BOLSTERING DEFENCE IN THE EU

A liberal intergovernmental perspective of recent CSDP developments

Jakob Gudiksen
Aalborg University, European Studies.

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Supervisor: Søren Dosenrode

Abstract

The area of security and defence policy in the EU historically been a taboo in EU policy making and even after the creation of the common security and defence policy (CSDP). However, new challenges in and around Europe has called for new developments. Member states have been more eager to pursue new developments in their military capabilities, and as a result the CSDP have seen new and more ambitious developments such as the Permanent Structured Cooperation (PESCO) and the European Defence Fund.

This study will attempt to answer the problem statement: ***"Why has there been an increase in the development of EU's CSDP, and in relation to this, why have the EU chosen these measures?"***. In doing so, the study will apply Andrew Moravcsik's theory of Liberal Intergovernmentalism (LI). It will set out to analyse based on the three stages of LI. First, the analysis will focus on the geopolitical context and its influence in shaping and defining national preferences. Thereafter the analysis will focus on interstate bargaining and try to examine the distribution of gains between member states participating in PESCO, and the role of EU officials in terms of influencing the choice of pursuing PESCO's establishment and member states commitment to it. Finally, the analysis will examine the stage of institutional choice where the it will shed light on how PESCO differs in its structure, its binding commitments, and what this means in terms of the transfer of sovereignty. Furthermore, it will also tend to the role of EU agencies in the PESCO framework.

The study concludes that the geopolitical context has played a role in shaping the national preferences of EU member states. It assumes that the Russian annexation of Crimea, the uncertainty created by President of the United States, Donald Trump, in relation to the NATO alliance, and the future Brexit is all factors which influence national preferences. In this context, the increase in the development of the EU's CSDP relates to geopolitical externalities which have resulted in a greater need for developing military capabilities which can provide the EU and NATO in their quest as security providers. The study also reaches the conclusion that the choice of measures relates to both the influence of EU officials in nurturing the willingness of member states to pursue new developments, as well as the structure itself of PESCO which does not require any apparent transfer of sovereignty. The study is finalised by a brief discussion of where LI as a theory has contributed in answering the problem statement, where it has lacked, and what other alternatives one could look into.

Keywords: CSDP, PESCO, European Defence Fund, Liberal Intergovernmentalism, EU.

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List of abbreviations

CARD	Coordinated Annual Review on Defence
CDP	Capability Development Plan
CFSP	Common Foreign and Security Policy
CSDP	Common Security and Defence Policy
EC	European Community
ECSC	European Coal and Steel Community
EDA	European Defence Agency
EEAS	European External Action Service
EEC	European Economic Community
EPC	European Political Cooperation
ESDP	European Security and Defence Policy
EU	European Union
EUMC	Military Committee of the European Union
HR/VP	High Representative of the Union for Foreign Affairs and Security Policy/Vice President
IGC	Intergovernmental Conference
LI	Liberal Intergovernmentalism
MPCC	Military Planning and Conduct Capability
NATO	North Atlantic Treaty Organization
SME	Small and medium-sized enterprises
WEU	Western European Union

1. Introduction

The Maastricht Treaty of 1993 was one of the major breakthroughs in terms of foreign policy in the EU. The establishment of the CFSP meant further integration for member states, and there are several reasons as to why member states deemed this necessary. A crucial factor in this development relates to the geopolitical developments in and around Europe at the time. The reunification of Germany (1990), the dissolution of the Soviet Union (1991), military conflict in the Gulf and the start of the Yugoslav crisis (1991) called for ways to manage member state relations in an unstable geopolitical environment (Keukeleire and Delreux 2014, 46). Even though this meant further integration for member states, the CFSP was strictly intergovernmental ensuring member states full control over the EUs foreign policy. The creation of the CFSP was not only about managing interstate relations in the EU, it was also a necessary tool in reasserting EU's identity on an international level (Keukeleire and Delreux 2014, 47). The intergovernmental conference (IGC) on European Political Union, where the CFSP was discussed and negotiated, was partly dominated by the issue of the military dimension of security. The debate was mainly divided between those who were pleading for common defence led by France and Germany, and neutral and Atlantic-oriented member states who were opposed to the proposition of common defence. Nevertheless, member states, except for Denmark who opted-out of the defence provisions of the Maastricht Treaty, agreed that the CSFP should include all aspects related to security including an eventual framing of a common defence policy. However, member states were not committed to the CFSP as a foreign policy instrument, and as a result cooperation on foreign policy issues, especially defence, proved to be difficult (Keukeleire and Delreux 2014, 49).

It was not until the end of the 1990s new advances were made in foreign and defence policy areas. The creation of the ESDP (now CSDP) along with the establishment the High Representative of the CFSP (Keukeleire and Delreux 2014, 51) had meant that European integration had somewhat overcome the past tendency of Atlantic solidarity, which was mainly due to negotiations between France, the UK and Germany (Keukeleire and Delreux 2014, 52). The ESDP was one of the most significant developments in terms of defence policy in over 45-years of European history. Even though these developments made the EU action-oriented and more capable of assisting in NATO operations, disagreements on civilian power vs. military power were still very much existing. As these developments were, politically, very significant for the EU, the scope of defence policy was still very limited. It did, however, spark the start of several peace-keeping and civilian missions through NATO (Keukeleire and Delreux 2014, 53).

With the Lisbon Treaty, the ESDP was renamed to CSDP, and furthermore, also meant provisions for enhanced flexibility and the creation of the EDA. On the flipside, French interest in CSDP and its development was low due to Frances return to NATOs military structure (Keukeleire and Delreux 2014, 57-58). Developments certainly have been made in the area of defence in the EU but have often had its pros and cons. Seemingly, new provisions in defence policy and the CSDP through time have dealt a certain amount of capability in the hands of the EU. Civilian and military operations have been widely used in Europe and Africa and may be deemed as a successful capability the CSDP and EEAS has provided for the EU. A major aspect of the civilian and military operations is that the majority of missions are civilian and may be perceived as a soft-power activity rather than a matter of defence. Of course, the main objectives of these missions are peace-keeping, strengthening international security, and supporting the rule of law and therefore a proper approach is needed when trying to deescalate tensions or issues on the international stage (European Union 2016). So, to state whether the EU should portray soft-power or hard-power in these missions really depends on the crisis at hand. However, as hard-power defence have been a taboo in the EU for a long time. How the EU engages in missions may also depend on member states willingness to engage in mission where hard-power is needed. Although civilian and military operations do not fully depict the entire CSDP apparatus and its capabilities, they do portray a large extent of how the EU engages in resolving crises in and around Europe when diplomatic approaches are not sufficient. Russia's annexation of Crimea sparked a whole new crisis in Europe, and, as a result, various responses have been prompted by the EU. Both diplomatic and economic sanctions have targeted Russia and certain individuals related to the annexation have been struck by asset freezes and travel restrictions (Council of the EU 2018). Furthermore, the EU has provided over €88.1 million in humanitarian assistance to people affected by the conflict (European Union External Action 2016).

A soft-power response to one of the larger international crises which Europe has had to face in a long time. March 2018 marks the fourth anniversary of the annexation of Crimea and Sevastopol. In relation to this, EU High Representative Federica Mogherini has stated that the EU still condemns this violation of international law, and that the EU will still show support for Ukraine's territorial integrity (European Union External Action 2018). Certainly, soft-power still seems to reign in the domain of defence policy in the EU. Even in response to serious international crises, such as the one in Ukraine.

However, new emphasis on defence policy in the EU has laid basis for new developments in CSDP for the last two years. Once again, one of the most tabooed policy areas in the EU is gaining traction

and moving into new and unexplored areas of defence policy making. EU High Representative Federica Mogherini has stated in relation to these developments that: *"After one year, one year and a half, the mood in and around Europe is completely different. And we have achieved now more than we have achieved ever in our history in security and defence. And just a few months ago everybody was saying this was not happening"* (Mogherini 2017). So, what are these recent developments which, according to Mogherini, are historical achievements in terms of security and defence policy? A command centre for military training and advisory missions, closer NATO cooperation, a European Defence Fund which will accommodate member states in spending better, together and more efficiently on defence. Last, but certainly not least, a Permanent Structured Cooperation on Defence called PESCO which have been negotiated among 25 member states. Mogherini also explained upon the features of PESCO: *"25 European countries have committed to join forces on a regular basis to provide troops and assets for the missions we agree together, but also to speed up their national decision-making to share information, to work on a common funding of our missions and operations."* (Mogherini 2017). Surely, these developments seem very ambitious and game-changing in relation former developments in security and defence matters.

These recent developments in EU's CSDP, security and defence policy areas are quite interesting as they may pose a new direction for the EU when it comes to the defence taboo that has been reigning since the initiation of the EU as an institution. Engaging in new and potentially more ambitious areas of defence policy have made me wonder what caused this increase in CSDP developments? Why is it, in this point of time, deemed necessary for the EU to create new measures in the defence policy area? Additionally, why are these the measures member states and EU officials have chosen in response to the urge of defence capabilities? These questions have led me to the following problem statement:

"Why has there been an increase in the development of EU's CSDP, and in relation to this, why have the EU chosen these measures?

In order to answer the problem statement, I find it appropriate to examine which factors, may they be internal or external in relation to the EU, have played a role in the recent developments. Additionally, I find it relevant to examine more concretely what these measures are and what their aims and scopes are as this should help me defining why the EU have chosen these exact measures. Theoretically, I will draw on liberal intergovernmentalism as the domain of defence is still very much an

intergovernmental process in the EU, and as a theory it can help explaining why national preferences have overcome the defence taboo and are starting to align when it comes to defence in the EU.

2. Outline of the Study

In this section I will describe the structure of the study, as well as explaining the purpose and function of each section in the study. This should make way for the reader to quickly gain insight into how the study will advance in trying to answer the problem statement provided in the introduction.

2.1 Introduction

The introduction has briefly introduced the reader some of the developments leading to the current CSDP of the EU, however, a more detailed explanation will follow in the historical overview that I will provide in section 5. Furthermore, the introduction presented the reader with some of the more recent developments in the CSDP as these developments have been a main factor in my thought-process leading up to the problem statement. In relation to this, the introduction also provided my thoughts going into this study and reflected upon the problem-statement itself as well as giving a short explanation of how I will try to answer the problem statement.

2.2 Methodology

In this section, the methodology of the study will be presented. It will go about explaining the choice of my empirical data as well as describing how and through which methods the empirical data will be handled, evaluated and criticized. The methodology section will also go into detail with the scope and limitations of this study. It will explain what this study is able to do as well as what it is unable to do. In relation to scope and limitations, the section will also discuss the chosen theory for this study (i.e. liberal intergovernmentalism).

2.3 Theory

The theory section will present the main theoretical aspects of this study. A comprehensive presentation of liberal intergovernmentalism and its relevance to this study will be presented in this section. This section should provide the reader with a somewhat straight forward framework for applying the theory to the empirical data of this study.

2.4 Historical Overview of defence and foreign policy in the EU

This historical overview is solemnly for the purpose of describing the historical process of defence policy in the EU. It will present the most substantial changes and developments that the CSDP has

gone through. To some extent, it explains defence policy in Europe before the establishment of the EU and the CSDP. However, the main focus will be on the CSDP and how it has developed from its creation (when it was called ESDP) and until it was formally established in the Lisbon Treaty. This chronological historical overview should get the reader up to date on CSDP and its history in the EU. However, the historical overview also serves as a tool for liberal intergovernmentalism as a theory since the trajectory of integration over time remains relevant for explaining where the CSDP stands today.

2.5. Analysis

The analysis is where the theory will be used as a tool for examining the empirical data. This is where I will go in-depth about analyzing and trying to answer the problem-statement presented in the introduction. As the study is based on the PBL-method, the analysis will mainly concern the recent developments in the CSDP, and the choice of measures as an outcome of this. However, it may also lead to new questions which may be relevant to the study and prompts for discussion. The structure of the analysis will be elaborated upon in the start of the section.

2.6. Conclusion

In this section, the main findings of the analysis as well as the answer for the problem-statement will be presented.

2.7. Discussion

As stated in above, the study might prompt for further discussion into some the findings of the analysis. This section is merely for discussing and reflecting upon some of these findings. However, it may also be relevant to discuss other aspects of the study, such as limitations or other approaches to examine and answer the problem-statement.

3. Methodology

In this section, I will outline the methodology of this study. This includes a brief overview of my primary and secondary empirical sources. The scope and limitations of the theory and the study will also be included in this section and I will try to examine in what ways this study is limited and where it may lack in explaining certain elements.

3.1 Primary and Secondary Sources

The primary sources of this study will mainly consist of official and relevant policy documents, which will help explaining the three stages of LI: national preferences, interstate bargaining and institutional choice. Furthermore, I will also make use of official statements, newspapers and scientific articles as secondary sources, as these may support the findings gathered from the primary sources. However, as some official reports and statements may derive from a timepoint where e.g. the PESCO framework were not officially launched, and therefore it is important that these things are kept in mind as decisions may have changed.

In order to be as aware of this as possible I will make use of document analysis. This will provide a set of conditions and a larger awareness on issues like the beforementioned. These conditions will be examined further upon in the next section.

3.2 Document Analysis

In this study, I will apply document analysis to the empirical data used in my analysis. The main argument for the use of document analysis relates to how it enables the reader of a certain empirical source to apply a set of conditions which the source must meet before it can be deemed as both trustworthy and of acceptable quality. There are various elements in document analysis which may help evaluate whether or not a source may be deemed trustworthy and of high quality. In their book "Introduktion til dokument analyse", Poul Duedahl and Michael Hviid Jacobsen refer to source criticism and quality control as some of the conditions that the reader must examine when conducting document analysis (Duedahl and Jacobsen 2010, 53). This includes examination of authenticity, credibility, representativity and its meaning and relation to the problem statement.

