

Old Dominion University

ODU Digital Commons

Graduate Program in International Studies
Theses & Dissertations

Graduate Program in International Studies

Fall 2015

Dwelling in Time, Dwelling in Structures: Disintegration in World Politics

Jan Adam Nalaskowski

Old Dominion University, jan@nalaskowski.pl

Follow this and additional works at: https://digitalcommons.odu.edu/gpis_etds



Part of the [Economic Theory Commons](#), [International Relations Commons](#), and the [Organizational Behavior and Theory Commons](#)

Recommended Citation

Nalaskowski, Jan A.. "Dwelling in Time, Dwelling in Structures: Disintegration in World Politics" (2015). Doctor of Philosophy (PhD), Dissertation, Political Science & Geography, Old Dominion University, DOI: 10.25777/jxav-wj92
https://digitalcommons.odu.edu/gpis_etds/4

This Dissertation is brought to you for free and open access by the Graduate Program in International Studies at ODU Digital Commons. It has been accepted for inclusion in Graduate Program in International Studies Theses & Dissertations by an authorized administrator of ODU Digital Commons. For more information, please contact digitalcommons@odu.edu.

**DWELLING IN TIME, DWELLING IN STRUCTURES:
DISINTEGRATION IN WORLD POLITICS**

by

Jan Adam Nalaskowski
M.A. June 2010, Nicolaus Copernicus University, Torun, Poland

A Dissertation Submitted to the Faculty of
Old Dominion University in Partial Fulfillment of the
Requirements for the Degree of

DOCTOR OF PHILOSOPHY

INTERNATIONAL STUDIES

OLD DOMINION UNIVERSITY
December 2015

Approved by:

Kurt T. Gaubatz (Director)

Jesse Richman (Member)

Peter Schulman (Member)

ABSTRACT

DWELLING IN TIME, DWELLING IN STRUCTURES: DISINTEGRATION IN WORLD POLITICS

Jan Adam Nalaskowski
Old Dominion University, 2015
Director: Dr. Kurt T. Gaubatz

This dissertation aims to propose a general theory of disintegration. This subject is not treated directly by some theoretical accounts and mistreated by others. European integration theories are fashioned to explain the greater integration process while game-theoretic approaches to withdrawals and secessions, even if treating disintegration directly, fail to include critically responsible factors. This dissertation offers a constructive criticism of both accounts. Since neither turning integration theories symmetrically around nor direct, game-theoretic assessment of disintegration help to provide sufficient explanation, it is suggested that the problem of symmetrical reversal and rational conduct must be revised.

Disintegration fails to follow the rules suggested by symmetrical reversal of integration. Therefore, it requires independent theoretical account which would pay attention to new, unique factors. Many withdrawal and secession games include these factors but at the price of paralysis of conduct. This dissertation's argument is that these new factors should be identified and described narratively in order to understand why this conduct becomes troublesome. It is suggested that the problem is located in uncertainty about payoffs' value and nature. Since actors of disintegration game bargain over different issues rather than upon integration and since these issues often assume non-quantifiable values, disintegration becomes qualitatively different from integration,

integration theories prove to be unfit, and game-theoretic accounts need more cautious application. Case studies introduced in three structures of analysis – states, intergovernmental organizations and the European Union – aim to test and confirm subsequent elements of the proposed theory. The constructive criticism of both integration theories and withdrawal/secession games aim to make the general theory of disintegration applicable to many different forms of political structure.

As a conclusion, this dissertation points out strengths of this new account on disintegration and encourages researchers to further extend its framework. The theory can help policymakers to understand negotiations better and to learn how to accommodate the risk. Academic researchers should be able to provide reliable analyses so that public opinion is not be shaped by the fear of the unknown and misinterpreted.

© 2015 Jan Adam Nalaskowski, All Rights Reserved.

This dissertation is dedicated to Marta.

ACKNOWLEDGMENTS

I would like to express the deepest appreciation to my dissertation committee members.

I thank Dr. Kurt Gaubatz for providing guidance and inspiration as my committee's director, academic advisor and teacher. I thank him for the personal time he devoted and the aura of excellence he shared. He has been my true mentor: during the coursework, at the time of comprehensive examination and through the dissertation-writing process. Without his guidance and patience this dissertation would not have been possible.

I thank Dr. Jesse Richman for introducing me to Game Theory and helping me to deepen my interest in formal methods. His faith in students and eagerness to help are astounding. I thank him for making my participation in the EITM Institute possible.

I thank Dr. Peter Schulman for his passion for Quebec and Corsica in particular and for independence movements in general. It was an honor to work as his Graduate Assistant and to engage in inspirational discussions and projects.

I thank Dr. Regina Karp for making the Graduate Program in International Studies the best possible academic choice.

I thank Polish-American Fulbright Commission and the Graduate Program in International Studies for generosity in funding my graduate program.

I am eternally thankful to my family for never-ending support, patience and acceptance.

TABLE OF CONTENTS

	Page
LIST OF TABLES	ix
LIST OF FIGURES	x
 Chapter	
I. INTRODUCTION: ABSOLUTE TIME AND OBSOLETE STRUCTURES.....	1
The Building Blocks.....	3
What Constitutes Structure?.....	9
The Limits to Freedom of Choice	12
The Impact of Time	16
Disintegration in World Politics.....	20
II. EXISTING ACCOUNTS ON DISINTEGRATION.....	27
The European Union	28
Intergovernmental Organizations	36
States	46
III. TOWARDS THE GENERAL THEORY OF DISINTEGRATION	56
Actors and Their Decisions	61
Differences between Integration and Disintegration.....	67
Costs	73
Significance of Time Progression and Emerging Links.....	80
How to Study Disintegration.....	84
IV. DISINTEGRATION FROM STATES.....	90
Montenegro, Federal Republic of Yugoslavia and State Union.....	91
Actors: Changes on Strategic Level	91
Externalities: Changes on Regimes Level	97
Internalities: Changes on Domestic Level.....	102
Understanding the Payoffs	106
Quebec and Canada.....	110
Actors: Changes on Strategic Level	110
Externalities: Changes on Regimes Level	114
Internalities: Changes on Domestic Level.....	119
Understanding the Payoffs	123
Summary: Time, Costs and Uncertainty	127
V. DISINTEGRATION FROM INTERGOVERNMENTAL ORGANIZATIONS	133
Chile and the Andean Pact	134

Chapter	Page
Actors: Changes on Strategic Level	134
Externalities: Changes on Regimes Level	138
Internalities: Changes on Domestic Level	142
Understanding the Payoffs	147
Fiji and the Pacific Islands Forum.....	151
Actors: Changes on Strategic Level	151
Externalities: Changes on Regimes Level	156
Internalities: Changes on Domestic Level	160
Understanding the Payoffs	164
Summary: Time, Costs and Uncertainty	167
VI. DISINTEGRATION FROM THE EUROPEAN UNION	170
Greenland	171
Actors: Changes on Strategic Level	171
Externalities: Changes on Regimes Level	175
Internalities: Changes on Domestic Level	180
Understanding the Payoffs	184
Greece.....	188
Actors: Changes on Strategic Level	188
Externalities: Changes on Regimes Level	194
Internalities: Changes on Domestic Level	198
Understanding the Payoffs	202
Summary: Time, Costs and Uncertainty	208
VII. CONCLUSION: CHALLENGES, PROSPECTS AND GUIDELINES	211
Different Approach	211
Bold Statements.....	220
Greater Explanatory Power	229
REFERENCES	234
VITA.....	258

