

AMERICAN UNIVERSITY OF ARMENIA

**A STUDY OF INTERDEPENDENCE IN INTERNATIONAL POLITICS
ON THE EXAMPLE OF THE EUROPEAN UNION**

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LIST OF ABBREVIATIONS

EU	European Union
EC	European Community
ECSC	European Coal and Steel Community
Euratom	European Atomic Energy Community
EEC	European Economic Community
EP	European Parliament
MEP	Members of European Parliament
CFSP	Common Foreign and Security Policy
EUROFOR	European Rapid Deployment Force
COREPER	Committee of Permanent Representatives
Eurocorp	European Police
WEU	Western European Union
NATO	North Atlantic Treaty Organization
OSCE	Organization for Security and Cooperation in Europe
UN	United Nations

ABSTRACT

The Master's Essay aims to analyze the phenomenon of interdependence in international politics. Given broadness of the subject, however, the work focuses on one region of the world and investigates interdependence on a concrete example. So, countries comprising European Union and type of the relationship among them are investigated. For that purpose the structure of the European Union with its institutions and policies are explored.

The current work itself, which examines different approaches of the theory of international relations, turns to be the mixture of the two ever-conflicting approaches – idealist and realist ones with more emphasis on the idealist approach. More emphasis in favor of liberalist approach is explained by the fact that European Union having undergone failures on the road to integration appeared to turn into economic and political entity with common values and policies and continues to strive for further integration.

METHODOLOGY

The research method employed in the study is a content analysis of data published in the academic writings and Internet Webpages relevant to the study. By means of the method employed it was attempted to investigate the phenomenon of interdependence in the international arena, but given limitations of the space, the study was confined to the European region. Thus, countries comprising the European Union are unit of analysis of the study. The work relies both on theoretical literature concerning the theory of international relations itself, its approaches and related concepts; on historical literature about evolution of the European Union; and on current information concerning present status of the EU, its institutions and policies.

Introduction

The purpose of this paper is to investigate the role of interdependence among the specific nation-states and its implications for international arena as a whole. While in some regions this phenomenon is clearly visible, in others – it is quite vague. Significance of the subject is determined by trend towards increasing interdependence in some regions of the world, especially among the countries comprising European Union.

The hypothesis or the main tasks of the work is whether in relations of interdependence power still remains the most significant factor and the drive for its maximization governs interstate relations or cooperation strategy is the driving force originating mutually beneficial relationship among countries comprising European Union.

Thus, for the purposes of study the paper first investigates the theory of international relations as a discipline with its different approaches. It focuses on the discrepancies of the two antagonistic approaches and in the final analysis comes to integrate the elements of both of them proving their complementarity rather than antagonism. The paper further investigates main concepts of the two conflicting views – such as power and interdependence – thus providing for more complete understanding of those theories and origins of controversies between them.

After analyzing theoretical concepts and approaches, the concrete example is addressed in the study. Thus, the European Union as a political and economic entity is examined in great detail in its historical development. Main institutions of the European Union are separately explored in the study and their significance for overall European integration is analyzed. Among policies of the European Union, foreign policy – both in defense and economy - is stressed as the one contributing to adequate perception of the European Union itself.

The conclusion of the Master's Essay represents integration of the two main parts of the work- theoretical understanding of the phenomenon of interdependence and practical example of the European Union. It becomes evident that the two ever-conflicting ideas prove to be complementary ones illustrated by the given example.

Chapter 1

The Theory of International Relations

The current chapter investigates theory of international relations as a field of study with its different approaches. The importance of the chapter is explained by the need to analyze the place of the given work in the overall scientific research.

The whole theory of international relations is about “description, explanation and prediction of the behavior of states and other international actors” (<http://www.etext.net/free/concepts/intro.htm>, 1). Being a product of the twentieth century, it reflects new view of humanity, when the world began to be envisioned as one interrelated system.

Theories of international relations are usually affected by recent events. Thus, for example, realistic view implying possibility of war among sovereign states was widespread in 1950-1960s. In late 1960s this one-sided view of reality started to be severely criticized, especially in area of international political economy. It is worth mentioning that in order to be accurate, however, the analysis should not be affected by recent historical events but rather be subject to some objective criteria (Keonane, Nye 1989).

Among variety of theories of international relations some deserve special attention, deriving from both their importance for the field and numerable adherents.

One of the ancient approaches of international relations is traditional or classical approach originating from studies of such philosophers as Aristotle, Hobbes, Lock, Kant, and Hegel. This approach may be considered as a part of broader study of political philosophy, where little attention is paid to international politics. Another one is study of diplomatic history, which

through analysis of historical events, seeks to demonstrate such concepts as balance of power or national purpose. Such an approach, however, though providing necessary historical basis, cannot develop complete framework for study of international politics.

The approach focusing on problems of international law and organization, called idealist, has been inspired by establishment of League of Nations and guided by believe that “establishment of a strong international organization” would solve many problems of international relations. (<http://www.etext.net/free/concepts/intro.htm>, 2).

However, historical events gave origin to another, less optimistic approach, which considered power inseparable part of relationship among states. Hans J. Morgenthau was the one, who conceptualized the approach identifying power as a priority to which humans and therefore states strive. This approach, named “realist”, became the most antagonistic as related to the idealist one, supported by many before. The irreconcilable debate between the two is still going on, but as the paper shows, sharp opposition between liberal and realist theories is overstated: those two can also be complementary reflecting the reality best of all.

Realism, and in particular, Morgenthau’s emphasis on power, originated in its turn variety of approaches, which put emphasis on concepts rather than in terms of institutions or events. In the new set of approaches one of the prominent was that emphasizing relationship between politics and economics. Here those two spheres were seen as two facets of an indivisible whole. Another realist approach, looking at interacting actors in world politics, generated the concept of international system. A system is defined as the one composed of interrelated parts. Systemic properties of world politics such as characteristics of the international political system as a whole, or the amount of conflict at a particular time, the degree to which principal actors are grouped in blocks, or distribution of resources are subjects of the studies. Thus, this approach,

called “neo-realist”, focuses on distribution of power in the system and defines how this distribution influences political outcomes. The approach implies that power is always distributed unequally and each state strives to maximize its power, the fact determining international relations as a whole. When power distribution changes, the whole system is changed. The constant drive of each of the most powerful states is to establish and defend its political dominance in the system, which is hegemony. Importance of interdependence and economic questions is acknowledged by neo-realists, but they believe that still in the relationship of interdependence the main drive is maximization of relative power of states in all areas.