3.2.1 Source Criticism and Quality Control

To Duedahl and Jacobsen, one of most important aspects in source criticism and quality control is the functional view of a selected source. In other words, the value of a source depends on which questions you ask. In social science, source criticism refers to an assessment and evaluation of the character and quality of the selected data. Duedahl and Jacobsen refers to source criticism as a sort of "systematic scepticism" (Duedahl and Jacobsen 2010, 53). In this sense, any given data or content for that matter, e.g. an article from Politico, must be suspected to be unreliable or incorrect at start and must therefore be subject to criticism and evaluation before it can be deemed as a useful resource. The quality and relevance of a source highly depends on the context in which the source is used. Which questions does the reader ask in relation to the source and how does the reader interpret the

content? Those are important questions in regard to evaluating the quality and relevance of a source. However, the methodology of source criticism should provide the study with sufficient tools for better understanding, reading, interpreting and in some cases not only refer to the document, but also comment on its position (e.g. does it have any political standpoint?). The methodology of source criticism, as Duedahl and Jacobsen describe it, sees documents (sources) as a mean, meanwhile the problem statement serves as a guideline for the analysis (Duedahl and Jacobsen 2010, 54).

As described earlier, examination of authenticity, credibility, representativity and the meaning and relation to my problem statement is key in source criticism. In the following sections, I will give an in-depth explanation of what these elements are, and how they will serve as a method for evaluating the empirical data of this study.

3.2.2 Authenticity

Authenticity deals with the origin and alteration of documents. This part of the document analysis focus on whether a document or source is what it purports to be. In this case, original documents are often considered to be of quality, as there have not been any alterations or changes in the original document. A copy from another reliable source may also prove to be applicable, however, one should be wary of copies and especially photocopies because text or data may be lost or even manipulated in the process (Duedahl and Jacobsen 2010, 55). There are several factors the reader or user of a document should pay attention to when trying to estimate the authenticity. Some documents may deviate too much from the original, this could e.g. be because of inconsistency in its presentation. It may also be because of poor grammar and misspelling. Another important factor is also how the recollection of certain event is presented in a document. Some people may disagree in how they remember an event had occurred or how a situation played out. Furthermore, one should also take note to who has gathered the information and how they choose to present it. Some people may have a special interest in portraying information in a way that suits their need but may, as a result, not end up being an accurate description of said information. Additionally, one should not only examine the writer's intentions but also hold it up against other sources in order to more efficiently assert whether it adds up (Duedahl and Jacobsen 2010, 56). This is important e.g. when one wishes to assert if a media portrays 'fake news'.

3.2.3 Credibility

Measuring the credibility of a document or source is another tool in document analysis. Duedahl and Jacobsen refers to documents as social products which are created with a special purpose, and that is

something that one must keep in mind when using such documents in their research and analysis. This also means that the impact of documents in studies may rely on how they are distributed, read and applied. One must evaluate their credibility and accurateness in relation to the problem statement (Duedahl and Jacobsen 2010, 59). Official reports, which is what I will mainly use as empirical data, tend to be less about generating some sort of value (money) than newspapers may be. Journalists are paid for their work and they write under certain guidelines laid out by the editors or may even be influenced by political pressure from the owners of the newspaper. However, one must still pay attention to facts stated in the report, are they true or false? Who wrote or published the report, and can one deem them as credible in the context of the problem statement? (Duedahl and Jacobsen 2010, 63)

3.2.4 Representativity

In order to evaluate whether a certain type of document is usable in relation to the problem statement, it is necessary to estimate if anything has been left out or has been lost. Additionally, one must estimate whether the document or remains of a document collection is representative of what has been left out or lost. If the document is deemed to be representative in relation to the subject at hand, it has a good basis for also being credible. It is also important to keep in mind how discourses may change over time, which very well can mean that subjects or terms include other dimensions than previously. Duedahl and Jacobsen draws on racism as an example in stating that if one were to interview an African-American today about whether he or she has been subject to racism, and one compared it to an interview conducted in the 1950's, issues might occur. Since many more actions and discriminations would fall under the category of racial discrimination today, the comparison between the 1950's answers and todays answers would not align because of a change in the discourse. In other words, terms may not have the same attributed meaning as they used to (Duedahl and Jacobsen 2010, 67-68).

3.3 Scope and Limitations

The analysis will mainly focus on changes in EU's CSDP from 2009 and until now. It will, however, mostly shed light upon the more recent developments starting from 2016. However, the historical overview very well serves as background knowledge for understanding why the CSDP and CFSP look like they do today, and how much they have changed since the beginning of the EC/EU. This is relevant because some of the theory in this study may draw upon former experiences and try to either

explain current developments, or compare developments made in the past with those made in today's EU.

In terms of the limitations of LI, the theory sheds a lot of light on what may lead states to pursue integration, with few exceptions to some of the explanations provided by Moravcsik. The theory does not shed much light on how there may be a pressure to pursue integration. Although the theory discusses supranational actors and their role to some extent, it does not seek to explain the governance level of the EU and its role in furthering integration or trying to control the agenda. In this sense, the theory may have shortcomings in terms of explaining the influence of EU bodies and actors in the development of the CSDP. It assumes decisions are made based on the tripartite framework but does not encompass to a full extent how decisions might be influenced by EU officials. LI sees the member states as the drivers of integration rather than EU bodies such as the Commission. In this context, one should be aware that the analysis may therefore also have issues defining the role of EU bodies in the pursuit of further integration into the CSDP.

4. Theory

In the theory section I will provide a thorough description of the chosen theory for this study. I will start by outlining the theoretical framework for liberal intergovernmentalism (LI) which constitutes the main theory of this study.

4.1 Liberal Intergovernmentalism as a Theory of European Integration

In this section I will outline the main proponents of LI. I will refer to Andrew Moravcsik, who is often attributed as key developer of this theory. Moravcsik also draws upon other scholars from other theoretical schools in his conceptualising of LI. Stanley Hoffmann who has contributed a great deal to the traditional school of intergovernmentalism is one of the scholars who Moravcsik refer to. Moravcsik's book "The Choice for Europe: Social Purpose & State Power from Messina to Maastricht" will serve as the main source for describing the theory of LI.

One of Moravcsik's essential arguments in relation LI and the drivers for European integration is that the rational choices made by national leaders. In this regard, Moravcsik argues that: *"These choices responded to constraints and opportunities stemming from the economic interests of powerful domestic constituents, the relative power of each state in the international system, and the role of international institutions in bolstering the credibility of interstate constituents"* (Moravcsik 1998, 18). This account of rational choice derives from what Moravcsik deems as the five most important

negotiations in the history of the European Community (EC): The Treaty of Rome, negotiations on the creation of a customs union and the Common Agricultural Policy (CAP), the establishment of the European Monetary System (EMS) and the Single European Act (SEA), and the Maastricht Treaty[1].

The rationalist framework rests on three different stages of negotiation. Moravcsik argues that if states seek to act rationally in the pursuit of what he describes as well-ordered and stable interests, it implies a division of stages in major EC negotiations. And so, Moravcsik differentiates between three stages in a rationalist framework of international cooperation: national preference formation, interstate bargaining and the choice of international institutions. These three stages will be described thoroughly in later parts of the theory section (from 4.1.2. to 4.1.4). As the rationalist framework of international cooperation is central to understanding LI as a theory, I will elaborate upon this first.

4.1.1 A Rationalist Framework of International Cooperation

Moravcsik's most central argument to the use of a rationalist framework lies in its use of mid-range theories which together are able to make broad generalizations: *"My contention is that major integration decisions – and multilateral negotiations over international cooperation more generally – are better explained with more narrowly focused yet more broadly generalizable "mid-range" theories of economic interest, bargaining, and institutional choice drawn from the general literature on international cooperation"* (Moravcsik 1998, 19). Furthermore, he argues that other studies of European integration often tend to grand theories that only have one overarching factor or depends on loosely related variables. Additionally, he argues that these theories have been isolated from developments in the field international and comparative political economy (Moravcsik 1998, 19).

The rationalist framework seeks to disaggregate the process of negotiation and integration by using several mid-range theories to explain each aspect of the process. Thus, it enables a way of distinguishing between theories that substitute each other as well as those that complement each other. Moravcsik argues that: *"This distinction permits the analyst to move beyond simplistic, unicausal claims about the sources of international cooperation without sacrificing rigor entirely and slipping into an unstructured (and often untestable) amalgam or ideal type of many plausible factors [...]"* (Moravcsik 1998, 20). In this sense, it is key to the framework that the analyst is able to make claims that are not only based on a single factor, and prevent an unstructured and mixed approach to explaining European integration. As stated earlier, the rationalist framework is divided into three

[1] After outlining the theoretical aspects of LI, Moravcsik conducts a full analysis on these negotiations beginning at p. 86 (Moravcsik 1998)

stages (i.e. national preference formation, interstate bargaining, and institutional choice) with each stage being explained by a different theoretical approaches. The first stage, the formulation of national preference is, to Moravcsik, not only a single set of policy goals but rather underlying goals which may be entirely independent from international negotiations. Among various examples, the goals may be increase in exports, enhancement of security or ideational goals. The second stage, interstate bargaining, refers to states developing a strategy for bargaining with others to reach agreements. Finally, states will have to choose if they want to pool and delegate sovereignty to international institutions in the chase of securing that these agreements are withheld (Moravcsik 1998, 20). It is key that national preferences, unlike some theories of international relations tend to assume, are not fixed: *"No assumption of conflictual or convergent preferences would capture the subtly varied preferences of governments concerning trade, agriculture, money and other issue-areas considered in this book"* (Moravcsik 1998, 21). Preferences depend on context and topic, and if disregarded, seeking answers stemming from a fixed preference, then Moravcsik would argue that the analysis would not capture those national preferences which may be issue-specific. It is vital for the analysis of the interstate bargaining, that underlying preferences are known. In other words, one cannot account for the bargaining process without knowing what the actors seek to accomplish. Furthermore, the analyst cannot move on to the third stage, the choice of international institutions, without having prior knowledge of the bargains states seek to secure by means of the institutions (Moravcsik 1998, 21).

The rational framework assumes that the nation-state is the political instrument which civil-society seeks to influence, as it acts on behalf of its constituents in international negotiations. Moravcsik argues that historical negotiations in the EC are the direct evidence of this assumption. The assumption also maintains that unitary states act with a single voice in pursuing national strategies. However, Moravcsik does not believe that states are unitary when it comes to internal politics: *"National preferences – the underlying "states of the world" that states seek to realize through world politics – are shaped through contention among domestic political groups."* (Moravcsik 1998, 22). The national preference arises from this domestic competition which subsequently lead to unitary acts vis-á-vis other states in international negotiations. However, this does not mean that the framework assumes that a single representative or actor of a state is employed in international negotiations, even though that it is often the case in the EU (Moravcsik 1998, 22). It is also important to recognise that national preferences are not fixed, they can differ across issues, countries and periods of time. Furthermore, they need not to have any material incentive (e.g. economic) as they might as

well be grounded in ideologies instead (Moravcsik 1998, 23). As we have seen in this part, the tripartite framework puts forward some important assumptions that are central to understanding how LI works, and which components are central to analysing European integration. I will now give a more adequate explanation regarding the three stages in the framework.

4.1.2 National Preferences

National preferences is the first stage in the rational framework that Moravcsik introduces in LI theory, and he defines it as such: *"National preferences are defined here as an ordered and weighted set of values placed on future substantive outcomes, often termed "states of the world," that might result from international political interaction"* (Moravcsik 1998, 24). Preferences are reflected by domestic groups which gold influence on the state apparatus. It is assumed to be stable within each position that is advanced by each country on each negotiation, however, not necessarily across issues, negotiations and countries. Therefore, one cannot assume that a country might change its preferences based on just a simple action progressed by another country because that would imply that preferences are inconsistent and easily influenced upon by external actors (in contrary to domestic groups) (Moravcsik 1998, 24-25). Moravcsik also argues that some of the most fundamental theories on propositions of bargaining suggest that absolute and relative gains interact in opposition to them being separate goals states might pursue: *"The relative size of the absolute and relative gains available to each party (its reservation price, win-set, or best alternative to agreement) is the most basic and parsimonious determinant of bargaining power."* (Moravcsik 1998, 25). In this regard, Moravcsik suggests that political (or national) preferences contain both positive-sum and relative-gains components used to define the bargaining game among states. Once again, Moravcsik refers to EC negotiations as an empirical example of this correlation and argues that preferences should not be explained based on whether they are positive-sum or zero-sum, but they should rather be explained by the mix of the two elements in the perceived preferences (Moravcsik 1998, 25).

Generally, there is a broad agreement about two factors that motivate and defines national preferences: geopolitical and economic interests. The geopolitical interests concern what the state might perceive as a threat to national sovereignty and territorial integrity be it military or ideological. Whereas economic interests reflect the opportunity to increase profits from cross-border trade and capital movements. These two factors also differ in their view of international cooperation. From a geopolitical point of view, security issues reside at the top of foreign policy agenda. In this sense, indirect security implications will dominate the direct economic implications in international economic cooperation. In relation to this, an economic explanation would rather argue that national

preferences are reflected through issue-specific interests. Powerful domestic economic groups are the ones who dominate in terms of the relation to other issues, and in contrast geopolitical interests concern itself purely with politico-military policies (Moravcsik 1998, 26).

