

Enlarging the European Union

The Way Forward

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8 Small States and the Internal Balance of the European Union: The Perspective of Small States

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Introduction

A satisfactory definition of a small state has not been found. Attempts to use quantitative criteria such as population and territorial size, gross domestic product and GDP per capita have not resolved the task successfully.¹ They rather fuelled more controversy. However, despite these theoretical drawbacks, there is no denying that the EU has become, and will increasingly become with successive enlargements, a Community of small states. This is illustrated by the information in the appendix to this chapter, (Table 3), which shows that in the present EU of fifteen Member States, only five countries have a population of more than 40 million. The rest of the Member States, except the Netherlands, have a population of around 10 million or less. The EU presently has 13 membership applications before it, including that of Turkey which is being kept in abeyance. This means that in the future, when the EU grows eventually to 28 countries, as many as 19 Member States will have a population of around 10 million or less of which 11 will have around 5 million or less.

The main debate in the EU has been directed at the effect that the growth in the number, heterogeneity and disparity of the Member States will have on the smooth and efficient functioning of the Union's institutions and its budget. One argument concerns the effect of enlargement on the ability of the EU to have an effective and coherent CFSP. Concerns about the EU budget focus on the effect of enlargement on the Union's main policies such as the CAP and the structural funds.² Other studies of the EU's institutional dynamics have concentrated on a power-index approach, attempting to explore the patterns and permutations of

likely coalitions within the EU institutions. Yet other arguments concern the so called 'democratic' deficit and the *digressive proportionality* that favours small states. No proposal has been made to rescind the latter principle, however there is a consensus among the larger Member States that the weightings and representation in the Union's institutions should be recast to take more account of population strengths. Hence the proposals of double majorities of either votes and population, or votes and Member States, on which the larger Member States unequivocally agree, while the smaller ones unequivocally disagree. This was the major impasse of the 1996 IGC.

The approach taken in this chapter steers a different course by concentrating on the special characteristics of small states that influence their behaviour in international relations with an eye to answering the following questions:

- 1) Why do small countries seek membership of the EU? Can their aims be better attained in an alternative setting, such as a free trade area or a customs union?
- 2) What will be the effect on the characteristics of the EU itself when a large number of small states join it?

In general, all states are concerned about their own security understood in its wider meaning to comprise both the traditional or defence related aspects, as well as the broader concerns linked to economic stability, development, the social and material welfare of their citizens and the protection of the environment.³ However, while the larger a state is the more resources and independence it has in tackling its *security problematique*, the smaller a country is, the less it can rely on its own resources to achieve these tasks, since these by definition are limited, and therefore the greater is its dependence on the outside world. Thus for the small country, the solution to its security dilemma lies outside more than in the case of the larger states.

Small states have a number of ways of tackling their problem. A lot of work has been done within the Commonwealth Secretariat on the economic and political viability of small states.⁴ This was due to the fact that as a result of the post-war independence movement and the dissolution of the British Empire, a large number of new states appeared on the world scene. In fact in the Commonwealth, 31 countries have a population of 1.5 million or less. This explains the interest of the Commonwealth Secretariat. However, a number of other writers have contributed to the analysis:

Rudolf J. Rummel and the pioneering work on the 'Dimensions of Nations' (DON) project of the 1960s, established a link between the economic development and the size of states and their participation in the international system.⁵ But since then there have been a number of other studies, among them Annette Baker Fox's pioneering work and those of David Vital and Michael Handel.

The fall of communism and the break up of the Soviet Union and other European federations, such as Yugoslavia and Czechoslovakia, has led to a similar (although not completely the same) situation in Europe as that obtaining during the decolonisation period, where a number of small states have emerged on the political scene, all of them metaphorically knocking on the EU's doors for admission. The presumption in this chapter is that the theories developed in the analysis of small states in international relations or that have been applied to the better understanding of their unique sociological and economic structures, could also be applied, together with other approaches that are in the main stream of the current analysis of the EU, to achieve a fuller understanding of the internal and external dynamics of the Union.

