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European integration theories: from grand theories to niche theories?

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Appendix

The notion of European integration theories being grand theories is long gone. The present day understanding is, that the theories used are - one could say – “niche” theories. Which explain theoretical integration from a certain perspective. Other notion is that plurality is widely accepted among theory concepts in European integration sphere.¹ It basically means that a single theory is not the only valid explanation of the integration process. Or one view of the integration is not the sole answer to the integration process. Thus meaning there are various ways of explaining European integration.² So why tackle this subject at all? Is it not obvious in the IR field, that there are various theoretical accounts on European integration and that plurality prevails among theory dialogue? I do acknowledge that there are a lot of articles concerning integration theories and how suitable the theory which they are advocating is for the explaining of integration process, but in my opinion there is no real adherent willingness to merge these theories and find an even better form of using them in the discussion To be more precise to have open dialogue, which enables the researchers better to acknowledge each theory’s’ assets and liabilities.³ I am trying to advocate in this paper a more open view towards European integration theories and show although they (LI and NF) have different views of the integration process they have some common features.⁴

The development is towards an issue specific spatial integration theory. The grand theories have been futile, because all of the theories can advocate only certain aspects of the integration process. One could say that LI and NF are for economic driven integration due to domestic preferences and hence support for the integration process. LI focuses on the state preferences and NF for the supranational nature of the integration process and especially spill-overs.⁵ I see in the FPI (Finnish Paper Industry) integration case especially, both these theories explaining what was going on in the integration process. State preferences, grand bargain and political entrepreneurship as well spill-over and supranationalism and externalization and fragmented issue-linkage. The capture of the whole integration process has been proven onerous task. In the beginning there was a genuine and well placed faith in truly explaining in one grand theory the whole integration process.⁶

¹ Wiener, A. & Diez, T. (2009), pp. 15-22. The meaning of plurality means, that no single theory can explain all aspects of European integration process. There is a need for plurality in theory building.

² In paper I am going to concentrate on two integration theories namely neofunctionalism (NF) and liberal intergovernmentalism (LI).

³ Wiener & Dietz, 2009, pp. 19-20 Mosaic of theories.

⁴ Wiener & Diez, 2004, 2009, Haas, 1958 (2004), Moravcsik, 1998, 18-86 + 472-501, 2008 158-172 Moravcsik, 2005, pp. 15-18, Sandholtz & Zysmann, 1989, 95-128 or Tsoukalis, 2008, pp- 46-54 It is about the role of economic and geopolitical implication in the integration process and the role domestic preferences.

⁵ Haas, 1958, pp. 1-50+310-317 and Moravcsik, 1998, pp. 3+ 1-18+ 18-86+472-501 for the accounts of their basic theory cornerstones. Moravcsik, 2005, 1-35 In this article Prof. Moravcsik views the integration process through non-coercive interstate bargaining theory and international regime theory.

⁶ Haas, E.B. (The uniting of Europe 1958, Ed. 2004, University of Notre Dame, 2004) is good example for this kind of paradigm. In Haas writing after 1965 and especially in the 1970s he was much more critical to his original neofunctional theory. Especially in the years 1970 & 1976 “Turbulent fields and theory of regional integration.” International Organization, 30 (1976) pp. 173-212 and “ The study of regional integration: reflections on the joy and anguish of pre-theorizing.” International Organization, (1970) pp. 607-646 It was in the reality shown, that his theory did not explain the European integration process at the moment. After this paradigm change there was a lot of internal as well outside criticism towards neofunctionalism. The rise intergovernmentalism and the trench discourse with these

The development is like stated above in the direction of spatial or in other words to niche theories. They explain in certain aspect, not all of the complex process of the social reality. The spatial theories have that kind of advantage; they focus to a certain aspect in the integration. They can also focus to a certain institution or like mentioned in previous sentence in to a certain policy or field in integration. This gives the theory chance to be more accurate, due to the smaller size of the topic chosen. There is still the risk that it is too narrow and it does not give enough information of the integration process. It is too narrow to generalize events from that perspective. There can be given an answer that the theory is a specific theory which looks only to a certain field or time and gives a mosaic view what did occurred or is occurring at the present moment. Also different theoretical accounts can be merged together.⁷ One must be cautious that the underlying basic assumptions are not in conflict.

In this article I am going to focus on supranational and intergovernmental theories: namely neofunctionalism (NF) and liberal intergovernmentalism (LI).⁸ Other integration theories like institutionalism the focus is on the role of the institutions and the how they are using the originally delegated decision power in their own sovereign way.⁹ In other words they have created their own character in European integration sphere. In social constructivism the main emphasis is in the importance of ideas as drivers of European integration. So it is in the social sphere and not solely material. This means, that the structures are not sole reason to behave in the integration process as they do. Ideas and social factors do matter in the integration process.¹⁰

In the case of my main theories neofunctionalism (NF) and liberal intergovernmentalism (LI) the main divide is in the notions of, is integration supranational or intergovernmental in nature?¹¹ Concrete it is about what are the states preferences versus supranational preferences. Also the contradiction of these theories is; what is the nature of integration. Is it driven outside or inside pressures? (Endogen versus exogenous pressures)

two theories started. The main point in this discussion was: is there supranational aspect in the integration or is it merely intergovernmental bargains. In other words is it merely national interests and not any thoughts for the common good in European integration. See for Haas 2004, (The obsolescence of regional integration theory, University of California, Berkeley, 1975, pp- 3-90 or Moravcsik, A. (The choice for Europe, Routledge, London, 1998 pp. 1-18 + 18-85 + 472-501 or Moravcsik, A. in Wiener, A. & Diez, T. , Sage, London, 2001) pp. 176-188 Also a good reader for these theories and other European integration theories are Eilstrup-Sangiovanni, M.(Debates on European integration, a reader, Palgrave, Basingstoke, 2006) and Nelsen, B./Stubb, A.(The European Union, third ed., Rienner, London, 2007)

⁷ Verdun, 1999, 10-28 in this article Verdun puts in provocative manner several theories together and makes out of them a synthesis by taking out their most suitable parts for her research usage. The purpose was to open up "eyes" for the different way to utilize various theories.

⁸ For the purpose of this article I am going to concentrate to the theoretical framework in the historical integration process of the Finnish paper industry. Thus the theories which I will concentrate in this article are NF and LI. I do acknowledge the importance of institutionalism, supranationalism (Sandholtz & Zysmann) and social constructivism. The role of ideas is important in the Finnish paper industry case, but due to the coherence of this article I shall leave it outside of the scope of this paper. For more information read Joenniemi, 2002 (Ideas/identity) For supranationalism, the importance of the transnational pressure featured by the MNC's are also important and interesting, but due the same reason as in the case of social constructivism I shall leave it also outside of this paper. For more information Wiener & Diez, 2004 or Christiansen, Jørgensen and Wiener, 2001

⁹ Pollack, M.A.(The engines of European integration, Oxford, Oxford university press 2003), pp. 125-143

¹⁰ Wiener, A. & Diez (Ed.), (European integration theory, Oxford, Oxford university press 2001), pp. 199-205

¹¹ Wiener & Diez, T. (Ed.) (European integration theory, Oxford, Oxford university press 2009) pp. 45-87; see for chapters written by Moravcsik and Niemann about their theories.

The core in these two theories is different. NF is about supranationalism, RC and SC. (rational choice and social constructivism). LI is about intergovernmental actions in integration and solely RC which is a part of liberal theory.¹²

Why the case of the Finnish paper industry? There is very little written in English over the integration process of the Finnish paper industry from the point of view of International relations (IR).¹³ The paper industry is a part of the forests industry was and is immense important for Finland and its economy. The weight of the paper industry was considerable and so it is a good case for integrating an important industry field to EFTA, EEC, (EC) and to the EU. What was important for the industry was important for the whole society. In the case of the Finnish paper industry the key point in understanding is that there was a need for two kinds of theories. This meant theories, which are based on the notion of rational or “soft” rational thinking and on the ideas of social constructivism. These both kinds of theories were needed to understand, the essence in the integration process in the Finnish paper industry.¹⁴ Due the general complexity of the social constellation of our world, there is a need for synthesis in theories. This is in most cases achieved by manifold of theory types.

In my article I am going to *firstly* tackle the issue of dialogue between supranational and intergovernmental theories (NF and LI). *Secondly* is the issue of supranational or intergovernmental theories in the European integration process. *Thirdly* as a case I am going to show some aspects of the Finnish paper industry and route to European integration. Was it supranational, intergovernmental or a mixture of these two theories? In the end there is a short conclusion of the main points of my paper.

2. Supranational and intergovernmental theories; are they having any kind of dialogue?

Supranational and intergovernmental theories in European integration have in the first glance very little in common.¹⁵ In a deeper glance one can detect that these theory types have also aspects in

¹² The basic difference is in the notion how these theories handle the concept of structure and collective ideas. What is the role of these two concepts in the integration process? Also even more importantly the concept of cooperation and what the states are getting and how. What are the constraints in which states actors are acting in international cooperation environment. The structure is important in rational-choice (RC) and collective ideas and identity in social constructivism (SC). Moravcsik, 2005, pp. 1-4, 2010, pp. 1-10. 2003, pp- 131-136 this article is about general science philosophical issues. Also Haas, 2004, pp.I-LI

¹³ There are in Finnish been written of the historical process of the integration towards Europe. These are written from the historical point of view. There has been one article, which has been published over the Finnish route towards European integration and from the historical perspective (Paavonen, 2001, 7:1, 53-77). There has not been written out of the perspective of IR and the integration process of the Finnish paper industry. My research fills the gap in the literature, which deals with industrial integration in certain state and in a certain industry field. This previous article has dealt with the issue of the integration process from the Finnish perspective and not through the FPI (Finnish Paper Industry)

¹⁴ The integration process in the Finnish paper industry is a good example of how various different theories can be used to explain integration policy. In the Finnish case the main point was on the national interest protection and protection of the industry interests. Also how the paper industry with the ministry of foreign affairs together worked for a salient solutions in the integration process.. This all can be seen as an evidence for LI, but NF has its merits in the geographical spill-over and in the whole concept if integration process. Namely first was economic integration and then followed by political integration. In the Finnish case there was a considerable gap, but the basic logic holds its ground.