The geopolitical interest and ideology and the political economic interest are the two factors that Moravcsik distinguishes between, and he refers to them as the main definers in how national preferences are shaped. I will elaborate on both factors. Furthermore, it is assumed that the dimension of geopolitical interests and ideology are more relevant to this study as geopolitical factors are often deeply embedded in defence politics and issues. Despite this, I do not neglect that political economic aspects may also be relevant to some extent as issues may be intertwined. As such this theory section will cover both geopolitical and economic aspects, but with emphasis on the geopolitical part.

Geopolitical Interest and Ideology

On national preferences concerning economic cooperation, Moravcsik argues that there is a linkage between economic policies and underlying politico-military goals. He uses the term "security externalities"[2], which focuses on the indirect consequences of economic integration. He describes economic integration as a mean to manipulate high politics: *"The goals of high politics may be objective, such as defence against an overt military threat to national integrity and political sovereignty, or subjective, as when a threat to territory or sovereignty is perceived as an affront to national identity"*. In this sense, high politics concern geopolitical and defence related issues and may play a crucial role in the formation of national preferences. Furthermore, Moravcsik also argues that whichever security externality states may be facing they are inclined to cooperate economically with allied states in the pursuit of a certain geopolitical goal (Moravcsik 1998, 27).

Moravcsik assumes that the international system is an anarchic and potentially dangerous place and therefore threats to security and sovereignty are important issues, even when negotiating prices of goods or trying to reach common ground on regulations. He refers to studies on trade liberalization and monetary unions that have concluded that geopolitical factors, such as common security threats or shared interest in diffusing a conflict, often are very decisive, even though the issue or topic mainly is not of geopolitical nature. Essential to this approach is the assumption that economic integration with supposed positive generation of geopolitical externalities are favoured, whereas integration with negative generation of geopolitical externalities are more likely opposed (Moravcsik 1998, 29).

[2] The term was originally coined by Joanne Gowa in *Allies, Adversaries and International Trade* (1994)

Thie broad approach to the relationship between geopolitical interests (security externalities) and economic cooperation fall into four different theoretical categories in terms of explaining their theoretical relationship, each of these seeking to respond to minimize security externalities of economic integration. Still, the nature of the threat and way of responding to it varies. I will now explain each of these theoretical explanations.

Four Geopolitical Explanations and Their Theoretical Approaches

The first response, which is a neo-realist approach, focuses on the balance of power. Here, integration is a way to strengthen cooperation between allies against a common threat. Moravcsik also notes that: *"Scholars have argued that where there is clear bilateral conflict, governments are more likely to consider geopolitical externalities; integration should correlate with the intensity of bilateral conflict"* (Moravcsik 1998, 29). The argument is mainly drawn from events happening in Europe after World War II and during the Cold War. Front-line states, such as West Germany, sought economic cooperation in order to secure assistance from allies if crisis should occur. Furthermore, some European countries feared the development in Germany, as it was unclear if Germany would turn unilateralist or neutralist. For this reason, these countries also sought economic cooperation. Increasing interdependence would therefore serve as a response to security externalities, in this particular case it was the threat stemming from the Soviet Union. In support of this argument, all post-war German governments were dependent on allied support or at least sought to prevent any opposition from allies, despite their varying ideologies (Moravcsik 1998, 29).

The second explanation, which Moravcsik describes as a combination of realist and ideational elements, stresses the importance of bolstering a more powerful and autonomous Europe in a world-system dominated by superpowers. It was voiced by Jean Monnet and former heads of states Konrad Adenauer and Charles De Gaulle. The most significant purpose of integration, according to the aforementioned, was to support common foreign and defence policy-making. This form of policy-making highly relates to later initiatives such as the CFSP and CSDP. Some scholars, such as Joseph Grieco, suggest that closer cooperation between European countries may be invoked as a balancing strategy against other superpowers (Moravcsik 1998, 30). However, some realists do acknowledge that states, in a multipolar world, may seek to join forces against superpowers; ally themselves with superpowers; or play them against each other. Which means that the outcome might differentiate depending on ideological factors. Stanley Hoffman have also argued that factors such as national values, historical events, the mind of the leadership, and the mass public are key elements in trying to trace the geopolitical interests of individual states (Moravcsik 1998, 30). Moreover, Moravcsik

states that: *"Critical in such explanation are historical attachments to former colonies, traditional relationships with the superpowers, and salient experiences in World War II*" (Moravcsik 1998, 30). Once again, history and especially World War II forms the key elements in explaining behaviour and preference. Moravcsik refers to the experiences of Great Britain which sought to preserve their power status through the preservation of its Commonwealth and its relationship with the United States. As this aim had failed, British policy-making turned towards Europe instead. However, France had sought to overcome its defeat in World War II by promoting a stronger and more independent Europe. De Gaulle repeatedly vetoed Britain's accession into the ECC. The vetoes were an attempt at blocking Anglo-American geopolitical interests in the ECC (Moravcsik 1998, 30).

The third explanation derives from an institutionalist perspective. Here, integration aims at preventing conflict among members through regional arrangements. States in a region, and especially proximity states, may seek to neutralise states that are perceived as a threat through integration into supranational institution(s). If we take Europe as an example, this theoretical explanation would seek to argue that it has been of utmost importance to integrate Germany through economic cooperation and legitimate institutions. One could argue that such ties would reduce the risk of Germany pursuing unilateral aggression. Following this logic, proximity states like France and the Benelux countries had a strong reason for supporting this type of integration. So, this institutional rather than realist point of view believes that integration develops shared economic interests, a bolstering of information flows, shared ideological norms as well as imposing an international institutional control over deviating state activities (Moravcsik 1998, 31). This reasoning has also led German scholars to propose a law of international relations closely related to the claim that democracies do not go to war against each other, with the development of a federal union as the main factor instead of democracy (although democracy is still a central part of integration in Europe). With integration being viewed as a necessity to prevent a Franco-German war, this has often been assigned as the main contributor for the successful integration in Europe, as opposed to other attempts of regional integration. As to the institutionalist perspective, integration has not only led to tighter economic cooperation, but also the prevention of war between European states (Moravcsik 1998, 31).

The last and fourth explanation relating to externalities of geopolitical interest and security, it is based on an ideational liberal or rather liberal constructivist theory. As Moravcsik explains, this explanation focuses on the elites and the population, and on how strong European or nationalist ideologies are among them. The willingness of cooperation with European institutions relies on the legitimacy of nationalist or European federalist ideologies as well as its variations across countries. Moravcsik

notes that German, Italian, and Benelux leaders have been more favouring (that is leading towards the European federalist ideology), where-as French leaders and citizens have generally taken a neutral position with both opposition and support for European integration. This explanation differs from the other three as Moravcsik describes: *"I include this among geopolitical explanations because it is often impossible to distinguish this view from the second and third views examined just above"* (Moravcsik 1998, 32). Here, it is also argued that the willingness to accept federal European institutions relies on the domestic political traditions in each country. Germany, described by Moravcsik as semi sovereign, federal, legalistic, corporatist and militarily dependent country, will be more likely to accept EC/EU institutions. Unlike countries like France and Britain, which are more voluntaristic, administratively discretionary, centralised and to some extent more militarily independent. Britain and Scandinavian countries are distinctive because of their commitment to parliamentary sovereignty. Furthermore, some analysts argue that such differences between countries and their support for integration relies on wartime experiences and centrist parties' efforts to combat domestic communism and thus constructing an alternative form of internationalism. This means that parties who align at the centre of the political spectrum are more likely to support integration as opposed to extreme left and right parties (Moravcsik 1998, 32).

In relation to these four geopolitical explanations that I have described above, Moravcsik argues that they should be treated as variations of a single explanation. This means that empirical data which may favour any one of these explanations should count as support for the role of geopolitics. As to why, Moravcsik elaborates: *"It ultimately strengthens our confidence in the validity of the causal interferences drawn here, because bundling geopolitical explanations makes it easier to find evidence for the importance of geopolitical factors*" (Moravcsik 1998, 33).

As I have now accounted for the geopolitical explanations regarding national preferences, I will move to a brief account of political economic interests.

Political Economic Interests

In contrast to the geopolitical theory, the political economic account focus on the direct consequences of economic integration. The theories of political economy see international cooperation as an attempt at policy coordination among countries where their domestic policies influence each other. The goal is to create a mutually beneficial policy coordination. It is a way for governments to restructure

economic policy externalities[3] to create a mutual benefit. Externalities rely not only on the policies chosen by different countries, but also on how their relative position is within both domestic and international markets. Again, mutual adjustments of policy may eliminate negative policy externalities or even create positive ones and is thereby perceived as being more efficient than unilateral responses. In cases like this, governments are more likely to cooperate. Whereas policies that are seen as incompatible by the market or unilateral responses that are only meant to achieve a particular goal will not foster cooperation (Moravcsik 1998, 35).

As Moravcsik notes, the political economic explanation is not entirely economic as it also sheds light on distributional as well as efficiency consequences of policy coordination. Furthermore, domestic conflict on policy coordination relating to international cooperation will often pit winners and losers against one another. In this context, Moravcsik argues: *"The political power of certain groups, which may or may not reflect aggregate welfare, is an intervening variable between the calculation of economic costs and benefits, on the one hand, and policy outcomes, on the other"* (Moravcsik 1998, 36). Additionally, Moravcsik notes that producers are the among the losers and winners in terms of distribution, and he continues by pointing to a systematic bias in favour of already existing producers. The reason stems from the existing producers' organized interests that are already represented or trying to be of influence in the institution. Therefore, it is harder for new producers, third-country producers, taxpayers and consumers to gain influence. Moravcsik assumes that domestic producers try to influence policy through the most influential organizations of three broad economic sectors, namely, industry, agriculture and services. Hereby, this explanation is somewhat simplistic in its approach, as it focuses on producer pressure, their size and the intensity of gains and losses. It should capture only the most fundamental of economic interests (Moravcsik 1998, 36).

In explaining economic interests, it is not only the pressure that producers induce on the government that serves as a factor. The government must be aware of regulation and its own spending as well: *"In this view, one objective of foreign economic policy is to maintain and improve the competitiveness of national producers; another is to achieve regulatory objectives and limit government spending"* (Moravcsik 1998, 37). Furthermore, domestic policies that favour producers, e.g. subsidies or permissive legislation, may be restricted due to limitations on government spending or conflict with regulatory objectives. This simple explanation suggests that foreign economic policy-making will

[3] Policy externalities are the pattern of unintended consequences of national economic activities on foreign countries (Moravcsik 1998, 35)

promote commercial interest until it reaches a point of being challenged by fiscal or regulatory burden. Cooperation on economic issues are, therefore, preceded by pressure from domestic producers and the inability for unilateral policies to reach desired regulatory or fiscal objectives in the domestic domain. To put it more clearly, concerns on competitiveness and policy failure act as an accelerator of cooperation.

Moravcsik also states that the importance of regulation and fiscal constraints versus commercial considerations varies across issues. Accordingly, Moravcsik argues: *"To simplify analysis of the shifting balance between the two, I assume that their relative importance in EC politics parallels their relative importance in domestic politics"* (Moravcsik 1998, 37). This means that states will seek to pursue the same kind of balance in policies internationally as they do domestically.

The political economic explanation sheds light on the producers throughout different sectors, mainly industry, agriculture and services, on which they try to influence policy on both the domestic and international level. They will seek to maximize their opportunities through their representative organizations. Furthermore, states will try to follow the same goals on the international level as on the domestic level of policy-making. Cooperation, according to this explanation, is usually fostered when there are concerns on competitiveness, when a policy fails or when policy can be changed in order to eliminate negative policy externalities.

4.1.3 Interstate Bargaining

As I have now explained the geopolitical explanation, the main theoretical explanation in relation to this study, and having briefly accounted for the political economic explanation of national preferences, I will now move to the second stage of the rationalist framework: interstate bargaining.

For the purpose of explaining how national preferences play a role in interstate bargaining, Moravcsik turns to treaty-amending negotiations and treats them as bargaining games. Here, negotiations are a game of coordination with distributional outcomes. National preferences also play a role, as it defines the bargaining space of potential agreement among negotiators. Interstate negotiation is the main focus of this second stage of the framework, defined by Moravcsik: *"Interstate negotiation is the process of international collective choice through which potential agreements are identified and one is selected"* (Moravcsik 1998, 51).

In studying interstate bargaining, both efficiency and the distribution of gains are two outcomes of interstate bargaining that are particularly important. The two dimensions each prompts for analytical

questions. In relation to interstate efficiency, an analytical question could be: did the governments in the bargaining procedure explore and exploit all the potential agreements, or were some of the potential gains left out? In terms of interstate distribution, one could ask: were the benefits of cooperation equally distributed among negotiating parties? If not, who "won" and who "lost" on this matter? (Moravcsik 1998, 51). Moravcsik employs two competing theories to explain efficiency and distributional outcome in negotiations. Moravcsik terms one of them as a supranational bargaining theory, and the other as an intergovernmental bargaining theory. Furthermore, he explains that they have the same underlying question: *"What assumptions should explanations of international economic negotiations make about the distribution of information, the sources of bargaining power, and the resulting influence of political entrepreneurs?"* (Moravcsik 1998, 52). Additionally, he also notes that the predictions of bargaining theory are sensitive to shifting assumptions regarding information, strategies and (national) preferences.

The supranational theory is drawn from a neo-functionalist standpoint. It focuses on the role of supranational officials and how political entrepreneurship is needed to overcome inefficient bargaining and to influence distributional outcomes. Moreover, Moravcsik notes that: *"The supply of information provided by entrepreneurs imposes the binding constraint on the efficiency and distributional outcomes of cooperation"* (Moravcsik 1998, 52). In contrast, the intergovernmental theory argues that the underlying demand for cooperation, and not the supply of information, is what imposes a binding constraint on negotiations. Efficiency does not hold as much weight in this explanation as governments are expected to act as their own political entrepreneurs. It is the distribution of benefits that is the focus to the intergovernmental theory. This distribution is shaped by asymmetrical policy interdependence (i.e. the relative power of national governments in said negotiation). These two theories should create competing predictions on negotiations, and each theory may serve in each their own way in some explanations. Still, one theory may prove to be more precise and applicable depending on context and issue of negotiation. I will now provide a more precise account of each of these bargaining theories.