The special characteristics and behaviour of small states

The key concept in understanding the nature of small states is 'vulnerability' in political, economic and strategic terms.⁶ Briefly these refer to:

- *Economic Vulnerabilities:*⁷ small population and land area, limited resources, but high population density; inability to benefit from economies of scale; greater reliance on trade, therefore trade/GDP ratio is very high, i.e. relatively more open economies and hence more vulnerable to international economic instability and greater external dependencies; little or no control over macroeconomic policy; high per capita costs of maintaining basic services such as the utilities (supply of water, electricity, telecommunications) and ports; a shortage of human resources to run the basic institutions that are required of a modern country and for information gathering. The latter, in particular, negatively affects their foreign policy-making.⁸ Small states tend to have a very narrow focus in foreign policy, although not exclusively so.⁹ This aspect will be further elaborated in the last part of this section.

- *Security*: Two forms of threats to the small states' territorial integrity can be singled out: the classical military ones and the non-military ones such as those coming from private, non-governmental sources. In the contemporary world, the latter occur more frequently than the former. Militarily, a small state and especially a microstate is by definition a weak state, unless special extenuating circumstances reduce this weakness. Geography may also make the small state more vulnerable especially if it is situated in a strategic area, if it is surrounded by more powerful neighbours and if it still has unresolved border disputes or minority issues which can be exploited by third countries. Economic instability and weakness also reduce security. While in general the big powers or super powers are militarily vulnerable to threats from similar sized countries, small countries are open to threats from all comers.
- *Foreign Policy*: The small independent state has to perform all the basic requirements of a state – maintaining representation in the international institutions, diplomatic representation in what it considers as the 'key' capitals, information gathering and processing. The limited resource base of small states puts a serious constraint on their ability to meet all their aspirations in foreign policy or to be able to act on the basis of reliable and early information. The latter limitation puts small states in a double constraint: being weak they have a greater stake in influencing the international environment in which they have to survive, however due to their lack of resources they can achieve much below their aspirations than larger states. To economise in the use of resources, smaller states try to achieve their aims in concert with other states, not necessarily small or weak states. Hence the importance they attach to action through international organisations and multilateral initiatives, as well as the upholding of international law and norms.

Applying these notions to the applicant countries

Small European states achieve political and economic gains from a relationship with the EU and this is singularly testified to by the fact that they have launched their membership applications. Vital argues that the amalgamation of small states has a great deal to recommend it.¹⁰ The main advantages that can be identified are:

- Unimpeded market access where they can diversify their exports and overcome the limitations of their small domestic market and make possible the achievement of economies of scale in a number of sectors. The importance of the single market for the small countries is expected to grow with the introduction of the single currency which will further free them from the vicissitudes of multiple and fluctuating exchange rates.
- For most of the developing small states of Europe, the EU is the main source of foreign direct investment as this moves from the core when it loses its competitiveness, to the periphery attracted by the prospects that production of goods and services there will continue to enjoy unimpeded access and free circulation in the rest of the EU.
- In the membership context, the EU becomes a source of structural aid to help them augment their economic development policies, develop human resources and sharpen their abilities to attract more foreign direct investment. Small countries lacking the resources and the critical mass needed to mount independent research and development or human resource development programmes of the type launched by the larger countries, find that pan-European networks, despite their limitations, allow them to participate and gain access to a larger effort. Pan-European networks are more crucial than the national initiatives in small states, although the latter are normally encouraged as a means of hooking on to the larger European networks.
- Small states have in the past attempted to safeguard their security in a number of ways but primarily by either joining an alliance or by embarking on a policy of neutrality or non-alignment. An alliance with other small and weak states is ineffectual when seriously threatened. A bilateral alliance with a stronger power may turn the small state into a client state of the former. As history has shown, non-alignment has not made countries impervious to threats and challenges from the superpowers or co-members of the Movement. Neutrality's highest value as a safeguard for a state's security occurs when the neutral state concerned can adequately safeguard it with its own resources. This too is a rare occurrence. Therefore, by becoming a member of the EU, a small state will be effectively joining a 'security community', dispensing with the need of formally entering a multilateral or bilateral alliance. As the case of Ireland, Finland, Austria and Sweden shows, renouncing neutrality may not even be necessary at all.
- Small states joining the EU gain greater influence in international

relations firstly by increased access to the main capitals of Europe than would otherwise be the case if they stay out. This advantage was neatly summarised by Luxembourg's Foreign Minister in 1997.¹¹ Secondly, they participate in the institutions of the EU as a world actor and hence are transformed from 'system ineffectual' to 'system affecting' states to use R.O. Keohane's famous definition.¹²

