *Political*: An occurrence of political unrest, a culmination of events/policies that interfere with the proper functioning of governments, officials, and their relationships with citizens, which threatens the stability of the EU's interdependent and extensive political system;

⁶⁹ See further detailed explanations in chapter three.

⁷⁰ F. Mishkin, "The anatomy of a financial crisis", *Journal of Evolutionary Economics* 2, 1992: 118

⁷¹ B. Gilley, "Legitimacy Crisis: Again?", *Political Science and Politics* 38 (3) 2005: 357

Regardless of the type of crisis selected for this thesis, each form is directly attributable to a value/system threat that questions the essential functioning of the EU, and point to future problems if these crises remain unattended to.

The various concepts of crisis which are outlined in this section are necessary to foster a proper understanding of the main objectives of this thesis. The cases and crisis examples investigated in proceeding chapters comply with these components and fall under the aforementioned characteristics and typology of crisis. Having now understood the importance of an EU organizational crisis for the study on the relationship between crises and integration, we can turn to the aftermath (reaction, response, fallout, change, etc.) of such events.

In the Aftermath of a Crisis

This section begins by briefly outlining historical accounts of crisis responses and their effects on the entity involved. It then proceeds to position the EU's current crisis management⁷² capacity into context, and demonstrate its effectiveness by looking at past critiques and future possibilities.

Post-crisis, it is important seize the opportunity and make something out of the apparent disarray, or risk further disaster. Crises have adversely affected people and organizations for a long time, yet they have also allowed many groups and entities to profit, politically, financially and otherwise. What come to mind are things like investment, rebuilding, insurance coverage, populist discourse, etc. Yet the different types of crises and reactions to them are not always uniform, but are ultimately variable and dependent. Mishra (1996) notes that organizational

⁷² There are numerous studies on EU crisis management policies and developments from a variety of perspectives that this thesis does not touch upon. For more comprehensive literature, see: S. Duke, *The EU and Crisis Management: Developments and Prospects* (Maastricht: European Institute of Public Administration) 2002; K. Jörgenson, *European Approaches to Crisis Management* (The Hague: Kluwer Law International) 1997

crises are best tackled by creating a strong sense of trust between affected actors, hypothesizing that this facilitates a coherent communication process and clear exit-strategy.⁷³ Alternately, Harrald (2006) posits that major catastrophes and crises require strong-willed response systems that emphasize agility and discipline as critical success factors while citing different US Homeland Security responses.⁷⁴ While they do require these attributes, I suppose that crises responses can generate more of a learning-based process, which creates new externalities and opportunities for the entity.

Some organizations—regardless of their nature or focus—use crisis situations for individual or private gain, while others push for some form of constructive change. Some may be caught completely off-guard showing no discernable or ulterior motives in their reaction. The response of course depends on the gravity of the crisis and the political will of the affected parties to mitigate the problems. In international settings, these responses to crisis situations have been quite varied. In many cases these reactions can lead to blame and outcry, as was the case in the recent offshore oilrig disaster in the Gulf of Mexico. Here, all three parties involved—BP, Halliburton, and Transocean—immediately sought to place the blame on each other and absolved themselves of full responsibility for the disaster, an attitude which surely caused further harm.⁷⁵ In another example, namely the Rwandan civil war of 1994, crisis management was defined by complacency and indifference, where the UN Security Council, western leaders and international organizations generally abandoned Rwandans to fend for themselves and allowed the country to deteriorate into a state of full fledged genocide, sadly

⁷³ Mishra: 262-3

⁷⁴ J. Harrald, “Agility and Discipline: Critical Success Factors for Disaster Response”, *The Annals of the American Academy of Political and Social Science* 604, 2006: 256

⁷⁵ C. Bohan and S. Gorman, “Obama slams oil companies for spill blame game,” *Reuters*, 14 May 2010.

<http://www.reuters.com/article/idUSTRE6430AR20100514> Accessed 15 July 2010

because of their indifference.⁷⁶ In other scenarios, crises can also lead to cooperation and commitment among the parties involved to overcome the problem, as witnessed in the response to the 2004 Indian Ocean Tsunami. Within days, the international community had garnered billions and orchestrated coordinated government and military operations to help stranded victims and provide aid in re-building.⁷⁷

Regardless of the separate responses due to their different natures, these reactions share at least one common facet: the group, place or peoples affected by the crisis were undeniably *changed* as a result of the outcome of the crisis. This is a typical occurrence after a perceived crisis across the globe, evident after the 9/11 terrorist attacks in the United States and in London in July 2005, or the massive earthquake in Chong Qing, China in May 2008, or in L'Aquila, Italy in April 2009, to cite some other examples. Similar crises responses have facilitated major changes in recent years to both policy and practice in many different organizations and nations.

Coincidentally, national and governmental responses to crisis scenarios or deep institutional problems have long been important factors in a leader's, government's or organization's success and approval rating, contributing to, or inhibiting stability and legitimacy, among other things. Merely looking back a decade to the 9/11 terrorist attacks and the ensuing response by the Bush administration and American retaliation to Al Qaeda in Afghanistan and Saddam Hussein in Iraq, one can observe a crisis' ability to invoke a strong sense of satisfaction in the government and in the nation in the aftermath of that particular event and related reaction. Here, the strong willed retaliation of US authorities in the wake of

⁷⁶ M. Barnett, "The UN Security Council, Indifference, and Genocide in Rwanda," *Cultural Anthropology* 12 (4) 1997: 553

⁷⁷ P. Spiegel, "Differences in World Responses to Natural Disasters and Complex Emergencies," *Journal of the American Medical Association* 293 (15) 2005: 1916

terrorist attacks coincided with a soaring government approval rating and sense of national pride. Conversely, a crisis reaction can also have costly political consequences. The same President Bush saw his approval rating take a nosedive in the aftermath of the 2005 Hurricane Katrina response, as many people were questioning the administration's leadership and poor level of empathy for the victims. Before judging the effects of a crisis response, however, a brief examination of similar crisis management strategies that comprise these responses is in order.

Crisis Management/Response in the EU

Immediate threats to systems are tackled by some sort of strategy employed to counter the most destructive effects of a crisis. The ultimate goal when a crisis is spotted is to firstly mitigate and manage the situation to the best of the organization's ability; secondly, to ensure the changes brought on by the crisis are dealt with appropriately; and thirdly, to enact policies and rules which would guarantee that the same fallout from a crisis does not happen again, with better preparedness for crises in the future being the ultimate goal.⁷⁸ Depending on the entity's financial and organizational resources, these steps, referred to as crisis management practices, are not always feasible or properly executed.

Initially, it is important to distinguish between the semantics of crisis and conflict resolutions, duly summarized by Blockmans and Wessel (2009): the former refers to "the organization, regulation, procedural frameworks and arrangements to contain a crisis and shape its future course while resolution is sought. 'Conflict resolution' refers to efforts to impose a (partial) settlement in the case of a crisis and consolidate the cessation of violence."⁷⁹ As noted

⁷⁸ Summarized from: Darling: 7; Larsson et al.: 12-15

⁷⁹ S. Blockmans and R. Wessel, "The European Union and Crisis Management: Will the Lisbon Treaty Make the EU More Effective?", *Journal of Conflict and Security Law* 14 (2) 2009: 270

earlier, according to this thesis an EU crisis should not be solely regarded as something that affects the security of Europeans, or that disrupts the status quo, but something that threatens the systems and core values that constitute the EU - an event that would ultimately facilitate change.

In the past, national and local member state governments would have been required to deal with most crisis scenarios as the capacity and breadth of the less developed European Community did not usually cover disasters, emergencies, and problems that affected one or few member states. More recently, as EU institutions, economies, borders, and citizens became increasingly interdependent, the necessity for a crisis management policy has become apparent. Currently, the increasing reach of the EU's jurisdiction is encompassing more scenarios now deemed as EU crises. The last few decades in Europe are rife with crises that have affected established and vulnerable democracies, political institutions and systems, and the stability of core European values. These have included epidemics, ethnic conflicts, environmental disasters, terrorism, and more. Stern and Sundelius (2002) duly noted that "many of these crisis contingencies transcend jurisdictional boundaries within and among states and place heavy demands upon polities' capacity for coordination and cooperation."⁸⁰ As such, too many compromises between different levels of government and other actors may hinder an effective crisis response, so a pan-European crisis management strategy that transcends these boundaries is evidently needed. Nonetheless, we still see these valuable calls for an EU-wide crisis responses mechanism and safety net on a daily basis, especially in the midst of the eurozone's unfolding economic crisis.

Unfortunately, the vast majority of EU crisis management practices and literature on

⁸⁰ E. Stern and B. Sundelius, "Crisis Management Europe: An Integrated Research and Training Program", *International Studies Perspectives* 3, 2002: 72

crisis responses are overtly focused on conflict and disaster resolution. Nevertheless, by briefly examining the capabilities of these strategies, it will help to point out the policy shortcomings and difficulties that the EU faces with crisis situations, setting up the context and allowing one to make comparisons for the proceeding case studies in chapter four that deal particularly with more relevant forms of crisis for this thesis.

Until 2009, like most other directorial capabilities, the EU crisis management capacities existed within the EU's three pillars: European Community Institutions, Common Foreign and Security Policy (CFSP), and Justice and Home Affairs (JHA)/Police and Judicial Co-operation in Criminal Matters (PJCC). EU efforts are primarily centered on the second pillar of the CFSP due to the nature of its crisis resolution. The institutional framework and decision-making on crisis management operations within the intergovernmental CFSP and European Security and Defence Policy (ESDP) modules (both military and civilian operations) had been developed within the Council General Secretariat (CGS).⁸¹ However, there is competition from other EU power centers/institutions as well (Commission, national authorities, Directorate Generals [DG]), resulting in a structure which is sometimes unclear and competitive. Accordingly, the Commission claims to be involved in all phases of the crisis cycle, including prevention, post-crisis rehabilitation, and reconstruction strategies, by using certain stability instruments and local power delegations.⁸² Regardless, the uncertainty and variability of crisis situations provide excellent opportunities for learning and change in EU institutions, policies, and structures.

Let us outline a brief example. The 2002 sinking of the *Prestige* oil tanker (containing

⁸¹ C. Gourlay, "European Union Procedures and Resources for Crisis Management", *International Peacekeeping* 11 (3) 2004: 407

⁸² European Commission, *External Relations*. "Crisis Management", http://ec.europa.eu/external_relations/cfsp/crisis_management/index_en.htm Accessed 15 October.

77,000 tonnes of heavy crude) off the coast of Galicia, Spain, was the cause of much environmental and economic damage to a minor number of EU regions and citizens. It was thus perceived as a small EU crisis. The Community Mechanism was enacted by Spain, as local fishing communities were disrupted for months, and the ecosystem for longer. The lack of transparent information flows caused the responses from various DGs (Environment, Regional Policy, Fisheries, etc.) to be hampered and delayed. Thereafter, Spanish authorities and the DGs worked together to mitigate the disaster, making emergency funding available, and instituting clean-up efforts. However, the consensus was that the *Prestige* sinking could have been avoided if member states and authorities had accepted the measures from the Commission's recommendations following a similar sinking of the *Erika* tanker off the coast of France in 1999.⁸³ This demonstrates the importance of learning from experience, especially in crisis situations.