LIST OF TABLES

Table	Page
1. Equilibria in the Voice-Exit Game.....	43
2. Variables in Disintegration Game: Changes for Montenegro and Quebec.....	129
3. Variables in Disintegration Game: Changes for Chile and Fiji.....	169
4. Variables in Disintegration Game: Changes for Greenland and Greece.....	210

LIST OF FIGURES

Figure	Page
1. Unidimensional Negotiation Game.....	39
2. Meeting Explanation and Theorizing Powers on Complexity/ Non-Universality Spectrum of Approaches to Disintegration.....	58
3. Disintegration Theory Dealing More Efficiently With Time Progression and Costs Murkiness.....	60
4. Differences between Integration and Disintegration over Time.....	72
5. Perception, Cognition and Decision in Disintegration Game.....	79
6. Histogram of Exits from IGOs per Duration of Membership in Years.....	81
7. Histogram of Exits from IGOs per Year and Under International Regimes Changes.....	82
8. Conceptual Sketch of Conduct in Disintegration Case Studies.....	87
9. Disintegration of Montenegro: Extensive Form Game.....	109
10. Disintegration of Quebec: Extensive Form Game.....	126
11. Disintegration of Montenegro and Quebec: Strategic Form Games with Actual and Hypothetical Payoffs Structure.....	130
12. Probability of Choosing Independence: QRE Corresponding to Introduced Strategic Games.....	131
13. Disintegration of Chile: Extensive Form Game.....	150
14. Disintegration of Fiji: Extensive Form Game.....	166
15. Disintegration of Greenland: Extensive Form Game.....	187
16. Disintegration of Greece: Extensive Form Game.....	205
17. Quantal Response Equilibria: Greek Disintegration in High and Low Cost World.....	207

CHAPTER I

INTRODUCTION: ABSOLUTE TIME AND OBSOLETE STRUCTURES

By conventional definition, “disintegration” means breakage into pieces through destruction, loss of cohesion or strength.¹ In the political world, the term has been applied to describe the break-up of states, loss of coherence on international regimes level, or reversal of European integration process. However, the literature has largely treated disintegration as a process opposite to integration and thus relies on qualitatively the same, though reversed, factors. It has usually been the lack of something rather than the presence of something responsible for potential withdrawals or secessions. The shortcomings of these accounts point out the need for a separate, positive theory of disintegration. Combining and fixing existing accounts helps to extend this theory to many political structures. Thus, even though there has been no example of exit from the European Union, researchers might be able to explain why this is the case. Neither European integration theories nor withdrawal games are by now sufficiently able to answer this question.

In this dissertation “disintegration” is used to explain the facts of decomposition precisely in positive terms. Its essence is thus not the failure of cooperation or integration, where the lack of these qualities induces negatively-understood disintegration, but rather viewing this concept as decision resembling any other decisions. Following this logic, disintegration is no longer an abstract to which some political entities may become subject due to unfortunate developments. These units themselves may “disintegrate,”

¹ "Disintegrate," in *Oxford Dictionaries*(<http://www.oxforddictionaries.com/2015>); "Disintegrate," in *Merriam-Webster*(<http://www.merriam-webster.com/2015>); "Disintegrate," in *Cambridge Dictionaries Online*(<http://dictionary.cambridge.org/2015>).

choosing to cease a specific union they have been dwelling in. Surely this use of the term means breakage to smaller pieces. It is probably also an outcome of certain changes in cohesion and strength of an original unit. But since “disintegration” here is understood as withdrawal from certain political arrangement, it can occur without the total break-down of the arrangement itself. For example, there can be many “disintegrations” from the European Union, performed by its particular member states. None of them, however, has to be necessary nor sufficient for the collapse of the Union as a whole. Integration theories are not suited to make this distinction.

In short, political units are expected to decide, under some circumstances, whether exiting from a currently-functioning structure benefits them more than continued membership. A structure, if it has enough acting power on its own, can try to take its own stand in this bid, possibly inducing constraints for withdrawing unit. Finally, both actions – of disintegrating unit and a “structure” – are subject to certain externalities which can seriously influence their choices.

The rigor of this thinking compels researchers to focus on certain concrete political organisms which can experience or perform disintegration. These must by necessity be unions consisting of smaller parts. This dissertation proposes three such structures: states, intergovernmental organizations and supranational organizations, currently represented only by the European Union.

The Building Blocks

Even if disintegration requires a separate account, it currently does not exist in theoretical vacuum. The existing approaches differ from the one sought here but they also point out important mechanisms and variables that cannot be ignored.

In the narrow sense, integration is usually associated with the European Union and other intergovernmental organizations. Major theoretical approaches indeed aim to explain “European integration,” suggesting that this particular phenomenon is exceptional or even principal over other cases. Integration is often seen as a gradual process where global super-state is the last stage of development. In a broader sense, integration can be perceived as a special case of cooperation where particular political units decide to form a body beyond their traditional governance to achieve certain goals. In this understanding the term “integration” can be used to explain the formation of states by subnational units, membership in intergovernmental organizations, as well as participation in supranational entities. Here, integration is not considered horizontally as a stage process with a global super-state being an ultimate outcome. Rather, a vertical approach helps to understand why particular political units decide to form or join a higher body of governance, taking into account time and space conditions and resulting costs-benefits analysis.

Building on these two approaches, the understanding of “disintegration” can take two major forms. On the one hand, it may become a reversal of established theories of European integration. The lack of conditions for integration pointed out by these approaches should thus result in decomposition or at least a stalemate of supranational entity. On the other hand, regardless of European integration’s potential exceptionality, an understanding may focus on the costs-benefits analysis, applicable vertically to

different forms of governance: state, intergovernmental organization, supranational entity. The second approach makes it easier to search for a general theory of disintegration. It helps to avoid conceptual, theoretical and methodological problems often associated with the first approach. Conceptually, it acknowledges different forms of integration and thus creates space for vertically studying many regional phenomena. Theoretically, it does not put European integration as a benchmark for studying other forms. Methodologically, it focuses attention on a pluralism of ways to approach integration.²

Since researchers of a potential break-up of the European Union have only theories of European integration at their disposal, the natural way of thinking is trying to reverse these accounts to capture the idea of how disintegration of the EU might look. The scientific conduct present in this reversal assumes extracting main mechanisms responsible for integration process and suggesting an environment in which a symmetrical lack of these conditions leads to disintegration:

$$A + B = Int$$

$$-A + (-B) = -Int = Dis.$$

This statement holds only if disintegration is understood as negative integration. The main argument of this dissertation is however that this is not the case. If integration was an origin function of A and B , then disintegration would not possess rotational symmetry of odd function with respect to its origin:

² Philippe De Lombaerde et al., "Problems and Divides in Comparative Regionalism," in *Comparative Regional Integration: Europe and Beyond*, ed. Finn Laursen, *The International Political Economy of New Regionalisms* (Burlington, VA: Ashgate).

$$i(A, B) + i(-A, -B) \neq 0$$

$$-i(A, B) \neq i(-A, -B).$$

Similar fallacies are present in virtually all approaches to European disintegration. Building on realism and offensive realism, potential disintegration of the European Union would take place after American military withdrawal from Europe and after the fall of NATO. In short, security issues would constitute the spur for the Union's decomposition. According to institutionalism, the European Union may lose the rationale for its existence without hegemonic dominance or a common interest shared among member states. The former assumes American support as well as Franco-German cooperation.