Supranational Bargaining Theory

In this theory, EU officials the main drivers of political entrepreneurship and negotiation. It argues that without their intervention in EU policy, integration and cooperation, negotiations would have been steered by narrow national and group interests – hinting that cooperation among countries are much less likely. Supranational entrepreneurship abides to the neofunctionalist understanding of integration. Here, the process of integration is believed to be a process of self-sustaining and often

unintended feedback. Interstate bargaining is a result of unanticipated consequences of large and complex negotiations among linked issues, also known as package deals. The EU Commission is seen as a key actor in ensuring that agreement emerges among negotiators (governments). Integration is also reinforced by agreements that drive integration further toward a process of political spill-over (Moravcsik 1998, 54).

The political entrepreneurship of supranational policy makers has often dealt with advancement of negotiation, or at the least initiated negotiations by advancing proposals on common issues. This initiation, in turn, gain the attention of governments and encourages finding a solution, thus creating a basis for negotiation. Furthermore, supranational actors also mediate among governments and work with them to develop compromise proposals, hereby both speeding up the process and making sure negotiations follow through. Finally, supranational entrepreneurs also mobilize domestic actors that favour specific policies by spreading ideas and information (Moravcsik 1998, 56). In order to more precisely analyse and make claims on supranational entrepreneurship in interstate bargaining, as it is not always explicit, Moravcsik presents three assumptions that underlie these claims.

The first assumption states that bargaining power in international negotiations relies on generation and manipulation of information and ideas. Moravcsik elaborates in relation to this, stating that: *"Since supranational actors lack large financial resources or a credible threat of military intervention (as in, say, superpower involvement in the Middle East) or a formal right of initiative, adjudication, or participation (as in the everyday legislative process), the only instrument available to them in Treaty-amending negotiations is the manipulation of information and ideas"* (Moravcsik 1998, 57). The information flow from supranational entrepreneurs may be of technical, legal or political nature. Technical information can for example be on policy issues retrieved from scientific analysis, whereas legal information may concern regulatory and institutional tools. Political information may relate to manipulation of preferences and influence of national governments or domestic actors (Moravcsik 1998, 57).

The second assumption presumes that the information and ideas deemed necessary to reach negotiated outcomes are costly and scarce for governments, once again implying that supranational entrepreneurs are key actors. Supranational entrepreneurs are influential because of a bottle-neck in the generation of technical, political or legal information and ideas. If the opposite happened to be true, mediation, initiation and mobilization would be trivial or may even be provided by national governments or domestic actors (Moravcsik 1998, 58).

The third assumption states that supranational actors have privileged access to information and ideas. If supranational actors lack the benefit of having an advantage in generating and manipulating information and ideas, it is expected that they are no more effective than national governments in providing entrepreneurial leadership. However should the contrary be true, it is expected that supranational entrepreneurs may increase efficiency of agreements. Moravcsik refers to this as the problem-solving capacity of the Commission (or other supranational entities). Furthermore, the possibility of manipulating or disseminating information may lead supranational actors to do so to accommodate their own preferences, thus having greater influence on the negotiation process. The reason for information being so important in the bargaining process relates the use of knowledge and expertise in the EU. Moravcsik argues that it plays a particularly central role in the EU policy process, and that the Commission makes use of knowledge and expertise as a mean of influence (Moravcsik 1998, 58).

It is clear that the supranational bargaining theory focuses almost entirely on information and ideas, but also the flow, dissemination and manipulation of it. Additionally supranational entrepreneurs having an advantageous position in the generation and dissemination of information and ideas compared to national governments is also a central point of the theory.

Intergovernmental Bargaining Theory

Rather than focusing on information and ideas, the intergovernmental bargaining theory is concerned witht issue-specific distribution of bargaining power. The bargaining power, in this theory, reflects a pattern of the nature and intensity of state preferences, which is also termed as asymmetrical interdependence[4]. In other words, it dictates how much each state values an agreement and how likely it is to make concessions to said agreement (Moravcsik 1998, 60).

Like the supranational bargaining theory, the intergovernmental also presents three core assumptions. The first assumption explains that treaty-amending negotiations take place within a system of unanimous voting, and it assumes that governments will reject agreements that would leave them worse off than unilateral policies. Furthermore, treaty amendments are essentially not subject to any procedural constraints. Governments also have the possibility to support, veto, opt-out or try to form their own coalition with other governments. Additionally, Moravcsik assumes that any type of

[4] "Asymmetrical interdependence" is termed by Robert Keohane and Joseph Nye.
Robert O. Keohane and Joseph S. Nye, *Power and Interdependence: World Politics in Transition*, 2nd edition (Boston, 1989)

coercion be it military, economic sanctions, non-credible threats of withdrawal are not effective among European democracies (at the very least among members of the EU). Following the assumption that coercion is very limited and the rationale that governments would veto any agreements that leaves them off worse, negotiations are assumed to be pareto-improving compared to unilateral or coalitional agreements. Since agreements are set or proposed to generate value for all negotiating governments, it is expected that they will seek to avoid potential collapse of the negotiations as the result would leave every participant worse off (Moravcsik 1998, 61).

The second assumption of intergovernmental bargaining proposes that the cost of generating information and ideas are relatively low. Therefore, as information and ideas are cheap and numerous, efficient bargaining is expected to be quite easy for governments to carry out. Moravcsik adds: *"The range of potential agreements, national preferences, and institutional options can thus be assumed to be common knowledge"* (Moravcsik 1998, 61). The assumption seems quite plausible as European governments and officials have the financial and technical resources to generate both technical, legal and political information. Given that there is common interest and no military threats among EU countries, it is expected that governments will reveal their preferences in the form of demands and compromise proposals. Additionally, it is presumed that: *"Where national preferences make agreement possible, agreement is therefore likely to emerge"* (Moravcsik 1998, 61).

The third and last assumption focuses on the distribution of benefits in the negotiation. The distribution of benefits is assumed to reflect the relative bargaining power of governments which in turn is shaped by policy interdependence patterns. However, the power of each government also relies on the value that it attributes to the agreement compared to the outcome of its own best alternative policy, also referred to as preference intensity or asymmetrical interdependence. Moravcsik also refers to the Nash solution, which is very popular in applied negotiation analysis, as a model which is very consistent with the assumptions made in the intergovernmental bargaining theory. It states that offers and counteroffers should lead to marginal concessions made by the government that would have the most to lose if negotiations were to break down. Furthermore, the Nash solution also states that rational governments are expected to reject any agreement that would leave them worse off than their best alternative, which also correlates to the assumptions of intergovernmental bargaining. The model also predicts that those countries that favour and agreement the most are the ones who are most likely to make disproportionate concessions to make sure they will achieve agreement that follows their preference. It also relates to the assumption that those who are most satisfied with current

opportunities are the ones who tend to benefit the most from the bargaining process because they are not as inclined to make concessions to the negotiations (Moravcsik 1998, 62-63).

In contrast to the supranational bargaining theory, the intergovernmental theory relies more on the distribution, because it assumes that information and ideas are plentiful and that governments are expected to act as their own policy entrepreneurs. Moreover, asymmetrical interdependence plays a large role in how or whether concessions will be made in the process of negotiation. Those who have the most to benefit from agreement are more likely to make concessions, whereas those who have favourable unilateral or coalitional alternatives are least likely to make concessions.

4.1.4 Institutional Choice

As I have now accounted for the first and second stage of the framework (i.e. national preferences and interstate bargaining), I will move on to the last stage of the framework: institutional choice. This stage sets out one main question: if there is substantive agreement, when and why do member states delegate or pool decision-making power to international institutions (in this case the EU)?

The theory sets out two distinctive ways in which member states can grant more decision-making power to the EU: pooling or delegation of sovereignty. Sovereignty is pooled when member states agree that future decisions can be made through voting procedures, rather than unanimity. Whereas, sovereignty is delegated if some decisions can be made by supranational actors without intervention by the member states. Moravcsik draws some examples on pooling or delegation of sovereignty. He refers to the qualified majority voting in the Council of Ministers as an example of sovereignty that has been pooled. In the context of delegation, Moravcsik refers to the Commission who has autonomy in some matters, such as daily implementation of regulations and the right to propose legislation and amend proposals in some areas (Moravcsik 1998, 67).

Moravcsik accounts for three explanations as to why states pool and delegate sovereignty in relation to the EU: *"These stress, respectively, belief in federalist ideology, the need for centralized technocratic coordination and planning, and the desire for more credible commitments"* (Moravcsik 1998, 68).

In terms of ideologies, Moravcsik focuses on their influence in this stage of the LI framework. Mainly, he sheds light on whether there lies a federalist or nationalist ideology among governments. Some governments, national publics, elites and political parties are more federalist, while some are more nationalist. Rather than focusing on the consequences of delegating or pooling sovereignty, national

positions concerning ideology (i.e. federalism vs. nationalism) weigh more in the discussion of institutional choice. The reason for this, Moravcsik argues, is that countries tend to look at it in the same way as they do not pay as much attention to the consequences of pooling or delegating. They are more likely to reflect upon issues of sovereignty based on their national preference. This view links to the fourth geopolitical explanation of national preferences, described above in this theory section. The ideological explanation proposes that there is a systematic variation across countries rather than issues. Federalist governments and parties should favour delegation and pooling whereas nationalists should oppose them. Once again, the substantive consequences of either choice are not a major concern in this matter. On domestic cleavages and discourse, one should observe domestic divisions in the general public, national parties and the government's views on sovereignty. Federalists and nationalists will both focus their rhetoric on issues concerning sovereignty transfers, it may for example be discussions and reflections on the European Parliament vs. national parliaments and how power should be divided between them. In terms of the identity of and institutional controls of those holding delegated or pooled powers, this explanation predicts that EU institutions should be designed to enhance their legitimacy by empowering those who are democratically elected (i.e. the European Parliament). Furthermore, policy should be transparent and subject to oversight (Moravcsik 1998, 70).

A second explanation of technocratic governance focus on the need for expert knowledge in institutions. One argument derives from the idea that modern economic planning is complex and therefore requires both technical and legal information. The explanation predicts that a single centralized authority will be the most effective acquiring information and managing economies. It has elements relating to the supranational explanation of interstate bargaining, where information is a highly valued resource that is not always available to everyone, which results in supranational actors enjoying an advantage, simply because they are more capable of generating and manipulating information. This explanation also highly relates to arguments made by Monnet and Haas, who both have explained that modern economies require state intervention and planning by neutral experts. The transferring of sovereignty can, in their view, generate for capacity for planning (Moravcsik 1998, 71). The technocratic explanation, like other explanations, has some predictions on the transfers of sovereignty. When looking at variation across issues and countries, it predicts that institutional choice varies on issues more than countries. Delegation is more likely where issues are technically complex and as a result requires expert knowledge. If the level of conflicts of interest is low and governments are concerned more with efficiency than distributional gains, delegation is also more likely to appear.

However, as this explanation assumes that there is a low conflict of interest on complex technological issues, it fails to explain why governments should ever pool sovereignty rather than delegate it. When looking at domestic cleavages and discourse, the explanation predicts that technocratic elites play a large role in domestic debates. Furthermore, debates should focus on efficiency of policy-making rather than distributional outcomes. In terms of the identity of and institutional controls on those holding delegated or pooled powers, institutions should be designed to empower technocratic elites with little oversight as low conflicts of interest are expected (Moravcsik 1998, 73).

The last explanation of institutional choice, which Moravcsik calls “credible commitments”, is a more political approach to questions regarding pooling and delegation of sovereignty. Moravcsik explains pooling and delegation as a two-level strategy that serves to precommit governments to future decisions. Pooling and delegation that gives rights to propose, legislate, interpret and enforce agreements are all tools that encourage future cooperation as these raise the cost of nondecision or non-compliance. In other words, to governments pooling and delegating are used as means to ensure that other governments accept on agreed terms, or to signal a governments own credibility. Instead of making rules in advance of agreements or negotiations, pooling and delegation is deemed as a safer solution because there is always uncertainty about the future. It also makes it easier for governments to pool and delegate as it may be impossible for them to specify future eventualities involved in enforcing shared and broad goals made earlier. By doing so, i.e. pooling or delegating, governments commit themselves to small and uncertain decisions, but they are now scattered over time – as opposed to enforcing a large set of rules or agreements all at once which also may discourage commitment (Moravcsik 1998, 73).

The LI framework offers various approaches to the analysis. These approaches may be supplementary to each other but may also act sufficiently on their own in explaining some actions or events in EU policy making. It offers explanations that are in contrast to each other, which should be able to provide nuanced views and perspectives in the analysis. As I have now given an account of the theory, I will move to a historical overview of the EUs CSDP and CFSP to provide some context and background knowledge on how the CSDP came to be what it is today.

5. The Development of the CFSP and CSDP: A Historical Overview

In this section, I will outline a historical overview of the development of EU’s CFSP and CSDP. At first, I will take vantage point in the foreign and defence policy preceding the ESDP. Then I will briefly explain the events and political landscape of the ESDP, and finally wrap up the overview by

explaining the creation and development of the current CSDP. Though with exception from the latest developments that are described in the introduction and will be further outlined and analysed upon in the analysis (see 6.1).