In 2006, Boin et al. highlighted sixteen major findings in assessing EU crisis management. Some of the major ones emphasized its strong capacity for mapping and monitoring trends towards risks independently from member states, or its experience in management techniques, but they also underlined notable shortcomings. Among others: the *ad hoc* techniques; the focus on the supranational; the difficulties in organizing expertise; the reliance on information from member states; and the problematic implementation of decision-making and post-crisis structures.⁸⁴ Ultimately, the separation of the pillars made it quite difficult for the European Union to project coherent crisis management strategies, which were hampered by these divisions, and criticized by many. The competition and overlap of these

⁸³ Boin et al.: 48

⁸⁴ Boin et al.: 55-70

machineries affected the decision-making procedures and financial resources of the overall strategy.⁸⁵

With the recent ratification of the Treaty of Lisbon in December 2009, the three-pillar structure of EU competences became obsolete, when a new EU legal personality replaced it. The division of the various policy areas is now more clearly defined via the treaty, re-organized into *Exclusive*, *Shared*, and *Supporting* competences.⁸⁶ Perhaps this new framework will be better suited to involve more organizational and clerical aspects of different EU levels, and help the learning process to incorporate specific divisions under one or few umbrellas centered around coherent strategies and harmonized crisis responses. Maybe this will silence some naysayers and skeptics who only see the dividing powers of the EU, and do not appreciate its organizational capacities and massive potential to naturally learn and evolve.

The crisis examples cited hitherto could generally fall under the CFSP relief programs as emergencies with human victims, casualties, and natural and civil destruction. But what about the other important ‘small’ and ‘large’ events described in the above typology –political, economic, and other perceived crises that seriously threaten entrenched EU systems, and precede distinct European changes? The CFSP or the Commission’s official crisis management strategies do not clearly address such crises (save natural disaster relief), even though their scale might be exponentially larger (i.e. financial crisis). However, national governments and local regions no longer have the resources or the legal authority to unilaterally undertake a full-fledged response to an EU crisis. This is especially true when the situation affects a centralized institution or mandate, and EU regulations take precedence over local or national ones. This necessitates a new examination of EU crisis responses, one that takes into account the varying

⁸⁵ Larsson et al.: 27

⁸⁶ Consolidated version of the Treaty on the Functioning of the European Union (TFEU), Article 2. *Official Journal C 115*, 09/05/2008

nature of crises, external pressures, internal processes, diverse actors, and socially constructed norms and ideas. Completely centralized responses to large political and economic crises, among other ones, have not always proven to be effective reactions, as examples in chapter four will describe. In fact, the Treaty of Lisbon's dissolution of the pillar structure and the subsequent merger of the EU and the EC potentially add to the logic of the Union's external actions,⁸⁷ including more unified responses to threats. But only time will tell if Lisbon really enacts concrete changes.

These reactions, in essence, simply develop at their own accord, and are made possible by a combination of different EU interactions including powerful national partnerships, Commission initiatives, parliamentary mandates, intergovernmental agreements, ECJ regulations, and social ideation. These are simultaneously created by, and establish most importantly, learning methods and knowledge bases that form the policy changes which further EU integration.

⁸⁷ Blockmans and Wessel: 269

CHAPTER THREE: ORGANIZATIONAL LEARNING CAPACITY AND EU INTEGRATION

Having positioned the constructivist approach to European integration as a promising method of examination, and having contextualized the types of organizational crises that this thesis uses, the discussion can now proceed with an investigation into the interactions and knowledge bases that bring about integrative EU changes, post-crisis. In order to do so, a succinct understanding of the concept of organizational learning, and the EU's ability to learn and integrate effectively, is necessary.

Learning methods and capacities are studied by a variety of disciplines. Classic forms of organizational learning are focused on professional education and training of individuals within the entity, in order to achieve maximum capacity and ultimately, progress. According to Johnson and Thomas, such a learning process needs to “take existing experience into account and build on it “through a constructivist approach to learning which involves “integrating old and new knowledge and being able to apply learning in new ways and to new situations.”⁸⁸ This basic ‘educational’ form of learning occurs in some EU spheres (through various forms of training and practice), but it is insufficient to help us properly comprehend the diverse actors and intricacies at different levels of the EU hierarchy. More specific forms of learning that are applicable to the political processes in the EU, are better equipped to do so.

Organizational Learning and Change

Let us first conceptualize organizational learning. It is a combination of events, changes, learning, and adaptation that refer to the process by which organizations adjust to

⁸⁸ Johnson and Thomas: 40

their environment.⁸⁹ It is both a naturally occurring and consciously enforced strategy necessary for the successful evolution of a group, company, institution, or government-like-object. The EU is similar, and it seeks to increase knowledge about itself from inside its own institutions and outside its physical and ideational borders. But how does it do this? What factors are involved and what types of learning can occur?

Consider the four interrelated ‘contextual factors’ that affect the probability that learning will occur within an entity, as outlined by Fiol and Lyles (*inter alia* March and Olsen 1995; Mitroff; Miller). They argue that if the related *culture* is conducive to learning, the *strategy* allows flexibility, the organizational *structure* allows both innovativeness and new insights and the socio-political *environment* that affects its stability is accurate, it is more likely that tangible forms of learning will occur. Similarly, these factors have a “circular relationship with learning in that they create and reinforce learning and are created by learning.”⁹⁰ Drawing upon these probability factors, the EU possesses the ability to be conducive to each. Firstly, there is a proven learning culture and voice in the EU, in particular after the Treaty of Lisbon. These efforts are embedded in its many flexible learning strategies, for example via the ‘Strategic framework for European cooperation in education and training (ET 2020),’ which seeks to develop public policy and to spur future generations to focus on lifelong learning, knowledge and innovation. The relevance of this is not in the educational strategy *per se*, but rather via the fact that *learning* has become an integral part of the EU’s dialogue and vision in many fields. It does this by working with member states to remain adaptable and allow for certain particularities in each unique region.⁹¹ Secondly, the organizational structure of the EU

⁸⁹ C. Fiol and M. Lyles, “Organizational Learning”, *The Academy of Management Review* 10 (4), 1985: 805

⁹⁰ Ibid: 804-5

⁹¹ European Commission, *Education and Training*, “Strategic Framework for Education and Training. http://ec.europa.eu/education/lifelong-learning-policy/doc28_en.htm Accessed 15 November

is defined by interconnectedness and interdependence with influence from distinct institutions, and this allows for input from various levels of actors, norms and ideas. And thirdly, the tumultuous and shifting political, economic and social conditions in the EU are a constant form of instability⁹² that ironically results in actual stability, akin to a ‘perfect storm’ of conditions for learning and change.

Thus given the high probability that the EU is susceptible to forms of learning and change, we can examine the many ways of acquiring the knowledge required for this learning. Organizational capacity scholars underline that “there is a growing focus on the role of knowledge for development, including how knowledge is gained and what roles are played by *informal* as well as *formal* processes.”⁹³ As such, forms of organizational learning (voluntary, interactive, sensory, experimental, etc.) can be attributed to the entity at hand, via both formalities. So which type of learning does the EU employ and operate (consciously and unconsciously)? There is, as usual, more than one simple answer. Although one must appreciate the unique nature and different conceptions of the EU, the arguments in this thesis are best understood if one uses the unconventional assumption that the EU can be viewed as a simple organization made up of different institutions and actors. Unlike many organizations, however, it is a vastly dependent and evolving being, which takes on many different forms of learning, sometimes simultaneously, based on the situations which present themselves.

Common Modes of Learning

For now, let us position the literature on organizational learning and change in the EU’s institutional and policy-making scope. Traditional types of organizational learning, applicable

⁹² The ‘stability of instability’ is a *bona fide* concept that touches upon the stability garnered from a constant state of relative political instability, outlined by: B. Laffan and S. Mazey, “The European Union – reaching an equilibrium”, in J. Richardson (ed) *European Union: Power and policy-making*, 3rd ed. (New York: Routledge) 2006: 52

⁹³ Johnson and Thomas: 39-48

to the modern European Union can be delineated as follows:⁹⁴

- *Analytic*: Learning occurs in an intentional and rational manner, via intensive and systematic information collection from within and outside the entity. Practices are analyzed and conditions are monitored to discover key setbacks or opportunities. Feedback is scrutinized and used to implement plans to adjust future policy and strategy;
- *Experimental*: Learning is generally deliberate in order to gather and interpret information to better the entity, but as it continues it becomes spontaneous and less transparent, exposing some risk. It is unstructured and free from detailed procedures, opportunistic and relevant for adaptability and situations of change and renewal;
- *Institutional*: Learning is determined by regulations, social norms and ideas that shape the institution. It can be in the form of subtle or direct indoctrination, whose efforts seek to assimilate and influence common values or policies amongst a large population. The broad membership, or citizenry, is most likely to learn, and the ‘community’ values are more readily harmonized.

The European Union institutions do not officially outline their plans or usage of formal learning mechanisms such as these. Learning instead occurs on a more dependent, case-by-case basis, where admission and evidence of learning or change generally appears during and after the fact. Coincidentally, there is a differentiation between such learning structures in the vast literature. Formal learning procedures consist of intentional practices that occur within an organized and structured context among relevant actors (formal education and training). This is designed as learning with objectives, goals and support mediums. Alternately, informal learning is generally unintentional, and is sometimes referred to as ‘accidental or random,’ as it

⁹⁴ Summarized from Miller: 489-96

entails the acquisition of knowledge from unstructured sources and regular organizational processes.⁹⁵

There are various methods of learning that the EU has utilized either formally or informally, intentionally or accidentally, during its long course of political and institutional development. *Learning from the past/learning from history* is a common, generally straightforward concept that helps the EU reflect on past perspectives for contemporary policy developments, for example in the recent reforms made to the European Regional Development Fund (ERDF) and Regional Policy changes based on successes and inconsistencies in the policy in the 1970s and 1980s in the Mediterranean region. Similarly, *learning from failure* is another form, which entails the adaptation of new ideas and policies based on clear institutional and policy shortcomings in the past, for example, the major changes that followed in the aftermath of the European Convention disappointment. Alternately, *learning from difference*, which is a type of learning about possible diverse alternatives and re-evaluating one's policies based on this diversity, can be noted through the mutual learning from difference within the new architecture of experimentalist governance in the EU.

Incremental learning, in a more technical form, is normally part of a routine in a certain stable system. Actors learn from repeated interactions, continuing in a gradually developing process of first-order changes.⁹⁶ Furthermore, the *open method of coordination* (OMC) has been applied to policy learning in the EU by various scholars. In March 2000, the EU instituted a new form of governance designed to shape member state policies by establishing a process of mutual learning of EU-wide public policies. The OMC uses benchmarking procedures to

⁹⁵ J. Bjornavald and D. Colardyn, "Validation of Formal, Non-Formal and Informal Learning: policy and practices in EU Member States", *European Journal of Education* 39 (1) 2004: 71

⁹⁶ J. Stacey and B. Rittberger, "Dynamics of formal and informal institutional change in the EU", *Journal of European Public Policy* 10 (6) 2003: 869

evaluate national policies at the EU level. *Imitational* learning, or ‘best practices’ are identified, and policy recommendations are subsequently directed to member state governments. In multi-level jurisdictions, OMC postulates that this form of policy innovation is the most effective way to foster learning and essential knowledge bases that form the requirements for convergence.⁹⁷

In each learning method, the one variable that is constant yet again is *change*. A quick, but essential line on the different distinctions that scholars (*inter alia* Newman 2000; Meyer 1993; Starbuck 1983) have noted between *first-order* and *second-order* learning and change is useful in this section of the discourse. First-order learning or change is gradual and steady, and it helps maintain ‘internal reliability.’ According to Newman, it can “involve adjustments in systems, processes, or structures, but it does not involve fundamental change in strategy, core values, or corporate identity.” This type of learning and change is probable during times of relative stability and is beneficial for the consistency between an organization and its competitive and institutional contexts, but it does not ultimately result in fundamental transformations.⁹⁸ Second-order learning and change is a deeper, more radical form that is difficult to achieve. It can occur abruptly, triggered by a change in various conditions (market, environment, institutional [*think major crisis?*]), and can force an organization into uncharted territory whose outcome is uncertain. Ultimately, it fundamentally alters the organization and its core values, and draws on the entity’s ability to learn from experience.⁹⁹ These varieties of formal and informal learning and change are instrumental for an understanding of the forms of

⁹⁷ M. Eckardt and W. Kerber, “Policy learning in Europe: the open method of coordination and laboratory federalism”, *Journal of European Public Policy* 14 (2) 2007: 228

⁹⁸ K. Newman, “Organizational Transformation during Institutional Upheaval”, *The Academy of Management Review* 25 (3) 2000: 604

⁹⁹ *Ibid*: 604

integration that can occur after a crisis.