Another approach originating from realist view differs from the previous one in changing cause and effect in their places. This approach originating from Marxist economic determinism views the states as actors in world economy rather than in international political system. This approach implies accumulation of capital in national economy as the most important objective and other aspects of power are seen as the means to this end.

The two approaches mentioned above coincide in their acknowledging the idea of hegemony (though for Marxists the primary one is economic hegemony) and that this hegemony is never permanent in the world leading to conflicts and instability in the situation of anarchy in international political system.

Liberal institutionalist approach – the outcome of idealist viewpoint -- emphasizes increasing interdependence in world politics and the need for states to coordinate their policies to maximize their interests in situation of interdependence in international political system. In contrast to the early institutionalists (which promoted formal international organization to coordinate policies), neo-institutionalists emphasize that there are variety of international regimes rather than only one policy forum to deal with all issues. Those regimes are cooperative

arrangements, which involve rules for collective action in regard to particular issue areas. They may be either institutionalized or be a “gentlemen’s agreement” between states (<http://www.etext.net/free/concepts/intro.htm>,). Though, overall global integration is weak, specific international regimes often have important effects on interdependent relationships that involve a few countries. Thus, for example, European Community may be seen as the one, which developed a regime that affects many aspects of relations between member states. This approach differs from the previous ones by the argument that interdependence compels states to work together to promote their interests and where the increased interdependence is present more developed procedures for collective decision-making should follow. At the same time neo-realists respond that efficient network of international regimes may be established only through efforts of effective hegemon and that regime systems will reflect his interests and decline, when his influence declines.

Thus, the two basic ever-conflicting viewpoints, which gave origin to many subsequent approaches, are still converging in the overall theory of international relations. The paper, however, as it becomes evident later, emphasizes liberal institutionalist approach including elements of neo-realist one thus showing the need for the two viewpoints to complement each other for adequate reflection of relationship among nation-states.

Power and Interdependence

For the purposes of the study concepts of power and interdependence are explored in the following chapter. Those two may be seen as the ones each comprising basic foundation for realist and idealist approaches respectively. It becomes evident that the two notions do not necessarily exclude each other, but are rather interconnected or that interdependence can be a source of power.

Dependence may be defined as “state of being determined or significantly affected by external forces”, whereas interdependence means “mutual dependence” (Keonane, Nye 1989, 8). It is also important that there is a significant difference between simple interconnectedness and interdependence. In situations where interactions do not have costly effects, there is simply interconnectedness.

The term interdependence in its turn is not limited to mutually beneficial situations. There have been many examples in the history, which confirm the opposite. The authors of the well-known book insist that when integrating the two- modernist and traditional approaches (which is nearly the same as liberalist and realist)-, the broader definition of interdependence should be applied. Such a definition, which satisfies both views, implies that “interdependent relationship always involves costs, since interdependence restricts autonomy; but it is impossible to specify a priori whether the benefits of the relationship will exceed the costs... Nothing guarantees that relationships that we designate as interdependent will be characterized by mutual benefit” (Keonane, Nye 1989 ,10).

The two ever-conflicting viewpoints again converge at this point. Classical economists speak about joint gains in formulating theory of comparative advantage, but still a question

remains how those gains are divided, so distributional conflict arises, because every government would strive to increase its own gain even though if both benefit from relationship. So the conclusion comes forward that relationship of interdependence does not put an end to the “world of conflict”, promoting cooperative relationship among countries (Keonane, Nye 1989 ,10). This is especially true for ecological and economic interdependence. Whereas in the relationship of military interdependence both sides may strive to preserve balance of power, thus both gaining from such a relationship, politics of economic or ecological interdependence is quite the contrary “economic and ecological interdependence involve competition even when large net benefits can be expected from cooperation” (Keonane, Nye 1989 ,10). As a result, asymmetry, which exists in the relationship of mutual dependence, is a source of influence for one of the actors involved. This originates power of the less dependent actor over the more dependent one. Situations where equal dependence exists are extremely rare.

The concept of power is rather difficult to define. According to traditional school, military power was the one determining influence of a state on the international arena. The power of today, however, is much a broader concept than power of yesterday; it is not simply confined to military strength of one over another. Thus, many scientists stress economic power as another important determinant of influence among states, because control of economic resources can also be significant leverage for influence.

Power may be defined as “ability of an actor to get others to do something they otherwise would not do” (Keonane, Nye 1989, 11). To understand the effects of a more powerful actor over less powerful one the differentiation between sensitivity and vulnerability should be made. Sensitivity means how quickly changes in one country cause significant changes in another, and how significant are effects of those changes. Sensitivity assumed that policies remains

unchanged, because new policies at that time seem to take long time to be implemented. One of the examples of it is an oil crisis of 1970. Sensitivity interdependence can also be social or political as well as economic. Growth of transnational communications enhanced such sensitivity.

Another situation exists when framework of policies could be changed. If new different policies were possible there is still a question what are the costs of adjusting to the outside change. For instance, whether a country could shift to domestic sources of energy at moderate costs in previous example. Those states which have no alternative to use their domestic resources, or the alternatives is very costly to implement would be more vulnerable. Thus, it may be concluded that “vulnerability dimension of interdependence rests on relative availability and costliness of the alternatives that various actors face (Keonane, Nye 1989, 13). Sensitivity means “liability to costly effects imposed from outside before policies are altered”, whereas “vulnerability is liability to suffer costs imposed by external events even after policies have been altered” (Keonane, Nye 1989, 13).

Because of difficulty to change policies quickly, sensitivity is the first to come as the reaction for changes, whereas vulnerability may be measured only after some period of time, when costliness of making changes in response to external changes becomes evident.

It is the vulnerability that is important to understand in the structure of interdependence because it explains how actors can set the rules of the game. Sensitivity interdependence is less important than vulnerability interdependence in providing power resources to actors. That is so, because sensitivity is possible to be reduced by altering policies and thus be not useful for originating power. However, that does not mean that sensitivity interdependence is politically unimportant. High sensitivity often leads to attempts of governments to alter policies to protect interested actors. That is why it is very important for policy maker to examine vulnerability

rather than to be guided by sensitivity. Examination of vulnerability, and not sensitivity, will lead to coherent policies.

Thus, speaking of international interdependence, it is important to address “asymmetrical interdependencies as sources of power among actors” (Keonane, Nye 1989, 18). Different types of interdependence – sensitivity and vulnerability – lead to different political influences. Sensitivity interdependence is useful to apply when for the disadvantaged side it is very costly to alter policies. If policies are possible to be changed at low costs that would mean limitation of power derived from asymmetries in sensitivity. In this situation vulnerability is not high and so will not have desirable results.