Historical institutionalism goes a step further and claims that European integration is virtually irreversible, also pointing out emerging gaps between member states' capacity to control supranational authorities and de facto autonomy of these bodies. The nature of the European Union's treaties, the time factor contributing to solidification of supranational organs, densification of European polity and narrowness of decision-makers' anticipative capabilities all together contribute to expansion of these gaps. For historical institutionalists, these are only external crises that are able to tear apart solidified international organizations.

Neofunctionalism assumes that member states are locked in European polity with rules and bodies created as a response to growing transnational exchange. The process of institutionalization is self-sustaining and initiated by functional spillover. Even under crisis circumstances, the reversal of this process is very unlikely since the decline of

transnational exchange and a build-up of identity would have to occur. In its essence, neofunctionalism portrays European integration as unidirectional and does not introduce any theoretical basis for its reversal.

Both neofunctionalism and historical institutionalism assume that the longer integration lasts, the harder it is to reverse, but it is still a reversal we are talking about. Neither account offers compelling examples of possible disintegration which is assumed to take place only when the whole integrative structure decomposes: either step by step or through the collapse of its fundamentals. This logic doesn't help in explaining individual decisions but instead forces us to surrender freedom of action to an abstract.

Finally, the logic of liberal intergovernmentalism places the weight of integration on the bargaining outcome between major European Union member states. Prospects for reversal of the process can result from divergence of policies pursued by these players, augmented by negative externalities and differences in formulated interests. However, Andrew Moravcsik points out that crises experienced to date only strengthened solidarity among member states and led to solidification of the European Union's constitutional settlement. With other important forces in play - economic interdependence, for example - pursuing individual policies seems unlikely. Here, liberal intergovernmentalism agrees with neofunctionalism in that the growing international exchange makes disintegration improbable.

Theories of European integration provide important insights for understanding of underlying processes: most importantly, they sensitize researchers to complexities and variables. However, viewing disintegration as a process symmetrical to integration has serious shortcomings. Apart from placing European developments in the center of

research, it also does not assume the difference in nature of possible disintegration processes. All we learn from reversing these theories is how to fill in the disintegration function with more and more domains, still expecting that it would be rotationally symmetrical to integration function:

$$-i(A, B, C \dots n) = i(-A, -B, -C \dots -n)$$

The review of disintegration theories applicable to other political units helps in breaking this vicious cycle. It is more about how particular actors internalize domains of integration function and how the essence of decision makes integration and disintegration asymmetrical and different in nature.

Game-theoretic and decision-theoretic accounts on secessions and withdrawals from international organizations supply our reasoning with this critical focus. State size is often pictured as an outcome of trade-off in economic efficiency. Thus, both benefits and costs connected with maintaining the current size or reducing it are considered. Benefits include, for example, lower costs of public goods, larger economies and markets, regional insurances and redistributive schemes. The costs associated with large states assume diverse preferences, cultures and languages. Thus, more people mean more heterogeneity and less satisfaction when it comes to the provision of public goods.³ If there is an equilibrium which keeps expansion and secession in check, it assumes trade-off between economies of scale, resources and power on the one hand, and distribution of wealth among population, and loyalty on the other.

³ Alberto Alesina and Enrico Spolaore, *The Size of Nations*(Cambridge, MA: The MIT Press, 2003).

The significance of these theoretical accounts lies in the common denominator for understanding disintegration as a general phenomenon: rationality and induced decision. There are virtually no obstacles to extend this reasoning to include intergovernmental organizations, the European Union or even agglomeration of cities.⁴ Whatever unit is chosen, as long as it is considered rational and autonomous enough to perform political action, and as long as it dwells in some union-like structure of governance, the general theory of disintegration should be applicable.

But just like reversed theories of European integration may be complex yet symmetrical, the RCT approaches to secessions and withdrawals may be neat yet simplistic. For example, what explanatory power is contained in the statement that economic integration facilitates political disintegration by reducing costs of international transactions and thus decreasing the benefits of state's size? Secession appears in equilibrium in a world of growing integration and yet Europe has not been facing any wave of separatisms under conditions set by the EU. Going further, an institutional setting makes democratic states more eager to disintegrate because a margin voters are then able to achieve public goods distribution closer to their preferences.⁵ Yet secession does not prove to be empirically overwhelming tool to achieve fair distribution of payoffs for citizens of democratic states. S2z3x

In short, theoretical neatness and a decision-centric approach of game-theoretic accounts induces simplicity which proves to be too vast. Benefits of size may include other variables omitted in these simple models, just like citizens' preferences pictured on a unidimensional scale may not capture the whole complexity of other factors in play.

⁴ Kurt Taylor Gaubatz, "City-State Redux: Rethinking Optimal State Size in an Age of Globalization," *New Global Studies* 3, no. 1 (2009).

⁵ Michele Ruta, "Economic Theories of Political (Dis)Integration," *Journal of Economic Surveys* 19, no. 1.

The general theory of disintegration must become sensitized to these factors and variables.

What Constitutes Structure?

The argument developed in this dissertation considers Rational Choice Theory to be the biggest common denominator for presented approaches. Even if the results of a costs-benefits analysis is overshadowed by uncertainty and confusion, the sole thinking in costs-benefits terms constitutes a clear and elegant point of departure. As a common denominator, this analysis can furthermore unite three levels of interest (structures): states, intergovernmental organizations and supranational units.

In contrast to theories of European integration, the approach presented here perceives disintegration in positive terms. This account has received limited attention among European integration scholars. The obvious reason is the lack of case studies to support the theory. The shortcoming of one-N data has already been acknowledged by critics of integration theories. When one bases their research on zero-N data of supranational disintegration, the effect is obviously a purely hypothetical prognosis. Therefore, this dissertation proposes extending analysis on other political structures, looking for underlying mechanisms and explaining why disintegration occurs on a state level, among intergovernmental organizations, and why it does not occur in the case of the European Union. The positive account helps to avoid theoretical, conceptual and methodological constraints of European integration theories. Acknowledging the existence of various forms of integration facilitates extraction of common mechanisms, with perception of the European Union as a benchmark to be avoided.

The account presented here considers three primary structures of analysis with their corresponding constituting parts. States are comprised of subnational entities, international organizations and supranational organizations. Thus Catalonia, Andalusia and Basque Country are subnational entities contained in the first structure of analysis: the Spanish state. India, Kazakhstan and Saudi Arabia are states operating within the second unit of analysis: the International Grains Council organization. Poland, Slovakia and Hungary are member states of the third structure of analysis: supranational European Union.

This distinction is based on the difference of quality rather than quantity of integration. Assuming that international organizations are the least integrated, and that supranational constructs are a step further with states being the final stage of integration leads to conclusions which are meant to be avoided in this dissertation. Viewing integration as a stage process across the structures of analysis will induce once again the one-N data problem. In turn, the focus on qualitative differences between three structures of analysis helps direct attention to particular mechanisms themselves. That is not to say that there is no pattern of gradation between these structures in terms of integration, but it is necessary to conduct the process of reasoning in an inductive and vertical manner.