¹⁵ This is the common perception. This due to the fact: is integration supranational or intergovernmental in nature?

common.¹⁶ These theories are spatial and not grand theories, which try to capture the whole complex process of integration.¹⁷ Both are giving valid picture of the integration process in the early days. (1950s-1960s) Later on, these integration theories were not in a position to capture the whole spectrum of the integration process.¹⁸ The theories try and also capture the integration process from a certain perspective. E.g. industrial/economic or political integration, also the national interest in the grand bargains are looked at from a specific aspect. This means how they get the public behind the integration process. In this sense the dialogue of these two different kinds of theory groups looks like, that they are not having any common ground or open dialogue with each other.

In fact they have some basic common features, which are linking them into a reasonable dialogue. The main point is theoretical pluralism, which means that the complex social reality can be described by plethora of theories. Both (all) the theories appreciate the pluralist community, different actors in the society. Also the theories assume rational acting from the actors in the international cooperative environment. NF is for “soft-rational” acting. Also economic driven integration process is essential for them. These theories are equal and important to understand the social construction of the world.¹⁹ In my case I am going to focus on NF and LI. In the case of NF and LI, both theories are open for dialogue with other theories and are open also for further development.²⁰ Also both theories acknowledge the importance of economics/industrial integration. This aspect cannot be emphasizes too much, it is vital for both of these theories. In my view even more so that can be attributed to NF. One could argue that inside the state domestic preferences there are - economic and industrial factors - , which dominate. Through economics/industry comes also the political aspect into picture, so these concepts are intertwined. Is it even feasible to disconnect them?

NF and LI see as the main driving force economic/industrial integration, which is followed by political integration (NF) and geopolitical factors according to (LI) In LI the emphasis is strongly on economic factors and grand bargains/national interests. The integration process is driven thorough economic imperatives. It is concrete integration. In (NF), the strong emphasis is on spill-over and supranational actors, which act in the behalf of the national actors. The integration process is driven also through economic imperatives and then followed by political integration (SEA, single market was a combination of economic and political integration). There is also the importance of getting the society behind the integration process. (NF) is doing it by politicizing the process, thus the national actors can go behind the process. In (LI) the point is in national interests and political entrepreneurship in the integration negotiations.

This kind of cases show, that the theories have some common elements, which allow further discussion about the nature of the integration process. This does not mean, that everything goes but it also stresses that these theories are not monoliths which are once created and are for eternity the same. A good starting point could be stress the importance of economic integration as the vanguard of integration process in Europe. Then one could stress the need for popular support in the society for integration. This can be made nationally or supranationally, but basically the aim is the same,

¹⁶ NF and LI are focusing in the privileging issue-specific functional interest at any given point of time E.g.

¹⁷ These theories are capturing certain aspects of the integration process, not the whole process. E.g. NF is capturing the economic and political integration process. LI is capturing the context of national interest i.e. changing preferences in the negotiations in the intergovernmental level.

¹⁸ In IR there are many integration theories, which can coexist at the same time, the field id very pluralist. Mostly it is not the case, which theory is right and which theory is wrong. It is about different views to the integration process and what is possible to verify in a scientific way.

¹⁹ Wiener, A. & Diez, T.(European integration theory, Oxford, Oxford university press 2004, 2009, pp. 15–22

²⁰ Wiener, A. & Diez, T.(European integration theory, Oxford, Oxford university press 2004, 2009, pp. 15–22

i.e. to get support for the integration in the national level. One could argue the aim was and still is to make the national aspect as supranational-national. With the concept of geopolitical aspects of LI, in NF one could find common ground with the concept of geographical spill-over or the concept of external pressures for integration.²¹

In this perspective it seems that the reality needs both theory types to be able to explain how the integration process is proceeding further. There are aspects which can be explained through national interests (€crisis, protectionism of the markets, protectionism in the migration questions. Supranational level is in the social sphere of the EU. This means especially social aspects, welfare the minimum level of it or the work of the (EESC) European Economic and Social Council. In my case of the Finnish paper industry this is seen also clearly. There are developments which can be attributed to supranational or intergovernmental theory.

Still in my mind these theories could have more real dialogue and accept truly, that the theories in hand explain a partial aspect of the whole integration process and not the whole integration.²² One good aim could be to say straight out, that the European integration process was driven by economics/industrial and political interests. In the same spirit to truly and ardently accept that ideas have a role in the integration process. This gives room for Social Constructivism (SC). The integration process was and is a mixture of social and material issues. This enables one to observe the full width of the integration. On the one side the economic and political side of the integration and on the other side ideas and exchange of ideas and notions and normative perceptions of the integration and of the world.

It is not just one of them, but a combined vehicle to understand what is going on in the European integration process.²³ Also there should and could be more of accepting, that other theories might say critically what “our” theory has found and try to find new ways of interpreting these findings. In other words get out of old “trenches” and move towards real dialogue where the aim is to find solution to theoretical problem in the integration and not just who is right and who is wrong. Different ideas can be onerous for one’s own concept, but they must be seen as tool to enhance understanding of the theory frameworks and about the integration process. In the end there can be appreciation to the deeper understanding of philosophy of sciences.

As a summary one could say that there is some dialogue between the theories (LI and NF), but it seems that the real dialogue is not as strong as one might hope for. The dialogue is most obvious in the level of economic interests, getting the society behind of the integration process. Also in the concept of geographical spill-over can be translated to the LI concept of national interests that are advocated strongly.

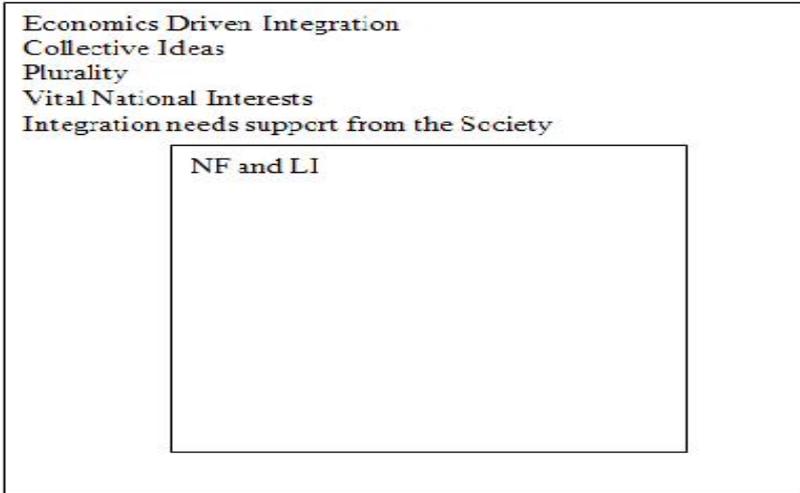
There seems to be a paradigm that something new is needed and the scholars are shouting mine is better than yours. The main point would for the future is to develop the theories further and even more importantly to realize, that the theories are “niche” theories and not theories which explain everything that is happening in the integration. (1. and 2. and 3. Figure)

²¹ Haas, 1958, 310-313, 1975, pp. 26-30 or Moravcsik, 2001, p.182, 2008, p. 162, 1998, pp.472-501

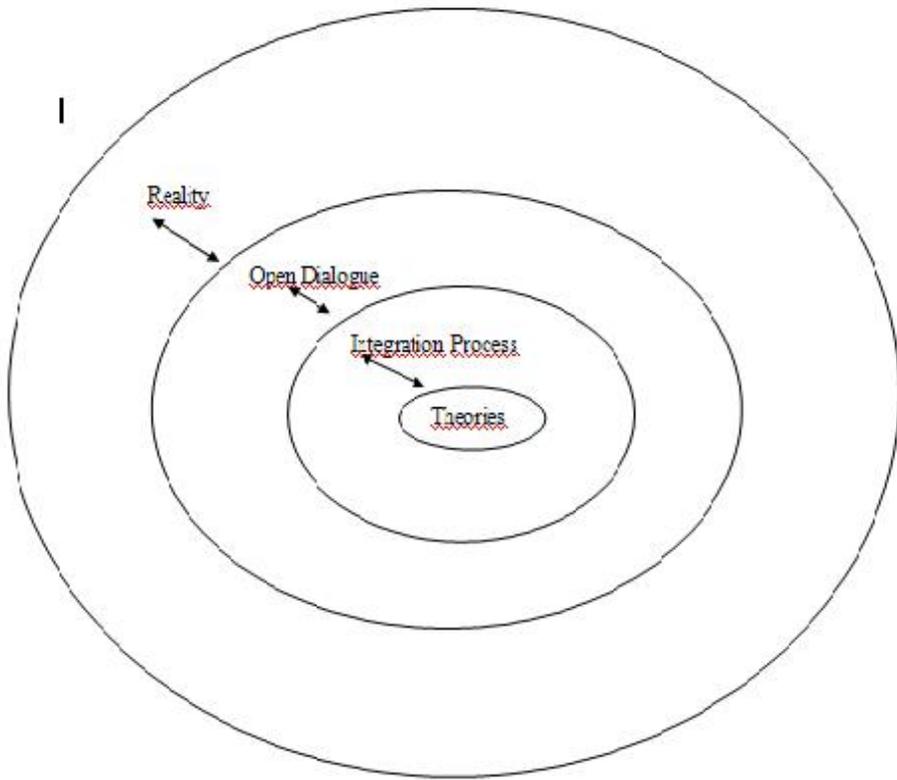
²² Moravcsik, 1998, pp.1-18+18-86+472-501, 2001, pp.176-188 or 2008, pp- 158-172. Haas, 1958, pp. 3-56 1975, pp. 3-90 When reading about these theories one cannot help noticing, that these theories are like one coin, but from the opposite side. National preferences i.e. support for the integration process. Another is Economics driven integration process.