Some of the economic objectives outlined in this section can also be achieved by a free trade area or customs union agreement with the EU, but the security objectives that have defence implications cannot be achieved in the same way, unless a state is also a member of a strong alliance such as in the case of Norway and Iceland. Free trading with the EU has other drawbacks, particularly that it requires more than just the removal of tariff barriers to trade as understood in its classical meaning. Increasingly, in order to eliminate non-tariff barriers to trade, third countries concluding a free trade agreement with the EU, such as the Mediterranean states that participate in the Euro-Mediterranean Partnership, are obliged to adopt substantial parts of the *acquis communautaire* in a number of sectors, particularly in the area of standards and competition policy. The parts of the *acquis* that are taken on by third countries in such circumstances need then to be updated regularly as they evolve in the EU, with one major difference: that EU countries participate in the decision-making process, third countries obviously do not.

Therefore, a free trade area or customs union may offer some of the economic advantages of membership, but for the reasons outlined above, it also imposes a number of constraints which can also transform the relationship into a core-periphery one, particularly in situations where the level of economic development of the non-EU partner is still much below the EU average. A free trade area or customs union agreement can also increase the external economic dependence of the smaller state on the EU and impose severe limitations on the small state's macro-economic policy management. Indeed, because the trade dependence of small states tends to be high, a small state cannot afford to have its main macro-economic indicators (especially inflation and the exchange rate) differ significantly from those of the EU without incurring costs. A further problem is that openness of the economy may lead to a situation in which the government of a small state loses control over its development strategy. Finally, the free trade area or customs union, do not offer defence-related solutions to the 'unaligned' state which may thus find itself having to resort to less optimal arrangements in order to fill this void.

To be in or out – weighing the costs and benefits of membership

Small countries confronting the question of their future relations with the EU, i.e. membership or a free trade area/customs union, have to weigh the costs and benefits of their moves. As a general rule, although it is more advantageous for small countries to be in rather than out of the EU, there are examples, such as in the case of Iceland and Norway, where for overriding economic concerns, membership is perceived to be more disadvantageous than advantageous in the present circumstances. For other reasons, Switzerland also does not contemplate joining the EU in the foreseeable future.

It has been argued that small countries are jealous of their identity and should therefore not feel comfortable about joining a community of states where their sovereignty and independence is further diluted. Two important considerations need to be made here. The first concerns the process of globalisation and the forces of interdependence that have and continue to change the very nature of state sovereignty in its traditional meaning. In other words, what is the extent of the 'real' freedom and sovereignty that any state, particularly a small state enjoys in world politics today? The question of how far are small states 'penetrated' by transnational forces is relevant. Furthermore, looking beyond the formal independence of many states, how really independent, as opposed to interdependent are states in the world? Therefore, for the small state, the *antimonde* case of not joining the EU is not simply that of surviving in a world of lesser constraints. Indeed, the dangers and pressures could be greater outside, than inside the Union.

The second consideration devolves from the very nature of the EU itself: does it really affect the independence and sovereignty of states so drastically? If the EU is an intergovernmental organisation as the liberal intergovernmentalists argue, then the EU strengthens the nation state. If it is a 'centralising' political entity, then all its Member States face the danger of being eventually sunk in the same melting pot, with the higher probability that the smaller and weaker ones would melt first. On the other hand if it is a multi-level polity, then the implications for state sovereignty are less clear because comparisons need to be made with the situation obtaining in the non-membership scenario and the trade-offs involved. In such comparisons, the economic implications can be easier to quantify than the political and security ones, and therefore in many cases the argument has to take place at a high level of generality and remains generally inconclusive.

The EU as a multi-level polity

The discussion of the 'identity' of the EU in the context of this chapter, has two important implications: is the EU's structure such that it is conducive to the survival of the small state within it and how will the EU be affected by enlargement?