The three structures of analysis are not mutually exclusive. The Conference of Peripheral Maritime Regions is an international organization which consists of subnational units. The European Union is a member of the International Grains Council. One part of Basque Country is located in Spain, the second part - in France. Through the Committee of the Regions, subnational entities influence policymaking of the European Union. These aspects are not directly addressed in this dissertation, though it might be

interesting to see, for example, under what conditions subnational entities decide to leave international organizations.

The choice to use three structures of analysis was based on policymaking-related characteristics of the units in question. States are attributed with sovereignty, and governance is exercised by country-specific authorities. Intergovernmental organizations consist of states and cover designated agendas. Supranational organizations exercise sovereignty in certain issue-specific areas. Subnational entities hold policymaking powers in the form and scope delegated by their parent-states.

It is important to clarify what types of entities are not considered in this dissertation. First, subunits of a state may, for example, include counties, regions, cities or economic sectors⁶. Here, subnational entities mean territorial and populated areas which formulate their own policy goals, pursued by their representatives through the political process. In most cases, these will include administrative divisions and federal units and regions with ethnic, historical or linguistic divergence from a parent-state. They are usually attributed with some autonomy in local governance by a central government. Subnational entities do not include non-state and transnational actors, terrorist organizations or economic sectors. Second, the condition for statehood is generally set by membership in the United Nations and by the instrument of international recognition. Third, only intergovernmental organizations are considered. The main reason for exclusion of nongovernmental organizations is to highlight the costs-benefits dynamics occurring at the state level and resulting from membership in an organization. Fourth, the

⁶ Richard Snyder, "Scaling Down: The Subnational Comparative Method," *Studies in Comparative International Development* 36, no. 1 (2001): 95.

term “supranational organization” can be used interchangeably with the term “European Union” as it constitutes the only case,⁷ which is given a separate chapter.

Since actors and their choices subject to various constraints are the fundamental building blocks of the proposed disintegration theory, the scope of explanation must be limited to clearly specified players exercising their actorness via possession of autonomy of action. The most significant autonomy would belong to states. Subnational entities and supranational organizations would possess semi-autonomous characteristics. Other intergovernmental organizations would generally have very limited scope of autonomous action.

The Limits to Freedom of Choice

Secessions and withdrawals are much rarer than equilibria of economic games would suggest. Exits from the European Union are unexplainable by the framework of integration theories. Why is that? If equilibria are not right, then clearly there is something wrong with how the games are set. If reversals of integration theories do not work, then disintegration is a different phenomenon which requires separate explanation. The argument of this dissertation is that the costs-benefits setting of secession and withdrawal games needs major revision to assume much more constraints on actors' choices. These choices, in turn, should replace thinking in process terms inherently induced by reversal of integration theories. The interplay of two critical characteristics – greater autonomy of actors coupled with increasing constraints on their choices – is expected to supply disintegration theory with desired explanatory power.

⁷ Rainer Bauböck, "Why European Citizenship? Normative Approaches to Supranational Union," *Theoretical Inquiries in Law* 8, no. 2 (2007): 453.

The historical institutionalism of Sven Steinmo, Kathleen Thelen and Frank Longstreth⁸ shows a particular interest in the critique of Rational Choice Theory: goals, strategies and preferences are shaped by institutional context, and decisions may become non-Pareto-optimal. This dissertation does not fully endorse this idea. However, the account presented here distances itself from rational choice orthodoxy and aims to benefit from historical institutionalism's sensitivity to self-sustainment of certain institutional practices. These are sometimes taken for granted because of actors' limited cognitive capabilities. This attitude helps to reveal what exactly actors value, why they prioritize certain goals over others and when this prioritization happens. Another area of interest is historical institutionalism's view on institutional dynamism and change. These are mainly attributed to exogenous developments.

According to integration dynamics, subnational entities join states and states join intergovernmental or supranational organizations. The mechanism is the same: to delegate more or fewer prerogatives in order to achieve better overall performance. This costs-benefits calculation occurs according to Rational Choice Theory. Disintegration builds on the same logic but is not necessarily symmetrical to the integration process. That is, even though a structure of integration may cease to provide obvious benefits within its agenda, the disintegration might not occur. It doesn't imply that units are not rational. Rather, rationality sensitizes them to the fact that disintegration may not lead to restoration of status quo before integration but rather to the significant costs. Asymmetric consequences assume that, for example, by quitting a structure, one does not simply resign cooperation in specific issue areas covered by an integration treaty. Due to

⁸ Sven Steinmo, Kathleen Thelen, and Frank Longstreth, eds., *Structuring Politics: Historical Institutionalism in Comparative Analysis*(Cambridge: Cambridge University Press, 1992).

additional and latent links that emerged during this cooperation, an exit may bring decomposition of these extra channels and costs may exceed those initially calculated.

This uncertainty about exit costs constitutes the core of actors' reasoning when it comes to disintegration. According to historical institutionalism, the longer one dwells in an institution, the higher the number of additional links should emerge. These include, for example, informal rules and practices which are developed over time, patterns of behavior leading to quick gains, and a sense of appropriateness and obligation in order to win the favor of others. Disintegration may thus lead to confusion about future policies, damaged reputations or deconstruction of forums for negotiations in other issue areas. These costs may not be worth bearing, even if initial expectations about particular structure of integration are no longer met.

There is probably no linear pattern between the duration of membership in a structure and exit costs posed by additionally-emerged links. This relation would once again suggest some form of symmetry as it is subject to actors' decisions, consent and creativity to decide which of the agreed links are endorsed, replicated and extended. Theoretically, more initially-agreed upon issues under an integration scheme should have a tendency to reproduce more of these "extras". But this relation is likely nonlinear and subject to one's choices, strategies of others, and international developments.

The decision-theoretic component of this dissertation looks more closely at the question of exit costs. The main premise is that the more links emerge between an unit and a particular level of analysis, the more confused decision-makers will be about possible exit costs. Thus the greatest uncertainty will apply to entities dwelling within the framework of unitary states, then to federal entities, supranational organizations, multi-

issue intergovernmental organizations and the least to issue-specific organizations. The time factor can change this calculation and it can therefore be easier for a subnational entity to separate from federal state after five years of dwelling than for a state to exit after one hundred years of membership in multi-issue intergovernmental organization. As it was mentioned, this calculation can also be changed by the selective endorsement of particular integration links, subject to consent given by integrating partners.

In sum, internalities, strategies of other players and external developments on regimes level all contribute to a perception of disintegration costs. It is difficult for disintegrating units to contrast the payoffs matrix of withdrawal with the one present upon integration to determine whether a structure ceased to provide desired benefits and whether exiting would be desired. The main problem such units face is to determine how exactly how new payoffs matrix looks. This problem is magnified exactly by changes in internalities, strategies and regimes coupled with endorsement of additional links emerging during the time of cooperation. More links induce different quantities, but if new links are non-material, symbolic and non-quantifiable, the change in nature takes place.

This central argument of the proposed framework is deeply rooted in philosophy of time, creativity and evolution which makes moments in t_0 and t_1 not only quantitatively different but also different in nature. A Bergsonian approach to these developments is used to justify this account.

The Impact of Time

Disintegration and integration are likely two qualitatively different phenomena, and a relation between the two cannot be understood in symmetrical terms. It has so far argued that actor's decision rather than its mere subordination to process of any kind should be given primary importance. This cognitive conduct must take into account internal conditions, strategies of other players, and the external environment. The decision takes place in a specific moment of time, but the whole baggage of occurrences cumulated during this period influences the cognitive calculus. Many additional links which emerged in that moment really show how integration issues evolved themselves, also nonlinearly, expanding to include often non-material, non-quantitative, symbolic or informal issues. Since decision still remains in the center, it is not routine, which makes actors dwell in structures. An actor may be rather reluctant to disintegrate because a rational mind is unable to visualize the matrix of payoffs.