Chapter 3

What is the European Community?

From this point the paper will focus on a more concrete example and examine how phenomenon of interdependence acts in the frames of the European Union – both political and economic entity. Thus, for the purposes of the study it would be expedient to investigate the very structure of the EU with its institutions and historical development to trace relationship among states comprising the EU.

So, the European Union is a supranational organization comprised of fifteen western European countries: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom. It is unique in that the member states have ceded to it increasing authority over their domestic and external policies, especially with the 1986 "Single Market" and the 1993 "Maastricht" amendments to the 1958 Treaty of Rome (<http://europa.eu.int/cj/en/pres/co.htm>). Individual member state policies, however, may still present problems for cooperation, in addition to EU-wide problems.

Fifteen democratic States - 365 million citizens – have voluntarily joined by a political desire to present a united front to promote European unity, to improve living and working conditions for citizens, to foster economic development, balanced trade and fair competition; to reduce economic disparities between regions, to help developing countries and to preserve peace and freedom. The Europe of the Communities, born more than four decades ago, is now poised to enter into its period of maturity. Having become a frontier-free area in 1993, it is now moving towards political union following the adoption of Maastricht Treaty. Having welcomed the

accession of Austria, Finland and Sweden in 1995, it is preparing to strengthen its bonds with new partners from Central and Eastern Europe. The Community has legislation, applicable in the 15 Member States; its budget is financed by the Community's own resources; its administrative and technical staff is employed by the Community institutions. (<http://europa.eu.int/cj/en/pres/co.htm>). Main institutions of the EU are:

- The *European Parliament*, directly elected by universal suffrage represents the peoples of the Community. It takes part in the lawmaking and budgetary processes and has limited, but increasing, powers of control.
- The *Council*, composed of fifteen members (one minister from each government), takes decisions and adopts Community legislation. Its membership depends on the subject under consideration (it may be made up of the 15 Ministers for Foreign Affairs, Agriculture, Finance, etc.).
- The *Commission*, composed of twenty independent members proposes Community legislation, monitors compliance with legislation and with the Treaties, and administers common policies.
- The *Court of Justice*, based from the outset in Luxembourg, together with the Court of First Instance, ensures that the law is observed in the process of Community integration.

Alongside those institutions the *Court of Auditors* monitors the implementation of the Community budget, whereas the *Economic and Social Committee*, a consultative body, involves representatives trade unions and social and professional groups in the process of drafting Community legislation. The ancillary body to the Council and the Commission, the *Committee of the Regions*, introduces representation for regional and local bodies in the Community

institutional system and has advisory functions. The role of the *European Investment Bank* is to contribute on a financial level to the balanced development of the Community.

Historical Development of the European Union

European Union, established in 1992 with ratification of Maastricht treaty, is currently a legal, political and economic entity with fifteen member states. It is astonishing how after-war Europe, ruined and torn as it was, managed to become a powerful entity several decades later (<http://www.cmutuel.com/cmutuelva/html/c15a.html>). However, before becoming mighty, European Community has gone through various stages of development experiencing both failures and successes.

The purpose of this chapter is to investigate how member states being separate political and economic entities came to merge into a single one, striving for further integration for example in the light of circulation of common currency.

Before World War II Europe was a place of constant conflicts. Creation of League of Nations after World War I in 1919 for prevention of disputes did not happen to prove its original aim. Treaty of Versailles demanding enormous reparations from Germany only originated further conflicts thus causing inequality among countries and giving Britain and France authority in Europe. Beginning of World War II raised such questions as how future European -both internal and external – conflicts should be avoided, where the idea of inter-European cooperation building political and economic security came to the fore.

Thus, developing new European identity was seen as leverage for reducing nationalism as a major drive for conflict. Germany, considered a heart of conflict from the Europe itself, was allowed to rebuild. Europe also had external threats from dominance of two superpowers – United States and the Soviet Union. So, both internal and external threats stipulated European integration, but for this “greater sense of unity and common purpose” were needed (McCormick,

1999). This idea was advocated most prominently by Winston Churchill, who proposed creation of “United States of Europe” operating under a “Council of Europe” with reduced trade barriers, free movement of people, common military and High Court to adjudicate disputes. However, he felt that this entity should be based around France-Germany even not necessarily including Britain. This idea was further promoted by Congress of Europe of May 1948.

In 1949 an agreement was reached by six countries - France, Britain, Italy, Luxemburg, Netherlands and Belgium to create Ministerial Council and a Consultative Assembly. Though European Union was the name advocated by Germany and France, Britain insisting on noncommittal “Council of Europe” took a lead. Thus, Council of Europe was created in London in May 1949 with signing of statute by ten European states. Council’s aim was to create common economic, social, cultural, scientific, legal, administrative affairs, whereas defense was excluded. Though membership of Council expanded, it never became more than loose intergovernmental organization dealing with human rights, culture and limited economic cooperation.

The feeling that something more meaningful is needed for European integration was especially acute for French entrepreneur Monnet and French foreign minister Schuman. The important point was to allow Germany to rebuild without threatening its members, which was possible only under “auspices of supranational organization”(McCormick 1999, 46). It was understood that coal and steel being fundamental building blocks of industry offered strong potential for common European organization. This branch might also be leverage to contain Germany, which was seen as the one originating its power from heavy industries. It is also important that France, at the time an interested actor in European integration, was threatened by rising powers of US and tried to consolidate with other European powers.

At the press conference of May 9, 1950, in his declaration Schuman proposed Franco-German production of coal and steel “under common High Authority” (McCormick 1999, 48) as a first step in federation of Europe which would make war between France and Germany unthinkable. This was quite a revolutionary idea because France gave up part of national sovereignty for building a new supranational authority. However, this idea was supported only by Benelux countries, which being vulnerable and repeatedly invaded by Germany, hoped to have more say through such an organization; and Italy lacking economic and political stability. For others this kind of cooperation was still of little interest at this stage.

Thus, Treaty of Paris on creation of European Coal and Steel Community (ECSC) signed by six founding members on April 18, 1951 was the first step to supranational organization forcing European governments to give up some of their powers. Though failing to achieve its many goals (for example single market for coal and steel), ECSC proved feasibility of integration pulling down tariff barriers, abolishing subsidies, fixing prices and imposing levies on coal and steel production.