The intelligent and provocative analysis advanced by S. Hoffmann¹³ that European integration has strengthened the European nation-state, the international regime approach as developed by Keohane and Nye¹⁴ and Andrew Moravcsik's liberal-intergovernmentalism,¹⁵ namely that the EU has evolved into an international organisation controlled by its Member States to perform tasks they would otherwise be unable to achieve on their own, has not withstood the criticism of the multi-level polity school. On the other hand, the problem of defining the EU still defies scholars.

In as far as its supranational element is concerned, the EU bears a family resemblance to a federal structure while its intergovernmental pillars pertain more to the confederal model. The influence of American federalism is historically undeniable. Even today, reference is frequently made to the American experience when for example analysing the effects of European Monetary Union. However, the difference between American federalism and the European model are obviously enormous. As Philippe Schmitter argues, virtually no one seems to believe that the United States of America offers an attractive *vorbild* to Europeans.¹⁶

William Wallace has also depicted the EU as a confederation.¹⁷ This harks back to the first American confederal constitution, which according to K.C. Wheare, is illustrated by the degree to which the general government was authorised to operate upon the state governments only and not upon the people.¹⁸ However, other confederal models have existed in Europe, not least among them in the Netherlands in the 17th century and in Switzerland, that have at various times influenced European thinking.

Although Altiero Spinelli's attempt to write a European federal constitution, the nadir of European federalists, failed in the early 1980s, many of the ideas that that particular exercise proposed, have entered the European agenda. European federalism whose intellectual roots go back to the works of William Penn, the Abbe Saint-Pierre, Montesquieu, Jean Jacques Rousseau, John Stuart Mill, Immanuel Kant, Pierre-Joseph Proudhon, De Tocqueville, Count Codenhove-Kalergi and Aristide Briand still exercises a powerful influence on European integration. Ernest B. Haas, the high priest of neofunctionalism, attributed to David Mitrany – whose functionalism was diametrically opposed to federalism – the *dictum* that

functionalism was 'federalism by instalments.'¹⁹

From its inception, the EU was never intended to be a centralised state. Jean Monnet warned against seeing the Community as a potential 19th century state²⁰ and J.H.H. Weiler argues that the *telos* of the EU is a union of peoples and not a *statal* one.²¹ Weiler distinguishes between two approaches in European integration, the 'unity' vision that is epitomised by federalism and the 'supranational' or community vision, which he favours, and which seeks to create a new regime that tames the national interest with a new discipline.²² The pillar structure of the Union itself, the commitment to preserve the identity of the Member States²³ and the principle of subsidiarity,²⁴ enshrined in the Treaties, mean that the EU as a decentralised multi-level polity is a formally accepted fact. The identity of the nation-state in Europe is so strong that centralising forces are bound to continue to be strongly resisted. This resistance may also increase the more Member States that join the EU and the more distant from the decision-making institutions that the citizens feel. Of course, the application of the principle of subsidiarity is still a very nebulous and a contested one.

A multi-level polity such as the one in which the EU has evolved, having both the characteristics of federalism and confederalism as described above, whether it is depicted as a federal-like structure (John Pinder's neo-federalism) or 'peripheralised federalism' as applied by William Riker,²⁵ offers advantages as well as fundamental challenges to the small state in so far as the federal or supranational elements are not of the centralising kind. The participation of small states, jealously conscious of their identity strengthen the tendencies towards decentralisation. The other fundamental advantages for small states are:

1. Federalism, from its classical conception, perceived as being based on a pact (Latin *foedus*), provides a sound basis for the maintenance of peace between the members of the federation or league, a common defence against third countries and contributes towards universal peace (Kant, Mill and Montesquieu down to the more modern federalists). This is still the function of the EU in contemporary Europe.
2. Federalism helps states attain non-defence related aims, such as economic welfare (Proudhon). As David McKay²⁶ argues – using a modified model of Riker's 'fundamental bargain'²⁷ as the basis of a federal union to comprise non-defence related goods – that this is also one of the main current functions of the EU.