²³ Wiener, A. & Diez, T. 2009, pp. 15–22, Ingebritsen, 1998 or Christiansen, pp. 45-60 Jørgensen and Wiener, 2001, pp. 200-205

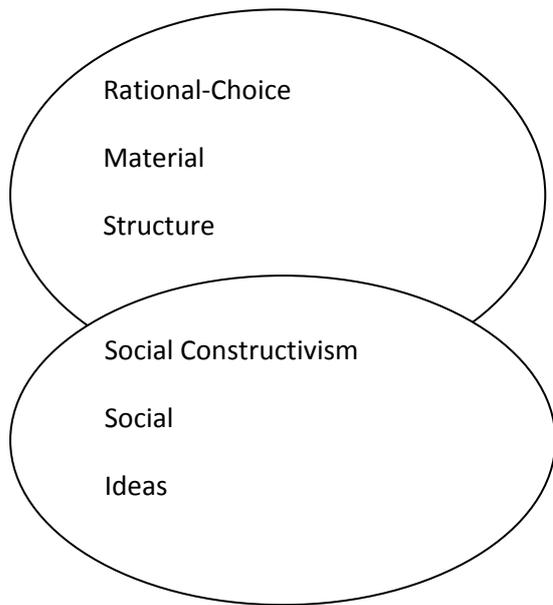
I



(Common features of NF and LI)



(Dialogue between reality and the theories)



(Method choices between RC and SC)

3. **Supranational or intergovernmental, which is the future in European integration?**

The trick in this question is that there is a need for both the theories in the integration process. It is not a paradigm that only one of the theories are needed to explain the European integration process. In a glance one can find more suitable arguments for intergovernmentalism, than for supranationalism. If one observes more closely there are aspects, which purely intergovernmental explanation cannot explain in a matter that does not leave room for more speculation. Good example is SEA or SEM. Supranationalism cannot explain alone the behaviour of nation states or the Finnish paper industry and quest for European integration. In the context of the Finnish paper industry and its quest towards European integration, there were signs of intergovernmental bargaining and political entrepreneurship (paper consultations and the cooperation with the ministry of foreign affairs in the integration issues). Paper consultations were a form of communication between the Finnish paper industry, the Finnish ministry for foreign affairs and the Commission. The discussions aim was to inform both parties which were going to happen in the future and also the future developments in the industry and politics on both sides.²⁴ For supranationalism speaks the notion of support for (EPI) European paper Institute and later to (CEPI) Confederation of European Paper Industries and the fact that the process went from economics to political integration.

There are aspects such as nation states in negotiations or the role of the Commission in the integration process. In these cases the theories mentioned above does not give a full picture of the integration process.²⁵ The best way is to combine both and look in the spirit of Haas's "soft rationalism", social constructivism (ideas and exchange) and Moravcsik's state domestic

²⁴ NH. 09.03. 24.2 1993

²⁵ Beach, 2005 gives an insight of the shifting responsibilities in the negotiations. The responsibility is shifting between member states and the Commission in the negotiations.

preference, national economic interest, grand bargains and political entrepreneurship followed by geopolitical interests for a new kind of synthesis for explaining European integration process.²⁶ With this fusion one could get quite extensive view of the integration process.²⁷ This would enable to achieve an extensive view of what is happening in the integration process. Emerging the economics, political, national and supranational interests, this would be a possibility to enhance and widen the perspective concerning the integration process. This is chance to combine supranationalism and intergovernmental theories and their paradigms.²⁸

This new kind of synthesis could be taking into account, that one single theory cannot explain solely the whole integration process. So the need is to make a “niche” theory which is able to explain *certain specific aspects or developments* in the European integration process. So how tackle a myriad of theoretical questions and dilemmas? Using the old method of piece by piece and concentrating on a specific phenomenon, policy area, and country or industry field.²⁹ There is a need to accept that there is no need for a grand theory of European integration, because there is plethora of different theories construct a mosaic of theories.³⁰ The picture of the integration is made through many small pieces and the pieces together create a larger picture which is able to catch the whole spectrum of different integration theories.³¹

Theoretically there is a need for many theories to be used.³² LI, NF and supranationalism.³³ There are signs, that all of these integration theories are actively taking part to explaining what was going on in the integration process.³⁴ Is the divide between rational choice or social constructivism? In my research I am between them both. I do acknowledge that the industry has done in the principle of rational choice; meaning that using the means necessary to get its message heard and doing rational choices, which are defined by structure. I.e. The economic rationale and political rationale. On the other hand, 2001: “*both an LI theory and constructivist inspired theory predicts some correlation between collective ideas and policy outcomes*”³⁵ The constructivism perspective becomes visible when one looks the importance of European context. The importance of ideas and exchange is becoming clear. The paper industry acknowledged the importance of image and

²⁶ Haas, 1958, pp. 3-16+pp.310-314, Moravcsik, 1998, pp. 472-501, 2008, p.162 and Christiansen, Jørgensen and Wiener, 2001, 200-205

²⁷ I do acknowledge the discussion of institutionalism, policy networks, and governance theories. In this paper I concentrate to NF and LI.

²⁸ Verdun, 1999, 10-28, Verdun uses many different theories to fuse into a one theory. Or to be more precise, she takes out of various theories interesting bits and transforms them into a new set of aspects in a new theory. This has the down side, that there are potentially theories that do not mix. It is a provocative approach and keeps the integration discussion going on.

²⁹ Puchalla, 1972 and his (in)famous quip of “blind men and the elephant”

³⁰ Wiener & Diez, 2009, 19-20 tai Chyrossochou, 2003, 1-66

³¹ Wiener & Diez, 2009, 19

³² It has become clear, that the quest for grand theory is in vain and the idea of “mosaic of theories” in European integration process advocated by Wiener & Dietz is the more “right” one, at least at this moment of theory development and my personal development stage.

³³ Sandholtz & Zysmann, 1989, pp. 95-128 in this paper I concentrate on the NF and LI.

³⁴ Niemann, A. (Explaining decisions in the European Union, Cambridge, Cambridge university press, 2006), Haas, E.B. (The uniting of Europe 1958, Ed. 2004, University of Notre Dame, 2004), Moravcsik, A. (The choice for Europe, Routledge, London, 1998 or Moravcsik, A. in Wiener, A. & Dietz, T., sage, London, 2001) pp. 176-188, Sandholtz, W. & Zysman, J. (“1992: recasting the European bargain” World politics, 42 (1989) pp- 95-128 . I do acknowledge the need for pluralism, but still I sometimes think that the discourse between the theories could be clearer and sometimes more civilize (?)

³⁵ Moravcsik, A. (Moravcsik, A. in Wiener, A. & Dietz, T., Sage, London, 2001) p. 182 Moravcsik makes the analogue of telephones as a medium for social integration. So to say tool for integration to proceed further, but not as source or driver for European integration.

European context besides with economic penetration to European markets. This is the reason why I use both RC and SC and to be even more precise, I use a mixture of them.

In my research I acknowledge both and try use them, because it seems at the moment, that it brings answers.³⁶ There are the social and material levels, which needs to be taken into account in the European integration process. Especially this is obvious in the case of the Finnish paper industry and its integration process towards Europe. Of course there is no automatic correlation as such, but the Finnish paper industry case; there were strong ideas of belonging to *Western European context*. European context in this case meant being pro-western, capitalist, democratic country which was doing “normal” business with the EFTA-countries and with the EC-countries and pursuing trade and industrial relation to West-Europe. Later it meant embarking to political integration and cooperation outside pure economic issues.³⁷ Also later on in the 1990s (1991-1995) the geopolitical manoeuvre room got bigger and the after misguided coup d’état in August 19.-22. 8 1991 so called Janajev “action committee” (not really a committee and definitely without any real action or public support from the society nor more importantly from the military).

This event was the final turning point from the geopolitical and security point of view. Finland decided to plan for a accession procedure in the future. The other was the Sweden declaration to become as a member in the EC and the more latent signal was coming from the industry and how to safeguard its interest in the markets.³⁸

This fact was or more precisely the idea was used to make profitable decision for the Finnish paper industry and for the whole Finnish society.³⁹ When the integration process got momentum it was for the Finnish paper industry of vital industrial and economic interest to tackle the integration also from political side, thus taking the image aspect seriously. Image could be transferred into market shares in the European paper products markets.⁴⁰ In this sense the European context and image of Finland was perceived at that time (1991-1995). It was an idea, that Finland and its paper industry is European and not in between West and East.⁴¹

The future developments in the European integration theory could be for more dialogue between different theories and to accept that one theory cannot explain by itself the whole integration process. In the future there is a need for taking better into account the different driving forces in the integration process, in other words; the economic and political motives behind the integration process. These were mentioned earlier in paper (Ch.2). These vary from supranational, intergovernmental, institutional and to transnational pressures between member states and

³⁶ Haas, E.B.(in Wiener, A. & Dietz, T. , Sage, London, 2001) pp. 23-26, spoke about soft rationalism.