EU Integration: Structural and Policy Changes

Having underscored the importance of learning modes and factors leading to change in the EU, we can move to the intrinsic association between learning and change as respects European integration. This association culminates with the following question: What kinds of EU integration can occur, and how can it occur?¹⁰⁰ In order to answer this, it is important to concentrate on the political side of EU integration that deals with the coordination of Europe-wide social and institutional structures, discourses, community regulations and policy changes.

Broad Structural Conceptions

EU integration can occur in major or *high-level* forms of significant internal or external policy changes driven by certain actors in aspects of more centralized or coordinated decision-making on primary EU policies, on member states' surrender of sovereignty on certain issues, on competences, or on binding changes to community law or the *acquis communautaire*. It could also be in minor or *low-level* forms of secondary regulation or directive changes, non-binding agreements and policy amendments, or of DG committee developments and recommendations, brought about centrally or by single actors. Coincidentally, integration does not exclusively equate to the deepening of centralized decision-making powers or the loss of sovereignty. At the odd time, it could also involve relative devolution, where integration still occurs, but within the confines of the *subsidiarity* principle.¹⁰¹ This means that centralized EU

¹⁰⁰ Analyses of genuine, well-studied and practiced aspects of European integration (i.e. legal, social, economic, institutional and other methods of integration) have been the subject of hundreds of books and articles, and cannot be readily explained in a few pages, nor is it in the mandate of this thesis to do so.

¹⁰¹ Subsidiarity implies that through framework rules, the lower-level units should be given sufficient autonomy in implementing the rules to be able to propose changes to them. Given this autonomy, they must report regularly on their performance, especially as measured by the agreed indicators. See C. Sabel and J. Zeitlin, "Learning from Difference: The New Architecture of Experimentalist Governance in the EU", *European Law Journal* 14 (3)

actors (i.e. Parliament) are slightly weakened in that they give up competences to other actors, but still adequately respond to the integration needs, even if it requires achieving this by other means. Whether minor or major, low or high-level integration, a certain degree of coordination, in the form of *Europeanization*, should occur within the context of EU integration.

Although Europeanization and political integration are not to be confused as the same expressions of change, it is important to move beyond the traditional theoretical aspects that are evident in the literature. We must examine the post-ontological focus of EU integration, which can be conceptualized with the Europeanization of policies and structures.¹⁰²

Europeanization itself is a popular term that a multitude of scholars, officials, and citizens alike, use to frame the emergence and development of distinct structures of governance at the central European level. This includes the impact of integration on informal and formal structures and processes at the national and EU institutional levels.¹⁰³ It is defined in layman's terms, notes Radaelli (2000), as "the *de jure* transfer of sovereignty to the EU level...identified with the emergence of EU competencies and the pooling of power."¹⁰⁴ However, this thesis does not touch upon traditional debates that offer projections on Europeanization's or integration's role in strengthening or weakening the member state, with emphasis on particular internal domestic situations. Rather, it uses the actual interactions between national and supranational institutions, authorities, and policies as a lens to view the adaptation that occurs and the knowledge bases that are needed for integrative changes to occur.

2008: 273

¹⁰² C. Radaelli, "Whither Europeanization? Concept stretching and substantive change", *European Integration online Papers (EIoP)* 4 (8) 2000: 6

¹⁰³ J. Caporaso, M. Cowles and T. Risse, "Europeanization and Domestic Change: Introduction", in J. Caporaso, M. Cowles and T. Risse (eds) *Transforming Europe* (Cornell: Cornell University Press) 2001: 1

¹⁰⁴ Radaelli: 2

On this note, Europeanization involves the creation and evolution of new layers of political institutions, rules, social norms, and policy authorities that become the de facto governing policies at different levels of the European hierarchy.¹⁰⁵ I assume a straightforward notion of the integrative aspects of Europeanization which borrows from Borzel's (1999) definition, and results in a process by which domestic policy spheres become increasingly subject to centralized European policy-making arenas.¹⁰⁶ In other words, the common aspects of EU integration and Europeanization culminate together with an increased influence on part of the EU over formerly shared or member state competences (policies, structures, decision-making, regulations, etc.).

Let us apply the theories and approaches to EU integration into policy as well as institutional conceptualizations. Accordingly, the notions of formal and informal learning described earlier also directly relate to types of integration and institutional change with the same distinctions, as outlined by Stacey and Rittberger (2003). Formal EU integration entails a form of *history-making integration*, which is comprised of member state decisions to pool sovereignty by putting policy-making into practice within the Council. They also delegate sovereignty from the national level to supranational actors, such as the ECJ, the Commission or the Parliament. Member states tend to assert their dominance in formal treaty bargaining, primary policy changes, and hold the assumption that transfers of sovereignty are mainly the result of their formal interstate negotiations at treaty-amending intergovernmental conferences.¹⁰⁷ For example, we see that the Treaty of Amsterdam of 1997 furthered the integration of EU policies in the form of a common foreign and security policy through such a

¹⁰⁵ Caporaso et al.: 3

¹⁰⁶ T. Borzel, "Towards convergence in Europe? Institutional Adaptation to Europeanization in Germany and Spain", *Journal of Common Market Studies* 39 (4) 1999: 574

¹⁰⁷ Stacey and Rittberger: 863

bargaining process.

On the other hand, informal or *interregnum integration* involves the decision to transfer sovereignty on the supranational level via rulings of the ECJ or informal bargains among organizational actors. The authors argue that the integration process is “furthered in-between formal bargains, but also – and more importantly – that the primary source of this interregnum integration is not the member states, but rather the Council’s supranational competitors (particularly the Parliament).” Informal integration is derived from political competition among the EU’s organizational actors, stemming from incremental *informal accords*. Ultimately, transfers of sovereignty are the result of informal bargains among EU actors in between more formal policy settings.¹⁰⁸ Informal integration can come in the form of policy change, but it occurs via secondary means. For example, there was a motion on the treatment of Roma migrants in EU member states that passed through the Parliament and was set up as a directive through a relevant DG that had policy repercussions across the EU. Nonetheless, given the wide nature of crises in the EU, both of these integration modes can occur in its aftermath, small or large.

There are also the more subtle roles of the European citizenry and the media, and the influential role of the political elite, which can affect the potential for integration. Crisis-talk in the media has been overstretched, especially in the EU, where editors and journalists are too eager to dramatically exaggerate any event deemed a crisis. Public perception of the direction of EU integration certainly plays an interesting role, especially when *Eurobarometer*¹⁰⁹ data on connectedness, contentment, and sentiment is released annually. The European elite (national

¹⁰⁸ Ibid: 863-4

¹⁰⁹ The Eurobarometer is a series of surveys and polls regularly performed on behalf of the European Commission since 1973, which reports based on the public opinion on certain issues across the EU.

and supranational political parties, major sects, and EU officials) is historically considered to wield the most power vis-à-vis integration, even though many of their constituents tread the path of Euro-skepticism. This phenomenon is known as the ‘elite-mass divide,’ which leaves anti-integration voters and proponents with little choice in the slow progression of EU integration.¹¹⁰ Often, the EU is criticized for this apparent elitism, where average citizens feel extremely disconnected from central officials in Brussels and claim to hold no real democratic power, which is deemed to be lodged in the hands of these elite. This knowledge becomes helpful when recognizing the particular aspects of (in)formal integration, as described above. Positioning the political elite as the principal driver-of-change facilitates a perception of this classic top-down legislation, which after Lisbon, has been slated to undergo some change of its own. Still, it is worth repeating that the conception of ‘integration’ should not be solely conceived as an external variable that affects institutions and states in such a top-down manner, but rather in an interactive ‘give and take’ framework.

Decision-Making and Policy Change

The EU has the policy-making attributes of a state-like entity. It lacks the monopoly on the legitimate use of coercion that modern nation-states have, but nonetheless, through an intricate and often difficult process, it uniquely manages to initiate legally binding policies. Not surprisingly, there is no grand theory of EU policy making. Rather, it varies according to style and time. Policy (including integration) can be instituted by the Commission’s agenda, via the legal authority of the ECJ or through intergovernmental bargaining on the Council; or it can be initiated democratically through the European Parliament (EP). Some policy-making areas are pluralistic (i.e. environmental), others are corporatist (i.e. agricultural), and some are

¹¹⁰ R. Buhr, “The Elite-Mass Divide and European Integration: The Peculiar Cases of Sweden and Italy”, *University of St. Thomas, MN. Policy paper presented at Theory vs. Policy? Connecting Scholars and Practitioners*, New Orleans, LA. February 2010: 2

technocratic (i.e. governance). In fact, the Commission's (the traditional motor of EU integration) old-style regulatory policy role is being gradually replaced by other sources and instruments such as cooperation, voluntary action benchmarking, OMC¹¹¹ and more specifically, learning via crises situations. The EU is facilitating this process to exhibit a more democratic and legitimate character.

Of course, actual integration does generally require at least a slight change to an EU policy or structural system. As centralized institutions garner more power, policy changes are induced in domestic member state structures, typically in two ways. Firstly, not only in the form of the policy subject matter, but more importantly regarding changes in issue and area-specific political, social, legal, administrative and regulatory structures; and secondly, in the system-wide structural sense (i.e. embedded historical and cultural practices), where the economic ideals, territorial structures, or socio-legal systems in the domestic polity can be altered.¹¹² Whether or not they decrease national sovereignty is another issue, but policy changes refer to both minor and major variations, that are equally important for the framing of the integration of related institutions.

Moreover, Stacey and Rittberger accurately distinguish between formal and informal institutions and their relevant capacity to change and become further integrated, noting the duality of policy-institutional changes:

Formal institutions are conscious creations of political actors and strictly enforceable, while informal institutions – not synonymous with norms – are sometimes intended and sometimes the result of unintended patterns that accrue over time on the basis of repeated interactions. The key distinction between informal and formal institutions is that, unlike the latter, the parties to informal institutions are not legally bound to their rules; in terms of enforcement, aggrieved parties can only rely on political sanctions

¹¹¹ Richardson: 7

¹¹² Caporaso et al.: 6

that carry negligible legal force. In contrast, the rules of formal institutions are legally enforceable by a third-party judicial body – in the EU the ECJ – which possesses the authority to issue binding legal sanctions.¹¹³

In fact, there is a reciprocal relationship between the two, as often, formal institutional rules are created from informal agreements via forms of incremental learning and institutional layering. It is evident that these different types of integration based on policy and institutional changes and factions of Europeanization are transparently conducive to the constructivist ideas described throughout this thesis. The post-crisis interactions between actors pre-meditate new ideas and changes, which are based on assumed self-interests.