5.1. The Marshall Plan and the European Taboo on Defence

The end of World War II left Europe in a fragile place. The Marshall Plan (1947) and the Schuman Declaration (1950) laid the basis for what would be the structural foreign policy that characterized Europe after the war. The goal, other than providing aid to a battle-scarred Europe, was to nurture for new structures to govern West Germany and its relations (Keukeleire and Delreux 2014, 35). The Marshall Plan, with a $20 billion budget, was highly successful in shaping a set of economic, political, as well as societal structures in Western Europe. In fear of communism spreading in Western Europe, the US made sure that these structures were based on democracy, rule of law and a focus on free market economy. The Marshall Plan not only nurtured individual states, but also the relationship between Western European states (Keukeleire and Delreux 2014, 36). The combination of financial aid and a new structure based on principles set by the US led to foster European integration. Economic reconstruction and acceptance of old enemies (i.e. West Germany and Italy) as new partners were only part of what were to come. The American approach forced leaders as well as the people of Europe to work together and thus fostering the foundations of the ECSC (Keukeleire and Delreux 2014, 37). Furthermore, The Marshall Plan laid the foundations for further reinforcement of the alliance between the US and Europe resulting in the creation of the North Atlantic Treaty Organization (NATO).

Both the US and Europe were very committed to a new militarized relationship that mostly led by the US, who would also have the biggest share of the burden in terms of military efforts. Even though the US was very committed, it was also highly interested in Europe increasing its own military efforts. Europe, however, did not feel ready for West-Germany to start bolstering their military capabilities only five years after WWII. Some thought that creating a supranational European Defence Community was the solution to the problem, as it effectively would mean a European army with a common budget. However, it was more intergovernmental than anticipated and concerns about a transfer of national sovereignty in security and defence was not appealing to the French who refused to ratify the treaty (Keukeleire and Delreux 2014, 39-40). The solution was instead the creation of the Western European Union (WEU), which was established in 1954. It relied on assistance from the military staff of NATO in bringing guidance and information on military matters, in this way West

Germany was integrated through a "backdoor". As the institution relied heavily on NATO, it was still an Atlantic and intergovernmental method and not European and supranational (Keukeleire and Delreux 2014, 41).

5.2. EPC and the Maastricht Treaty

In 1969, the summit meeting in Hague laid foundations for new European integrations procedures. De Gaulle's rule had ended in France, more questions were being raised about US commitment to Europe, and a new Chancellor in West-Germany with an open mind to cooperation with the East European countries were all changes in the political climate in Europe. The EC were looking to begin accession negotiations with UK, Ireland, Denmark and Norway, and foreign ministers of the six EEC countries were tasked with studying on how to achieve political unification. The result was the Luxembourg Report which emphasized on intensifying political cooperation, especially on foreign policy. Streamlining foreign policy would be a signal to the rest of the world that Europe had political missions of its own. Its objective was to reduce international tensions in and around Europe. The report laid the groundwork of what would be termed as European Political Cooperation (EPC). Some developments were made based on texts adopted in the following of the EPC with the Single European Act being one of those developments. The EPC was, however, strictly intergovernmental meetings between foreign ministers requiring full consensus for every decisions made (Keukeleire and Delreux 2014, 43-44). Furthermore, the EPC was formally separate to the EC, but often relied on EC input for declarations and initiatives. With the launch of the internal market in 1985, higher external expectations arose both politically and economically. Even though there was a bigger pressure for a more harmonised and visible foreign policy, the military dimension was still excluded from discussions. However, the EPC did contribute in security negotiations with the eastern bloc on questions regarding the Middle-East and Palestine.

In regard to foreign policy, the creation of the CFSP in the Maastricht Treaty of 1993 was a major breakthrough. The rationale behind the Maastricht Treaty and creating the CFSP was largely a geopolitical one with several factors weighing in. In 1988-91, the world saw the fall of the communist regime, in 1990 the reunification of Germany and the military conflict in the Gulf, and in 1991 the start of the Yugoslav crisis. In the beginning, the strategy of this foreign policy tool was mostly concerned with strengthening European integration and managing interstate relations because of the unstable geopolitical environment. Furthermore, embedding Germany and supporting it in its unification process was also a main objective. The CFSP was also used as a tool for strengthening

relations between member states and the Commission prompting for further integration. By establishing the CFSP in a second intergovernmental pillar, member states were ensured full control and could thus prevent foreign policy from entering the EC domain. Another important aspect of the CSFP was to strengthen a European identity on the international scene through the implementation of a common foreign and security policy. The geopolitical landscape primed for much of the development relating to the CFSP. As the old East-West order slightly vanished, the need for EU to become a stronger foreign policy actor emerged. Additionally, the crises in the Gulf and Yugoslavia demonstrated a demand for tools to cope with such external challenges. However, some states were not as inclined to see the CFSP tackle these challenges as old Atlantic ties with the US still played a significant role. Some member states had more ambitious thoughts about how the CFSP should develop and what it should be capable of, meanwhile other states thought it had fulfilled its purpose solemnly with the creation of it (Keukeleire and Delreux 2014, 46-47).

The creation of the CFSP seemed as a quick response to a turbulent geopolitical landscape in and around Europe, and as a result discussions regarding the structure and objectives of the CFSP lead to a three-pillar approach in the EC. The CFSP was in the second pillar in where there were no policy instruments or financial resources which evidently paralysed it as a foreign policy tool. The pillar system was created in order to avoid EC decision-making from treading into the field of foreign policy and vice versa. It had to be strictly intergovernmental, represented only by the Council of Ministers, and have a unanimous voting system. However, there were still concerns about the military dimension where France and Germany favoured a common defence whereas neutral and Atlantic-oriented states maintained their position. To overcome this, member states agreed that the CFSP framework should include all questions related to security. This meant that it included the eventual framing of a common defence policy that set up the potential for common defence, should it be deemed necessary at later time. This development lead to Denmark opting out of the defence provisions of the Maastricht Treaty (Keukeleire and Delreux 2014, 48-49).

5.3 The Amsterdam Treaty and the creation of the ESDP

One of the main developments of the Amsterdam Treaty (1999) was the creation of the High Representative of the CSFP. Tasked with assisting the Council and Presidency in policy decisions. This was the first time the CFSP would be represented by a permanent actor and give the foreign policy a face (Keukeleire and Delreux 2014, 51). In terms of defence, the creation of the ESDP came at a point where the military dimension had been a taboo for decades. The Kosovo crisis was a main

factor in changing the mindset of member states as the crisis reflected upon Europe's lack of military competences and its strong dependency on the US. It was the first time that member states would be able to overcome the discussion of European integration vs Atlantic solidarity and civilian power vs. military power. Partly, it was overcome due to both military and civilian crisis management being focus points. In this way, a balance that both NATO states and neutral states could agree on had been found.

There were also significant changes internally in Germany, France and the UK. The conflict in the Balkans made Germany realise that it had to contribute to external military operations. The UK turned more pro-European with Tony Blair as Prime Minister. Meanwhile, France had become more pro-Atlantic which meant greater willingness to cooperate with NATO. Member states started to see that the EU should have the capacity for autonomous action. However, the ESDP was not only a tool created for the sake of bolstering EU's own defence capabilities, it was also seen as a way of showing greater commitment to the NATO alliance. About three years after the creation of the ESDP, member states of the EU had ensured that the ESDP had the institutional and instrumental abilities deemed necessary to contribute to NATO. This included access to NATO military assets and command structures as well. The EU's CFSP had now developed from a demonstrative foreign policy into a more proactive and action-oriented one (Keukeleire and Delreux 2014, 52-53).

5.4. From ESDP to CSDP

From its creation in 1999 and until the Lisbon Treaty went into force in 2009, there were not many significant changes in the common defence policy of ESDP. In the meantime, the world had seen several devastating terrorist attacks in New York, London and Madrid, and the beginning of two wars in Iraq and Afghanistan had created geopolitical and global tension. Other than being tragic events, the terrorist attacks and the wars in the Middle-East also severely undermined EU foreign policy as there were many disagreements on how to combat these issues (Keukeleire and Delreux 2014, 53). Most significantly, the military invasion of Iraq divided the member states once more and reignited the discussion of European integration vs. Atlantic solidarity. To resolve these internal issues on foreign policy and security, the European Security Strategy was adopted. This was the first security strategy in the EU, and it was significant for foreign policy at that time, but also for future development of foreign policy. One of the objectives that directly related to the abovementioned issues was to adopt more active and direct approaches. This included undertaking preventive

engagement and developing strategic norms for rapid response and intervention (Keukeleire and Delreux 2014, 54-55).

With the Lisbon Treaty, more changes were to come in terms of both foreign policy and defence policy, and the crisis relating to increase in terrorism and two on-going wars had only created further incentive to strengthen EU foreign policy. The Lisbon Treaty meant the abolishment of EU's pillar system. Effectively, this brought all dimensions of foreign policy under one treaty title. Furthermore, a 'High Representative of the Union for Foreign Affairs and Security Policy/Vice President' (HR/VP) was created. This meant that the High Representative for CFSP and Commissioner for External Relations were merged into one position. The treaty also created the EEAS which is designed to assist the HR/VP. In terms of defence policy, the Lisbon Treaty formally changed the name of the ESDP to CSDP. The treaty broadened the Petersberg tasks, introduced more flexibility and created the EDA. As stated in the introduction, France effectively weakened the CSDP already at its entry into the Treaty framework. President Sarkozy had decided that France should return to NATO's command structures and as a result it France had less interest in the CSDP (Keukeleire and Delreux 2014, 57-58).

As I have now accounted for the most important developments and changes of the CSDP, and foreign policy related to it, I will now move on to the analysis. Where the historical overview has mainly concerned developments and changes up until the Lisbon Treaty, the analysis will take vantage point on more recent developments in terms of EU defence policy.

6. Analysis

In this section, I will conduct my analysis based on the theory of LI. The theory will serve as a tool for analysing the empirical data, both primary and secondary sources. It is in this section that the study will attempt to answer the problem statement that I have provided in the end of the introduction. In the first part of the analysis, I will tend to some of the most recent developments of the EU's CSDP. After this, the structure of the analysis will mainly follow the same order as the rationalist framework of LI, this means that I will start by analysing and defining the national preferences concerning CSDP, then I will move on to the interstate bargaining stage and end with institutional choice. Some of these sections may intertwine to some extent, but they will be divided in each their section for structural purposes.

6.1. Recent developments in the EU CSDP

In 2013, four years after the Lisbon Treaty went into force, the European Council identified new priorities and actions for the CSDP. One of the arguments for identifying new priorities were that Europe's strategic and geopolitical environment were evolving. Furthermore, the Council also concluded: *"Defence budgets in Europe are constrained, limiting the ability to develop, deploy and sustain military capabilities"* (General Secretariat of the Council 2013, 2). Doubts were being raised about the ability to sustain Europe's military capabilities among other concerns. Another argument was that the EU and its member states must show that they have a responsibility to respond to the challenges they face if they are to continue to contribute in NATO and the United Nations. The Council adopted conclusions on three topics relating to defence.

The first topic related to increasing the effectiveness, visibility and impact of CSDP. Moreover, the Council also stated that it was fully committed to work closely with its global, transatlantic and regional partners, suggesting collaboration and further development of such. Additionally, the Council called for a framework for Cyber Defence Policy, an EU Maritime Security Strategy, and to further strengthen cooperation regarding security challenges (General Secretariat of the Council 2013, 4). The second topic related to enhancing the development of capabilities. The Council argued that where member states see it fit develop capabilities based on common standard or usage, will allow them to benefit economically. They also called for the development of Remotely Piloted Aircraft Systems in the 2020-2025 timeframe and for programmes relating to such aircrafts. Enhancements on satellite communication and on cybersecurity was also proposed by the Council. The last topic related to EU's defence industry, where the Council added that Europe needs a more innovative and competitive technological and industrial base (EDTIB) to develop and sustain defence capabilities. Added to that, they concluded that efforts made on EDTIB should include opportunities for the defence industry in the EU. On research and dual-use they concluded that research and technology expertise is critical, and that member states should increase their investment in cooperative research programmes (General Secretariat of the Council 2013, 7-8).

While these were certainly new propositions and a call for more spending on defence capabilities, the conclusions reached by the Council are not very extensive as far as creating a stronger defence goes. A lot of the conclusions reached are mostly inter-relational strategies and programmes that are

suggested here[5]. However, as it has been pointed out in the historical overview (see 5.4), on defence matters the Lisbon Treaty did create some proponents for developing the CSDP, but it was effectively weakened by France which favoured going through NATO in terms of defence. This is also quite clear in these Council conclusions as they call for member states to be able to show commitment to NATO through military capabilities. The CSDP can of course develop in a way that will enhance member states ability to cooperate in NATO at the expense of a CSDP that emphasises European integration.

In 2016, EU and NATO reached a new joint declaration stressing the need for enhanced cooperation to deal with new security challenges from the South and the East. Even though, this once again shows a greater commitment to Atlantic solidarity, the joint declaration does contain some more concrete propositions than the conclusions reached by the Council in 2013. The declaration calls for a boost in the ability to counter hybrid threats, and on working together in terms of prevention, early detection, intelligence sharing, and analysis. Furthermore, it states that there should be a larger cooperation in the maritime and cyber security areas, larger coordination on military exercises, and a bolstering of defence and security capabilities of EU and NATO's partners (Joint Declaration 2016, 1-2).