The two following attempts for further integration were a complete failure as compared to limited success of ECSC. The first one - European Defense Community – aiming to promote European Cooperation on defense caused problems in national ratifications, especially of France and Italy not ready for a confession of giving up their military sovereignty. EDC was replaced in 1955 by Western European Union, “a consultative organization that fell far short of being a common defense force” (McCormick 1999, 49).

Another failure – European Political Community – intended to be the first step to creation of European federation. It was more confederal, than federal, with ultimate powers resting with Executive Council to represent national interests. With the collapse of EDC hopes

for EPC finally died. The failure of the two was a great disappointment for many integrationists. So, “re-launch” of Europe by establishment of common institutions, fusion of national economies, creation of common market and harmonizing of social policies was seen as the way out.

Thus, two treaties of Rome, which were motivated less by economic cooperation than by desire to create political union were signed and came into force in January 1958 creating European Economic Community (EEC) and European Atomic Energy Community (Euratom). EEC envisioned creation of common market and economic policies within 12 years through removal of restrictions on internal trade. However, this did not happen until 90’s, when internal barriers failed allowing common external tariff (McCormick 1999). Euratom was to create common market for atomic energy and to declare that industrial customs union existed.

So, integration of Europe under those three organizations was a remarkable achievement. Single Council and Single Commission of European Communities were established in April 1965 with Merger Treaty; the three communities had already common Parliament and common Court of Justice. By that time decision making process was given further authority by regular summits of Community leaders since 1975 known as European Council. EEC became more publicly accountable with introduction of elections to European Parliament (EP) in 1979.

By 1986 EEC was known simply as European Community with the membership comprising 12 countries, 1/5 of world trade, with administrative structure, independent body of law and direct representation through parliament. Creation of a single market - one of the goals of Treaty of Rome – was not still completed and non-tariff barriers still remained in early 1980’s, whereas customs union was already achieved. No true single market was possible without monetary union, which implied uniform interest and inflation rates and financial integration.

That meant, that single currency was a necessity – the controversial idea infringing national sovereignty of member states. Monetary union was also necessary for true economic union, which in its turn is an essential step for political union. EEC Treaty mentioned the need to coordinated economic policies but it did not mention as how to do it. So it was unclear which one should come first. Some saw monetary union as the first step, whereas others viewed economic union preceding monetary (McCormick 1997, 63).

Principle of economic and monetary union agreed at 1969 summit of EEC leaders recommended movement on both economic and monetary fronts simultaneously and achievement of fixed exchange rates by 1980. Member states were to hold the national exchange rates steady relative to each other measured by \$US. Due to international monetary turbulence of the time, goal of achieving EMU by 1980 was abandoned. New initiative was launched in 1977-1978, the result of which was creation of European Monetary System, which came into force in March 79, with Exchange Rate Mechanism founded on European Community unit (ecu). The goal was to create monetary stability zone to keep currency stable relative to ecu, whose value was calculated on the basis of basket of national currencies. Ecu was also aimed to settle international debts between EC members, psychologically preparing them for a single currency. Benefits of full EMU were seen as more efficient European economy and enabling EC to be stronger in international economy.

By 1986 the number of members already doubled with further inclusion of several more members in the subsequent years. The idea of single market was finally implemented in December 1992. It was generally shared that political integration was impossible without first achieving economic union that is why political integration received little attention; besides, failure of EPC further accelerated the feeling.

Several important steps on the road to economic integration are worth to be mentioned. By the end of the 1960s the EU Member States had abolished customs duties and quantitative restrictions between one another. Establishing the customs union marked the first major step towards a common market. But for many years after this early success a genuine single market remained just a distant goal. Differing national standards and regulations still hampered free trade - sometimes just as severely as customs duties and import quotas.

So, in 1985 the Commission launched an ambitious plan to complete the single market, eventually leading to the adoption of the Single European Act. This set a target date - 1 January 1993 - for full implementation of the four fundamental freedoms (free movement of goods, persons, services and capital).

The Single Act linked completion of the single market with economic and social solidarity, treating them as interdependent goals. Structural policy measures were introduced to help backward regions and areas hard hit by technological change and industrial restructuring. The EU was given the task of promoting cooperation in research and development and ensuring that the social dimension of the single market is properly taken into account. The Single Act also strengthened the democratic side of the EU by giving the European Parliament new powers in decision-making. It was the most important successful step in European integration since Treaty of Rome, which enabled Europeans to move through twelve member states as easy as US citizens throughout US.

So, the Single Act of 1986 was of great importance for achievement of economic integration. It covers different aspects including implementation of a single market. The idea of European Political Cooperation also was given legal status with the Single European Act. It was successful in many areas, but was “more reactive than proactive”(McCormick 1999, 70). An

example of it may be Germany's unilateral recognition of Croatia and Slovenia without conferring with EC partners in 1991. So, political union remained on agenda of European Councils and in 1984 a group of members of European Parliament (MEPs) suggested more powers for EC and EP and proposed draft treaty on EU. So discussions began about reforming EU institutions. European leaders agreed the time was right to move towards greater economic, monetary and political union and signed the Treaty on European Union in Maastricht, the Netherlands, on February 7, 1992. This treaty had to be ratified by twelve member states before coming into force, but Denmark's referendum rejected in 1992. So, there was an agreement according to which Denmark could opt out of the single currency, common defense arrangements, European citizenship, cooperation on justice and home affairs. After that, in May 1993 Danish referendum accepted. Then other eleven states ratified and Maastricht Treaty came into force in November 1993.

Maastricht treaty was another major step for economic integration. In accordance with this treaty European Union was created. The treaty laid down implementation of conditions of economic and monetary union. Three stages were envisioned toward completion of economic and monetary union. During first preparatory stage member states were assumed to coordinate their economic and monetary policies. During second period members put up their economic policies with five convergence criteria, stipulated by Maastricht treaty where there is strong monetary coordination. Third stage implied adoption of a single currency by countries meeting convergence criteria. Those member states will not be entitled to drop out, except Denmark, (which needs referendum due to its constitution, before entering into third stage) and Great Britain (which is entitled to drop out). Monetary policy was to be managed by European Central

Bank – newly created body acting independently from political authorities (<http://www.cimotuel.com>).

The "Maastricht" Treaty took effect on November 1, 1993 after ratification by all twelve member states. The biggest overhaul to date, it created a European Union committed to full economic and monetary union (EMU) involving the introduction of a common currency by the end of the decade, and the gradual development of a Common Foreign and Security Policy (CFSP).