³⁷ Interviews 2007–2010

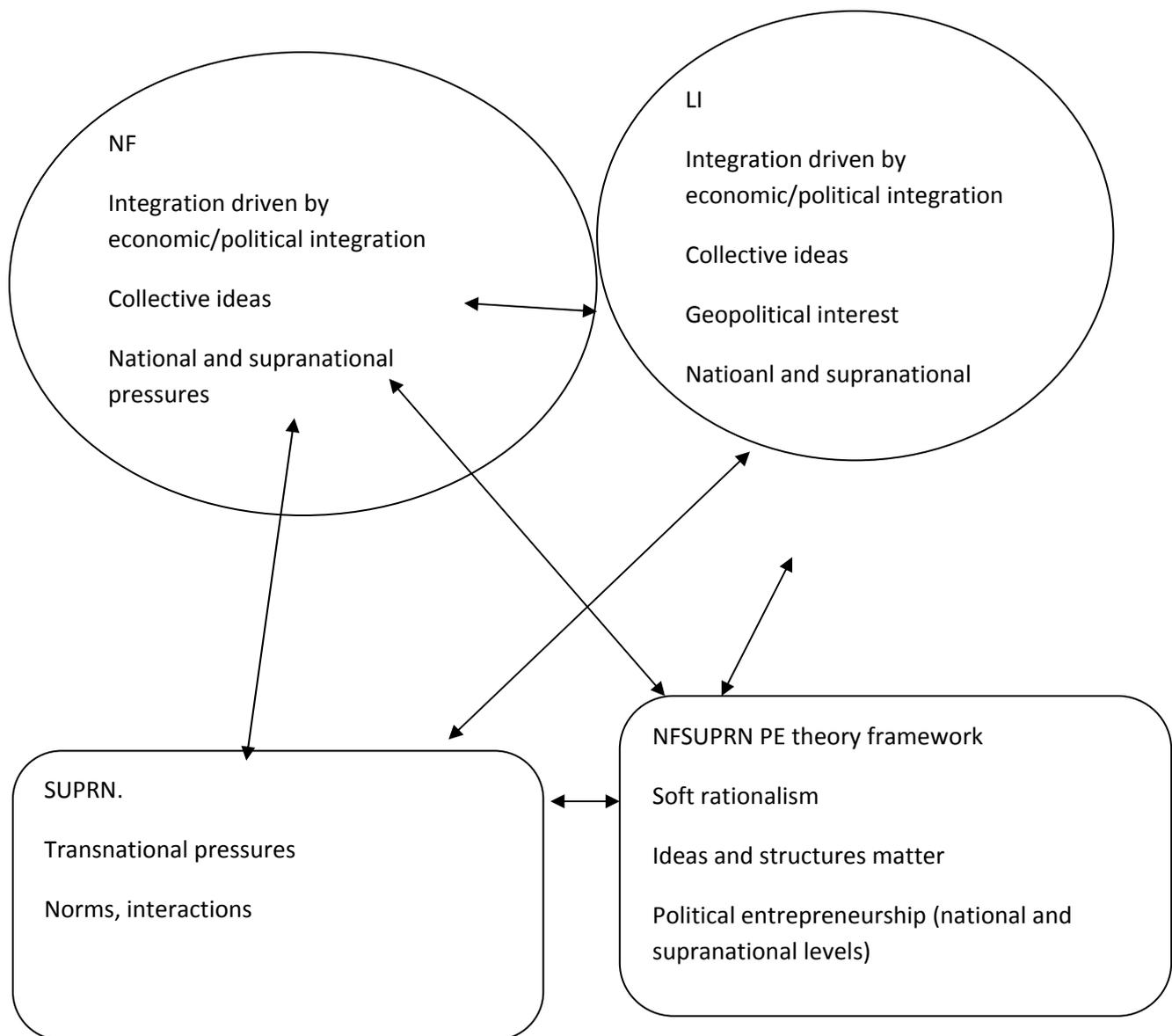
³⁸ The concept is in more detail described in my research project, also from historical perspective see for Jensen-Eriksen, 2008 or Aunesluoma, 2011. Both these are concise and lucid historical encounter of the events and developments especially in the FPI (Finnish Paper Industry) and Aunesluoma in the historical developments in the Finnish foreign trade policies.

³⁹ Jensen-Eriksen, N. (Kriisi ja kumous , toimittanut Markku Kuisma, Helsinki, SKS 2008) pp. 29–189 Archives also suggest this and my interviews also. The collective idea was used as a vehicle with the industrial and economic rationales. The main factor, was keep the industry working and profitable, but in the course of events the image or the idea of belonging to Europe became powerful. Due to this development was the fact, like mentioned earlier, the transformation to image and that meant more profits to the industry. This due to the fact, that the Finnish positioning in Europe was shaky, the competitors could argue in the markets, that the Finnish markets/producers are under the political “spell” of Moscow and there is no reliable supply of paper to Europe from Finland.

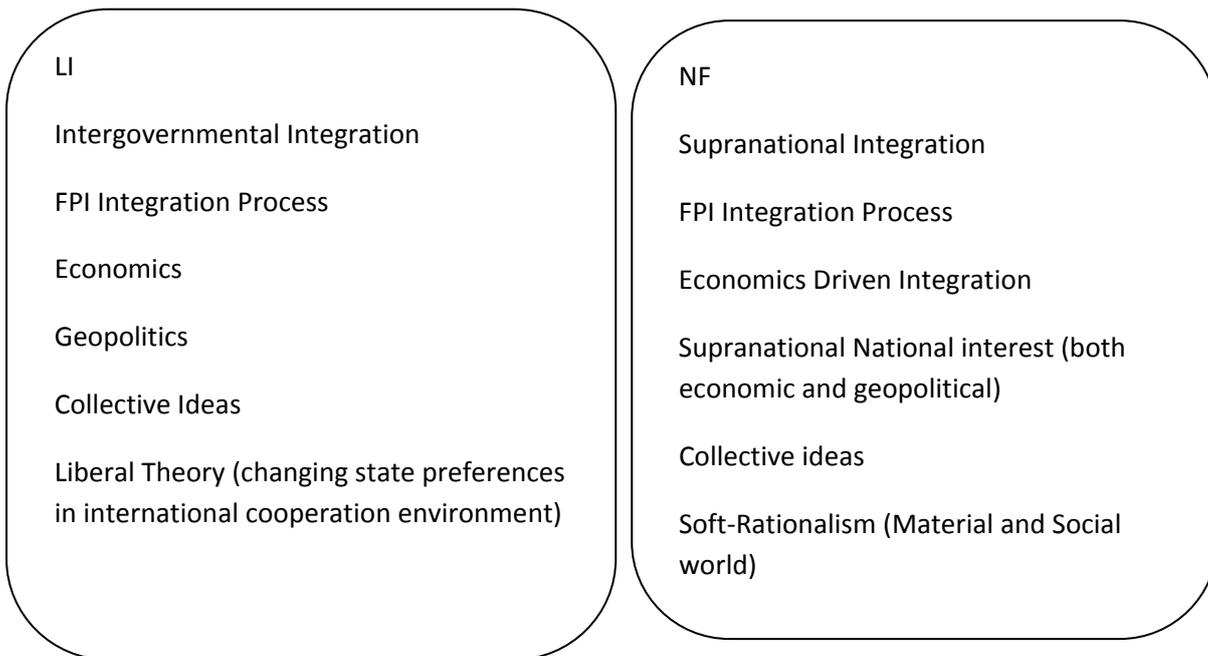
⁴⁰ NH. 01.02 3.5. 1983, NM. 00.01. 5.11. 1990, NK. 01.02. 2.2. 1989 or NK. 01.03. 7.4 1994 there was to be seen the paradigm change from pragmatic economic and industrial integration to full-fledged political integration. The image has got so much more weight in the period of 1985-1995.

⁴¹ Interviews 2007-2010

institutions. By this I especially want to stress that the true acceptance and the understanding that through cooperation can be achieved more detailed picture of the integration process. Also one could advocate more accepting towards different kind of theoretical exploitations and see not only the differences, but more the common features. In my mind the direction that should be taken is to make *combinations of different theories*, which are the most helpful for the specific issue at hand. Not solely advocate one theory thus championing one own theory, but to advocate for a better understanding of the integration process. (3. Figure)



(Theories and the integration process)



(LI and NF)

4. The Finnish paper industry and the integration process 1961-1995. More supranational or pure intergovernmental paradigm?

The main question for the Finnish paper industries was to be competitive in the western markets.⁴² Why paper industry in Finnish context?⁴³ The paper industry is a good case study, how the whole Finnish society was affected from the western integration process. The main challenge came from the Cold war constellation) Block mentality and the power status of S.U.)

⁴² Western Markets were the U.K, Germany, France, Italy and Benelux markets. These were the main markets and utmost important for paper industry. In my research I refer with the name “paper industry” solely to paper manufacturers and converters. I will leave the pulp and other wood related industries out of my study.