Bergsonian "abstract time" must enter our speculations on artificial systems, created to simplify this complex reality. This isolation is always a tendency, never a complete picture.⁹ Intelligent action requires ordering the matter in a way convergent with utilitarian purposes. But the problem here is exactly with finding out where this utility is located. "The essence of mechanical explanation, in fact, is to regard the future and the past as calculable functions of the present, and thus to claim that all is given. On this hypothesis, past, present and future would be open at glance to a super-human intellect capable of making the calculation."¹⁰ Indeed, there is inherent Platonism in rational thinking, with abstracts preceding real objects and movement being seen as a

⁹ Henri Bergson, *Creative Evolution*, trans. Arthur Mitchell (Mineola, N.Y.: Dover Publications, Inc, 1998), 10; 21.

¹⁰ *Ibid.*, 37.

degradation of non-movement. The need to manipulate objects forces us to reduce quality to quantity, time to space and exceptions to rules. Rational minds must compare the incomparable, that is: it has to quantify qualitative differences.¹¹ The visible struggle of an actor in a game to proceed with this conduct often collides with the cognitive inability to quantify everything and come up with comparable payoff matrices. This is because the political and social world is located somewhere on the Popperian continuum between chaotic and deterministic systems. Modern natural sciences' shift from Newtonian mechanisms to quantum leaps influenced the social sciences to build on clock-like assumptions of social interactions with proper attention paid to indeterminism and probability of occurrences.¹² If one feels that certain developments took place over time and "behind the scenes," uncertainty may indeed lead to paralysis of action.

Bergson was very explicit in his criticism of determinism. Just like his rejection of mechanisms produced by intellect aimed to reveal the shortcomings of analysis deprived from time factor, his disagreement with the teleology of final cause reinforced this argument. If, like Leibniz claimed, things and beings fulfill a scenario already arranged, there is nothing unforeseen and there is no room for time-induced creativity. Time becomes obsolete when evolution is viewed as mere tendency towards perfection.¹³ Similarly, in the case of disintegration, if this phenomenon is viewed as lack of certain quality experienced on the road towards greater integration, withdrawals and secessions

¹¹ Leszek Kołakowski, *Bergson* (Warszawa: Wydawnictwo Naukowe PWN, 1997), 31-34; Elizabeth Grosz, *The Nick of Time: Politics, Evolution and the Untimely* (Durham, N.C.: Duke University Press, 2004), 160.

¹² Gabriel A. Almond and Stephen J. Genco, "Clouds, Clocks, and the Study of Politics," *World Politics* 29, no. 4 (1977): 489-91.

¹³ Paul-Antoine Miquel, "Bergson and Darwin: From an Immanentist to an Emergentist Approach to Evolution," *SubStance* 36, no. 3 (2007): 43; Bergson, *Creative Evolution*, 39; 103.

are symmetric and predictable when cost-benefits analysis suggests so. But as real-world developments show, this is usually not the case.

Evolutionary creativity embedded in time drives world developments away from determinism but simultaneously doesn't let them approach chaos. In fact, Bergson can be viewed as the most philosophically robust among early 20-century evolutionary thinkers.¹⁴ Whereas Darwinism puts the dynamics of object's emergence in internal relation between structure and the use of structure, for Bergson the critical role should be assigned to vital impetus which constantly overcomes the constraints of nature. This tendency acting through its counter-tendency cannot be fully explained with the mechanism of natural selection. While adaptation explains sinuosity of the movement, it fails to justify the movement itself. Like Nietzsche, Bergson is interested in activity of life and, like Darwin, he sees developments as a future based on surpassed resources of the past.¹⁵ "Evolution implies a real persistence of the past in the present, a duration which is, as it were, a hyphen, a connecting link."¹⁶ Coming back to the actual topic of this dissertation: initial, past links agreed upon integration become trespassed over time with rational actors existing freely and under external constraints, which have to be overcome and which constantly shape actors' choices. This combination of freedom and control leads to "plastic control" in agreement with Popperian evolutionary solution.¹⁷

These insights inspired by Bergsonism should not drive the discussion away from political reality. It is not the goal of political actors to contemplate the duration of time metaphysically with no other purpose than pure existence. "We don't *think* real time. But

¹⁴ Grosz, *The Nick of Time: Politics, Evolution and the Untimely*, 156.

¹⁵ Miquel, "Bergson and Darwin: From an Immanentist to an Emergentist Approach to Evolution," 50-53; Grosz, *The Nick of Time: Politics, Evolution and the Untimely*, 158; Bergson, *Creative Evolution*, 102.

¹⁶ *Creative Evolution*, 22.

¹⁷ Almond and Genco, "Clouds, Clocks, and the Study of Politics," 491.

we *live* it, because life transcends intellect.”¹⁸ Actors need to act, even if it means slicing the real time into abstract fragments and viewing duration in spatial manner. However, the whole recollection of Henri Bergson’s philosophy should justify the importance of time and the constraints its progress puts on cognitive process. It should explain why comparing static moments is challenging. Rational actors try to extract differences of degree, which are measurable, but often differences in kind make this logic flawed.¹⁹ This point will be recalled later in this dissertation, where different types of uncertainty in game-theoretic conduct will be explained. For Bergson, it is impossible to quantify sensation: is sadness muted mourning and happiness intensified joy? The same logic applies to political actors’ attempted distinction between more or less costly states of the world.²⁰

In sum, “real duration is that duration which gnaws on things, and leaves them the mark of its tooth. If everything is in time, everything changes inwardly, and the same concrete reality never recurs. Repetition is therefore possible only in the abstract: what is repeated is some aspect that our senses, and especially our intellect, have singled out from reality, just because our action, upon which all the effort of our intellect is directed, can move only among repetitions.”²¹ Cognitive processes and decisions are heavily influenced by history, learning, problem solving and goal seeking abilities.²² The ever-present tension is between overcoming uncertainty induced by the creative evolution of the world and actor’s limited cognitive abilities, and action set on utilitarian goals and repetition in a simplified, abstract world.

¹⁸ Bergson, *Creative Evolution*, 46.

¹⁹ Grosz, *The Nick of Time: Politics, Evolution and the Untimely*, 158-59.

²⁰ *Ibid.*, 161.

²¹ Bergson, *Creative Evolution*, 46.

²² Almond and Genco, "Clouds, Clocks, and the Study of Politics," 492.

Disintegration in World Politics

This dissertation aims to challenge currently-functioning, more or less direct accounts of disintegration. It is believed here that the lack of a general theory coupled with unsuccessful attempts to generalize either with symmetric reversals or with orthodox Rational Choice Theory have led to theoretical stalemate. Examining the phenomenon of disintegration in world politics requires sensitivity to complexities combined with a robust, formal setting.