Creation of the single currency is one of the main goals the European Union currently strives to. In 1995 European Council of Madrid adopted a name “euro” for a single European currency. Now majority of member states (eleven out of fifteen), participate in euro area, whereas only four countries - Greece, Denmark, Sweden and United Kingdom - are left outside. The EU's indirect influence over member state fiscal and monetary policy is considerable, and growing in the run-up to economic and monetary union. This means that in general those countries that ratified Maastricht treaty, providing introduction of euro on January 1999, automatically participate in the euro area if they meet convergence criteria of the treaty. The EU now adopts annual "guidelines" on member state economic policy, and the member states are striving to achieve the "convergence criteria" for monetary union: maximum deficits of three percent of GDP; gross national debt within 60 percent of GDP; inflation and interest rate levels no more than one and a half percentage points above the average of the three lowest rates among the member states; and two years of relative exchange rate stability.

Among those countries, which do not participate in the euro area, UK and Denmark benefit from special clause in Maastricht Treaty dispensing it from application to join euro area, whereas Sweden and Greece do not meet convergence criteria.

In 1999 the value of euro have been fixed to currencies of member states. However, to other currencies such as \$US it will continue to fluctuate. European Monetary Fund envisioned gradual entrance of euro currency into circulation. Thus, from January 1999 it is possible to pay in euros by check, bankcard or transfer, but coins and notes themselves will be enforced only after January 2002, when payments in other national currencies will become impossible. For some time (approximately ten years) it will still be possible to exchange national coins and notes in the Bank De France branches before they become a history.

So, very soon the majority of citizens in the European Union will be faced with one of the most profound currency changes in modern times with the full introduction, on January 1, 2002 at the latest, of the single European currency, the Euro.

Summary of the history of EU

So, the European Union is “a new stage in the construction of a United Europe” (<http://www.eusa.org.za /Content/Background/Background.html>). It continues and expands the work of the European Community, which since the 1950s has provided a unique institutional framework for forging unity and cooperation among the nations and peoples of Europe.

According to history, the early foundation for European integration was laid in 1952 when the leaders of six war-weary European nations signed the Treaty of Paris and created the European Coal and Steel Community (ECSC). The ECSC Treaty, which aimed at speeding up the reconstruction of Europe while preventing future war among its signatories, brought together France and Germany (age-old adversaries whose reconciliation was crucial), the Netherlands, Luxembourg, Italy and Belgium in the unprecedented common management of their most precious industrial resources (<http://www.eusa.org.za /Content/Background/Background.html>).

Over the decades, this initial purpose has been greatly developed. Encouraged by the success of the ECSC in terms of trade and cooperation, European leaders decided to further their economic integration and on March 25, 1957, signed the Rome Treaties establishing the European Economic Community and the European Atomic Energy Community. Earlier plans to pursue integration in the political and military field failed in 1954, but remained a long-term objective.

Gradually, the EEC became the dominant Community, dedicated to the creation of a common market among its member states. By 1986 the membership of the EU had doubled in number to include Denmark, Ireland and the United Kingdom (1973), Greece (1981) and Spain and Portugal (1986). Finland, Sweden and Austria joined in 1995.

The single market was finally achieved in December 1992. Even before the deadline was reached, the community had earned recognition as a major economic power and the world's largest consumer market.

The opening of Eastern Europe in 1989 transformed the Community into a source of political as well as economic stability in the wider Europe. European leaders agreed the time was right to move towards greater economic, monetary and political union and signed the Treaty on European Union in Maastricht.

The Maastricht Treaty took effect on November 1, 1993 after ratification by all twelve member states. The biggest overhaul to date, it created a European Union committed to full economic and monetary union (EMU) involving the introduction of a common currency by the end of the decade, and the gradual development of a Common Foreign and Security Policy (CFSP). Its functioning was reviewed in 1996.

On 17 June 1997, the leaders of the EU Member States agreed on a new Treaty for Europe, the Treaty of Amsterdam. The Treaty has four main objectives: to place employment and citizens' rights at the heart of the Union; to sweep away the last remaining obstacles to freedom of movement and to strengthen security; to give Europe a stronger voice in world affairs; and to make the Union's institutional structure more efficient with a view to enlarging the Union, with new member states joining.

The Treaty of Amsterdam consolidates each of the three great "pillars" which have been the foundation for the Union's work since the Maastricht Treaty: the European Communities (first pillar); the common foreign and security policy (second pillar); and cooperation in the fields of justice and home affairs (third pillar). The Treaty entered into force on 1st May, 1999.

Chapter 5

Institutions of the European Union

Current chapter investigates institutions of the European Union and the role of each in the process of European integration. The chapter also explores structures of those institutions as well as development of those institutions till their current position and status. Thus the four basic EU institutions - European Commission, European Council of Ministers, European Parliament and European Court of Justice - are explored in the chapter.

European Commission

European Commission is both executive arm of EU and its bureaucracy. It generates new laws, oversees their implementation and promotes interests of EU on international scene. College of commissioners drives executive function of EC, where each member is responsible for a policy area. Members of EC are not elected but final decision of new laws rests with the intergovernmental Council of Ministers. EC played critical role in European integration by encouraging laws bringing down trade barriers and creating a single currency.

Historically it evolved from three different institutions when under Merger Treaty of 1965 High Authority of ECSC, Commission for EEC and Commission for Euratom merged into Commission of European Communities known simply as European Commission. During its existence its membership increased from original nine commissioners to twenty as to now.

European Commission –the legislative and executive body of EU- is based in Brussels and has five main elements. They are College of Commissioners, President of Commission, Directorates – General, secretariat General and advisory committees. The main task of the Commission is to ensure that EU policies are advanced in light of treaties. It fulfills its main functions in four following ways. (McCormick 1997)

Through powers of initiation: the Commission has the sole power to initiate new legislation and pass them on to Parliament and Council of Ministers for discussion and adoption;

Through powers of implementation: once the law is accepted it should be implemented by states through national bureaucracies. Commission collects information to monitor implementation or not compliance of states to take them to the court or impose sanctions. But detection is difficult and Commission relies on two methods: member states reports and whistle

blowing. Commission publicizes progress on implementation hoping to embarrass weaker states into action.

The Commission manages finances: it drafts and guides budget through Council of Ministers and Parliament and ensures that all revenues are collected.

The Commission is engaged in external relations of the EU: it is main external representative in dealing with other organizations such as UN, WTO, and OECD. According to Maastricht the Commission is involved into developing EU foreign and security policy. It also oversees process by which applications for membership are considered.

Despite European Commission powers Council of Ministers is much more powerful body and true nexus of EU powers lies in relationship between those two. This relationship, however, changes now as Parliament becomes more powerful.