⁴³ For the Finnish society the paper industry or more widely forest industry was of vital importance. The main export was paper or wood related products. In the 1960 and 1970s the share of exports was over 60%. Nowadays it is lower, but it is significant even today exports. Pihkala, E. 2001) p. 332

The Finnish paper industry had in all markets good positions, but the Western markets were the real goal. This was evident, because it reflected also to the Finnish position in the Cold war world. Were we (Finns) part of the West or East? This was a vital question, because it reflected directly to our markets shares and to the ability to make business and keep the industry vivid. The competition was not sleeping and they said that the Finnish paper industry is not reliable and not working through market functions.⁴⁴

There was throughout the 1960s to 1980s the question was Finland independent and how much has the S.U. decision power over the Finnish industries and to the whole society. This all had an image level and it reflected directly to profits in the markets. This all plays well with the paradigm shift in Europe in 1984-1995.⁴⁵ The Finnish industry had to change and get to track of ever deepening European integration. This meant also political integration. This had been for a long time a taboo and now the Finns needed to act.⁴⁶ But like always it was coping with ever changing environments thus the real ardent joy for integration into Europe was missing.

Neofunctionalism

The base line for NF is, that spill-over is essential in integrating Europe/region. The notion that first is developed economic integration in a certain field, which is then followed by political integration (E.g. the Finnish paper industry). In this sense the fourth spill-over is significant, namely geographical spill-over.⁴⁷ It means that country will protect its vital interest and in the case of the Finnish paper industry and Finland it was membership in the EU and more precisely taking part in the European integration process.

Secondly is the notion of supranational actors, which endorse supranational integration in member states. (In the Finnish paper industry and in the ministry of foreign affairs these were directors and especially the civil servants in the ministry of foreign affairs.) In certain sense one can advocate the aspect of loyalty transfer, but that can be disputed.⁴⁸ (In the case of President Kekkonen and industry, they (industry and Kekkonen) were for national interest. In the CEPI organization they were for more centralized lobbying in Brussels. So that the single country would not have to do, what an organization can do. In numbers lies the strength.)

Thirdly neofunctionalism has its merits in explaining a certain aspect of the integration. Namely the industrial integration and the need for the paper industry to follow up the situation in the integration field in Europe. For the Finnish paper industry it was utmost important to be on the west markets.

⁴⁴ The claims were made by the CEPAC and our competitors, Sweden and Norway. Finnish forestry association archives, Helsinki

⁴⁵ E.G. Dinan, D. (Ever closer Union, fourth edition, Palgrave, Basingstoke, 2010) or Nugent, N. 2006

⁴⁶ NE 07.01. 18.11. 1960 or NK 01.02 2.2. 1989 compared to NK. 01.03 7.4. 1994

⁴⁷ Haas, E.B. (The uniting of Europe 1958, Ed. 2004, University of Notre Dame, 2004), pp. 313-317, this was only very briefly taken up and most time this kind of spill-over was "forgotten" in the list of various spill-over types. Niemann, A. (Explaining decisions in the European Union, Cambridge, Cambridge university press, 2006) also pointed to this kind of spill-over. In my mind this suits especially well to the Finnish situation generally and also the Finnish paper industry position in the integration process. Other types of spill-over are also important, but especially this fourth type brings some clarifications to the actions taken by the Finnish industry and society towards integration.

⁴⁸ The present understanding is quite critical towards the transfer of loyalty. In my opinion the concept of loyalty transfer is too straight forward and also the critics who are saying that there is no such thing at the present time in the EU. There is *semi-transfer* of loyalty an national interest is held in the back pocket if the situation is getting austere. The idealistic situation form which Haas started has changed and Haas noticed this change also. (1975, 1976) This was due to the general austere situation for the popularity of the integration theories in Europe.

This was possible through agreement in the EFTA and in the EEC. (EEC-free trade agreement) The social, cultural and image aspect can be spatially explained through NF. (The other part comes from LI and supranationalism.)

The magnetism of the united European market area was so great, that the Finnish paper industry had to react to changes in the market environment. i.e. 1968, when it became obvious, that U.K. would join EEC, or when the Sweden and Norway got good deals with the EEC on forest based products.

Firstly In my understanding the base line for NF is, that spill-over is essential in integrating Europe/region. The notion that first is developed economic integration in a certain field, which is then followed by political integration (E.g. the Finnish paper industry). In this sense the fourth spill-over is significant, namely geographical spill-over.⁴⁹ It means that country will protect its vital interest and in the case of the Finnish paper industry and Finland it was membership in the EU and more precisely taking part in the European integration process.

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This was possible through agreement in the EFTA and in the EEC. (EEC-free trade agreement) The social, cultural and image aspect can be spatially explained through NF.(The other part comes from LI and supranationalism.)

Fourthly the concept of geographical spill-over gives a good explanation for NF why the Finnish paper industry embarked to the integration process. Vital importance for a industry that is important will protect its interest in the integration.

Liberal intergovernmentalism

Firstly for LI speaks, that the national interest was high on the agenda in the negotiations with EFTA, EEC and EU. It is the shifting national/domestic preferences. (In the Finnish case there no were changes. The national/domestic preference was from 1961-1990, only about pragmatic economic integration.)

Secondly LI was clear in the paper consultations with commission, because it was made with the paper industry and with the ministry of foreign affairs.) Also one can argue that political entrepreneurship was in action, when the industry was advocating its benefits and giving expert

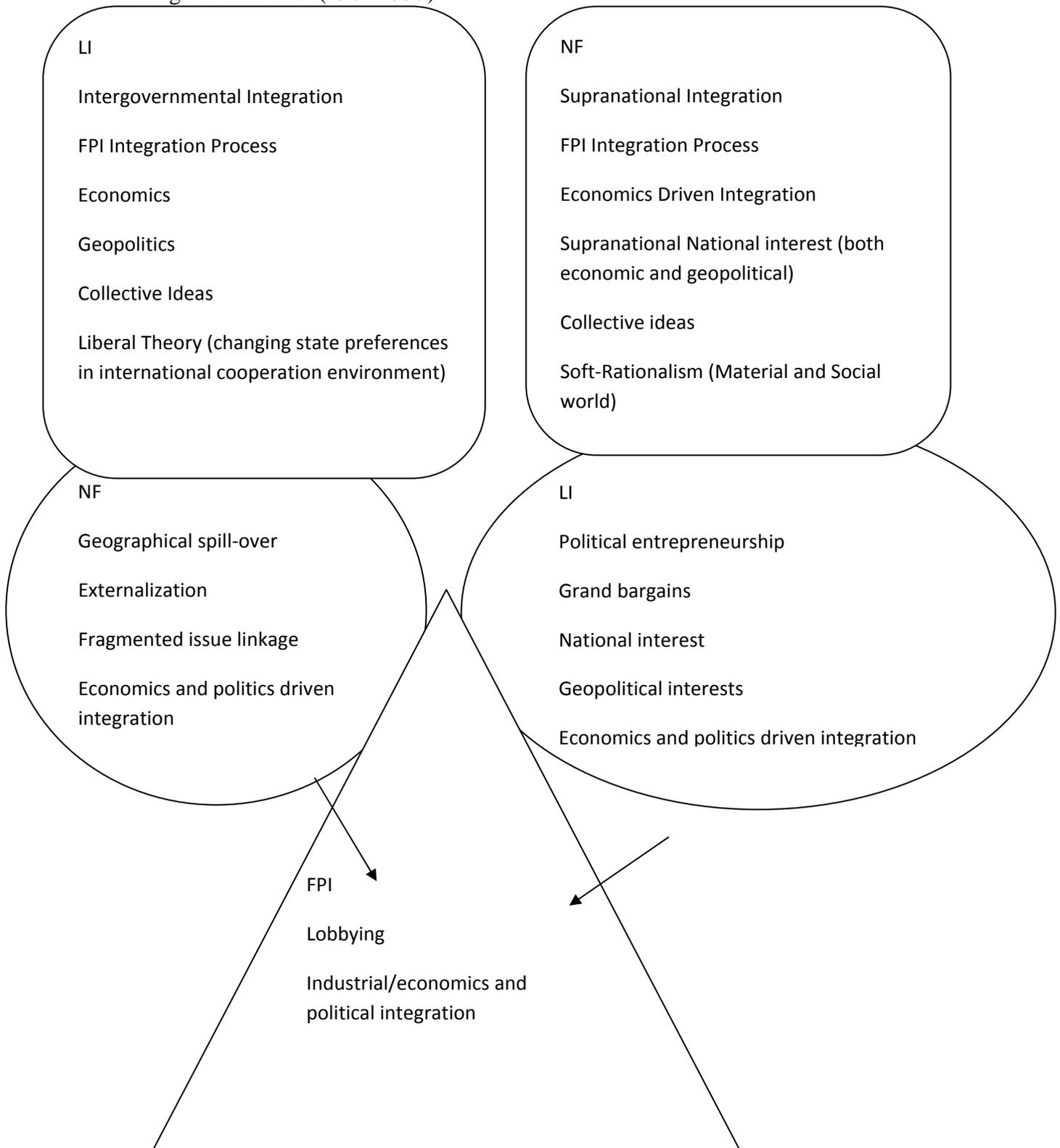
⁴⁹ Haas, 1958, 313, this was only very briefly taken up and more most time this kind of spill-over was “forgotten” in the list of various spill-over types. Niemann in 2006 also pointed to this kind of spill-over, p. 30. In my mind this suites especially well to the Finnish situation generally and also the Finnish paper industry position in the integration process. Other types of spill-over are also important, but especially this fourth type brings some clarifications to the actions taken by the Finnish industry and society towards integration.