Therefore, federalism as a non-centralising force, lacking a *statal telos*, seems to be conducive to the achievement of all the foreign policy aims of small states in international relations as briefly outlined in the earlier sections of this chapter. Hence the EU as a federal-like and at the same time a confederal-type multi-level polity offers many advantages to small states. It offers them security without the dangers of alliance while its looseness allows them to maintain their identities. Of course, a centralising federalism can have the opposite effect, in which case for the small state, staying out of the Union may be more beneficial than joining it.

In sum, C.J. Friedrich's espousal of Sir J.A.R. Marriott's idea, that the small state and the small political Community can only survive in a federal system if this is recognised as a useful instrument of good governance, seems to be borne out by the arguments advanced above.²⁸

Of course, from the de-colonisation experience, especially in the Caribbean, small state federations have not at first been very successful. Special circumstances prevalent then, particularly the need to affirm their identity following independence can explain this. However, in the new European conjecture of the 1990s, small states that have broken off from federal systems want to join the EU.

The impact of small states on the internal balance of the Union

The reform of the EU's institutions is crucial for the smaller states not only because it has an impact on their own place in the Union but also because it sets the stage for the future development of the EU. From earlier on in the current institutional debate in the EU, the larger countries challenged the concept of *digressive proportionality*. This stance is largely summarised in the opinions voiced by the German CDU through Karl Lamers, when the principle of a double majority of votes and population was first elaborated.²⁹ The smaller states of the Union showed extreme sensitivity to the question of institutional reform treating it as an attempt by the larger states to reverse the principle of *digressive proportionality*. For example, in the 1992 *Benelux Memorandum*³⁰ the three countries maintained that in the institutional reform to face the challenge of enlargement, the larger countries would have to accept some over-representation of the smaller member countries. Their demands included a rotating presidency, a *digressive proportionality* in the EP, representation on the basis of one-member-per-member-state in the Court of Justice and the Commission, while qualified majority weightings in Council would not allow the larger

countries to impose their will, while smaller countries would be unable to block decisions.

The Lamers proposals, however, were not a straightforward redistribution of power among the Member States. He was also proposing a strengthening of the EU as a multi-level polity. In brief, Lamers proposed:³¹

- The strengthening of subsidiarity based on the twin objective of (a) drawing up a clearly defined list of competencies and political responsibilities for both the EU and the Member States; this would list the powers to create policies and list the competencies related to areas of partial authorities which means providing for exemptions; and (b) Legal protection of the principle of 'loyalty to the Union' meaning not only that the Member States are obliged to respect the Union but also that the latter is obliged to respect national competencies, and further, that in safeguarding its powers it must take into account the domestic structures of Member States.
- Development of the EP with equal rights as the Council, the latter taking the role of a Parliamentary second chamber as well. The EP will also be given the right of initiative. Obligatory working contacts with the national parliaments.
- Introduction of double majority voting in the Council.
- Adaptation of the rotating Presidency so that one of the large Member States will always form part of the Troika.
- Strengthening of the Presidency of the Commission and abolishing the principle of one Commissioner per member state; appointing deputy Commissioners without voting rights thus ensuring the representation of all Member States in the Commission.
- 'Variable geometry' and 'multi-speed' approach to integration should be approved and institutionalised by Treaty, in other words the idea of flexibility.

The 1996 IGC has achieved some of these proposals: the powers of the EP have been increased, but not so much as Lamers had urged; the principle of the rotating presidency, so that the Troika would always include a large member state, was achieved before the start of the conference; a form of variable geometry has become accepted; the abolition of one Commissioner per member state is not complete yet, but has to be put in place before the next enlargement. In the CFSP neutral states have been given the freedom to 'opt out'.