European Council of Ministers

It is forum, where national government ministers meet to discuss issues and take final decisions on EU policies. It is the most powerful of EU institutions and “the primary champion of the national interests” (McCormick 1997). After proposing laws by the Commission and after consulting with Parliament, Council of Ministers has the final say on whether resolution becomes the law or not. Meetings of the Council are closed to public, which makes the work of Council a secret for people and thus subtracts from democratic basis of the EU.

The Council actually consists of several councils depending on topic. The presidency is held in rotation for six months by each EU member. The Committee of Permanent Representatives (COREPER) – the body made up of permanent representatives of the member states, oversees the work of Council. It is debatable whether Council of Ministers is supranational or intergovernmental because its role changes. On one side it transfers powers to the EU and makes it closer to cooperative federalism like US and Germany; on the other side changing in voting in recent years pushed it toward supranational body. There is also a tendency to develop greater influence at the expense of Commission strengthening intergovernmental flavor of EU.

Historically Councils of Ministers grew out of Special Council of Ministers of ECSC created at the insistence of Benelux countries to defend the national interests as compared to dominant powers. At that time it was more intergovernmental body in contrast to supranational High Authority. In 1958 Separate Council of Ministers was created for EEC, where the idea of defending national interests was added by weighted voted system to prevent large countries from overwhelming small ones. Merger Treaty created Single Council of

Ministers. It was assumed that as a result of further integration and increasing trust between states, Council of Ministers would become less important and Commission would initiate, decide and implement policies. But it was just the contrary: EEC became more intergovernmental than supranational. Veto power was rarely used whereas consensual decision-making was more frequent. Recently it shifted to qualified majority voting thus forcing member states to put EU interests above national ones. Council of Ministers increased its power as it adopted its non-binding agreements, which Commission finds difficult to ignore. Presidency of Council of Ministers became important in EU decision making system, especially being a source of initiatives of Economic Monetary Union and foreign policy. But at the same time European Council and European Parliament made inroads into powers of Council of Ministers: the former deciding broad goals of the EU and the latter commenting on Council of Ministers decisions and amending them.

Council of Ministers is based in Brussels and consists of four main elements: Council of Ministers, College of permanent representatives (COREPER), Presidency and Secretariat General.

According to treaties Council of Ministers must ensure coordination of EU economic policies, take decisions and confirm power of implementation of the Commission. Because European Commission has monopoly of proposing laws, if it doesn't, Council of Ministers seems noting to do. But Council of Ministers and Parliament can instruct Commission to investigate issues and submit proposals. The struggle between Council of Ministers and European Commission for influence is an important internal struggle for EU decision-making. Thus, Council of Ministers is torn between two goals: it is dominated by national government ministers with their concerns, and represents some of those interests. On the other hand search

for compromise can encourage ministers to promote broader EU interests, but still Council of Ministers tends towards intergovernmentalism. It is most powerful of EU institutions, except for European Council. COREPER and Council Working Groups are most powerful in EU decision-making but they function outside public eye. Council of Ministers must become more open to public and be directly elected to promote democratic ideas in frames of the European Union (McCormick 1999).

European Parliament

European Parliament is the only elected body of the EU; it has different parties and committees. This body is like legislature of the EU, but it cannot introduce laws, enact laws or raise revenues. Parliament either “shares powers with or negates powers of other EU institutions” (McCormick 1997, 137). Commission holds powers of initiation, but Parliament can ask Commission to propose a new law, it may approve or fire Commission. Council of Ministers has most of real power of decision-making, but Parliament has almost equal powers with Council of Ministers to amend legislature and approve the EU budget. It can also veto applications from aspirant EU members.

Parliament has “advisory” or “supervisory” powers (McCormick 1997, 137) according to the Treaty of Rome. One of the shortcomings of the Parliament is credibility problem: few EU voters are interested in it because of its limited powers, but on the other hand powers are limited due to little number of voters who care. Parties compete in European elections on national platforms without developing a strong European identity.

Nowadays Parliament however is a much more substantial body than before. It is now less a body reacting to Commission proposals and Council votes and more launching its own initiatives.

The Parliament has had a say over budget since 1970s, it has won more powers to amend legislation and check activities of other institutions. Introduction of direct elections of 1979 gave the Parliament advantage over other institutions.

The Parliament has begun its life in 1952 as the Common Assembly of ECSC. It consisted of 78 members appointed by national legislatures of six members, however, according

to Treaty of Paris members could also be eventually elected. It was an advisory forum for discussion of High Authority proposals, despite its real power to force High Authority to resign through a vote of censure, which it never used.

According to Treaties of Rome there were no separate assemblies for EEC or Euratom, and ECSC Common Assembly became joint European Parliamentary Assembly. At this stage its powers were expanded over budget giving it joint responsibility with Council of Ministers, but its amendments to EEC laws were non-binding.

In 1962 the Assembly was called European Parliament. Its members were still appointed by national legislatures from among their own numbers and thus placed their national interests above European interests. EEC Treaty also mentioned possibility of direct elections and EP pursued that goal. However Council of Ministers, which was not interested in supranationalism and giving up its grip on decision-making powers blocked EP proposals till early 70s.

In 1976 European Council finally agreed on direct elections for Parliament, held for 1 time in 1979, so members of Parliament became elected representatives of EU citizens. Since then EP membership has been expanded until it reached nowadays number of 626 members. According to Treaty of Amsterdam it can be maximum 700 regardless numbers of new members.

EP consists of a single chamber; its 626 members are directly elected for fixed, renewable five-year terms. It acts in 3 different cities. Parliamentary Chamber of EP is in Strasbourg, France, - here most plenary sessions are held for 3-4 days each month except August. They usually achieve little and may be followed by evening meetings of the party groups or EP committees. The result is low attendance and low credibility of Parliament.

Administrative Secretariat is based in Luxemburg, here 4,100 support staff works mainly on translation and interpretation, but few members of Parliament visit here. That means that secretariat is relatively isolated.

Parliamentary Committees meet in Brussels for two weeks every month except August. Committees meetings are relatively well attended and MEPs spend more their time here. Here most of real bargaining and revising takes place.

Court of Justice

The great innovation of the European Community in comparison with previous attempts at European unification lies in the fact that the Community uses only the rule of law to achieve that end. The six founding Member States, aware that unification, if it was to have any chance of lasting success, must be achieved and maintained through legal means, determined that the European Communities should be conceived in a legal instrument - the Treaties of Paris and Rome.