We can begin to clarify how policy changes occur based on preferences and knowledge/learning factors. Two main lines of thinking towards policy change dominate the discussion, in particular conflict-based and knowledge or learning-based approaches. These, according to Conzelmann (1998), position two sets of variables that are crucial for the explanation of policy change: power and preferences, and knowledge and information. One on hand, the respective preferences of rational actors will lead them to use their power and influence to best serve their interests. In this light, policy changes are shaped as a result of different power conflicts and their influence and how much force each actor or coalition of actors is bearing.¹¹⁴

On the other hand, she argues that “policy change therefore may result from changing preferences and the dynamics of actor coalitions and also from changing perceptions of how the policy problem in question is to be defined, and what the appropriate solutions are.” Thus, one can envisage the creation of new knowledge bases for the problem at hand, and can change

¹¹³ Stacey and Rittberger: 861

¹¹⁴ Conzelmann: 6

the structure and direction of the policy through learning processes.¹¹⁵ These learning consensuses reached between actors are also useful to mitigate amongst conflicting sides who prefer power as the only policy-changing model. As constructivists preach, social argument and learning can result in deliberations which have the potential to transform the power interests of actors in supranational settings like the EU. In this sense, because decision-making is intentional, actor preferences are altered through discussion and argumentation, and an idea prevails.

Sabel and Zeitlin (2008) note that the outcome depends on “the socialization of the deliberators (civil servants, scientific experts, representatives of interest groups) into epistemic communities, via their participation in ‘comitological’ committees” (experts and representatives, EU advisors on new regulatory proposals).¹¹⁶ This somewhat informal process of social learning and consensus seen as an approach to decision-making is useful for the understanding of EU policy shaping, especially in a post-crisis setting. The explanations in this thesis have sought to portray EU integration as a complex process that includes formal and informal practices of learning, policy and structural change, coordination and Europeanization. This is not in the sense of colossal changes within the actual member states’ domestic policy or the ‘Europification’ of domestic governments, but rather in the sense that integration entails the changing and further harmonization of policies and structures that were already at the European level, and are relatively deepened to facilitate an ‘ever-closer Union.’

¹¹⁵ Conzelmann: 7-8

¹¹⁶ Sabel and Zeitlin: 273

Bridging the Gap: Crises and Integration in the midst of Constructivist Institutionalism

By positioning the discourse on organizational crises and their subsequent outcomes of learning, policy changes and integration, into the realm of Constructivism and its offshoots, we can neatly clarify their unique and (un)conventional relationship.

A Constructivist Reading

Constructivism in itself has innate ties to a social learning approach, and situates power and actor preferences in a structured context. Coupled with its reading of the interactions in common institutions, this renders it quite relevant for positioning post-crisis responses into the reasoning on learning and deeper EU integration. The policy-setting process between different actors and EU institutions are part-and-parcel of argumentation and learning, and these eventual deliberations have transformative agendas, especially in the form of supranational integration. In a constructivist approach to theorizing about integration, Checkel (2001) hypothesized four settings when social learning best occurs, and two of which are useful to this analysis. Firstly, he suggests that social learning is more likely to occur when “a group meets repeatedly and there is a high density of interaction among participants,” and secondly, more importantly, he also suggests that it is more likely to occur “where the group feels itself in a crisis or is faced with clear and incontrovertible evidence of policy failure.”¹¹⁷ Given that crisis situations often point out and substantiate policy shortcomings, and hence require a response and change, there seems to be an interesting match. What I am interested in here is this relationship between social interaction and learning, the actors that are conducive to these, and the changes that institutions undergo.

Constructivist institutionalism is a unique approach that, as outlined in the first chapter, seeks to understand institutional processes and challenges from a contextual point of view

¹¹⁷ Checkel, 2001: 54

involving institutional capacity to change via social and interactive means. These are in particular the ideal preconditions of this change.¹¹⁸ In this case we are using crises and their responses: when established values, norms, policies and paradigms are contested after a crisis, the changes and idea-based shifts that occur thereafter are significant markers of institutional change. But why is this relevant? Its importance can be verified by this change, which requires the relationship between institutions and the actors that comprise them to consider the inertia and the processes of change that create new institutional characteristics. We can now presume that when uncertainty prevails, values are threatened, social constructs are blurred—a crisis is perceived. Thus, the opportunity ought to be seized, and the role of ideas in determining outcomes can be exercised.

We can usefully apply these approaches and ideas to the amalgamation of crises, uncertainty, and paradigm shifts. Let us consider a few given assumptions, outlined by Hall and Hay on the matter. Ideational change invariably precedes institutional change, and those seeking to understand path-shaping institutional change must first “consider the role of ideas in influencing the development trajectory of institutions under conditions of uncertainty and/or crisis.” Hay continues to note the noteworthy difference between regular periods of incremental (first-order) policy-making change where the political direction remains generally unaltered, and exceptional circumstances of policy-making change (second-order) that are often the product of crises, and can reconfigure or replace the related institutional policies.¹¹⁹ In the midst of uncertainty, crises can have the valuable and constructive function of setting a new institutional policy path of change. We can observe this occurrence of a crisis responses’ result in first and second-order changes to policy paths through the Mad-cow disease case (to follow).

¹¹⁸ Hay: 58

¹¹⁹ Ibid: 66-67

While the entire EU and its affiliates may not undergo a drastic identifiable paradigm shift immediately after a crisis, it is useful to note that even the smallest of policy and discourse changes can set out a course which leads to greater alterations of policy standards. In fact, the new ideas and learning that emerge from actor interactions after a crisis scenario, and their impact on the entity involved, are extremely important factors. These new ideas are internalized and then politicized, and the EU can continue to evolve with these opportunities to develop and institute integrative policies. In fact, actors who enter into a social interaction post-crisis, rarely emerge the same.¹²⁰

Crisis Learning and Integration

Crises have the ability to push power and influence towards the inner or outer poles of the organization due to the threats, uncertainty, and rush to judgments that occur in these adverse situations. In some cases, as the concern for a return to stability increases, the centralization and harmonization of decision-making powers becomes more broadly accepted and even encouraged, as in most cases the affected individuals and entities seek solutions to end the crisis. In fact, the upper echelons of policy-making arenas are often able to see organizational performance, vigor, and problem-solving increase rather than decrease during and after a crisis. Thus, borrowing from Mishra, we can observe that centralization is a potential outcome “of organizational threats and crises, which provides a rationale for legitimately reasserting claims to centralized control.”¹²¹ But this is not the terminal result. A crisis can also lead to de-centralization and the outsourcing of knowledge and power, where the entity seeks to look outwards for direction to overcome the event. This could be coupled with

¹²⁰ A. Johnston “Treating International Institutions as Social Environments”, *International Studies Quarterly* 45, 2001: 487

¹²¹ Mishra: 262

the diversion of power away from the institution to reclaim legitimacy or look for a scapegoat.

Continuing with this rationale, not only does a crisis play an important role with the coordination of power and knowledge centers, but it underlines the necessity for decision-making. An analysis of EU crisis decision-making regarding the case of EU sanctions against Russia for its aggression towards Chechnya demonstrated the intricate relationship between crisis response, and policy commitments. In this study on the 1999 sanctions, Lintonen (2004) demonstrated that in certain occurrences, the EU would choose to adopt a bold policy if a situation is framed as a grave crisis. Coincidentally, this acceptance that a crisis exists promotes the strong leadership of large members who are likely to advocate a firm response in light of the event. Moreover, the policy instituted will be considered justified by the actors involved and by the population at large, based on institutional arguments as well as lessons learned.¹²²

The consensus reached by different players in EU policy arenas reveals the unique role of crises for creating knowledge interactions that lead to EU policy commitments, which have the ability to further integration, directly or indirectly. Another instance of this is with the major failures in the *Pleven Plan* of 1950, which was meant to create a permanent European Defence Community, but completely stalled by 1952. The ensuing instability amongst European leaders led them to hastily commit to a *relance européenne*,¹²³ and the signing of integrative policies in the Treaty of Rome not long after. Then again, this is not always certain, as the interactions can produce conflict and alternate knowledge bases that might influence the type and degree of integration.

¹²² R. Lintonen, "Understanding EU Crisis Decision-making: The Case of Chechnya and the Finnish Presidency", *Journal of Contingencies and Crisis Management* 12 (1) 2004: 29

¹²³ Elvert: 50

Given these assumptions, one can turn to the aspects of learning and change which have been described earlier. Accordingly, Stern and Sundelius (2002) focused on the theme of ‘learning’ while recommending the development of active knowledge bases through crisis comparisons. They conclude that actors tend to use lessons from past experiences to guide their decisions on current actions, and formulate reform projects based on crisis experiences. This does not mean that it is a simple end-game for learning post-crisis. They warn that although crises “present considerable opportunities for learning...post-crisis learning attempts are often distorted or derailed by a variety of typical political, social, and psychological dynamics.”¹²⁴ This is why it is important to precisely pinpoint the actors and discourses involved in creating learning opportunities. The outcome may be conducive to other actors’ power preferences or political dynamics that are at play. This alternate scenario can occur, and when it does, another outcome of learning can be in the form of European *disintegration*. This is due to the fact that the learning components used in post-crisis scenarios have led institutions or member states to realize different conclusions, ones which tend to draw away from coordination. Diverse new knowledge bases can thus lead to the dissolution of treaties or policies, with the eventual possibility of disintegration.

Moving ahead, Fiol and Lyles’ correlation between crises situations and learning methods can help wrap up this particular discourse. The authors believe that the process of learning “involves the creation and manipulation of tension between constancy and change.” This, in fact, translates into the necessity for a certain amount of stress if learning is actually to occur. Throughout this thesis, I have sought to prove that crises are quintessential examples of such ‘stress’ in an entity. Moreover, the level of stress and the degree of uncertainty in a crisis are important factors in determining the effectiveness of the actual conditions for learning

¹²⁴ Stern and Sundelius: 80

discussed and they also influence how the environment is perceived and interpreted.¹²⁵

To examine this closer, one can turn to a brief example of developments in EU food regulation, which constituted an intricate learning process that resulted in first and second-order changes to EU regulations and policy. I see integration being slightly deepened here.

The 1996 Bovine Spongiform Encephalopathy (BSE/Mad cow) outbreak in the United Kingdom abruptly shocked farmers, citizens and agricultural-policy makers in the EU and abroad. Producers and consumers were unaware and unprepared for the fact that the consumption of beef could potentially be fatal, a situation that sent tremors down the spine of the meat and agricultural industries and prompted a relatively small but significant crisis, which had financial and health repercussions across Europe. The BSE crisis highlighted an important factor—the necessity to seriously change the Community agricultural policy and to alter health, safety, and risk regulations¹²⁶ to ensure similar outbreaks did not happen again. Although the Standing Committee on Foodstuffs (StCF) and other EU scientific bodies were previously commended for their serious safety reputations, the ensuing BSE crisis underlined their major shortcomings regarding risk and safety policies and regulations. The Commission was blamed for improperly handling the crisis and providing misleading information. While there was no immediate overhaul of EU agricultural or risk regulation policies, both first and second-order learning and change was evident within the given systems.