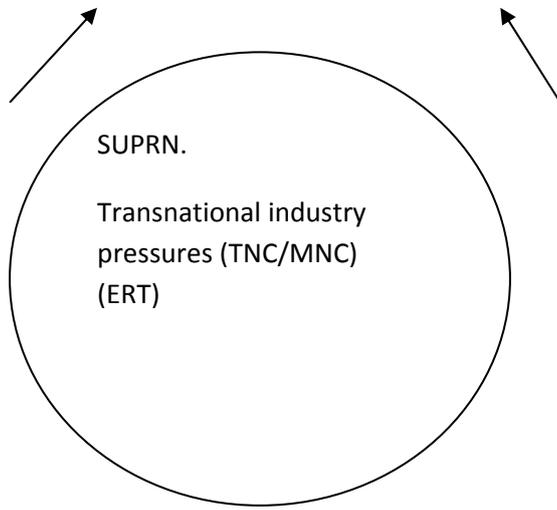
help to the national government. For me the essence is that the national interests are promoted to the supranational level in the integration process.

Thirdly one can in the advocate the notion of economic imperative in the Finnish paper industry towards European markets.

Fourthly for Finland the concept of geopolitics was a reason to go forward in the path of European integration. As sum one can argue that later 1991-1995 the question of image was important in the integration process and thus it touched the field of geopolitics and economic aspects. (4. Figure)

FPI Integration Process (1961-1995)





*(Theories and the FPI)
Integration process and the Finnish paper industry*

In the Finnish paper industry integration process one can find all of these integration (LI and NF) theories (paper consultations and the work done by the ministry of foreign affairs in the negotiations in the spirit of LI), (CEPI functions and the building up of this organization was in the spirit of NF).⁵⁰ In my mind the whole process of integration was in this order; first economic integration and followed by political integration.⁵¹ There were also economic interests in the way that it was meant in supranationalism.⁵² This meant stressing the transnational pressures to put forward the European integration through transnational companies and transnational connections. In the Finnish paper industry integration process one can find all of these integration theories (paper consultations and the work done by the ministry of foreign affairs in the negotiations LI), (CEPI functions and the building up of this organization was in the spirit of NF).⁵³

⁵⁰ In these processes I try to separate by which theory they could be explained the best. I do acknowledge that there are aspects which link both NF and Li quite closely together in the process of integrating the Finnish paper industry.

These cases are mentioned in the text above.

⁵¹ In the spirit of NF

⁵² Sandholtz, W. & Zysman, J. "1992: recasting the European bargain" World politics, 42 (1989) pp- 95-128

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Integration development in 1984-1995

According to Dinan the shift in European integration paradigm goes well inside with my findings. There was the need get Europe out of the “Eurosclerosis”. The time was ripe for actions to save the competitive edge in the EC. In this same time period, the Finnish paper industry advocated the notion of more integration towards the EC. Also in the ministry of foreign affairs there were some notions of future developments. The decline of the S.U. gave Finland the change to move for more political integration.

The paper industry with cooperation with the ministry of foreign affairs mastered the change for pure economics thinking to political integration. This was with the decline of the S.U, and with the Delors and the willingness of France and Germany.⁵⁷

The role of Delors was significant, but he was in the right place in the right time.⁵⁸ This time was, when the EC realised, that it needed more power in economics and industry against the competition pressure from the States and from Japan. There was also genuine will to improve the political structure in the form of TEU, SEA and SEM.

Delors happened to be in the right time the right man. In this development can be seen ideas from LI and NF. There was genuine ardent will to improve EEA as such to meet the challenges, but also national interest.⁵⁹ They (Delors and Germany and France) went together, because for Germany and France it feasible to get EC going, because they were the largest national economies in EC. For the smaller states (Benelux.) it was important to get single market, where the product could be without any hindrance brought to the market. Also the political unity would increase through economic success. So the European momentum got speed and there was a genuine will to change the European “zombie” to more vital corps. From the meeting in Fointainebleau (June 1984) the momentum of European integration went on and there was the notion of “something in the air”. The luck for the Finns was, that the development “waited” for the Finns and we had the change to join the European integration process fully.⁶⁰

⁵⁴ In the spirit of NF or for that matter it can also be stated LI in this context.

⁵⁵ Sandholtz & Zysman, 1989, pp. 95-128

⁵⁶ Interviews 2007-2010 and Haas, pp. 310-317 and especially Moravcsik, 2001, p. 182 and 2008, p. 162

⁵⁷ See for similar account in Dinan 2010 pp. 86-150.

⁵⁸ Dinan, 2010, pp. 86-150. Delors was strong, because Germany and France wanted also SEA and SEM. Delors was aligned with “large” member states for a common goal.

⁵⁹ Dinan, 2010, pp. 86-150 Eichengreen, 2007, p. 13 Jensen-Eriksen, 2008, pp. 92–113

⁶⁰ This is to be understood in the sense, that the decline of the S.U. went so, that Finland got more room for manoeuvre and thus could proceed with ever deeper integration.

From pragmatic economic integration to political integration.

The cooperation with the industry and the ministry of foreign affairs was intense and on both sides beneficial one.⁶¹ The cooperation made both more able to tackle the challenges ahead in the integration process. The main point in this cooperation was to get Finland moving into the right direction, so that it could be calculated into the Western-European context. Sir Leon speech in Helsinki:” [...] For Finland the change is particularly dramatic. For decades you have played a game of infinitive subtlety on the glacier of the East-West divide, evading the crevasses which engulfed so many others. With the thaw, the glacier has become a torrent. Whatever the future brings, it will not lack for incident.”⁶² This was a clear message to Finland, the new era was upon us and it was time jump into Europe. Also towards full-fledged integration and not just pragmatic economic integration..⁶³ ” Community membership, then, is a momentous step for any country. But nor I want to over-estimate the problems. Too much, I suspect, has been made of neutrality as a potential obstacle to membership. “Neutrality is a concept which needs to be reassessed in any case in the new Europe, taking account of the new climate of East/West cooperation.[...] I suspect that the arrangements eventually devised for a common foreign and security policy will have the flexibility to cope with a wide range of different circumstances.” “Overall I expect the community to expand, as I have said, and I wholeheartedly welcome the prospect. Previous accessions have served to galvanize the EC. It has been least effective when it has turned in upon itself.”⁶⁴ Also Sir Leon Brittain noted in the end”[...] There is no alternative to integration or to the nation state.”⁶⁵ Also important was to get the Finnish paper industry integrated to the main markets and be successful there and so make the Finnish industry known as reliable supplier of industry commodities. Main markets were at that times the U.K., German and the French markets.⁶⁶

To make Finland known as an independent capitalist market country, where political decision do not override the economic decisions made. This was the goal to be kept in mind and through this cooperation in my mind the goal was achieved, it was not always pretty, but it got the job done. The end result is what counts, not the how it is done. This was basically the aim of this cooperation and core of the pragmatism, which was very highly appreciated. The idea that through small steps it is possible to drive integration further was the key idea behind the approach of ministry of foreign affairs and the paper industry.

It was a question of survival very frankly put, but for the industry the question was immense crucial in those days and still is. In those days the help from the ministry was vital one and through intense cooperation it was able to be successful and long-lasting. It was not mere one single policy; it was a key policy in integrating Finland to the European industrial context.⁶⁷

The cooperation was also so successful, because both of these entities did not believe openly to the political unification in the EC area. This was evident in the 1960-1980s, when the aim was only to

⁶¹ Interviews and archives show clearly how important the cooperation was for both sides. Both understood the significance of this cooperation. That was the reason for it to work, it was for greater good.

⁶² NH. 00.03. 30.9.1991

⁶³ TAT, 31.1.1992, ”Mistä EY-jäsenyydessä on perimmältään kysymys?”, HS. 6.9.1991 ” TKL tutkii EY-jäsenyyde etuja ja haittoja.”, KL, 28.4.1992 ”EY valmistautuu laajentumiseen kulissien takana.” NH. 0.03. 10.8.1992. Unionnin pyritään aikataulun mukaisesti. Raportissa, todetaan tosiasioita EY-laajenemis prosessista.