Not only is the Community a creature of the law, but it pursues its aims exclusively through a new body of law, Community law, which is independent, uniform in all member states of the Community, separate from, yet superior to national law, and many of whose provisions are directly applicable in all the member states (McCormick 1999).

Like any true legal system, the Community legal system needs an effective system of judicial safeguards when Community law is challenged or must be applied. The Court of Justice, as the judicial institution of the Community, is the backbone of that system of safeguards (<http://europa.eu.int/cj/en/pres/co.htm>). Its judges must ensure that Community law is not interpreted and applied differently in each member state, that as a shared legal system it remains a Community system and that it is always identical for all in all circumstances.

The European Court of Justice (ECJ) has been one of the most important champions of European integration (McCormick 1999). Its contribution has been critical because without a body of law that can be uniformly interpreted and applied throughout the EU, the Union would have no authority and its decisions and policies would be arbitrary and even meaningless. The

overall goal of the Court is to help build a body of common law for the EU that is equally, fairly and uniformly applied throughout the member states.

The European Court of Justice made its most fundamental contribution in 1963-64 when declared that the Treaty of Rome was constitutional instrument that imposed direct and common obligations on member states and took precedence over national law. The Court is the supreme legal body of the EU, its decisions are final and it is the final court of appeal on all EU laws. Usually the Commission is called “guardian of the treaties”, but in fact the most Commission can do is to issue a warning. If this turns to be not effective, then the case should be taken to the Court, which gives the final decision. No member has refused to comply with Court’s decision.

The European Court of Justice has no constitution beyond the accumulated Treaties and laws agreed by the member states. It is argued that having a common constitution of ECJ is critical and the pressure to combine the treaties into a common constitution grows.

In general, ECJ has the power to rule on the constitutionality, so to speak, of all EU law, to rule the conformity with the treaties of any international agreement considered by the EU, to give rulings to national courts in cases in which there are questions about EU law, and to rule in disputes involving EU institutions, member states, individuals and corporations.

The work of the Court falls under two main headings. Its preliminary rulings- where it interprets the validity of the EU laws that arises on a national court case and national courts ask for interpretation of how EU law should be applied, whether it is supreme over the national one in the particular case and gets preliminary rulings from the CJ which are binding. Another is direct action where an individual, corporation or member state of the EU institution brings proceedings directly before the Court of Justice.

Court also has a power of opinion in cases in which a decision on the compatibility of draft international agreements with EU treaties is needed. The agreement must be changed before signing if Court considers that necessary.

The ECJ was created by the subsidiary agreement of the Treaty of Rome, signed by the same day as the Treaty, which provisioned a common seven member Court for EEC and Euratom. Today the Court consists of fifteen independent judges, who are theoretically appointed not by national quota but by a common accord of the member state governments. However, in practice every member state uses its right to appointment by appointing a judge who is national of that state. The Court has a president elected by the judges from among themselves who is responsible for technical issues. The Court has as well nine Advocates-General whose preliminary opinion on cases provide the main point of reference from which to reach a decision, though judges are not obliged to agree with these opinions or even refer to them. The other element of the Court is the Court of the First Instance where decisions are made on less complicated cases involving aspects of competition, actions brought against the Commission under the ECSC Treaty and disputes between EU institutions and their staff. The aim of the creation of the Court of First Instance in 1989 was to strengthen the judicial safeguards available to individuals by introducing a second tier of judicial authority and enabling the Court of Justice to concentrate on its essential task, the uniform interpretation of Community law. If the cases are lost at this level, the parties involved have the right to appeal to the Court of Justice.

Foreign and Security Policy

One of the most important aspects of European integration is common foreign and security policy of the EU. Largely it is one of the remaining obstacles for the complete European integration due to absence of unanimity on the subject among participating members. For example, many analysts view EU response on Yugoslav crises as “inability to agree on critical security problems” and thus showing how little it was done on the development of common foreign policy (McCormick 1999, 263).

However, despite absence of military preparedness and political unanimity in time of international crisis, EU has made progress in other respects on external policies becoming influential international actor. Thus, whereas military power of EU is still a question, economic power of EU is obvious. It accounts for 28 percent of global GNP, 36 percent of global trade and constitutes the biggest market in the world (<http://europa.eu.int/cj/en/pres/co.htm>).

Underdevelopment of foreign policy may be explained by absence of focus on it from the beginning of European integration. Initially the focus was largely made on internal economic matters, but still some attempts were made to build common foreign and security policy. The first two –European Defense Community and European Political Community – were complete failure. The agreement on European Political Cooperation, which is cooperation on foreign policy, was purely intergovernmental one, revolving around meetings of foreign ministers. No new institutions were to be created, although European Council was launched in 1974 to bring leaders together to coordinate policies.

Under the Single European Act member states would “endeavor jointly to formulate and implement a European foreign policy”, but it still remained voluntary arrangement without laws where states could act independently and key decisions on foreign policy were arrived at unanimously.

The Maastricht Treaty- another major step – envisioned assertion of identity of EU on international arena through implementation of common foreign and security policy. Hence common foreign and security policy (CFSP) became one of three pillars of the European Union pushing defense on the EU agenda. Now CFSP gives more direction to foreign policy, committing member states to implementing a common policy on questions related to the security of the Union, including foreign defense policy. But still goals of CFSP are very loosely defined though it is based around cooperation among nation states with the European Council agreeing on common positions where necessary.

Development of European Foreign policy is hindered by some factors, which become significant obstacles on the road to European integration (McCormick 1999). One of them is difference in priorities and interests of nations, where the fundamental division is between Atlanticists who favor close security association with US in frame of NATO such as Britain, the Netherlands, or Portugal; and Europeanists like France and Germany favoring European independence. So, there are few areas of common interests in foreign policy except trade that member states share.

Another obstacle is lack of leadership in frames of European Union, because there is no EU institution, which could act as “a focal point for discussions with other countries” (McCormick 1999, 267). Even if the European Union undergoes institutional changes, absence of common military force will always be a hindrance for full European integration.

The matter is further compounded by the commitment of different countries comprising EU to different organizations. Thus, three major organizations besides EU are active in the region. One of them is NATO, set up in 1949 as response to the Soviet power and dominated by United States. Future of NATO depends on willingness of US to respond to security threats in Europe and extend to which Europeanists welcome the US role in European defense.

Another organization-OSCE- born in 1994 of the Conference on Security and Cooperation in Europe is the only pan- European security organization, but it restricts itself to conflict prevention and post conflict rehabilitation rather than preparation to defense.