Starting from inside the institutions, first-order, and incremental learning was noticeable. The Inquiry Committee set up in the aftermath of the crisis urged many recommendations for greater transparency regarding action on BSE and future outbreaks. The standing scientific committees were gradually to be changed via reform of the rules governing

¹²⁵ Fiol and Lyles: 805

¹²⁶ E. Vos, “EU Food Safety Regulation in the Aftermath of the BSE Crisis”, *Journal of Consumer Policy* 23, 2000: 228

the work of those committees. The slight institutional reform entailed an internal re-organization of scientific committees under one DG authority, to avoid reoccurring discrepancies.¹²⁷ Subsequently, more significant second-order changes were evident in the year following the crisis. The Commission's *1997 New Approach* to health and food safety was a direct reaction to the crisis and created a radical reform plan to change relevant DGs' health functions, which now emphasized mandatory policies on consumer health safety rather than producer security. Most importantly, however, the BCE crisis response and subsequent policy changes influenced the 1997 amendments to the Treaty of Amsterdam as well. Consumer policy specialist Vos (2000) concluded that the reformulation of Articles 95, 152 and 153 EC "which concern health and safety protection represent principally the institutional repercussions of the BSE crisis."¹²⁸

Here a recapitulation would be in order: a given crisis situation can simply lay the foundation for the development of minor variances (i.e. new regulations, committee recommendations) and could lead to first-order changes. Moreover, a crisis can also be large enough to facilitate a detailed learning process and subsequent major policy, legal, or institutional changes and can cause second-order changes. Based on the crisis at hand and its outcome, first and second-order changes may both lead to informal or formal, low or high-level integration. There is no apparent certainty that small crises are directly related to low-level integration, or that large crises lead to high-level integration, or vice versa. In either scenario, the subjective and dependent nature of any type of crisis, and the different types of learning it can promote are valuable points to consider when evaluating the changes in its aftermath.

¹²⁷ Ibid: 233

¹²⁸ Ibid: 235

CHAPTER FOUR: CRISES, LEARNING CAPACITY, AND INTEGRATION – ILLUSTRATIVE CASES¹²⁹

By analyzing different types of EU crises, this section will touch upon abstract sources as well as outcomes of unrelated crises. It will demonstrate how these crises have facilitated actor interactions, learning processes, changes, and have directly or indirectly led to a certain form of further integration, through policy, structural or discourse changes. The cases in this section will highlight some examples of the particular forms of learning and change that occurred post-crisis, and which affected the European integration process. It is important to keep in mind that we are still ‘living’ these events and crises, or have just recently overcome them, and still do not have the benefit of enough historical perspective to grasp all the related implications.

Each brief example will act as a basic synthesis of the arguments presented throughout this thesis. The descriptions of these cases are explained in a straightforward format, and will examine most of the following questions and factors, seeking to recapitulate the main points in each. For example: *What was the event and problem? Why/how is it an EU crisis, and what type is it? Did the crisis response lead to changes? What learning processes were involved in these integrative transformations? What was its cumulative effect on EU integration, and form (relevance)?* Each crisis scenario that will be analyzed (four total) was chosen from the typology of EU crises presented in chapter two, and directly represent threats to the core values and make-up of the EU that were conceived with this thesis’ definition of the EU. The relevant cases are as follows: the Icelandic volcano ash and airline chaos; the eurozone debt and default crisis; the ‘old vs. new’ Europe infighting; and the constitutional treaty failure. Ultimately, they

¹²⁹ The cases in chapter four present a general overview of the learning and integration ‘chronology’ of different, unrelated EU crises. These crisis examples are not specifically meant to describe or analyze the detailed learning procedure that each EU actor undergoes after a crisis, but rather to understand to which degree the interactions and learning of EU actors contributes to an assessment of how different forms of EU integration occur post-crisis.

demonstrate how not only EU crises, but also the learning involved through their respective responses, act as ‘catalysts for progress’ and coordination. They can be conveniently showcased using the following table.

Table 4.1 – The Process from EU Crises to Integration

<i>Event</i>	<i>EU Crisis Type</i>	<i>Source</i>	<i>Size</i>	<i>Learning Modes</i>	<i>Changes</i>	<i>Integration Forms</i>
Iceland Volcano Ash/Airline Crisis 2010	Territorial/Natural	Exogenous	Small	Formal, Informal; Experimental, Analytic; Learning from failure	First-order	Informal Accords; Low-level; Europeanization
Eurozone Debt and Default Crisis 2010	Economic	Exogenous/Endogenous	Large	Informal; Experimental; Learning from past, from failure	Second-order	Formal; High-level
Old vs. New Europe Identity Crisis 2003-On	Identity/Legitimacy	Endogenous/Exogenous	Small	Formal; Institutional; Learning from failure	First and Second-order	Formal; Informal accords; High-level
European Convention and Lisbon Treaty Constitutional Dilemmas 2004-09	Political	Endogenous	Large	Formal; Analytic, Incremental; Learning from failure	First-order	Formal; High-level

These particular crisis examples were selected for a number of reasons. Firstly, they each represent a distinct form of crisis that fits neatly into the typology utilized, and into this thesis’ conceptualization of the EU. Secondly, the four are evenly distributed among large and small, endogenous and exogenous crises, thus creating a fair sampling. Thirdly, they enable the reader to discern the learning modes and integration forms clearly, which lead to the final post-crisis results.

Territorial/Natural: Volcanic Ash Crisis

To set the tone for these case studies, let us turn to a recent EU event that demonstrates the diverse types of reactions to a crisis, its effectiveness on rapid decision-making, and the

complexities of learning processes for European integration. In the spring of 2010, Europe experienced the full force of a rather peculiar natural disaster that began thousands of kilometres off its northwestern continental shores. The Eyjafjallajökull volcano in Iceland began erupting and spewing thick dangerous ash into the atmosphere, which, combined with strong prevailing winds towards the continent, disrupted almost 80 percent of European Union air traffic for nearly six days in mid-April (15-20). Commercial and cargo plane engines risked severe damage if they flew through the freezing ash clouds, and fleets were grounded. The ensuing airline and passenger chaos (10 million were stranded) caused by the volcanic ash ultimately cost over €2.5 billion to the airline industry, and roughly €1 billion to the tourism industry in a matter of days.

EU officials, member states and citizens perceived this situation immediately as a crisis. An important reason for this was the role of the media, which inundated front-page headlines and online news captions and pictures with scenes of distress, anger, pandemonium, and grounded aircraft on a daily basis. Word spread quickly that few flights were taking-off, and citizens across Europe began to appreciate the magnitude of this disaster, and demanded answers. The chaos not only wreaked havoc on industries and consumers, but more importantly greatly restricted core EU elements such as the free movement of persons and goods by inhibiting normal territorial control mechanisms. The volcanic ash crisis was natural in that it was an exogenous disaster brought about by geographical and environmental factors. We can see that it was territorial because it called into question the viability of supervisory territorial bodies that managed the area, and it was harmful to the inhabitants of the legal (EU).

The EU reaction was slow at best—disorganized and excessive meddling, delayed negotiations and questionable management of the problem on part of the Commission. Of course, this was instigated by confusion and separate member state government actions and

demands throughout the uncertainty. Different actors were involved and their decisions clashed. EU transportation officials and national supervisory authorities took opposing stands on the issue, and airport closures and flight groundings were initiated at different times and in an uncoordinated manner, as officials interpreted Eurocontrol¹³⁰ ash maps in various ways. Decision-making was erratic and non-uniform, and as time passed, the situation deteriorated as the ash remained. It took nearly five days for the EU to organize an emergency conference of all the Transport Ministers to come up with a solution.¹³¹ The crisis response appeared to have failed. But fueled by a backlash from airlines, passengers, and of course significant media discourse on the state of the chaotic response, the overall consensus was that an ensuing pan-European reaction and subsequent commitment to further communal measures were essential in order to avoid a similar recurring disaster.

In the immediate aftermath, the response showed some signs of having led to non-binding changes, as EU institutions began to react to the popular and media outcry. Member states officials agreed that the need for EU airspace coordination was apparent, and the Commission set up working groups and committees to assess the event and response. European Commission Vice-President Siim Kallas presented a response package that included structural measures, and short and medium-term plans to change the relevant legislation, most notably: coordinated European action to revise the existing international procedures on volcanic activity; coordinated enforcement of air passenger rights; flexibility on the current rules; acceleration of the implementation of the Single European Sky; pan-European crisis planning

¹³⁰ Eurocontrol is the official European organization for air safety and navigation. It is at the heart of the European air traffic management (ATM) system, and coordinates the efforts from air traffic controllers and air navigation service providers.

¹³¹ L. Peter, "Volcanic ash chaos a lesson for Europe", *BBC News*, 20 April 2010. <http://news.bbc.co.uk/2/hi/8632034.stm> Accessed 29 July

for transport—a European mobility action plan.¹³² The most significant of these measures was this reconsideration of previous community agreements, where the harmonization of a single EU Air Traffic Management System (ATM) would be realized by 2012 through the changes to, and acceleration of the Single European Sky II initiative.

There were significant interactions between EU players and national regulators throughout the crisis, especially when trying to reach a consensus on airspace rules. There were also learning processes involved with this crisis, both formal and informal types. Here, the main learning actor was the EU Commission, and it was also the principal driver of change. Analyzing the crisis event and initial response led EU regulators and member state officials to judge the present shortcomings. The internal and public feedback to the crisis enabled the Commission to adjust its airspace policy. This formal analytical learning process was in one sense intentional, as functional responses in a structured context of EU airspace practices were occurring, if only short lived. The promises on air-traffic policy convergence were clearly affected by the initial crisis response. Accordingly, there was more of an informal learning process that led to the coordination of the abovementioned policies and discourses. The regular organizational processes (shutting down the airspace, cancelling flights, etc.) which unfolded with the volcano crisis led to an experimental form of knowledge acquisition, where various EU actors were unsure of the outcome, but continued to try different approaches to resolve the chaos. Moreover, slowly learning from the initial failures of the member states and Eurocontrol was an important part of the overall adaptation of new policy goals and the acceleration of communal initiatives.

¹³² “Volcanic ash cloud crisis: Commission outlines response to tackle the impact on air transport”, *Europa Press Release*, 27 April 2010. <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/10/152> Accessed 1 August

Finally, the volcanic ash crisis acted as a vehicle for the fostering of apparent EU coordination, where a harmonized pan-European response to the crisis was the necessary development. Furthermore, it facilitated informal accords between actors in the supranational arena and member state regulators in a non-treaty agenda setting. It resulted in low-level integration by speeding up community initiatives and questioning the necessity of air borders and national supervisory authorities, when it was becoming clear that European ones would be much more efficient and effective. Air traffic control had remained in the hands of member states because historically it touched upon sensitive questions of sovereignty and military defense. But this crisis demonstrated the necessity for the harmonization of the EU's new ATM policy, as ash clouds have no respect for sovereign borders. The EU's learning capacity with this crisis was one of the most transparent, albeit simple, examples in quite some time. While we still do not know the final outcome of the agreements—whether they will be honoured or not—the EU displayed important competences in innovating and accelerating policies based on a specific experience which threatened parts of its core functioning.

By 2012, we should know if the EU holds up its guarantees to accelerate the Madrid Declaration on the Single European Sky. Will the Europeanization of airspace finally be underway? Currently, the EU is preoccupied with another major crisis, which may inhibit its progression of a single ATM system. But if it does integrate its airspace, the EU will be another step towards more coordinated defense and security mechanisms, and perhaps a deeper CFSP would be the logical next step.