This was not the only development in CSDP-policy in 2016, with the basis of the 'EU Global Strategy for foreign and security Policy[6]', presented by HR/VP Federica Mogherini in November 2016, a new implementation plan on security and defence was put forward. One of the main actions regarded deepening defence cooperation. The Council had endorsed the establishment of a Coordinated Annual Review on Defence (CARD), which in the future will create greater transparency on defence plans. Furthermore, they also endorsed the the Capability Development Plan (CDP) will help member states identify which capabilities are needed, including research, technology and industrial aspects. Another main aspect was that the EU Treaties allowed for the possibility of creating PESCO, which I will elaborate more deeply upon later in this section. The argument for PESCO in 2016 was that member states could enter into more deep and binding commitments, jointly develop defence capabilities, and invest in projects. Rapid response is also one of the concerns that is stressed in the implementation plan. In relation to this, the EU does have battlegroups for quick response, but they have never been

[5] The full set of conclusions reached by the European Council can be found here: http://data.consilium.europa.eu/doc/document/ST-217-2013-INIT/en/pdf

[6] For more information on the EU Global Strategy for foreign and security Policy see: https://europa.eu/globalstrategy/en/priorities-eu-global-strategy

deployed. Part of the implementation plan was to undergo examination of the policy and technicalities which have prevented the use of them, in order to create new proposals for easier use and flexibility. A plan for a Military Planning and Conduct Capability (MPCC) was developed with it overtaking command over all military non-executive missions to ensure that they are planned and executed in a coherent way (European Council 2018, 2-3). This implementation plan shows for greater commitment to further develop the CSDP, and it has more concrete propositions that are reactions to both the EU Global Strategy and earlier conclusions made by the European Council. It is also one of the first times in where the proposal of PESCO has been put forward as mean of furthering integration into the EU's CSDP.

As the European Council had concluded before, EU defence budgets have been constrained which has meant that the premises for capability have been low. To combat this, the European Commission in November 2016 proposed for a European Defence Action Plan, which focused on creating a European Defence Fund. The Commissions idea was to set up a fund that would support investment in research and development of defence equipment and technology. They proposed a two window-fund, in where the first, a 'research window', would fund collaborative research in defence technologies with a proposed budget of €90 million until 2020. The second, a 'capability window', would be a financial tool to assist member states in purchasing assets to reduce costs. The expected annual budget for this window would be €5 billion per year. However, the action plan also included propositions to foster investments in small and medium-sized enterprises (SMEs), start-ups, mid-caps and other defence related suppliers. This proposition included improving SMEs ability to access proper funding (European Commission 2016).

On 18 June 2017, the European Council reached new conclusions based on the EU Global Strategy. These conclusions follow the global strategy closely as they emphasise on the enhancement of the EU battlegroups and on the development of the European Defence Action Plan. Furthermore, and most significantly, the conclusions also called for the creation of CARD, MPCC and PESCO. Thus, reinforcing the need and will for the establishment of PESCO (European Council 2017). On June 22, 2017, the Council reached the conclusion of establishing PESCO with the goal of having member states agree on criteria and commitments together within three months of the decisions. After the conclusions had been reached, President of the European Council, Donald Tusk, stated: *"It is a historic step, because such cooperation will allow the EU to move towards deeper integration in defence. Our aim is for it to be ambitious and inclusive, so every EU country is invited to join"* (European Council, 22-23/06/2017 2017).

Finally, on 8 December 2017, the Council of the European Union formally adopted a decision of establishing PESCO with 25 member states participating. Denmark, Malta and the UK were the only ones who opted out of the framework (Council of the European Union, Council Decisions Establishing Permanent Structured Cooperation (PESCO) and Determining the List of Participating Member States 2017, 5-6). The governance level of PESCO resides at the Council and those member states participating in PESCO projects. It was also concluded that it is the role of the Council to adopt decisions and making recommendations for PESCO, which means that the Council is in full control of the strategic direction, enhancement of the framework, assessing the contribution of member states to fulfil their commitments, and establishing governance rules for projects etc. (Council of the European Union, Council Decisions Establishing Permanent Structured Cooperation (PESCO) and Determining the List of Participating Member States 2017, 8-9). With the establishment of PESCO came a list of 20 binding common commitments that participating member states must undertake. These commitments include:

- “Regularly increasing defence budgets in real terms, in order to reach agreed objectives”
- “Successive medium-term increase in defence investment expenditure to 20% of total defence spending (collective benchmark) in order to fill strategic capability gaps by participating in defence capabilities projects in accordance with CDP and Coordinated Annual Review (CARD)”
- “Increasing joint and “collaborative” strategic defence capabilities projects. Such joint collaborative projects should be supported through the European Defence Fund if required and as appropriate”

(Council of the European Union, Council Decisions Establishing Permanent Structured Cooperation (PESCO) and Determining the List of Participating Member States 2017, Annex, 1)

- “Increasing the share of expenditure allocated to defence research and technology with a view of nearing the 2% of total defence spending (collective benchmark)”

(Council of the European Union, Council Decisions Establishing Permanent Structured Cooperation (PESCO) and Determining the List of Participating Member States 2017, Annex, 2)

- “Commitment to considering the joint use of existing capabilities in order to optimize the available resources and improve their overall effectiveness”

In terms of availability and deployability of forces, the commitments include:

- "Developing a solid instrument (e.g. a data base) which will only be accessible to participating Member States and contributing nations to record available and rapidly deployable capabilities in order to facilitate and accelerate the Force Generation Process[7]"

(Council of the European Union, Council Decisions Establishing Permanent Structured Cooperation (PESCO) and Determining the List of Participating Member States 2017, Annex, 3)

- "Simplifying and standardizing cross border military transport in Europe for enabling rapid deployment of military materiel and personnel"

In relation to the interoperability of forces, the commitments include:

- "Commitment to agree on common evaluation and validation criteria for the EU BG[8] force package aligned with NATO standards while maintaining national certification"
- "Commitment to agree on common technical and operational standards of forces acknowledging that they need to ensure interoperability with NATO"

(Council of the European Union, Council Decisions Establishing Permanent Structured Cooperation (PESCO) and Determining the List of Participating Member States 2017, Annex, 4)

These are some of the most substantial commitments that the member states participating in PESCO must follow. Even though that PESCO is led by the Council, which makes it an intergovernmental and not a supranational framework, it is one of the biggest developments of the CSDP since its creation. Participating member states have effectively agreed to increase defence budgets, which of course relates to the ability of reaching PESCO-objectives. However, in doing so, member states also have the possibility to enhance their military capabilities. By making more member states raise their defence budget and effectively their ability to reinforce, the EU could benefit from this as a stronger military actor on the international scene. Even if the forces of EU member states are hesitant in acting together within the EU battlegroup force, the commitments of PESCO also underline the need for interoperability with NATO as well. A stronger military force in EU may also mean a stronger and more significant voice in NATO. Through PESCO, countries have also committed themselves to assist in an annual review of capabilities with CARD, which will mean that member states will help

[7] Force Generation is the procedure where NATO allies resource personnel and equipment needed for operations and missions, source: https://www.nato.int/cps/ua/natohq/topics_50316.htm
[8] i.e. the EU Battlegroup

in identifying shortcomings in EU's capabilities. Whether or not this will lead to actions trying to overcome these shortcomings is, however, unclear.

Furthermore, the common commitments also show that there is a call for enhanced cooperation and joint capability development projects which can be supported through the European Defence Fund. The fund was successfully launched on June 7, 2017, approximately six months before PESCO was initially launched. The European Defence Fund, according to the Commission, is also a tool for reducing duplications on defence spending and a way of spending EU taxpayer money more efficiently. They also argue that there is a strong economic case as to why cooperation is needed in defence spending: *"The lack of cooperation between Member States in the field of defence and security is estimated to cost annually between €25 billion and €100 billion"* (European Commission, A European Defence Fund 2017). As I have also pointed out earlier, the defence fund has two windows. One for research and one for the defence industry. After 2020, the research window will be financed with €500 million per year, and the industrial window €1 billion per year. These are some quite extensive numbers considering that they are to be spent with the goal of increasing both research, development and national acquisition. Although the industrial window is only co-financed, a financial boost in terms of development and acquisition may ease the ability for member states to buy new capabilities and thus bolster Europe's defence. The Commission puts it in this way: *"With the support of the European Parliament and Member States, the European Defence Fund can quickly become the engine powering the development of the European Security and Defence Union that citizens expect"* (European Commission, A European Defence Fund 2017).

More recently, on March 1, 2018, the Council formally adopted the decision to launch 17 PECSO projects in various defence areas. These projects include: Harbour & Maritime Surveillance and Protection, Cyber Threats and Incident Response Information Sharing Platform, Armoured Infantry Fighting Vehicle / Amphibious Assault Vehicle / Light Armoured Vehicle, Energy Operational Function, and Military Mobility. So, it is quite clear that the projects aim at various areas of defence, and that there is still an emphasis on the maritime and cybersecurity dimensions. There is also one project directly relating to traditional military hardware (i.e. Armoured Infantry Fighting Vehicle), however, it is only Italy, Greece and Slovakia cooperating in this. One of the projects, simply called Military Mobility, has all participating member states cooperating expect for Ireland which, to some extent, makes sense given its geographical position (Council of the European Union 2018).

As shown above, it is in the PESCO commitments to simplify and standardise cross border military transport (i.e. military mobility), and later in March 2018, the Commission sent a join communication to the European Parliament and The Council regarding an action plan on military mobility. The Commission introduced the action plan by referring to President of the Commission, Jean-Claude Juncker's emphasis on creating a European Defence Union by 2025. In the plan, it is argued that: *"A better mobility of forces within and beyond the EU will enhance European security by enabling the EU Member States to act faster, in line with their defence needs and responsibilities, both in the context of Common Security and Defence Policy missions and operations, as well as national and multinational activities (e.g. in the framework of NATO)"* (European Commission 2018, 1-2).

It is the EDA that was tasked with identifying actions needed for providing better military mobility, and in terms of military requirements, the EDA work group argues that the starting point will be for the member states to involve national authorities beyond the Ministries of Defence as this task encompasses more than just military (e.g. infrastructure). As there already is official EU policy on infrastructure, the work group also argues that it is an opportunity to increase coherence between defence needs and Union policy. They do, however, also point out that a pilot exercise, initiated by the Estonian Presidency in 2017, show that some infrastructure in Europe is not sufficient for the purpose of military transport. (European Commission 2018, 3-4). Some issues that may prevent or stall military mobility has also been identified. One concerns the transport of dangerous goods, where the EU are already committed in negotiations with UN conventions for civilian use, but these conventions do not cover freedom of movement to military transport including dangerous goods. As such, the work group has proposed that EU legislation could increase safety and coherency in the military domain without damaging civilian standards (European Commission 2018, 5-6). Furthermore, the work group also makes concerns about Cross Border Movement permission. They underline that there is a need for permissions for moving military across borders within the EU, and that such an arrangement should be laid out with common rules and procedures for CSDP missions and operations. The EDA is currently preparing a project on Cross Border Movement permission to support EU member states in developing these arrangements on cross-border permissions (European Commission 2018, 8-9). Even though this development and progress does not seem to a substantial development in terms of traditional defence capabilities, it is quite substantial and these propositions for easier cross-border movement of military personnel and hardware have been dubbed as an attempt create a 'Military Schengen' by EU officials as well as media (Shalal and Emmott 2017). An attempt to foster the ability for swift and effective cross-border movement or a Military Schengen if you want,

could mean less administrative burdens in context of e.g. an action which requires rapid response. This proposition may not show any immediate and noticeable impact for EU citizens, but it may have an impact in terms of further development of the CSDP and of EU as an international security actor which is able to deploy military in its surroundings swiftly and effectively. It may be essential to have an arrangement of cross-border movement in EU in order to sufficiently develop a strong CSDP and stronger interrelational bonds between EU member states and their military.

These are the most recent and significant developments of the CSDP, and even though they may not seem as a direct bolstering of EU defence in the old realist sense, it is certainly some of the biggest developments in the history of the CSDP. Furthermore, the direct bolstering of defence capabilities (hardware) may be a long-term result of PESCO if participating member states are willing and able to cooperate efficiently in research and acquiring new military capabilities, especially with the help of the European Defence Fund.

6.2. National Preferences

As I have now accounted for the most recent developments of the CSDP and commented on their proposed effect on EU as a security actor in and around Europe. I will now tend to the national preferences, which to Moravcsik are very important to determine in order to understand why EU member states have chosen to agree to these new CSDP developments, especially PESCO since it is the largest framework for cooperation in these recent developments. As stated in the theory section (see 4.1.2), geopolitical and economic interests are often what motivates and defines national interests, and since this study concerns the development of the CSDP and the choice of measures by the EU and its member states, I will mostly tend to the geopolitical domain. Additionally, since going through each member states national preferences may result in explaining the same reasoning with only small variations in each country's national preference and argument, I will instead take a more overall approach in which the geopolitical context revolving in and around Europe will serve as a tool for explaining national preferences. One argument for this is that EU itself have promoted these new CSDP developments by arguing that today's geopolitical context requires developments that are able to address European and global security and defence concerns (EU Strategic Communications 2018). Therefore, I find it relevant to examine today geopolitical context, which in return should provide an adequate explanation for the generation of national preferences that favour further integration into the CSDP. I do not reject that such a way of defining national preferences may fail to observe certain aspects that individual member states may value in terms of deeper cooperation and integration into

the CSDP as a result. However, Moravcsik's four geopolitical explanations of national preferences do mostly focus on how these preferences overall contribute to a response to the geopolitical context. It may therefore be a viable approach in trying to define the collected national preferences, what they favour, and what they are in response to.