⁶⁴ NH. 00.03. 30.9.1991

⁶⁵ NH. 00.03. 30.9.1991

⁶⁶ Interviews 2007-2010 and NE. 07.01. and. NH. 09.01, 8.11.1983 NH. 09. 03.1

⁶⁷ NK. 03.01

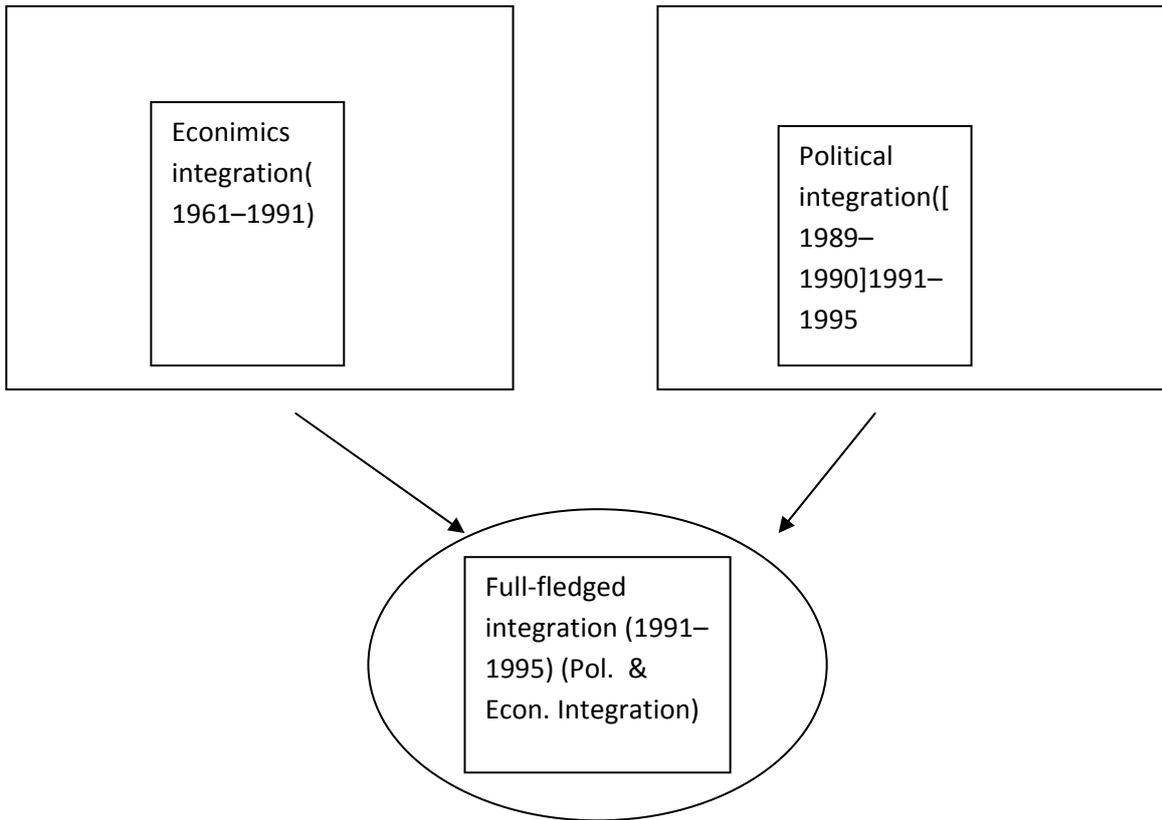
get pragmatic economic integration.⁶⁸ The notion of political integration was impossible for the Finnish society and also to the Finnish industry.⁶⁹

The attitude towards political integration was negative in the EFTA- and EEC-negotiations. The cooperation with the ministry and with the industry was pragmatic from its nature and the aim were to get Finland and its industry in the best way possible adapted to the European markets. Both of these actors needed each other in this process. That why the cooperation was so smooth. The common interest was so great, namely the state's own interest was at stake. The aim was to get pure economic integration and free market access to the Finnish paper industry. It was only after, the cold war, when both of these actors realize, that if Finland and its industry wanted to be pace with the European integration, they needed to embrace also political integration in Europe.⁷⁰ As an institution in the cold war the ministry of foreign affairs, was crucial getting the integration process on the right track in Finland. Also the coordination with the Finnish industries was done in smooth way. As an institution the foreign ministry was a good go between politics and business. It made possible to get the best resources to work with crucial questions of European integration. (5. and 6. Figure)

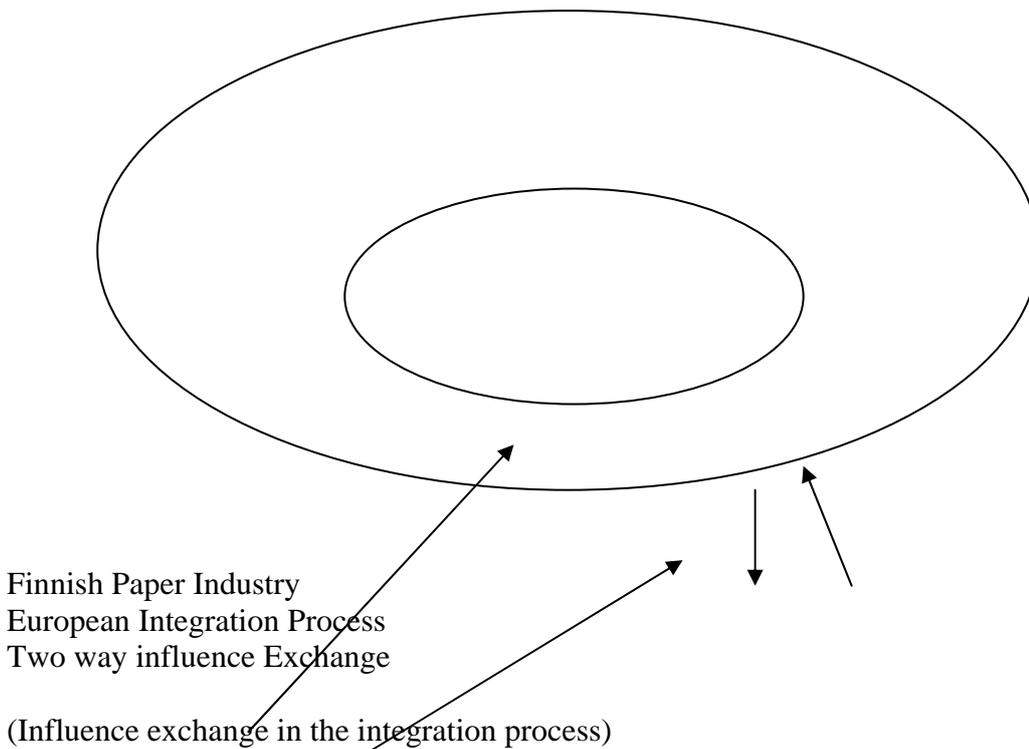
⁶⁸ NE. 00.01. 8.12. 1961, the speech of Prime Minister Karjalainen, where he stated, that the aim for Finland is to stay neutral in Europe. Or Ingbritsen, 1998. In her book Ingbritsen states out, that sector pressure drove Finland to the EU membership. For the FPI (Finnish Paper Industry) this is true partially. The rest which is significant was also to do with western context. When the integration got deeper, there was a need for Image and it could be retained through integration to the EU. It was not anymore sufficient to be integrated in the industry level. There was a genuine need for political integration I Finland. (1991.1995)

⁶⁹ Interviews 2007-2010 and NH. 00.01 1959–1970, 8.12.1961

⁷⁰ Interviews and archive documents. These both sources give a straight view, what was the dynamics in the 1960 to 1990s. It was very much dominated by utter use of cautious handling and always takes into account, what was the opinion of the SU. After the cold war, the attitude changed and Finland adapted to new situation in Europe. Pragmatism ruled over everything else.



(Trends in the Finnish integration emphasis)



EEA dilemma for the paper industry

EEA (European Economic Area) was not enough for the Finnish paper industry because; its *main competitors were going for the EU-membership* (in that time still the EC-membership). Namely Sweden and Norway and also Austria had some remarkable paper industry itself. (Norway later on in a referendum denied third time the membership in the EC.) This would have caused, that their industry would have gained better market entry possibilities, than Finland outside. The main fear for the industry was to be on the “wrong” side of the customs barrier. It was about competitive edge in the markets for the paper industry. Non-tariff barriers would have been included different price categories or quotas for the EEA-states to bring products to the EU markets.⁷¹ The EEA was not viable for the paper industry, because its main competitors would be in the EU. It would have created a situation, where Finland would have been outside and its main competitors inside.

Economic vs. political pressures in Finland and in the paper industry.

These economic and industrial pressures were significant, but compared to the political pressures after the Cold War smaller.⁷² The paper industry wanted to be successful in the markets and in the 1990s it meant more vivid role in the European integration politically. For the industry most of the themes were dealt in the EFTA- and EEC-free trade agreement. Europe was changing and that is why the political integration became important. In the end it reflected the Finland’s place in Europe and that could be translated in the industry to profits. This was the image part of the integration process. Western image was important for the Finnish paper industry as for the whole society

Basically the question was, had Finland time to react to the changing European political environment or not? The road to EU was a choice to be made in right time and not be intimidated by the difficulties ahead. Was Finland part of the West or East? For the paper industry it was about market placement and image to be competitive. For the paper industry everything translated to the competitive issues and being in the market better than its competitors. This meant that the integration solutions needed to be in order. In the EFTA it was purely free trade, in the EEC also, it was to ensure the non-tariff exports to the main exports markets. In the EU-negotiations it was to insert Finland into the “right” context in Europe and putting the Finnish western image to be known all over Europe. The message was *Finland is in the west and not something in between.*⁷³

⁷¹ EU markets were and are well protected from outside competition, although WTO is action (in Kraft getreten). See for Wallace, W. & Wallace, H. (Policy-making in the European Union, fourth Ed. 2000, Oxford, Oxford university press) pp. 88-95

⁷² The question is a good one. It depends who one is listening. In the ministry of foreign affairs and in the paper industry they (officials) say, that the political integration was always embedded to the economic integration process. I am not quite sure, was that always so? The reason is, that in the archives the files show, that political integration was impossible due the cold war constellation and the role of the S.U. immediately when it was possible Finland started to reach out to Europe and the word was pragmatism. It was not always pretty, but the national interest was always clear in mind in the ministry and in the industry. Both were needed (pressures), economics needed politics and vice versa. A good question from your side, I still have to ponder on it. Now my opinion is, those both are interlinked and cannot be really being divided to different parts.