The organization, which is most likely to develop joint European defense capability is Western European Union (WEU) which was founded by treaty of Brussels in 1954 after the collapse of the European Defense Community. WEU was an attempt to help Germany contribute to the defense of Western Europe without taking part in European Army envisioned by the EDC. Due to important role, which the US played in the Europe's postwar defense, WEU was overshadowed by NATO. After unsuccessful attempt to give EPC a security dimension, WEU was revived in 1984 and "passed its modest test in 1987 when it coordinated minesweeping by its members in the Persian Gulf during the Iran-Iraq War" (McCormick 1999, 267). Western European Union might be used to develop real European defense capability due to the facts that it is independent of the US and states, which are members to EU, may preserve their neutrality like Ireland, Finland or Sweden, which are not members to WEU.

Still questions remain about relationship between the WEU and NATO and whether WEU should be independent of the EU or be abolished and its military component be integrated into NATO. For now "military units of member-states acting under the authority of the WEU can be used for humanitarian, rescue, peacekeeping and other crisis management tasks"(McCormick

1997, 270). EUROFOR – 20,000-member Rapid Deployment Force- was created to strengthen WEU's humanitarian and peacekeeping capabilities. Despite disagreement of member states over creation of European defense policy (Eurocorps), Eurocorps were created under the lead of France and Germany. Thus, 50,000- member Eurocorps has been operational since 1995 and has been joined by contingents from Belgium, Spain and Luxemburg. It was conceived as a step towards development of European Army that was to give substance to the CFSP, give the EU an independent defense capability and provide insurance for Europe in the event the US withdrew militarily from Europe.

In frames of foreign policy the EU is without any doubt an economic superpower as compared to many questions concerning its military power or global political influence. It has common external tariff, single market and powers of the Commission to represent governments of member states in negotiations on world trade. Successful conversion to the euro will likely add to the economic power of Europe. With just 6.4 percent of world's population it accounts for 28 percent of world's national product, 36 percent of its imports and 37 percent of its exports. (<http://europa.eu.int/cj/en/pres/co.htm>).

Though from the beginning the process of European integration focused mainly on internal economic integration, now the EU looks increasingly outward at creation of common foreign security and economic policies. Now CFSP already makes up one of the three pillars that constitute the European Union. But still much is to be done for wider base of foreign, security and trade policies.

Conclusion

Investigating the history of European integration and relying on different approaches of international relations study the following conclusion may be drawn. The Europe distorted by conflicts as it was in the beginning of the twentieth century managed to cooperate in a way beneficial for the participants. It is understandable that states, especially their statehood and identity were affected by such a cooperation, however, it soon became evident that benefits exceeded the costs. Now relations for example of Germany, France and Great Britain are “a far cry from what they were in the beginning of the century” (http://www.fes.de/ipg/ipg3_99/artbusse.html). However, that does not exclude the preservation of the balance of power among the greatest member states, or some strive for relative power inside EU as for example reflected in absence of unanimity for foreign policy. This is especially evident in defense policy of member states where each participant pursues its own goals for preservation of its interest especially in such an important area as military security and defense.

However, general development towards integration was due to European diplomacy, which transformed interstate relations through development of regional institutions. Those institutions also changed the identities of states themselves. Apart from some exceptions such as Great Britain, for example, most EU members abandoned old-fashioned thinking when dealing with their neighbors. Balance of power theory, which dominated European diplomacy for such a long time is gradually replaced by long-term cooperation in almost all areas of public policy. Now “powerful forces of economic interdependence and shared political interests work towards cooperation and integration” (http://www.fes.de/ipg/ipg3_99/artbusse.html). Such a drastic change was caused by adherence to commonly held norms and institutional procedures. As a

result of a prolong cooperation, EU members see each other as partners rather than rivals and EU institutions as legitimate arenas for political decision making. The sense of collective identity developed during long road to integration “have done more to remove the security dilemma among EU members than all joined military exercises and disarmament talks together”(http://www.fes.de/ipg/ipg3_99/artbusse.html, 8).

Thus, it may be concluded that created mainly to overcome threats posed by external factors and internal conflicts of Europe, the EU’s aim was replaced by less easily definable economic and security issues. In economic sphere the EU has clearly achieved paramount successes, where policies are coordinated and cooperation is obvious. Now it is clearly an economic superpower aspiring for even further integration.

Concerning security dimension of foreign policies of the EU, less straightforward conclusion arises. The EU is developing common army in the form of Eurocorps, but only five of the fifteen member states are now involved. Some prefer neutrality, while others have different sets of priorities or conflicting opinions regarding the US role or future of NATO, the OSCE and the WEU. This fact testifies that in this sphere complete cooperation is not still achieved and private interests of each states deriving from security dilemma and drive for maximization of power take a lead.

However, though achievement of common security policy has so far proved elusive, EU has two of the five permanent seats on the EU Security Council and nuclear capability (through Britain and France), the armed forces of its fifteen members add up to substantial firepower.

Though the EU is not yet a military superpower, it is without doubt global economic power. Among many factors testifying for it is Common Commercial Policy and representation of member-states by the Commission in negotiations under the auspices of the World Trade

Organization. Putting into circulation single currency is probable to give the EU economic leadership on the international arena, making the need to build a common defense capability all the more urgent.

Thus, the current essay shows that in case of the European Union both cooperation and preservation of own interests of each state are present. Though much has been done in the course of decades for integration of fifteen different states into political and economic entity, some aspects of foreign policies are still not fully representing common interests and need further development for integration and cooperation.

Implications for Armenia

There may be little relevance of EU experience to Armenia, but some lessons still can be drawn. The European experience shows that effects of international institutions can hardly be overestimated. “The idea of socializing states in world politics is a real possibility” as illustrated by the example and is a smarter choice than proposed by adherents of realist school (http://www.fes.de/ipg/ipg3_99/artbusse.html)

It is visible that there are many difficulties for Armenia for a creation of similar institutions compounded by a linguistic, religion, and economic or ethnic cleavages of the region. However, the history of European integration clearly shows us that many projects failed causing disappointments and problems and many were implemented only after long delays. The important point here is that the process never stopped and eventually was seen as a legitimate one. However, it should be acknowledged that giving up part of national sovereignty or control of foreign policy is necessary price, which nation states should be committed to pay for international cooperation. And whether nowadays Armenia is ready to give up part of its national sovereignty is still a great question. Nevertheless, institutions and processes acting in the frame of the EU should be at least thoroughly investigated and useful lessons should be drawn. EU experience clearly shows that institutionalization was the key to success and that purely realist understanding of international system would probably lead to the failure of the initiation.

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