First, considered structures include states, intergovernmental and supranational organizations. Second, actors in disintegration games are comprised mainly of states, but also of subnational entities and organizations themselves. The scope of “actorness” is regulated by possession of nominal autonomy. Third, actors act in utility-maximizing manners and, as such, they always try to visualize the payoffs matrix connected to their choices. Fourth, while this matrix is more or less clear at the moment of integration, it is often heavily blurred upon disintegration. Fifth, time progression leads to changes in internal conditions, strategies and international settings. Initially-agreed issues become trespassed, constrained, extended, transformed, and often are assumed to include non-material or otherwise non-quantifiable elements. Sixth, the resulting uncertainty about payoffs matrix makes disintegration much less likely than integration. Seventh, disintegration is qualitatively different from integration and as such is not subject to the same laws. The structure of this dissertation proceeds as follows.

The next and following chapter aim to propose theoretical framework for studying disintegration, which is then applied to case studies across three structures of analysis. Chapter II provides a detailed overview of existing accounts on disintegration. Since

many policy opinions tend to portray the European Union as more volatile than the integration theories would suggest, part of this chapter devotes much attention to understanding why symmetrical reversal of these accounts cannot suffice to predict and explain potential European disintegration. The analysis is conducted within three themes of crucial importance: political and sovereignty-related, economic and welfare-oriented, and the spillover and self-enforcement process. It is revealed that a process with greater focus on unitary choices and less focus on guiding processes is better suited to explain potential withdrawal choices; even so, the action-centrism, especially represented by liberal intergovernmentalism, proves to suffer from its negative perception of disintegration and thus it identifies no clear causal conditions.

The analysis of withdrawal games is an occasion to introduce Rational Choice Theory with subsequent debates on its application scope. Accounts on exits from international organizations often point out non-material and non-policy costs have to be kept in mind upon disintegration. While negotiations over integration treaties can be largely explained with game-theoretic framework due to clear bargaining points, withdrawals are much more difficult to formalize. The extensive-game-form example shows that non-policy costs and beliefs are critical in identifying potentially perfect subgame Nash equilibria.

Economistic approach to secessions puts much emphasis of tradeoff between benefits of size and costs of heterogeneity. It is revealed that one of the problems with applicability of this account is the aggregation method which considers individuals as unitary actors. Resulting distribution of preferences must be misleading because, for analytical purposes, it has to be simplified to one or two dimensions. Depending on

assumptions, secessions are likely to appear in all equilibria of such settings. This dissertation postulates acknowledgement of unitary representation on subnational, state and organizational levels, so that proper politicization and negotiations may take place. Moreover, historical context has to be studied in order to assign preferences into an order of importance when disintegration games take place. Adding complexity should not lead to paralysis of conduct but rather to understanding why actors experience problems with decision-making.

Chapter III summarizes the strengths and weaknesses of disintegration accounts pointed out in Chapter II. European integration theories acknowledge the complexities of developments but they lack the axis around which the reversal bid would make sense. Rational-Choice-Theoretic approach offers actor-centric and decision-centric accounts. However, non-quantifiable factors often have to be taken into account in order to determine equilibria of secession and withdrawal games. Adding complexities makes these games unsolvable. Without an acknowledgment of complexities, the general disintegration theory would share the fate of common game-theoretic accounts while an orthodox adherence to these approaches would deprive the game of its application to particular cases. The desired solution is thus to balance complexity with universality of application. This quality should make the general theory sensitive to time factors. Its progression makes payoffs matrices murky, but this uncertainty should be placed in the center of theoretical explanation. Starting with this assumption, Chapter III scrutinizes the main elements of the proposed theory: actors and their decisions, differences between integration and disintegration, costs, significance of time progression and additional links. Since problems with the quantification of payoffs structure lies in the heart of

analysis, researchers are advised to become sensitized to these developments in recalled Analytic Narratives fashion. Escaping this fact and adhering to orthodox formal methods would not increase the explanatory power. The proposed conduct should analyze moments at t_0 and t_1 separately with distinction over internal conditions, strategies and international environment. The qualitative change magnified by emerging links should be deducted and resulting research outcomes should be used to explain actors' choices disintegration-wise.

The following three chapters apply proposed theoretical framework to case studies: two within each structure of analysis. Chapter IV examines disintegration choices within the framework of the state. Montenegro's and Quebec's games are proposed. It is revealed that the former case experienced many additional links emerging over time due to largely consensual nature of Serbia's union with Montenegro. These connections between social, economic and political areas have a tendency to replicate and fixate within changing internal, strategic and international conditions. This case shows how a gradually dissolved union led to the mitigation of uncertainty of independence, with the ultimate decision being based on a largely revealed payoffs matrix. Most importantly, economic, security and political costs were revealed to Montenegro's advantage.

The case of Quebec tells a different story. The foundation of union was not agreed and subsequent concessions towards Quebecers made them accustomed to favorable conditions. When the confederation with Ontario was formed, there was no room for political and social links to connect and replicate. The only real connection existed in the economic sphere. In a sovereignty referendum, Quebec almost disintegrated and was willing to risk bearing huge economic costs, even after international developments

suggested these costs would be even greater. Canada understood this case post factum and introduced additional political costs by making unilateral secession unlawful.

Chapter V scrutinizes two disintegration games in intergovernmental organizations structure area. Chilean withdrawal from the Andean Pact demonstrates how initially-agreed integration issues became neglected by selective and particularistic attitude of member states. These links had the potential to replicate but internalities, strategies and international developments helped Chile to decide otherwise, thus not letting them evolve. Upon disintegration, the dictatorship of Augusto Pinochet had to break really only one policy issue with potential consequences for non-material and informal channels of communication with its partners. The change of quality between integration and disintegration was constrained by a fairly short membership period, the decisions of other players, and international developments favoring different solutions. What is more, the payoffs matrix was strongly influenced by aggregated preferences of non-democratic Chile.

Fiji's contemplated exit from Pacific Islands Forum constitutes a radically different picture. The organization was launched with the forerunner role played by a strong Fiji, which lost its privileged position by the time of disintegration. International conditions compelled island states to adopt open economies and the Fijian authoritarian government relied on performance legitimacy; that is, the provision of a sense of strength to its citizens. However, other member states of the Forum proved to be strong as well, thus depriving Fiji of its membership status. What is more, they rejected Suva's offer to form alternative regional organization. Emerged links included a wide range of issues and the initial integration themes became extended and replicated in numerous ways. In the

end, Fiji was about to break so many ties that the potential costs of disintegration would have been tremendous. All bids to mitigate these costs and to make payoffs matrix more quantifiable failed and Fiji returned to democracy and full membership in the Forum.

Chapter VI looks at disintegration in the third structure of analysis: the European Union. Since no cases of actual exit occurred by the time this dissertation was written, Greenland had to suffice as the closest approximation of withdrawal. In formal terms, the island indeed disintegrated, but since it was an autonomous part of Denmark, it doesn't meet the condition of actorness set by the framework proposed here. Nevertheless, there were many important factors playing a role in Greenland's exit. In general, the island's inhabitants did not agree to join the EC in the first place, combined with an isolated geographical location and constrained additional links on social and symbolic levels from emergence. The only real point of connection was constituted by economic matters, specifically – fishing. Greenland, via Denmark, was able to secure favorable conditions of withdrawal, even if concessions had to be made to other member states. Many potential costs were mitigated. Politically, Greenland was still linked to Copenhagen, but economically it still cooperated with the EC, and socially it had room to embrace its desire for autonomy. Strategies of other actors proved to be open to negotiations and international conditions favored self-determination. In this very specific case, with the vast majority of variables controlled for, Greenland was able to disintegrate by weighing its costs and benefits only in one issue area.