⁷³ NH. 01.02. 11.2. 1989 or NE. 01.03. 7.4. 1994

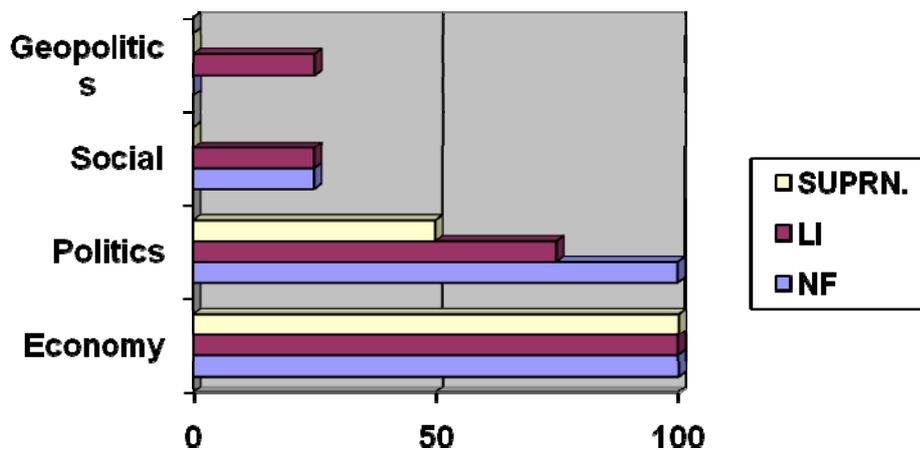
5.

Conclusion

The theories need still more dialogue and open mindedness. The dialogue between supranational and intergovernmental integration theory is not forbidden. The theories are open for a dialogue; this due to of the fact that the reality is complex and it is devised from many theories. Basically the difference is between the theories philosophical choices, namely rational-choice and social constructivism. LI is about rational-choice and NF acknowledges both. More precisely about the difference on social or material world, it is also about do ideas have any affects or does the social structure give explanations concerning the European integration?

As for the theory of integration in the case of the paper industry shows, that industrial integration was followed by political integration and so both NF and LI are right in that sense, that economics and politics go hand in hand in the integration process. Also that geopolitics and collective ideas have had an impact to the integration process. Also in more detailed view the role of other relevant integration theories deserve a deeper look, namely institutionalism and supranationalism. These two theories give more edge to NF and LI and keep them viable in the modern integration theory discussion.

Combining these theories (NF and LI), there is a possibility to explain, why and how the Finnish paper manufacturing and converting industry as well the other paper industry was behind the Western or European integration process. The main point of my paper is to show that neofunctionalism and liberal intergovernmental are needed to explain the Finnish paper industry integration process. Also to show in the general level that there is a need for cooperation between theories. These theories can help to explain the need for supranational structures in European Union and the importance of the commission in the integration matters. It also shows that the need for more community thinking is needed, so that not everything in the integration is explained through intergovernmental actions and national interests in the integration of the EU. (Graphic 8. Are exhibited factors, which define integration drivers of the specific theory.)

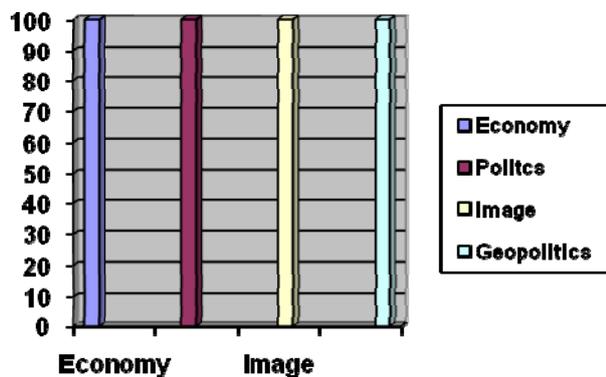


Integration drivers in three various integration theories

In the Finnish case, the international context was also changing and this gave the chance to pursue more integration. This meant that the period of cold war was over and Finland got more room for manoeuvre. Finland could state out loud and by heart that it wanted to join the EC and wanted full-fledged political integration and not only pragmatic economic integration as it was the case in the years of yesteryears. The paradigm had changed and the industry and the ministry of foreign affairs were ready. The Finnish case is a case for regional integration from periphery to the centre. The Finnish paper industry had to overcome the political and geographical obstacles to fully enter to the Western markets. This was a logical way for the paper industry and also for the whole society.

For the Finnish paper industry the main aim and goal was to keep its position in the main Western markets and not be run down by the competition.⁷⁴ That was the main purpose for the integration and also there was a deep need for Finland to belong to the Western, civilized context in Europe. This meant also, not only culturally or by esteem that Finland was also economics wise a sound Western country, where rule of law was binding and the industry was not driven by political upheavals and commands from the Kremlin.⁷⁵

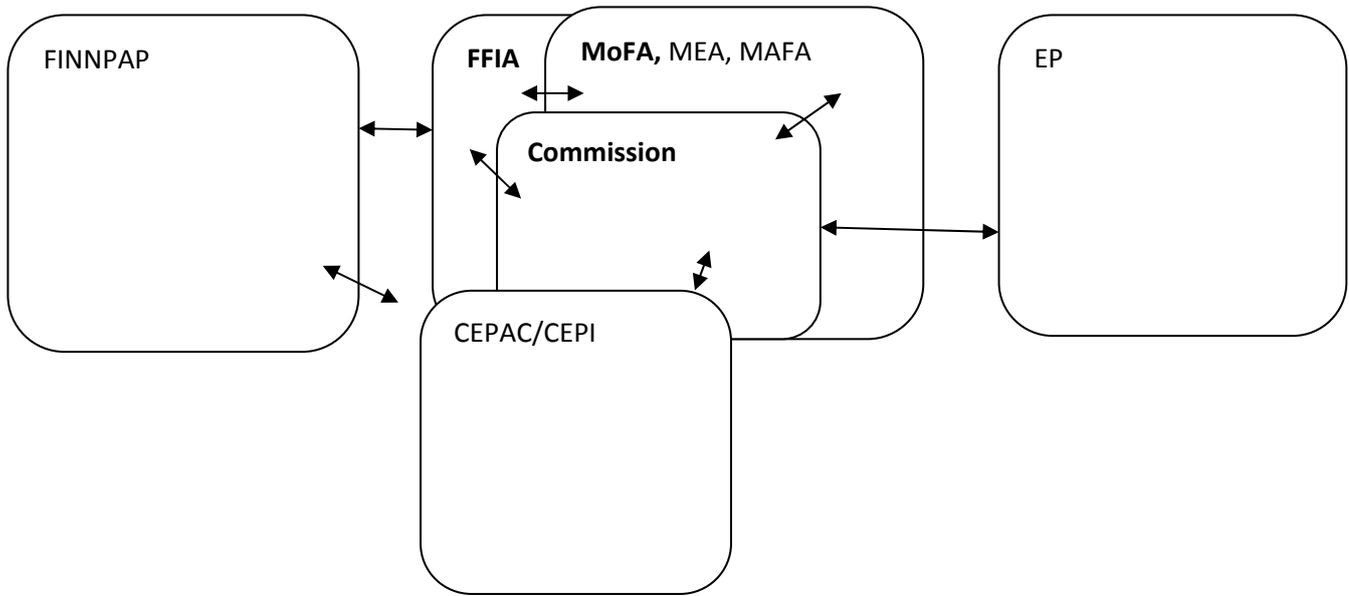
The cooperation between the paper industry and the ministry of foreign affairs was crucial in making the integration process a success story. The cooperation was essential to achieve the integration goals, what the Finnish paper industry needed and also what the whole society needed from the integration. As an institution in the cold war time, the ministry of foreign affairs was important. It got the Finnish voice out to the world and made Finland known between West and East. (8 Graphic about FPI important factors in the integration process.)



Important integration drivers, which were important to the FPI
 As a *conclusion* my research is about the story, how the Finnish paper industry went into the integration process and how the industry affected the integration process and vice versa. It was about *raison d'être* and the pragmatics of politics and the aspirations of a industry to get better market shares and how not everything is just economics, but also politics and willingness to belong in something more greater, than any nation can be alone. Together we are strong? (7 and 8. Figure)

⁷⁴ Jensen-Eriksen, 2008 and interviews see for the drastic end of the famous old British paper company Bowater. I acknowledge that the modern day Bowater still exist, but it is nowadays an American paper company, not a British on.

⁷⁵ Archives and interviews. This information from these sources made this fact very clear and eminent question for the Finnish industry and government and for the ministry of foreign affairs. It was a clear goal to ensure, tat Finland belonged to the Western context and was not minion of the dark forces i.e. S.U. Note, this was during the cold war and not the present day situation, which has nothing to do with barbarian uncivilised conduct in international politics. Archer, 1995, JCMS or Haskell, 1970, I.O.



(FPI and its counterparts in the integration process)

NF

Will to create and participate in supranational markets/EFTA, EEC, EU markets)

Externalization (S.U.)

Fragmented issue linkage (CEPAC and EC paper Declaration)

Geographic spill-over (FPI and

LI

State Domestic Preferences (Aim in the Integration negotiations and safeguard of the FPI)

Political Entrepreneurship (Paper Consultations)

National interest (Cooperation with MoFA)

Grand Bargains (FBI very important for

FPI

Markets shares, profit

1991-1995 also

NFS-PE Model

Industrial/economics and political integration, responding in the integration process to supranational and national pressures. (EFTA-, EEC/EC-, EU-negotiations)

Strengthening of national and supranational institutions (FFIF, MoFA and Commission)

Integration by stealth i.e. pragmatic integration

SUPRN.

Transnational industry pressures (ERT)

Industry driven integration (EFTA-, EEC-, EEA-[EU-] negotiations)

(Theories explaining the Finnish paper industry integration process)

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