The entry of the current applicants in the EU will have a number of repercussions, which again for the sake of brevity are listed below:

- The small/large state cleavage will increase making it more difficult in the future to strengthen the position of the bigger Member States in the institutions.
- This cleavage might also reflect itself in the EU's external action: due to their long-standing and wider historic links, the larger Member States will continue to have a wider vision of world events, while the smaller states, especially those facing larger and potentially hostile non-Member States, will focus more narrowly on their immediate security concerns.
- The new Member States will accentuate existing or add new security concerns and new sensitivities to the Union: the smaller countries such as the Baltic states,³² Slovenia, Cyprus and Malta lie on the edge of Europe's security zone. However, these sensitivities are not limited to the micro-applicants. Larger states in Central and Eastern Europe want to use their membership not only to consolidate their transition to a market economy, but also to meet some of their 'hard' security concerns linked to the possibility of a return of Russian pressures in the region. Many of them have unresolved minority issues; Turkey, by no measure a small state, is in the sensitive region facing the Middle East and the Caucasus, though some of its concerns are catered for by her membership of NATO.³³
- Small states are not by definition more pacific-leaning than larger ones. However, a number of the small applicant states or those that have already joined, are either neutral (Malta) or have been active in the non-aligned movement (Malta, Cyprus and Slovenia as part of Yugoslavia). This may induce a generally more 'pacifist' CFSP. Some will also import serious problems into the Union like Cyprus and the Baltic states *vis-à-vis* Russia.
- In internal policy-making, small states, which have a basic lack of information sources, are mostly likely to rely upon the information they can obtain from the supranational institutions, particularly the Commission. This means that the Commission will gather new allies in the decision-making, strengthening its role as a policy engineer and agenda setter (both formal and informal).
- From the economic standpoint, the smaller states will neither add much to the Union's resources nor be a major strain on its budget. The

EU's major challenge is the successful absorption of the larger countries like Poland and eventually Turkey.

Conclusion

The aim of this chapter was to identify the general issues concerned with the next enlargement and the participation in it of a large number of small states. The approach applied in this paper is not intended to supplant but rather to supplement other approaches. A number of hypotheses have been put forward: that small states have special interests related to their size; that when they approach the EU for membership or some other form of relationship to it, they do this to address their special interests; that not all political structures of the Union fit their aims: a loose, multi-level polity is more conducive to their needs than a centralising one; that the participation of small states in the EU will therefore strengthen the 'looseness' of the EU as a multi-level polity; however, they will also strengthen supra-national institutions such as the Commission with whom they will align themselves to fill their informational void.

Lastly, the arguments advanced in this chapter have by no means exhausted the subject. Some of them have been advanced with some 'poetic licence' as potential avenues for further empirical research.

Notes

1. For a brief discussion of the various attempts made to define small and micro-states, see P. Heine, 'The Study of Micro-states' in J. Kaminarides, L. Briguglio and H.N. Hoogendonk (eds.), *The Economic Development of Small Countries: Problems, Strategies and Policies*, Eburon Delft, 1989, pp.3-13.
2. These were mainly addressed by the European Commission in 'Agenda 2000 for a Stronger and Wider Union', *Bulletin of the European Union*, Supplement 5/97 as well as the Commission's Opinions on the applications made so far. Up to the time of writing of this chapter, the budgetary question had not been resolved at the Union level.
3. This is a widely shared notion of security that permeates the literature. For definitions see for example, *Non-Military Aspects of International Security*, UNESCO, Paris, 1995.
4. *Vulnerability: Small States in The Global Society*, Report of a Commonwealth