*Economic: Eurozone Debt Crisis*¹³³

Many European citizens, disillusioned by the supposed ‘American-instigated’ Great Recession of 2008-09, were party to their own major crisis at home. 2010 brought an abrupt end to the heyday of social-democratic spending models, generous pension laws, enormous budget deficits, and borrowing one’s way to growth. The Greek debt bubble burst in early 2010, sending shockwaves down its own government’s spine, but also down the backbone of European integration—the eurozone. Greece was essentially bankrupt, and a full-fledged large crisis was underway. Unfortunately, it did not stop there. The threats and panicked markets exposed similar debt, deficit and default-risk levels across the rest of the so-called *PIIGS*¹³⁴ throughout the year, with much speculation occurring on Ireland’s imminent default (realized by November), and Portugal’s likely following soon after. The biggest risks in this crisis are the threat of Spain (fourth largest eurozone economy) defaulting on its debts, and Germany (the EU’s recovery and growth engine) abandoning the suffering economies—and the Euro (€)—to their ‘deserved’¹³⁵ fate(s).

The contagious debt and default–risk economies, which exposed the eurozone’s—and perhaps the EU’s—greatest underlying weaknesses, were immediately perceived by policy-makers, the media, and national governments alike as a unique major economic crisis, brought about both internally—through poor investments and irresponsible deficits, and externally—via the global recession and market pressures. Media outlets across Europe (and the world)

¹³³ N.B. Due to the continuation of, and new developments in the eurozone crisis, this case only focuses on the first part of this crisis (i.e. the initial responses to the Greek debt problems). The ongoing nature of the situation complicates a proper analysis of the learning and processes involved with the event.

¹³⁴ *PIIGS* is a somewhat derogatory term given to the peripheral members Portugal, Ireland, Italy, Greece, and Spain, by some analysts in the Anglo-Saxon world who view these nations as free-spending and undisciplined. The author does not share the ideas behind this categorization.

¹³⁵ Some argue that these ‘uncontrollable’ economies should have to ‘fix’ themselves out of the current crisis, without help from EU taxpayers and the IMF. It is not the purpose of this case study to project judgments on this issue.

splashed figures of European account deficits over the news, spreading the word to all corners of the EU. In 2009, Greece's was over 15% of GDP, Spain's was over 11% (plus a 20% unemployment rate), and Ireland risked a near 30% deficit for 2010, all well above the Maastricht Treaty's set target rule of a 3% maximum. President of the Council Van Rompuy recently noted, "We all have to work together in order to survive with the eurozone, because if we don't survive with the eurozone we will not survive with the European Union."¹³⁶ This deteriorating situation was and is a direct hazard to the proper functioning of the single market and currency, and to the prosperity of the European Union at large. However, the size, duration, and unforeseeable end to this crisis render it nearly impossible to completely analyze its full and ongoing effects. This section therefore focuses on the initial reactions of EU actors and member states in the few months following the original Greek prognosis in March 2010.

The original response to the economic crisis in early 2010 was panicked. The Euro was losing its value on a daily basis, yet the reaction was indecisive. Many national governments and the general public across the European Union were seething with resentment towards the undisciplined Greeks, and could not agree on a distinct plan. Germany had originally insisted that a country like Greece, which defied the strict budget discipline of the Economic and Monetary Union (EMU), should be required to save itself through austerity measures.¹³⁷ Chancellor Merkel stuck to this stance for weeks, even when France's Sarkozy pushed for other EMU reforms and a Greek bailout. Intergovernmentalist and domestic political self-interests seemed to reign free in the early stages of the crisis, but no real settlement could be reached. The European Central Bank (ECB) was the steady hand in this financial mess, and regularly called for cooler heads to prevail.

¹³⁶ L. Phillips, "Van Rompuy rows back from EU 'survival crisis' remarks", *EU Observer*, 19 November 2010. <http://euobserver.com/9/31308> Accessed 25 November

¹³⁷ Charlemagne's Notebook, "Glimmers of a plan for saving the euro", *The Economist*, 9 May 2010 http://www.economist.com/blogs/charlemagne/2010/05/euro_crisis_1 Accessed 13 October

Finally, after weeks of delay and inaction, and a popular and media backlash from both sides of the argument, an EU wide rescue plan was approved as a critical response to the crisis. An ambitious short and medium-term agreement was drawn up to relieve the fears of a Euro collapse. Led by Germany's change of direction, EU Finance ministers met and forged out a bargain that would temporarily restore calm to the Euro and the markets. In early May, officials announced a €750 billion plan which included €60 billion of EU-backed bonds, a €440 billion stabilization fund guaranteed by eurozone members, and up to €250 billion of IMF money. Additionally, the ECB promised to buy government bonds in order to lower the cost of borrowing for the eurozone's most fragile economies.¹³⁸ The main drivers of change here were member states, in institutional bargaining settings. More specifically, in the subsequent weeks Germany championed 'saving the Euro' and was the motivating force behind the bailout's EU support. Even facing a parliamentary and public backlash at home, German ministers sternly pushed forward with EMU policy changes that would allow indebted governments to be temporarily saved, albeit with high interest rates. The ECB also played an important role in its interpretation of EU laws on the no-bailout clause, and rejected criticisms of encroachments on central bank independence. Radical second-order changes were apparent with this crisis, and ultimately altered the core abilities of the eurozone, setting dangerous precedents for future bailout scenarios.

The opportunity for organizational learning within this crisis is irrefutable. Lessons from the mistakes made will help the EU in future times of economic upheaval. Learning from its initial failures in reacting too late to defend the free-falling Euro is an important step in keeping true to its pledge of efficient financial responses in the future. Likewise, noted Van Rompuy, learning from these problems, where corrective measures were taken too late and the

¹³⁸ "The Euro and the future of Europe: No going back", *The Economist*, 13 May 2010.
http://www.economist.com/node/16116773?story_id=16116773&source=hptextfeature Accessed 13 November

available legal instruments were not used sufficiently, will aid with the enforcement of the new principles on greater budgetary discipline, the establishment of an effective economic crisis management mechanism towards strengthened economic governance and more coordinated efficient dealings with future economic crises.¹³⁹ Learning from the past was essential for the acceptance of fiscal exit and consolidation strategies to get governments out of their debt-ridden fiscal policies and into recovery mode, a lesson quickly learned in the midst of the global recession, which hit Europe's productivity and growth particularly hard. Leaders know that eventually the eurozone has to exit the recovery mode and entice growth, so their 'stabilization fund' cannot be a recurring bailout. Ultimately, I view the diverse learning strategies used by the EU in an informal manner, characterized by experimental learning during chaotic times of unstructured decision-making and *ad hoc* interactions between actors. A lesson which has yet to be fully learned is whether governments made appropriate choices in line with future taxpayer generations' potential, and whether they have done enough to counter the risk.¹⁴⁰ The EU's ability to absorb and adapt to the information obtained and market signals throughout this crisis was sufficient, especially amid such a chaotic environment. But given the current climate of despair, markets and world leaders are unsure if the EU made enough internal and political changes to protect its core investment—the eurozone.

Separate member states were questioning their commitments to eurozone partners and the need to pay for them, but there was enough consensus to implement important measures to halt the free falling value of the Euro, to calm the panicked markets, and to ensure a safety net for other vulnerable Eurozone economies. This demonstrates the fact that it often takes an unprecedented situation and bold action to really spur further integration, in this case regarding

¹³⁹ "EU ministers seek better economic crisis response", *BBC News – Business*, 21 May 2010. <http://www.bbc.co.uk/news/10134318> Accessed 12 November

¹⁴⁰ A. van Riet, "Euro area fiscal policies and the crisis", *Occasional Paper Series – European Central Bank* 109, 2010: 71

the EMU. However, this fund was not the definitive solution for Europe's financial troubles (as we have come to see this past November), and it failed to get to the bottom of the real socio-political problem. It was more of a temporary fix than permanent solution, and did not completely accomplish its underlying goal, as the panic continues to spread into 2011. Still, it was arguably a strong showing of solidarity and support for the EU, and more importantly, it marked a significant discourse and policy change which increased and substantiated the collective interdependency of eurozone partners. This unconventional second-winded reaction, eventually supported by most member states, has affected the integration process. It did not come in the guise of the traditional federalist form, but it did point out that member states can still indirectly guide the convergence process deeper.

One can observe that this was high-level integration with important consequences — new precedents and policy regulations on government bailouts, and a complete reassessment of the eurozone's capabilities and future. Finally, it was a formal type of history-making integration that occurred within the confines of bargaining and agreements, where heads of government and finance ministers drove the primary changes through rigorous negotiations. But only time will tell if this crisis truly leads to a permanent 'great leap forward' in European economic integration, which as of now, does not seem to be precisely the case. More cooperative intervention is badly needed.

Identity/Legitimacy: Old and New 'Europes'

Arguments over the essence, true nature and identity of the EU will definitely continue into the next decades. Recently faced with political and economic crises, European Union unity and supranational influence has been mediocre at best. Even its normative, soft power, global environmental leadership seems to be at stake. It is becoming increasingly difficult for the EU

to project a unified voice on the world stage, something that given its size and abilities, it really requires. There has been a sort of European identity crisis for decades, one which has never been fully overcome. To examine the entire story behind Europe's identity problems would be a lengthy exercise, outside of this thesis' scope. Rather, we can look to a certain incident in which Europe's identity and legitimacy was put into question. Looking back to the turn of the millennium, a simple diplomatic statement ultimately exposed major legitimacy and identity shortcomings within the EU. To preface this important remark, we must keep in mind that this occurrence is not unique. There have been many cases when internal factions of the EU quarreled, regional blocs were made out of disagreement, or institutions were doomed to infighting, but this case is particularly interesting.

The EU was adamant in its eastern enlargement ideals and the Union was set to grow to 25 member states in 2004. The ten post-Soviet states would make up the 'new' eastern bloc of the EU. Donald Rumsfeld, then Secretary of Defense in the Bush administration, reacted to internal regional EU divisions during the preparations for the Iraq war. In January 2003, he noted to reporters that "You look at vast numbers of other countries in Europe, they're not with France and Germany...they're with the US. You're thinking of Europe as Germany and France. I don't, I think that's old Europe...If you look at the entire NATO Europe today, the centre of gravity is shifting to the east."¹⁴¹ Rumsfeld was referring to the Anglo-American alliance and the pro-US support from newly admitted eastern members.

This small subtlety quickly displayed the impending identity and legitimacy crisis that faced the EU due to the divisions that emerged between new European partners, and debates on

¹⁴¹ "Outrage at 'old Europe' remarks" *BBC News*, 23 January 2003. <http://news.bbc.co.uk/2/hi/europe/2687403.stm>
Accessed 30 November

which EU voice (anti or pro-Iraq war) would be projected globally.¹⁴² These internal differences became more public as time passed and the debate intensified. This, coupled with a new questioning as to where the EU derives its legitimacy—based on old or new values—represents an EU crisis that was perceived by officials and citizens, and which continued to create intra-community distances for years. In fact, still in 2008, American defense initiatives within the new members’ policies (i.e. eastern bloc anti-missile systems, the inclusion of Ukraine and Georgia into NATO’s membership action plan), re-emphasized similar Iraq war divisions between ‘old’ and ‘new,’ as France, Germany, Italy, Spain, etc. vehemently opposed some of the Bush administration’s proposals, of which many of the eastern countries were supportive.¹⁴³

The ideological, economic, and discursive differences did not begin here, but are well-noted in European political spheres, and were underlying concerns during the enlargement negotiations. The divisions were not only in the Iraq war stance, but ultimately emphasized the new members’ neo-liberal economic policies and American-style capitalism that diverged from core ‘old’ EU values, namely from France and Germany, that were fond of prudence, social-democracy and differences from American capitalism. As we can see, this instance demonstrated a small, yet serious crisis, which pointed to other notable issues. It was endogenous in that it began with important differences between EU member and points to fundamental internal problems, but it was also exogenous because it was explicitly publicized by an external force, which propelled it to the forefront.