One event that has certainly created geopolitical tension and crisis is Russia's annexation of Ukraine's Crimean Peninsula. The crisis started in 2014 when Kremlin-backed forces entered the Crimean Peninsula and effectively took control of it. Shortly after the annexation, a referendum in which votes were in favour of joining Crimea becoming a part of Russia were held. The West (including the EU) and Ukraine deemed the referendum and annexation of Crimea as illegal (BBC News 2018). In response to the annexation of Crimea, the EU introduced several restrictive measures (i.e. diplomatic and financial sanctions) on Russia and individuals responsible for the actions relating to the annexation. As, the crisis unfolded more sanctions were introduced and former ones were extended. As late as of 13 September 2018, the EU extended their sanctions over Russian action against Ukraine's territorial integrity (Timeline - EU Restrictive Measures in Response to the Crisis in Ukraine 2018). Russia's annexation of Crimea also made several heads of states from former Soviet states nervous about the escalation. The Estonian President at the time, Toomas Hendrik Ilves, called for an increase in defence spending in Baltic states as a response to the crisis in early March 2014. Erik Brattberg, a senior fellow at the Atlantic Council, stated that: *"The Baltic states have been among the most vocal EU states during this crisis, urging Russia to abandon its military intervention in Ukraine and respect Ukrainian territorial integrity"* (Ford 2014). At the time, Lithuania's foreign minister invoked article 4 of the North Atlantic Treaty, an article which allows member states to consult if they feel their territory or political independence is being threatened. Russian President Vladimir Putin had noted that Russia had the right to protect Russian-speaking populations in Crimea, and since several Baltic states have Russian ethnic minorities such statements only made Lithuania and the Baltic states more nervous about their territorial integrity (Ford 2014).

The crisis in Crimea has definitely stirred in the geopolitical context, and sparked fear in Eastern European countries, especially in former Soviet states. EU's first reaction was, as pointed out, to impose financial sanctions and other restrictive measures. It does not seem that the most recent developments in the CSDP directly correlates as a response to Russian aggression in Ukrainian territory as most of them are long-term strategies and frameworks. EU actions in response to Russia's annexation of Crimea have not been of any certain military character, it has only been through negotiations with Russia and sanctions that the EU has tried to make Russia withdraw from the

peninsula. However, the annexation of Crimea may have served as a catalyst for enhanced cooperation in Europe, especially on defence issues. Moravcsik also assumes that economic integration with supposed positive generation of geopolitical externalities are favoured by member states. Even though PESCO may seem as a framework of a certain geopolitical dimension, but with the possibility of more efficient defence spending through PESCO and the European Defence Fund on e.g. joint and collaborative capabilities projects there is indeed an economic dimension cooperating through PESCO as well. On the long term, the PESCO cooperation may lead to a positive generation of geopolitical externalities in the sense that member states may have been able to sufficiently raise their defence budgets and acquire the military capabilities needed for EU to be global security actor. Not to forget that a large part of the PESCO cooperation is for member states better accommodate NATO and the commitments made in respect to this partnership. Even so, if one of the main goals is to strengthen the European pillar of NATO, the EU may as a result enjoy an enhanced role in the NATO partnership. As a more significant actor in NATO, any Russian aggression on the borders of EU member states may be taken much more serious than before. This argument also correlates with the first geopolitical response that Moravcsik outlines. It is a neo-realist approach focusing on the balance of power. As the argument draws upon events happening after World War II and the Cold War, interdependency also plays a large role in this, which I will elaborate upon in section 6.4.

The PESCO cooperation also holds some elements from the second geopolitical explanation, in where states seek to combine against superpowers, sometimes through allying themselves with another superpower. As Moravcsik also points out, traditional relationships with superpowers do play a role. This balancing-strategy heavily relates to the debate on Atlantic-solidarity vs. European integration. The historical overview has shown that this debate, historically, tends to be in favour of the Atlantic-solidarity as a lot of the support for cooperating with the US stems from the World War II alliance and the later integration into the NATO alliance. In this sense, PESCO may also in some ways be an example of the EU trying to reaffirm its commitments to NATO in order to preserve its alliance with the US. In relation to this, The Russian aggression in Ukraine is not the only substantial change the world has witnessed in the most recent years. The inauguration of President Donald Trump has also meant a change in the relationship between the EU and the US. Trump has lashed out on NATO allies several times and demanded that NATO countries must speed up their progress towards spending at least two percent of GDP on defence. More recently, he argued that NATO allies should spend four percent of their GDP on defence, suggesting that the two percent spending target should be doubled. This happened at a time where only five countries met the two percent target. Furthermore, it seems

that Trump also have created some level of uncertainty regarding the US commitments to NATO if allies do not pursue the spending target (MacAskill and Crerar 2018). Furthermore, Trump has made statements regarding his thoughts in the EU: *"We love the countries of the European Union. But the European Union, of course, was set up to take advantage of the United States"* (Galindo 2018). With such statements, it seems that the EU has entered a more stringent if not fragile relationship with the US as these comments were made amid an escalation in the trade 'war' between the US and the rest of the world, including, to some extent, the EU (Galindo 2018). In this context, the enhanced focus on NATO through the PESCO cooperation may be a way for showing commitment, but it may also serve as a reinsurance in reaction to President Trump's pressure for NATO allies to reach the spending target, even though this might not be the main goal with the PESCO cooperation. However, as the second explanation suggests that states seek to ally with superpowers, thoughts on EU as a superpower itself may arrive. In 2010, Moravcsik argued that EU is a rising superpower but many of the notions he made related to the soft-power of the EU and his arguments did not shed a lot of light upon the EU as an international defence and security actor (Moravcsik 2010). One may argue that EU is a superpower in terms of soft-power, and that may very well be a reality. However, in terms of defence in the in the traditional sense, the EU may very well be dependent on NATO and the US as allies in terms of defence matters, unless the EU chooses to take defence matters into its own hands which seems unlikely at this moment. The uncertainty created by President Trump can be viewed as a geopolitical factor because of the fragile state it has put the relationship between the EU and the US in recently. Moreover, if Trump, even though it may seem unlikely, does choose to distance the US from the NATO alliance the PESCO cooperation is for EU a step closer to a bolstering of its own military capabilities. Additionally, PESCO may pave the way for even further integration into a defence and security union.

Another question that comes to mind when looking at the recent developments of the CSDP, is Brexit and what it will mean for the future of defence and security in the EU. The historical overview (see section 5) provided that the UK have always been eurosceptic, and the Brexit referendum finalised this view. In terms of defence and security, UK has leaned toward Atlantic-solidarity favouring the US as a close partner. On an EU-level, the CSDP has many times followed the preferences of the UK, and it seems that the trend has been the lowest common denominator for bargain, or not bargain at all. However, with the forthcoming Brexit, the UK will not have a say in the development of policy in defence matters and that can mean a lot in terms of further development as UK has proved to, often, have a preference and goal that is below what has been proposed in these matters. Moreover, the

development of PESCO and the European Defence Fund could be seen as a way for EU to demonstrate that there is still unity and that the EU-project is still very relevant (Nissen 2017, 58-59). Even thought the UK has been very reluctant in acting militarily through the EU, it holds a lot of military weight and has a lot of international connections. This may be a loss for the EU in terms of international cooperation, and therefore member states, the EU, and the UK is left with the task of finding out how to maintain a healthy relationship. The UK will remain a part of the European security architecture, but how inclusive future cooperation will be is uncertain at this point. The UK government has stated that it wishes a deeper relationship with the EU on security and defence and has acknowledged some of the prospects of PESCO and the European Defence Fund. However, current treaties of the EU do not state much in terms of involving third-party states into the decision-making dimension of the CSDP (Nissen 2017, 61). Brexit will surely have an impact on defence and security proponents in Europe, and even though it seemingly does not stir the geopolitical context in Europe in a major way because the EU and UK are still allies and they still both contribute to the NATO partnership. I will, although, still argue that the fourth geopolitical explanation does hold some weight in relation to this development. History shows that German, Italian and Benelux leaders have often been leaning towards a European federalist ideology, and the relationship between Germany and France seems to be fostering as they jointly have agreed to increase their defence spending, as well as calling for other European nations to do so as well (Escritt 2018). Thus, it seems that France and Germany are also ready to make larger commitments in terms of developing defence and security through the EU. However, the defence prospects of the EU will probably remain in an intergovernmental dimension, and therefore one may argue that this is not a federalist ideology because it lacks a supranational aspect in order to truly show commitment to EU as a defence actor. But it is very much complicated to make any developments on defence that relies only on the EU as an actor because of the commitments that most member states have with NATO.

As explained in the theory section (see the end of 4.1.2), Moravcik argues that the four geopolitical explanations should be treated as variations of a single explanation. Favouring one of these explanations should therefore count as support for the role of geopolitics in the national preference formation. In this section I have accounted for three of them as being relevant, and it seems that because of the geopolitical context member states have chosen to favour development of the CSDP as a reaction to these externalities. Geopolitical factors do certainly play a role, and national preferences has aligned to this. In the next section, I will examine the second stage of the tripartite framework of LI, namely interstate bargaining.

6.3. Interstate Bargaining

In this section, I will examine and analyse upon the interstate bargaining relating the recent developments of the CSDP. The main goal in this is to try and make assumptions on the distribution of information, the sources of bargaining, and the influence of the political entrepreneurs. Furthermore, one of the goals is also to examine whether the benefits of the enhanced cooperation were equally distributed among the negotiating parties. The interstate bargaining stage of the framework does not actively progress towards answering the problem statement on its own, but it is significant in terms of understanding the weight of national preferences and in explaining the third stage of institutional choice.

The most significant and recent development of the CSDP, PESCO, is a framework for cooperation in where member states who are willing and capable may cooperate on developing joint defence capabilities, invest in shared projects and enhancing the operational readiness of armed forces. There are two points which are significant in relation to examining interstate bargaining in this relation. One is that negotiations on PESCO has happened behind closed doors, and only the conclusions made by the Council are available to the public, which makes it hard to examine which proponents of PESCO that member states have tried to change, remove or agree upon. It also complicates the examination in telling how large a role EU officials and the manipulation or dissemination of information has played in the process. Two, the PESCO framework is different in the way that member states may choose not to cooperate in the framework without any significant consequences other than not being able to contribute or gain from the cooperation. Additionally, member states choosing not to cooperate will not mean that the framework will not launch or continue as those state who wish to participate can do so. In other words, the framework does not require the endorsement of every member state. Participating member states are a part of PESCO because they choose so themselves, and not because of a unanimous decision which has forced participation into the framework (Council of the European Union 2017, 2). Furthermore, the development of the European Defence Fund is a strictly supranational entrepreneurship set up by EU politicians and officials. Member states may have contributed on their concerns or wishes regarding the fund, but ultimately the decision of its establishment has happened through the ordinary legislative procedure (European Commission 2016). However, some aspects of interstate bargaining may still be applied to these developments. As it may be hard to analyse upon the bargaining procedure of the developments, one can still look to the possibilities these developments create for member states and try to assume, based on the

outcome, if there has been any demand for cooperation or flow of specific information and if the distribution of benefits seems equal.

When looking at the framework for PESCO, it is very clear that participating member states choose on their own which projects they want to be a part of. So, member states may choose on their own which capabilities they value or estimate to be crucial in terms of defence. They may do so based on their own needs but still have to keep a door open for other member states if they wish to participate in the same project. However, it is up to the member states to agree among themselves on the arrangements, scope, cooperation and the management of the project (Council of the European Union 2017, 10). According to the intergovernmental bargaining theory (see 4.1.2), the government with the most to lose if negotiations were to break down will often be the one making concessions in order to keep the process going. It also states that governments are expected to reject any agreement that would leave them worse of than their best alternative. However, the theory does not account for the EU as an actor which may have the biggest interest in the establishment of PESCO, and thus will be the one with the most to lose if negotiations were to break down. This may be the case in this context, but it is an issue which the study cannot address due to the theoretical limitations of LI.

Even though it is hard to determine whether any concessions have been made in the process of establishing PESCO, there will still be future negotiations in terms of establishing projects, and in this process member states may make concessions, so they can fully participate in projects. However, it is also important to note that the Council will also have a say in which projects will be developed as they are to provide strategic direction, guidance, and establishing the list of projects under PESCO. In this context, negotiations and bargains may also occur as the Council will have to agree upon the directions PESCO will go in. The HR/VP may also make recommendations concerning the evaluation of PESCO projects. These are, although, future negotiations which this study cannot tend to, but they may be very relevant in terms of interstate bargaining in future studies.

In terms of rejecting, or in this case opting out of the PESCO framework, it is only the UK, Denmark, and Malta that has chosen to do so. Denmark is not contributing in the PESCO framework because of its opt out from EU defence policy, which means that even though the government might see PESCO as a step in the right direction for EU CSDP, it cannot contribute because of this (Albrechtsen 2017). The UK cannot participate because of the upcoming Brexit, but there are being established provisions for third countries participating in PESCO, which means that the UK may join the framework if it wishes to do so (Salam 2018). Malta, however, has chosen to wait and see how

PESCO develops before it will decide upon joining. The Prime Minister of Malta, Joseph Muscat, has stated: *"It needs to be seen whether PESCO is simply a system by which weapon purchases by European countries are more coordinated, or if it is going to take a more military form"* (Costa 2017). So, Malta is the only member state that actually has 'rejected' to cooperate through PESCO because it is concerned with whether PESCO will stay as a framework for enhanced development of capabilities, or if it will turn into military framework. However, Muscat did not state any alternative in relation to PESCO, other than waiting to see how it develops. This can very well mean that Malta will reconsider its decision when PESCO truly unfolds in the coming years.