- Consultative Group, Commonwealth Secretariat, 1985; *A Future for Small States: Overcoming Vulnerability*, Report by a Commonwealth Advisory Group, Commonwealth Secretariat, 1997.
5. R.J. Rummel, 'Some Empirical Findings on Nations and Their Behaviour', *World Politics*, Vol.21, 1969, pp.226-41.
 6. These are fully discussed and elucidated in the Commonwealth Reports referred above.
 7. P. Streeten, 'The Special Problems of Small Countries', *World Development*, Vol.21, No.2, 1993, pp. 197-202.
 8. M. East, 'Size and Foreign Policy Behaviour: A Test of Two Models', *World Politics*, Vol.25, No.4, 1973, pp.556-576.
 9. Handel, (1990) pp.41-42; Vital (1967) pp.5-33.
 10. Vital (1967), p.181.
 11. Luxembourg's Foreign Minister, Jacques Poos, reported in *The European Voice*, 12-18 June 1997, p.14: 'As a full-member and hence a co-decision-maker in a Community uniting its reconciled members, Luxembourg found its sovereignty and its capacity to make itself heard in the international arena reinforced to an unprecedented extent. The same can be said of other small and medium-sized countries which have since joined the EU'
 12. R.O. Keohane, 'Lilliputians' Dilemmas: Small States in International Politics', *International Organization*, Vol.23, No.2, 1969, pp.295-296.
 13. See S. Hoffmann, 'Obstinate or Obsolete: The Fate of the Nation State and the Case of Western Europe', *Daedalus*, No.95, 1966; S. Hoffmann, 'Reflections on the Nation-State in Western Europe', *Journal of Common Market Studies*, Vol.21, Nos 1 and 2, 1982.
 14. See R.O. Keohane and J.S. Nye, *Power and Interdependence*, Little Brown, 1977.
 15. A. Moravcsik, 'Negotiating the Single European Act: National Interests and Conventional Statecraft in the European Community', *International Organization*, Vol.45, No.1, 1991; A.Moravcsik, 'Preferences and Power in the European Community', *Journal of Common Market Studies*, Vol.31, No.4, 1993.
 16. P.C. Schmitter, 'Examining the Present Euro-polity with the Help of Past Theories', in G. Marks, F.W. Scharpf, P.C. Schmitter and W. Streeck, *Governance in the European Union*, Sage, 1996, p.2.
 17. W. Wallace, 'Europe as a Confederation: The Community and the Nation-State' in L. Tsoukalis (ed), *The European Community Past, Present and Future*, Basil Blackwell, Oxford, 1983, pp.57-68.
 18. K.C. Wheare, *Federal Government*, fourth edition, Oxford Paperbacks, 1967, p.1.
 19. E.B. Haas, *Beyond the Nation State: Functionalism and International Organization*, Stanford University Press, Stanford, 1964, p.13.
 20. J. Monnet, 'A Ferment of Change', *Journal of Common Market Studies*, Vol.1, No.1, 1962, pp.203-211.

21. J.H. H. Weiler, 'The Reformation of European Constitutionalism', *Journal of Common Market Studies*, Vol.31, No.1, 1997, p.117.
22. J.H. H. Weiler, 'Legitimacy and Democracy of Union Governance' in G. Edwards and A. Pijpers (eds), *The Politics of European Treaty Reform: The 1996 Intergovernmental Conference and Beyond*, Pinter, 1997, pp.266-267.
23. Article F of the Treaty has been amended by the Treaty of Amsterdam to read: 'The Union shall respect the National identities of its Member States.'
24. Article 3b.
25. W.H. Riker, 'The Senate and American Federalism', *American Political Science Review*, No.49, 1955, pp.452-69.
26. D. McKay, 'Rush to Union: Understanding the European Federal Bargain', Clarendon Press, Oxford, 1996, pp.28-33.
27. W.H. Riker, *Federalism: Origin, Operation, Significance*, Little Brown, 1964, p.12.
28. C.J. Friedrich, *Trends in Federalism in Theory and Practice*, Pall Mall Press, 1968, footnote 30, p.185; also p.183.
29. K. Lamers, 'Why The EU Needs To Strengthen Its Institutions' in 'What Future for the European Commission?', Paper, *The Philip Morris Institute for Public Policy Research*, January 1995, pp.34 forward.
30. 'Memorandum From The Benelux Countries On the Decisions to Be Taken In Connection With Enlargement of the European Union' submitted to the Lisbon European Council of June, 1992, *Europe Documents*, No. 1789, 27 June 1992.
31. Lamers *op.cit.*
32. See for example, H-D. Lucas, 'The Baltic States in Europe', *Aussen Politik*, Vol.48, No.2, 1997, pp.127-136.
33. J. Moorhouse, 'Central and Eastern Europe: Accession To The European Union', *Aussen Politik*, Vol.47, No.4, 1996; Cyprus views its EU membership as being conducive to a resolution of the Cyprus Problem; Turkey sees EU membership as a means of underpinning its secular state and of strengthening itself vis-à-vis its neighbours.