¹⁴² It is important to note that the Old vs. New Europe divisions are not perfectly along geographic lines, as Italy, Spain and the UK are considered part of the original Europe, but still supported the US policy in Iraq in 2003. Another discussion could touch upon the public opposition inside those countries, but their governments decision to still support the war with troop commitments.

¹⁴³ “‘Old’ and ‘new’ Europe divided at NATO Summit”, *EurActiv*, 2 April 2008. <http://www.euractiv.com/en/enlargement/old-new-europe-divided-nato-summit/article-171288> Accessed 25 November

This crisis is unique in that it touches upon an evolving topic—EU identity and voice. The example at hand did have indirect effects on the EU's integration capacity. It specified important divisions between EU actors, but also facilitated further cooperation on the development of a pan-European foreign policy (the CFSP), a key pillar of integration. The response to this crisis was not directly in the form of sudden binding agreements or Commission directives on the harmonization of policies as we saw in other cases. The diverse reactions to the 'old vs. new' comments and the crisis in general were a testament to the incoherency of European foreign policy. There were major verbal and political divisions between actors, member states, government allies, and a lackluster response from central institutions who were too timid to recommend or intervene on traditional member state competences. However, we ought to look beyond the sensationalist descriptions, and keep in mind that small, yet concrete first and second-order changes were being made during and after this crisis which dealt with advances in a credible foreign policy, an important means of high-level integration.

While the Iraq quarreling continued, *The Convention on the Future of Europe*, the prequel to the Constitutional Treaty, was in its draft stage with the aim of solving the EU's legitimacy problems throughout the current enlargement process. The fact that these two events coincided is essential for this case study. High-level procedural developments in foreign policy within the Convention, and later which followed in the Treaty of Lisbon's realization, stemmed from the foreign policy debates publicized by the Iraq war divisions. By 2003, however, we could already perceive the connection between the crisis and potential integration. One can recall the common sentiment that given the Iraq inconsistencies, a real EU foreign policy was thought to be decades away. But in reality, immediately after the internal disagreements, EU actors began a process of knowledge building and planning that would change its international

influence in the following years. They took on questions of who will lead the EU as its President, and whether to create an actual minister of foreign affairs position, compatible with other global foreign ministers.

These different actions facilitated another learning process whereby EU actors were able to use their ideas and influence to gain support from below. Convention authors on one side, and different member states on the other, each employed a form of institutional learning, seeking to shape a policy across the Union. Convention proponents tried to influence common EU values by portraying such an 'international role' for the EU, and some member states undoubtedly sought to protect their own foreign interests and preserve veto power, which they did. Both sides were vying to indoctrinate the populace with their own version of a proper 'identity,' and each claimed prime legitimacy. This unique form of institutional learning was able to help relevant foreign policy officials pick out prominent bits of information from unsettling political surroundings.

Furthermore, in learning from the January Iraq war troubles, central EU actors took lessons from this failure to project a better image abroad through changes to its CFSP. In June 2003, the EU was noted to be employing a 'new realism' in a foreign policy summit in Greece, where Javier Solana, the EU foreign policy chief, prepared a security strategy based on the US National Security Strategy. Moreover, EU foreign ministers had also agreed to further cooperation on the proliferation of nuclear and chemical weapons and adopted more unified tough stances on Myanmar, Cuba and Iran shortly after. The EU even ran military exercises in the Congo and Macedonia, outside of NATO's jurisdiction.¹⁴⁴ On the whole, I view this development as a formal learning mode due to the EU's purposeful objective to project a common foreign policy identity.

¹⁴⁴ S. Everts and D. Keohane, "The European Convention and EU Foreign Policy: Learning from Failure", *Survival* 45 (3) 2003: 167-8

Both first and second-order changes were in order within this ongoing crisis. There were small adjustments to foreign policy ideas and systems, and large plans to overhaul the national policy divisions and transform the EU's external relations. Formal integration in the form of member-state bargaining occurred at the IGC in October 2003 on the final version of the Convention text, and informal integration was apparent through agreements, drafts, and accords drafted by Convention leaders. The EU had essentially developed a more assertive foreign policy posture on general and specific principles. The EU's presence was made effective in this situation, as it was able to pick up the appropriate signs in the midst of conflicting actors, and turn them into plausible policy developments. Therefore, genuine foreign policy integration based on these instances was partly realized through the Treaty of Lisbon changes later on. But it still remains to be seen if the Union proceeds with the projection of a true identity and legally enshrined policy in the next decades. The crisis response and ensuing cooperation did not represent the conclusion of the EU's external relations dilemmas, as the consequences did not give us a final outcome to arguments on a single European voice. Member states still hold significant sway in foreign policy. Nonetheless, this smaller crisis is a good starting point to explore a more significant political one which shook the core of the European Union's self-perceptive and legal-political abilities, and which resulted in the progression of the Treaty of Lisbon.

Political: Treaty of Lisbon Tribulations

One of the major criticisms of the regional project that became the modern-day European Union is its 'democratic deficit.' This legitimate concern is founded upon the lack of directly elected EU representatives and the EU Parliament's relative weakness in comparison to the European Commission and European Council of member states. Voices from all corners

of the EU had been calling for a more democratic and transparent Union for many years, and federalists took their first steps with culmination of a ‘draft constitution,’ at the turn of the millennium to enshrine the EU’s purpose and rights, give it a more democratic character, and project its international influence at home and abroad.

Meanwhile, European leaders and policy-makers have been confronting the issue of internal political powers since negotiations on deeper Western European integration in the 1960s. After slowly pushing legislation that passed in national parliaments, which effectively surrendered significant amounts of sovereignty to the EU itself (see Maastricht Treaty, Treaty of Amsterdam, Treaty of Nice, etc.), many EU supporters sought the further clarification of EU competences and transparent institutional power divisions to solve problems of coherency and effectiveness. As such, some looked to a genuine constitution to guarantee European fundamentals (and to silence naysayers), in the form of the ‘Treaty establishing a Constitution for Europe (TCE).’ While many Euro-skeptics railed against this show of political, constitutional and international force, negotiations for the Constitutional Treaty began in 2001.

The TCE was signed in Rome, in October 2001 by the 25¹⁴⁵ member states. The ratification process began thereafter and 18 national governments ratified the Treaty, which even passed referenda in Spain and Luxembourg, albeit narrowly. But before it could come into force, subsequent referenda in France and the Netherlands in May and June of 2005 led to ‘No’ votes on the TCE and the ultimate rejection of the constitution. The EU entered into a critical ‘period of reflection,’ and poor judgments on the state of the Union were passed all over the continent.¹⁴⁶ At this point, analysts claimed that Europe had descended into a full-

¹⁴⁵ This includes the 10 eastern bloc states that had been admitted and were still awaiting formal accession by 2004.

¹⁴⁶ The EU at a glance, “The History of the European Union, 2000- today,” EUROPA. http://europa.eu/abc/history/2000_today/index_en.htm Accessed 15 November 2010.

fledged period of political and existential crisis, as the path forward towards integration was blurred. Even its own citizens' lack of faith in its constitutional legitimacy was pushed to the forefront, and the media took full advantage of this.

These political shortcomings on the part of the EU revealed its inability and unpreparedness to fully engage its citizens and convince them that it was becoming more democratic and accountable. In fact, many people had different and confusing perceptions—that their own countries' laws and rights would be superseded by the EU's, and state sovereignty or identity would be greatly diminished. These events which shook the core values and framework of the EU, were instantly perceived as a major crisis by insiders and outsiders: the political elite was disoriented and stuck in a stalemate; its citizens were quickly losing public support for institutions; and the EU's political system and identity were at stake.¹⁴⁷ Portions of the population were clearly not ready to move ahead with the 'European idea,' and the EU was left in a critically unstable condition. Although it was with good intentions, EU leaders did not properly estimate the level of backlash to a proper constitution, and thus the crisis was brought about internally.

An expedited response was badly needed. Voices pointed to the end of European unification, as its own founding members rejected a valid constitution. However, interactions, and the clash of different power centers—EU federalists on the one side pushing for a constitution and clear European role, and certain member states and their citizens on the other, fighting against any legislation—led to an intricate decision-making process that drew upon knowledge bases and learning from prior experiences. Somewhat calmly, in 2006-07, high-level European politicians, former Prime Ministers, ministers and members of the European Commission, went back to the drawing board in the midst of this major crisis. There were

¹⁴⁷ Elvert: 49-50

several options to proceed. One was to completely give up on new measures altogether; another was to propose reforms which would not require any treaty change; another was that some states could press ahead with radical constitutional ideas and form an ‘inner core’ of federalists. Finally, a perceived ‘difficult’ option was to create a new, slimmed-down agreement¹⁴⁸ that took compromises from different actors and power centers.

Notwithstanding this difficulty, the solution would ultimately be in the form of another Treaty, named Lisbon, which would replace the others. Using formal learning mechanisms within the treaty-making structures, officials intentionally re-designed the Treaty according to their objectives to converge on new amendments to the existing Treaties, keeping the failures of the TCE in mind. The Action Committee for European Democracy (ACED), led by former European Convention Vice-President Giuliano Amato, proposed modified measures.¹⁴⁹ The group was analytical in its diagnosis of the failed treaty and systematically gathered information from an array of sources and recommendations, gaining procedural feedback to adjust future policy strategy. In the end, the new text was incrementally shrunk, simplified, and re-structured to increase its chances of ratification.

Based on certain aspects of the European Convention and Constitution, but also incorporating the lessons learned from the TCE rejection, the articles were drafted to re-start the European political engine. Initially signed by member states in December 2007, the Treaty of Lisbon was meant to produce a more democratic, transparent and efficient Europe, one of rights and values, freedom, solidarity and security, and it wanted to poise Europe as an

¹⁴⁸ Richardson: 51

¹⁴⁹ H. Mahony, “Select group of politicians to tackle EU constitution,” *EU Observer*, 28 September 2006. <http://euobserver.com/9/22527> Accessed 1 December

important actor on the global stage.¹⁵⁰ However, political division seemed to rear its head yet again, much to the dismay of many European hopefuls. A referendum ended in ‘No’ once again in Ireland in 2008, and the Treaty was not ratified. Even this diluted European legislation could not pass in member states, and crisis was re-declared. Luckily, after a second vote, the Irish ratified it in 2009, but still, the Czech Republic threatened to abstain. This threw the EU into chaos yet another time, and observers wondered how a tiny fraction of the EU population in the Czech Republic could topple another shot at clearly defining the EU’s internal mechanisms, pointing to other internal political and legitimacy questions. Finally, it was ratified by the Czechs, and in December 2009, the Treaty came into force.¹⁵¹

In fact, the procedures which resulted in the Lisbon Treaty followed a gradual process, equating to significant first-order changes. EU leaders were rightly apprehensive not to re-introduce radical second-order changes in another constitutional treaty after the earlier failures, representing its capacity to make decisions based on its evolving environment. This time around, they wanted to maintain internal reliability and political stability across the Union. The policy and treaty changes that followed were thus adjusted in a progressive manner, but still proved to mark important transformations. The core idea was to simplify the European Union by abolishing the convoluted pillar structure, and replacing it with a proper legal personality for the Union, with clear competences. This enabled it to be part of international treaties (i.e. the WTO), created an actual minister for foreign affairs, a non-member state President, and replaced the EC, among other things. On paper, Lisbon strengthened the role of the

¹⁵⁰ Treaty of Lisbon “The Treaty at a glance,” EUROPA. http://europa.eu/lisbon_treaty/glance/index_en.htm Accessed 16 November 2010.