The case of Greece is utterly different. Time progression saw the emergence of additional links and internal changed at strategic and international levels. Strategically, the European Union's bodies had much more say than during the time of Greece's

accession. While then the exit from the EU was not codified in the treaties at all, currently the Lisbon Treaty allows such a possibility; however, it is the EMU-withdrawal which interests Athens the most, and this particular case is not codified which adds uncertainty: if one plans to exit, they must exit from the Union as a whole. Now member states reveal much stronger attitudes than upon Greece's accession, both fearing breaking the taboo of withdrawal and playing the fear card with Athens. Internally, the Greek government must provide a sense of strength to its citizens, demonstrate favorable conditions won in negotiations, and provide traditional welfare state solutions. This fact collides with the reality of what Athens is actually able to do. Since Greece integrated fully with the EU, additional links emerged and replicated on virtually all possible codified and uncoded levels. An integration scheme did not assume a monetary union and yet this powerful "extra" developed and solidified. The payoffs structure of Greek disintegration is highly unknown. If an exit from EMU alone is not possible, Athens will have to "bear it all," not knowing what "all" is.

Finally, Chapter VII provides a summary of research outcomes reached in this dissertation. It encourages researchers to build on conclusions, to become aware of the prospects the new theory gives, and to acknowledge the limits of its scope.

CHAPTER II

EXISTING ACCOUNTS ON DISINTEGRATION

The discussion of prevailing trends in studies of disintegration provided in this chapter is organized around three levels of analysis: the European Union, international organizations and states. This particular order was chosen because available approaches can be grouped along the spectrum of theoretical address. First, the potential breakdown of European integration is mostly perceived as a reversal of established integration theories. It is also comprised of loosely dispersed political analyses which are usually rooted in historical and comparative reasoning. In other words, the general theory of European disintegration is non-existent. Second, there is much more compromise about how to assess disintegration of international organizations. Though not addressed directly as an overarching theory, the existing accounts consider individual units' decisions to withdraw from treaty provisions and the associated exit costs. Third, the disintegration of states has gained more theoretical attention as such. The notion of public goods provision with constraints set by size and heterogeneity prompted scholarly discussion about optimal secession rules or desired level of decentralization.

The overview of existing direct and indirect accounts on disintegration constitutes a crucial step towards the search for a general theory addressing all three levels of analysis. Approaches to European integration point out important flows and concessions, which result in certain constraints placed on states' individual actions. The discussion on costs of exit from international organizations adds game-theoretic and decision-theoretic rigor, allowing for the model's further formalization. Finally, an economic approach to optimal state size deals not only with individual unit's decision to secede but also looks at

the broader picture, namely: what does a decision to seceded mean for the parent-state unit and subnational unit respectively.

The European Union

Virtually every crisis faced by the European Union has resulted in raised concerns about the survivability of this particular integration project. The theoretical spectrum stretching from neorealism to neofunctionalism offers various explanations of troublesome occurrences and their respective impacts. Similarly, political analyses unaffiliated with mainstream integration approaches provide their own conclusions.

The Eurozone crisis, which started in the late first decade of 2000s, was prevailingly attributed to mismanaged integration projects with a monetary union being adopted far too soon and before full implementation of political and financial union. Many political analysts suggested that the crisis may become a harbinger of the integration project's failure. Historical comparisons to the economic collapse of the 1930s predicted the rise of political extremism, erosion of democracy, a rise of populist parties and general social unrest.¹ Others perceived the crisis as a spur for member states to rethink and possibly renegotiate certain arrangements including the euro, energy market, free movement of persons, and leadership.² The logic of interstate bargaining points out that negotiated terms of the monetary union have been, from the very beginning, set by Germany and that the outcome of this bargaining was failure-inducing since no provisions were made for fiscal transfers or bailouts among European states.

¹ Thomas Wright, "What If Europe Fails?," *The Washington Quarterly* 2012, 23-25.

² Simon Hix, "Where Is the Eu Going? Collapse, Fiscal Union, a Supersized Switzerland or a New Democratic Politics," *Public Policy Research* 18, no. 2 (2011): 82.

Germany's goal to establish the European Central Bank, which would be more independent than Bundesbank, was not met and the adoption of euro kept imposing high risk on European governments.

Just like in the case of previous crises, the European project seems to have adapted and survived. The reason would be that even though certain developments are perceived unbeneficial by the member states, an overall goal of maintaining economic cooperation is prevailing. An ultimate exit from the European Union and its disintegration are therefore unlikely.³

Established theories of European integration don't address disintegration directly. One can thus assume that potential dissolution of the European Union may occur if some of the integration-inducing factors pointed out in theories were non-existent. Theorizing about European disintegration must, for now, be qualitatively symmetrical to integration: it must assume its reversal. This fact does, however, pose a serious problem: disintegration of the European Union did not occur even though integration theories in some instances would suggest this happening.

Three major themes of crucial importance are addressed by integration theories. They are the most salient for integration and thus, if violated, they should become the spur for break-up. The first sphere is political and sovereignty-related. Member states are said to either delegate some portion of their autonomy to supranational institutions in negotiation rounds or to lose control over integration process as such. In economic and welfare-related areas, the pressure issued by domestic constituents can compel governments to pursue more or less integration. On the other hand, the multiplicity of transactions and the depth of interdependence can seriously constrain member states'

³ Andrew Moravcsik, "Europe after the Crisis," *Foreign Affairs* 2012.

freedom of action. The third sphere assumes spillover or self-enforcing mechanisms in general. The integration process can be more or less automatic and path-dependent. Disintegration may follow if self-enforcing mechanism stops working or, quite contrarily, if European decision-makers put too much emphasis on process rather than outcomes.⁴ All three spheres are interconnected and cannot function separately.

Sovereignty is critical and probably the most debated issue in integration studies. Different branches of federalism considered different speeds of nation-states' subordination to the higher federal authority, but they all believed this process was necessary and inherently political rather than economic.⁵ Straightforwardly, the European project could clash if states failed to establish and obey federal authority. On the other side of the spectrum, early functionalists led by David Mitrany assumed that states are not able to politically maximize peoples' welfare. Instead of leaving integration in charge of states, functionalism advocated for proliferation of task-oriented organizations. Human needs served in some issue areas should take over the causal mechanism and induce spillover to different spheres. The process of integration should then rely on departure from statehood.⁶ With nation-states playing pivotal roles and without the loyalty shift away from governments, integration could not proceed.

As we know today, both accounts failed to explain reality and to influence actual developments. European Communities did not collapse even though partner states lacked political will to form a federation on the one hand, and politicization followed deepening unity against functional premises on the other. The sphere of sovereignty and politics

⁴ Giandomenico Majone, "Rethinking European Integration after the Debt Crisis," (London: The European Institute, 2012), 4-13; 26.

⁵ Ben Rosamond, *Theories of European Integration*, The European Union Series (New York: St. Martin's Press, 2000), 26-28.