Appendix: Table 3 The European Union and small states: some key statistics

Country	Population (millions) [rank]	Size Sq miles '000 [rank]	GDP		GDP Per Capita US\$ [rank]	Council of Europe	NATO	Part. for Peace	Foreign Policy	WEU Membership Status
			bn US\$ [rank]	US\$ [rank]						
Austria *	8.1 [16]	32.4 [15]	233.3 [7]	28,997 [3]	Yes	No	Yes	neutral	Observer	
Belgium *	10.2 [12]	11.8 [24]	269.2 [9]	26,556 [5]	Yes	Yes	Yes		Full	
Bulgaria ¹	8.3 [17]	44.4 [12]	8 [24]	909 [27]	Yes	No	Yes	non-alig	Partner	
Cyprus ¹	0.74 [26]	3.6 [26]	8.5 [23]	11,564 [14]	Yes	No	No		No	
Czech Repub ¹	10.3 [11]	30.5 [16]	45.7 [17]	4,420 [19]	Yes	No	Yes	pacifist	Partner	
Denmark *	5.3 [19]	16.6 [22]	173.3 [10]	33,144 [1]	Yes	Yes	Yes		Observer	
Estonia ¹	1.5 [25]	17.4 [21]	3.62 [27]	2,262 [24]	Yes	No	Yes	neutral	Partner	
Finland *	5.1 [20]	130.1 [6]	125 [12]	24,467 [9]	Yes	No	Yes		Observer	
France *	58.5 [4]	220.6 [2]	1,537.60 [2]	26,445 [6]	Yes	Yes	Yes		Full	
Germany *	82 [1]	137.8 [5]	2,412.50 [1]	29,542 [2]	Yes	Yes	Yes		Full	
Greece *	10.5 [10]	51.2 [11]	77.8 (94) [15]	7,458 (94) [16]	Yes	Yes	Yes		Full	
Hungary ¹	10.2 [13]	35.9 [14]	43.7 [18]	4,273 [20]	Yes	No	Yes		Partner	
Ireland *	3.7 [21]	27.1 [17]	64.3 [16]	17,965 [12]	Yes	No	No	neutral	Observer	
Italy *	57.5 [5]	116.3 [8]	1,087.20 [4]	18,984 [10]	Yes	Yes	Yes		Full	
Latvia ¹	2.5 [23]	24.9 [19]	4.5 [26]	1,649.70 [25]	Yes	No	Yes		Partner	
Lithuania ¹	3.7 [22]	25.2 [18]	5.96 [25]	1,568 [26]	Yes	No	Yes		Partner	
Luxembourg *	0.42 [27]	0.99 [27]	10.6 (92) [22]	26,866 [4]	Yes	Yes	Yes		Full	
Malta ¹	0.37 [28]	0.12 [28]	2.4 [28]	6,593 [18]	Yes	No	No	neutral	No	
Netherlands *	15.6 [9]	15.8 [23]	395.5 [6]	25,597 [8]	Yes	Yes	Yes		Full	
Poland ¹	38.6 [7]	120.7 [7]	118 [13]	3,057 [22]	Yes	No	Yes		Partner	
Portugal *	9.9 [14]	36.4 [13]	99.8 [14]	10,060 [15]	Yes	Yes	Yes		Full	
Romania ¹	22.6 [8]	91.7 [10]	21 [19]	893 [28]	Yes	No	Yes		Partner	
Slovakia ¹	5.4 [18]	18.9 [20]	17.4 [20]	3,271 [21]	Yes	No	Yes		Partner	
Slovenia ¹	1.99 [24]	7.8 [25]	14.2 [21]	7,100 [17]	Yes	No	Yes		Partner	
Spain *	39.3 [6]	194.9 [3]	559.6 [5]	14,272 [13]	Yes	Yes	Yes		Full	
Sweden *	8.8 [15]	173.7 [4]	230.6 [8]	26,096 [7]	Yes	No	Yes	neutral	Observer	
Turkey ¹	63.2 [2]	301.4 [1]	169.3 [11]	2,747 [23]	Yes	Yes	Yes		Associate	
U. K. *	58.9 [3]	94.2 [9]	1,101.80 [3]	18,799 [11]	Yes	Yes	Yes		Full	

¹=applicant
*=member

Source: Eurostat, OECD Statistics and IMF. Figures in brackets indicate ranking.