In relation to the distribution of benefits, if one should claim that engaging in PESCO projects indeed is one of the benefits of the framework, it is possible assume which countries benefit the most from PESCO by measuring how many projects each country has chosen to cooperate in. Italy is the country which is engaged in the most projects with cooperation in 15 of the 20. And if we assume more cooperation in PESCO equals more benefit, one can then conclude that it is the country which benefits the most from the development of PESCO. The country which cooperate the second most in the PESCO framework is Spain with 12, and after that we find France with 8, and Germany and the Netherlands with 7 projects. The countries cooperating in the least number of projects is Poland, Ireland, Lithuania, Latvia and Luxembourg with 2 (Council of the European Union 2018, Annex, 1-2). One must of course keep in mind that even though there additional funding from the European Defence Fund, countries do have to spend money from their own defence budget. This can very well mean that countries who are capable of spending more in PESCO-projects may also be those who cooperate the most. However, France and Germany have probably been the two most vocal countries in calling for more spending on defence in the EU but are not the countries who cooperate in most projects. Another factor concerns the already existing capabilities in each country, as some member states may deem some projects as unnecessary because they already possess such tools or capabilities. However, even so in avoiding projects that may duplicate or relate to already existing capabilities, cooperating in as many projects as member states see fit may just be the way to maximise distributional gains from PESCO in terms of increased funding, integration that leads to enhanced cooperation among member states, and of course in the development of defence capabilities.

In terms of the supranational bargaining theory, which Moravcsik accounts for as one of the two explanations for interstate bargaining, it focuses the dissemination and generation of information and ideas. In looking upon the recent developments of the CSDP, it is also clear that the Council has taken many of the proposals that have come from the Commission and EU officials into account when

addressing EU defence policy. An example of this is the EU Global Strategy in which the Council reached several conclusions on in terms of enhancing and deepening defence cooperation in the EU. Furthermore, as I have described in the first section of the analysis (6.1), The Commission has also released material regarding the function and possibilities of the European Defence Fund. Prior to that, the Directorate-General for External Policies made a 70-page study on the future of EU defence research which examines elements such as duplication, the potential benefits of enhanced defence and cooperation between member states, the EU-NATO relationship, comparison between the EU and the US in terms of spending, and research and duplication of capabilities etc. (Directorate-General for External Policies 2016). These are just some of the communications which has been made by both the Commission and the Directorate-General for External Policies. Additionally, a lot of proposals have been presented to the Council including CARD, MPCC and the European Defence Fund. These proposals, the 70-page study, and the EU Global Strategy are heavily related to the elements that PESCO holds in itself through its binding commitments and its structure. In this sense, EU officials may have contributed with entrepreneurship that has helped establishing and reaching new conclusions on the further development of the CSDP, both in terms of PESCO and the European Defence Fund. They have collected, researched, and supplied information which may have been vital for member states to understand the issues that EU and its member states face concerning the CSDP, and the potential solutions to these issues. Combine this with the geopolitical context that member states have to tend to and there may be an even stronger argument for following the advice and information put forward by EU officials. One may argue that such information is available to member states, but making estimates on the collected efforts on spending, research and capabilities, and furthermore proposing on how to enhance efficiency on these issues, is probably more likely to come from EU officials rather than each individual member state.

So, the interstate bargaining process in context of the latest CSDP developments, including PESCO, is hard to measure as the available data for the bargaining process is scarce. However, some elements regarding the distribution of benefits may be examined from other, yet not as accurate, angles. Some member states may gain more from PESCO through cooperating in more projects, but only if cooperation through PESCO is indeed beneficial. Furthermore, EU officials have through information and proposals tried to nurture member states willingness to cooperate on developing the CSDP and further deepening the integration, and the fact that the PESCO-framework is different in its structure than other CSDP-tools may also have been a catalyser for the 25 member states which have chosen to cooperate and agree on binding commitments. Only Denmark, the UK and Malta has rejected to

cooperate through PESCO but with individual reasons as to why. As I have examined the interstate bargaining stage of the LI framework, I will now continue with the last stage of the framework, institutional choice.

6.4. Institutional Choice

In this part of the analysis, I will apply some elements of the third and last stage of the LI framework, institutional choice, in terms of answering why member states have agreed to these recently developed measures of the CSDP and if they have chosen to pool or delegate sovereignty and why.

As explained earlier in the analysis, PESCO, as the most recent and substantial development of the CSDP, is different in the way it was established, but also differs in its procedure and structure. In this context, the choice of establishing PESCO has happened through agreement in the Council, as many earlier initiatives, but member states are not forced to participate in PESCO. Member states may choose to do so by themselves, and this is where PESCO is significantly different to other initiatives. This also means that through the decision of establishing PESCO there has not been a de facto transfer of sovereignty. Some aspects of the procedures when participating in PESCO do relate to some of the reasons Moravcsik outlines as to why member states sometimes choose to either pool or delegate sovereignty. An example of this is the binding commitments which states must agree upon before they can officially participate. It is not directly a pooling or delegation of sovereignty as there is no need for supranational actors to further decide upon these fixed commitments.

However, it does somewhat relate to the third and last explanation of institutional choice. The binding commitments of the PESCO framework are set up in order to make sure that those member states who participate in the program sufficiently take on new developments and raise their spending in order to facilitate both projects, but also commitments on defence which the Council has called for several times before the establishment of PESCO. In this way, it relates to what Moravcik calls "credible commitments" as a way of ensuring that member states follow the agreed terms. Even though, Moravcik does state that pooling and delegating is safer than making rules in advance, it is the somewhat the opposite that has happened in this case. When looking at the historical overview provided in section 5, cooperation on defence and security have always been areas where member states are more hesitant in pooling or delegating sovereignty, and history shows that member states tend to wary when dealing with potential developments of the CSDP. In this sense, PESCO-framework may just be different because of this sole reason. A geopolitical context which demands action and enhancement of defence and security combined with member states who would often

rather solve issues on a domestic level or in their own way will likely result on no further integration or insufficient action. Therefore, it makes sense to set up PESCO differently than other initiatives as a way of maximising participation without asking or expecting too much of reluctant member states, and yet it still increases the interdependency of member state because of its binding commitments and its cooperation among countries. Furthermore, with the binding commitments the EU and participating member states have made sure that there are overall rules and guidelines member states must follow as noncompliance may result in suspension (Council of the European Union 2017, 11).

Another aspect is that several EU agencies will assist in the PESCO-framework on different levels. The Military Committee of the European Union (EUMC) will provide military advice for the Council in terms of establishing future PESCO-projects (Council of the European Union 2017, 9). The EDA, the EUMC, and the EEAS will all contribute to the annual report on PESCO in describing the status of implementation, fulfilment of the binding commitments, and provide military advice and recommendations regarding the assessment process (Council of the European Union 2017, 11). These elements of the PESCO cooperation relates to the second explanation of institutional choice in where the focus is on expert knowledge in institutions. Once again, there is no de facto pooling or delegation of sovereignty, but there are however tasks which EU agencies will provide instead of governments having to weigh in on these aspects. The military advice which will come from the EUMC is indeed technically complex and can be considered as expert knowledge, and therefore some elements concerning the second explanation of institutional choice, other than pooling and delegation of sovereignty, may be true. As in the second explanation, there are elements relating to the supranational explanation of interstate bargaining because of the information the agencies will provide not only to the HR/VP but also to the Council and therefore member states. Individual member states may be able to assess their own progress in terms of the PESCO cooperation, but painting the full picture of how PESCO contributes overall to the CSDP is likely to remain in the domain of the involved EU agencies.

In this section, a somewhat different view upon institutional choice has been examined. Because of the way it was established and the structure of PESCO, there has been no pooling or delegation of sovereignty transferred to the EU. However, there are aspects which relates to the second and third explanation of institutional choice. The binding commitments resembles with making credible commitments but differs because there is no transfer of sovereignty involved. The EU agencies tasked with providing vital information and advice relates to the second explanation of technocratic governance but does not mean any transfer of sovereignty either. However, because of this, PESCO

may be more attractive to member states because they do not have to formally have to transfer any sovereignty and they are free to choose whether or not to participate in the PESCO-framework. As I have now explained the last stage of the LI tripartite framework, I will now turn to the conclusion of the study where a more composed answer on the problem statement will be presented.

7. Conclusion

In this section, I will account for what has been examined in this study and how it answers the problem statement that was presented in the introduction. The conclusion will be followed by a discussion, where I will discuss what the theory has been able to do in terms of answering the problem statement, and where it may have lacked in providing explanations. Furthermore, I will also reflect upon other alternatives to answering the problem statement.

To answer why there has been an increase in the development of EU's CSDP, an examination of recent developments and what they ought to be capable of and an analysis was made on the national preferences of member states. The most recent developments of the CSDP are indeed significant when looking at how the CSDP has developed historically. Furthermore, the developments come from a long-period of both the Commission and even the Council putting emphasis on the lacking defence budgets in EU member states. PESCO, as a framework, is a direct step in the process of increasing spending on defence capabilities and cooperation among member states, and it is supplemented by the European Defence Fund which in itself is a new development in terms of research on defence and security. Furthermore, PESCO is in its governance strictly intergovernmental and also contains several commitments directly focusing on the NATO-alliance, which certainly symbolises that the debate on Atlantic-solidarity vs. European integration has not ended. However, the framework does have the potential to further EU integration on CSDP and it also may have the tools for ensuring that the EU can become a better security provider for its member states and neighbours.

The analysis on national preferences has shown that the geopolitical context has changed significantly. The Russian annexation of Crimea in 2014 struck Europe with a new challenge threatening the sovereignty and territorial integrity Ukraine and potentially other former Soviet states. Additionally, President Donald Trump has also influenced the geopolitical context in sowing doubt and uncertainty about US commitments to NATO, but at the same time has called for NATO allies to reach the two percent spending target. Another element to the changing geopolitical context is Brexit. With the UK leaving the EU, some level of uncertainty also applies here as it is unclear how

the UK with cooperate with the EU on defence in the future. However, the UK has often been the member state who sought for the lowest common denominator in CSDP agreements because of its Atlantic-solidarity. This may mean that Brexit has both raised uncertainty and stirred in the geopolitical context, but also given other member states the opportunity to pursue new ventures in the CSDP. In relation to this, the analysis has provided that member states national preferences have aligned to these geopolitical externalities which have prompted for further action and development. These assumptions are based on the geopolitical explanations that Moravcsik outlines in the LI-framework and relates to three out of four various explanations. So, the increase in the development of the CSDP relates to the tensions created by the geopolitical context, and as a result it has prompted for further development of the CSDP. Furthermore, recent developments also show that there has been a pressure for enhancing defence and security in the EU for quite some time and EU officials has certainly contributed to this through e.g. the "EU Global Strategy for foreign and security Policy".

In terms of why the EU has chosen these measures, the analysis on interstate bargaining has shown that those countries who wish to pursue several projects as a way of getting the most out of the cooperation are free to do so, while those member states who may not be as ambitious are free to engage in less, or even opt-out of the PESCO framework. Furthermore, the analysis found that EU officials has nurtured the willingness of member states to participate through information, studies on defence research, and with the establishment of the European Defence Fund as a supplementary tool to the PESCO cooperation. The structure of PESCO in itself may also be a catalyser for the 25 member states who have chosen to participate. The analysis on institutional choice has shown that there are no de-facto transfer of sovereignty because of the structure and establishment of PESCO. There are, however, binding commitments which participating member states have agreed upon and must follow in order to be able to participate in PESCO-projects. Additionally, EU agencies will provide advice and recommendations on the assessment of PESCO and its projects, which means that they will accommodate the framework with expert knowledge, highly relating to the technocratic governance explanation of institutional choice. It is very clear that PESCO is indeed different than other EU initiatives because it does not require any transfer of sovereignty, and this can be explained as to the reason why this measure has been chosen as the way for further integration into the CSDP and for its future development. Additionally, the historical perspective explained that furthering development and integration on the security and defence policy dimension has always been difficult and has more than often resulted in policies with an impact way below what was expected. As a result, new ways of cooperating on security and defence may just be the way towards a stronger CSDP.

As I have now concluded on the study, and answered the problem statement, I will move to the discussion.

8. Discussion

This discussion will briefly look at how LI as a theory has contributed to answering the problem statement but will also tend to where it has lacked. Furthermore, it will include a brief look onto how the study could have been conducted differently in relation to answering the problem statement.

The tripartite framework of LI provides for several explanations its stages through a collection of varying theories. It serves well as a tool for examining various possibilities when analysing upon the development of the CSDP and the measures chosen to do so. It offers explanations as to how geopolitical externalities can shape national preferences, and how these preferences as a result affect how member states choose to pursue new developments in the CSDP. However, as the development of PESCO is different than those initiatives Moravcik studied, it lacks in explaining how an initiative which does not require any transfer of sovereignty is favoured. In relation to the second stage, interstate bargaining, the study has failed to analyse the bargaining procedure because of scarce empirical data. Furthermore, the theory also fails to explain if the EU is indeed that actor with the most to lose in the bargaining procedure. As a result, it can only make assumptions based on the empirical data that is available which is somewhat criticisable in terms of the coherence between the three stages of LI. The study could also have put a larger emphasis on the political economic interests' dimension of national preferences because of the economic incentive of cooperating in PESCO, however, it does not progress as much towards answering the problem statement as the geopolitical explanation.

Another theory which the study may have been able to contribute from is neo-liberal institutionalism. Its focus on institutions as a mediator for integration and cooperation may have been able to shed more light on why PESCO has been the choice for cooperation in terms of collected interests for enhancing and developing military capabilities within the EU. Another theory of international relations is social constructivism and with its focus on ideas, norms, and values, it may contribute in a deeper analysis into the geopolitical context as well as the discourse on security externalities. However, it may fail to explain the choice of measures. It is clear also quite clear that because of PESCO quite different structure, theories on European integration may often fail to explain this as some of it reminds of deeper integration, but the establishment and governance structure is still intergovernmental.

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