¹⁵¹ The EU at a glance, “The History of the European Union, 2000- today,” EUROPA. http://europa.eu/abc/history/2000_today/index_en.htm Accessed 17 November 2010

Commission and the EP with new legislative powers,¹⁵² and claimed to enhance democracy and legitimacy.

With the ratification of Lisbon, high-level integration in the form of new policies and a core-changing treaty was apparently underway. Yet, although it occurred in a formal, history-making setting, with working committees re-examining the text and proposing changes, and Commission and Council members in an IGC background agreeing on the binding changes, there was more to it. As it was made out to be a significant integrative step for the EU, there were many arguably devolving traits, such as: the extension of the qualified majority voting principle to new areas; member states' clear rights to withdraw from the Union; and enhanced *subsidiarity* mechanisms for the member states. This conjures up thoughts on the power relations between member states and centralized institutions. The EU's foreign policy abilities may be enhanced, and the EP may have won power, but national governments are more involved and armed with competences and roles that allow them to continue exerting their influence.

The EU was unable to pass the treaty in its original form, but it learned from its mistakes and surroundings, and made the correct adjustments to ensure its eventual ratification. With its new legal personality and greater ability to act on the world stage, the EU has partially succeeded in furthering coordination and cooperation of its institutions. Will it be ready to try its luck again at another constitution in the years to come? Current impressions and opinions amongst Europeans would lead us to believe otherwise. With the recent return towards self-

¹⁵² Treaty of Lisbon "The Treaty at a glance," *Europa*. http://europa.eu/lisbon_treaty_glance/index_en.htm Accessed 28 November. See: "A strengthened role for the European Parliament: the European Parliament, directly elected by EU citizens, is provided with important new powers regarding EU legislation, the EU budget and international agreements. In particular, the increase of co-decision procedure in policy-making ensures that the European Parliament is placed on an equal footing with the Council, representing Member States, for the vast bulk of EU legislation."

protection, it is unlikely that a binding constitution will be attempted for years, at least until Europe can find valuable solutions to its many crises.

CONCLUSION: SUMMARY OF FINDINGS AND FUTURE CONSIDERATIONS

Earlier, this thesis posed questions on the reasons behind post-crisis integration. It contemplated the processes and institutional levels where this might occur, and asked if learning capacities in the EU are well suited to help understand crisis events and responses. We can derive certain conclusive findings from the discussion and analysis of EU crises, learning capacity, and integration presented in this thesis. The four cases were instrumental in demonstrating the more practical side of the previous conceptual and theoretical discussions. Firstly, that functional and intergovernmental crisis reactions alone are not capable of explaining post-crisis integration that occurs. Given the findings of this discussion, we can see that with different types of crises, the varying responses, the multitude of actors involved with diverse learning processes, and the many drivers of integration, it is unreasonable to position singular approaches or factors as lone drivers of European integration in a post-crisis period. Yes, they have an influential role to play in the decision-making process and unfolding of post-crisis events; but European integration is too dependent on the distinct processes involved with interactions, learning and policy changes. The role of actor-interactions and knowledge bases from a constructivist viewpoint supersedes the more narrow-minded visions of intergovernmentalist and functionalist readings.

Secondly, the examples showed that there are no certainties that the Commission or the Parliament (or other actors) will regularly take the reins to suggest changes to legislation, nor are there guarantees that powerful member states will be the actors to constantly drive integration. However, notions on post-crisis learning can be made. These actors each represent important pieces of the decision-making puzzle, and feed off one another to further their agendas, which are based on assumptions of self-interested social constructs. EU supranational actors and institutions that push for the harmonization of crisis-affected policies are often the

actors that are conducive and open to various forms of learning. Their ability to analyze the initial failures and successes in and after a crisis response—whether it is their own internal actions or those of member states—enables certain officials and sections of these institutions (ECJ, ECB, Commission, etc.) to practice formal and informal types of learning, and to enact first and second-order changes to relative policies or binding regulations. The flurry of constant interaction between many influential actors in the EU spectrum allow for a policy-learning process that equates to knowledge bases created after a crisis. Basically, the EU changes in a crisis and the learning within this change create opportunities for slight or deep integration.

Thirdly, there is no faultless discernible learning method that the EU intentionally utilizes in its quest for integration. We have seen experimental, imitational, formal, and informal modes, etc. of learning. Sometimes these occur randomly, other times it is on purpose. Each has an important role to play, but ultimately it depends on the crisis at hand. The only specific type of learning that was constant throughout the cases was *learning from failure*. This form of learning is particularly conducive to an evolving entity like the EU, and is usually a successful model to examine recent and past failures within institutions, treaties and policies. It allows the EU to adapt its policy and decision-making agendas based on clear shortcomings, even in the midst of a chaotic situation. This valuable learning capacity trait is not always feasible, and we can thus observe some of the limitations to this research. In the context of CFSP and defense strategy development through the 1990s, we can note some difficulties with the EU's ability to learn, even from crises, demonstrating that its capacity to use knowledge bases is not always readily available. Varying member state positions and a 'noisy background' of conflicting views on arms control, and external military operations combined to restrain the EU's learning capacity in the security sphere, and it was unable to properly learn, for example,

from past experiences in the Balkans.¹⁵³ Furthermore, throughout the cases, sometimes the factual relation between learning processes and integration is not as clear as it could be because we still lack sufficient historical distance from these events, which does not allow us to fully analyze the undocumented learning capacities.

Fourthly, although one can interpret the crisis-driven integration from an angle which suggests that the depth of a crisis can be used as a gauge for the integration dynamic¹⁵⁴ (i.e. the more severe the crisis, the deeper the integration), there is no guaranteed relation between small crises and low-level integration, or large crisis and high-level integration, etc. Moreover, crises do not always produce second-order changes, but can also lead to first order change that occur more incrementally, and are generally conducive to intentional learning modes.

We can conclude that yes, post-crisis integration does occur, but it is not a straightforward process of simple bargains and agreements. There are different agents and factors at play, resulting in interactions based on power relations and social ideational pressures that culminate in a sometimes complicated learning process. Actors, institutions, member states, etc. are pressed to find difficult compromises in the aftermath of a crisis, which can require a form of coordination. This can result in some form of integration, but it is not always the perfect *finalité* some literature leads us to believe. Looking to political elites like the former French presidential economic advisor Jacques Attali, who has been present throughout the course of the Euro, we can see that he continues to believe in deeper economic integration, and insists that disaster has always driven progress. He claims that “the Greek crisis today will

¹⁵³ D. Allen and M. Smith, “The European Union’s Security Presence: Barrier, Facilitator, or Manager?”, in C. Rhodes (ed) *The European Union in the World Community*, (Boulder: Lynne Rienner) 1998: 54

¹⁵⁴ Elvert: 50

in the end have been the midwife of the completion of the European project.”¹⁵⁵ It is far too early to say if he is correct, as the crisis continues. But it is important to note that similar opinions, and vastly contradicting ones, are out there today. Likewise, there are notions that no connection exists between crises and integration, it is simply a coincidence, or that crisis-driven integration is a paradox. In fact, if the EU relies only on crises to spur integration, we will find it increasingly difficult to observe its progression as the bleak economic outlook remains.

The point of the arguments and illustrations in this thesis was not to prove that these crises responses resolved the problems by furthering integration, but rather to demonstrate that through an EU crisis, the opportunity for integration exists because there is an array of interactions between EU actors creating visible changes which enable a unique learning process, as well as knowledge bases and opportunities for these actors to further coordination and perhaps integration. Not every EU crisis has turned out to be constructively beneficial for integration, nor has every increase in integration been subject to the rigors of a crisis event. The cases highlighted the fact that the post-crisis accomplishments are not always clear positive steps towards integration, but have many shortcomings themselves. Doing this does not invalidate the hypothesis; it reinforces it, and this does not mean that a crisis’ role is negated. Ultimately, my objective was to prove that EU crisis events are more than external threats or catalysts that have paved the way towards integration. Post-crisis integration entails a complex procedure that evolves within a context of constructed social and institutional variables and actor interactions, based on diverse factors of learning, preferences and the formation of knowledge bases.

¹⁵⁵ J. Attali, “Greek debt crisis: What will happen to the eurozone? *Christian Science Monitor*, 26 February 2010. <http://www.csmonitor.com/Commentary/Global-Viewpoint/2010/0226/Greek-debt-crisis-What-will-happen-to-the-eurozone> Accessed 10 December

This thesis aimed to position ideas on European integration from a new multi-dimensional approach, by conceptualizing the EU and crises in a unique manner. While discourses on crises have been overstretched in the media, and while there have been academic articles and editions written about crisis-driven integration, these ideas are still quite under-researched. Too few have focused on the learning and decision-making that occurs through the interactions leading to policy changes, and few have positioned the literature on organizational learning capacity and methods amongst the arguments on EU integration. I sought to offer a contribution to the literature by means of theoretical connections and a variety of examples to demonstrate the intricate process of post-crisis integration stemming from different variables.

The author acknowledges that as this project proceeded, the possibility for greater a contribution to more detailed learning processes and capacities in the EU became apparent, but was not expanded in-depth. For example, process-tracing the learning modes and abilities of EU actors during crises events is an extremely interesting option, and a future possibility for more profound research into the learning capacity aspects that this discussion touched upon. In contemplating prospective research stemming from this thesis, possibilities include a study into the innovation capacity of 'learning regions' as outlined in EU Regional Policy strategies; an investigation into new EU cooperative crisis management strategies via the CFSP after Lisbon; and a project that looks into internal political-economy and legitimacy crises of EU member states (i.e. Italy) in the past decade, and the socio-political reasons behind the failures in those states, possibly leading to doctoral field-work and more.

There are many barriers to the future of European integration and enlargement. Different self-interests are currently dictating the EU's trajectory, especially in this period of crisis. There are even threats of total dissolution or break-up of the eurozone, but the arguments against this failure are strong enough to ensure most of the population that this will not happen.

Currently, European integration is seen as stalling, or as a lost cause because of its recent setbacks. To better mitigate the effects of similar future problematic events, the European Union requires a greater crisis management and learning capacity. The ongoing efforts to enhance crisis management capabilities will have to be hastened, with broad support from the EU's internal organs and external citizens and member state bases. As of now, the EU is often restricted to an outsider's diplomatic or economic role when faced with such crises. Member states will increasingly be faced with complicated situations, and no longer have the ability to act unitarily, but will require the EU's coordinated capabilities. With a large capacity to learn and innovate, the EU should become the main actor able to effectively respond to a crisis. Although integration does not proceed solely based on crisis experiences and situations, often the two are closely related. As time passes, will Europeans realize this recurring theme and willingly seize the opportunity for coordination and integration with a proper crisis response system? History and first judgment tell us that they are not yet ready. I think that will change in the next decade or two, as the EU continues to evolve.

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