⁶ Ibid., 33-37.

remains nevertheless salient. States may not need to negotiate federation in order to push the European project forward, but any bargaining clash may theoretically provoke disintegration. Similarly, abandonment of statehood may not be a condition for integration but supranational institutions may be more fitted to govern in some issue areas while nation-states remain active in other, depending on the level of transnational exchange taking place. Either the following statement or its opposite represents the modern understanding of European integration: “the distribution of preferences and the conduct of bargaining among the governments of the member states broadly explain the nature, pace, and scope of integration, and neither supranational organizations nor transnational actors generate political processes or outcomes of seminal importance.”⁷

For neofunctionalists, the self-sustaining process of institutionalization makes member states’ governments become locked within dense rules which need supranational clarifications. Since the domain of transnational exchange expanded, the need for European-level decision-making revealed costs of maintaining national rules that pushed states to integrate. Limited capacity of response to pressures created by growing transnational exchange, ambiguity and emergence of European-level institutions make disintegration very improbable. The potential mechanism responsible for a reversal process would be decline in transnational exchange and trans-societal links coupled with demise of supranational bodies. States no longer need to disappear and peoples’ loyalties don’t need to shift away from their respective nation-states.⁸ Interestingly, these premises

⁷ Alec Stone Sweet and Wayne Sandholtz, “European Integration and Supranational Governance,” *Journal of European Public Policy* 4, no. 3 (1997): 298.

⁸ The notion of loyalties shift proved to be one of the most problematic assumptions of Ernst Haas’ early neofunctionalism and as such was later relaxed by Alec Stone Sweet and Wayne Sandholtz. Authors largely built on Deutsch’s emphasis on transactions, communication and transnational exchanges and on Haas’ basic conditions for spillovers.

allow the European Union to exist even while Euroscepticism is present among citizens of the member states.⁹

The big question is then what other easily measurable factors exist to forecast the growing peril of disintegration. For sure, the rise of nationalisms and non-compliance with supranational rules should be harbingers of declining trans-societal links and the erosion of European institutions. Retrenchment of nation-states resulting from domestically and internationally-induced preferences may thus lead to the disintegration of the European Union. The example of France in 1960s proved, however, that the European project has been somehow crisis-resilient. The fact that integration sometimes slows down and does not reverse apparently reinforces the statement that theories of integration should be used only to explain this particular phenomenon but not disintegration.

On the other hand, states may simply have much more freedom of action than neofunctionalism attributes them. It is probably more compelling to repeat after liberal intergovernmentalism and complex interdependence that states are virtually unconstrained but still tend to comply with their domestic and international pressures.¹⁰ In other words integration has always been in member states' long-term economic and geopolitical interest even if short-term adjustment costs sometimes overshadow these calculations.¹¹ Andrew Moravcsik puts great emphasis on individual states' perception of costs and benefits resulting from integration. They derive from domestic conditions and

⁹ Douglas Webber, "How Likely Is It That the European Union Will Disintegrate? A Critical Analysis of Competing Theoretical Perspectives," *ANU Centre for European Studies Briefing Paper Series 2*, no. 3 (2011): 8-12.

¹⁰ Rosamond, *Theories of European Integration*, 77-78; Andrew Moravcsik and Milada Anna Vachudova, "National Interests, State Power, and Eu Enlargement," *Perspectives: Central European Review of International Affairs* 19(2002/2003); Robert D. Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," *International Organization* 42, no. 3 (1988).

¹¹ Moravcsik and Vachudova, "National Interests, State Power, and Eu Enlargement," 21.

international developments and by necessity are country-specific, which is reflected in different national interests and bargaining power. There is potentially room for governments to pursue their own policies - not necessarily converging with greater integration scheme. However, to date, crises faced by the European Union proved to strengthen rather than weaken cooperation. Interdependence limits states from pursuing isolationist policies¹² and states seek technocratic coordination, planning, and more credible commitments.¹³

Negotiated transfer of sovereignty is more suited than neofunctional reasoning to explain why the European project proved to be crisis-resilient. But liberal intergovernmentalism is still a theory of integration. It thus shows an uneven path towards greater cooperation with stalemates and steps back being parts of the process. It is doubtful that the theory would be able to identify a disintegration-inducing factor without confusing it with an element of a winding integration path.

The economic sphere is strongly tied to political and sovereignty-related areas. First, the European project started as a customs union and the common market for coal and steel. Supranationalism was from the very beginning the crucial element of management. Second, cooperation developed most rapidly in single market and related areas. Member states found it beneficial to remove barriers for trade and transactions resulting from sovereign privileges. Third, economic and welfare-related motives are

¹² Webber, "How Likely Is It That the European Union Will Disintegrate? A Critical Analysis of Competing Theoretical Perspectives," 8-9.

¹³ Andrew Moravcsik, *The Choice for Europe : Social Purpose and State Power from Messina to Maastricht*, Cornell Studies in Political Economy (Ithaca, NY: Cornell University Press, 1998), 67-68.

virtually the most salient for citizens and thus influence heavily preference formation on the national level.¹⁴

The importance of economically significant areas of low politics relied, according to Haas, on their ability to induce functional pressure. People perceive the improvement of their wellbeing and want to secure it by growing demand for institutionalization. The pressure thus starts from economic sphere and spills over to political area.¹⁵ Regardless of whether citizens shift their loyalties to the new supranational level of governance or not, the salience of the economic area is profound.¹⁶ This reasoning suggests that as long as supranational institutions meet their performance criteria in managing economically significant areas, disintegration is virtually impossible.¹⁷

Not only does neofunctional spillover assure the importance of the economic sphere, but, together with geopolitics, this area is considered by liberal intergovernmentalism the main source of preferences in European integration. The logic lies in the transmission of externalities via international markets and to mutual benefits. Positions taken by individual countries vary by issue: states tend to favor liberalization in agriculture and trade, while in monetary policy the conflict between strong and weak-currency countries seems to play an important role. Moravcsik suggests that over time and due to rising interdependence, trade liberalization and exchange-rate stabilization should strengthen.¹⁸ National interests result from state-society relations and as such may

¹⁴ For example the Eurobarometer from spring 2014 shows that economic and unemployment themes are considered the most important issues faced by the European Union. "Standard Eurobarometer 81: Public Opinion in the European Union," (European Commission, Spring 2014), 12.

¹⁵ Rosamond, *Theories of European Integration*, 51-52.

¹⁶ Thomas Risse, "Neofunctionalism, European Identity, and the Puzzles of European Integration," *Journal of European Public Policy* 12, no. 2 (2005): 293-94.

¹⁷ Søren Dosenrode, "Regional Integration: Bringing the Classical Theories Back In?," *IUP Journal of International Relations* 4, no. 1/2 (2010): 17-18.

¹⁸ Moravcsik, *The Choice for Europe : Social Purpose and State Power from Messina to Maastricht*, 27-50.

theoretically grow profoundly differently among member states. If this becomes true especially for France and Germany, the European Union could disintegrate. However, it has to be remembered that economic interdependence makes isolationist policies unbeneficial for nation-states and therefore the total dissolution of European economic cooperation is virtually impossible. What might happen is reduction of integration back to a free market area. Liberal intergovernmentalism as a positive theory of integration couldn't however assess this phenomenon as disintegration but rather would hope for increased cooperation to reemerge after these turbulence-induced adjustments were implemented.

The spillover in particular or the question of automatism in general constitutes the third sphere addressed by European integration theories. For liberal intergovernmentalism, there is nothing automatic in integration apart from preferences and relative power which determine member states' bargaining position. In the long term, integration is perceived as being beneficial and therefore the constant leaning towards greater cooperation can be assumed. Neofunctionalism puts much greater emphasis on automatism of spillover mechanism, suggesting that national governments gradually lose control over this process and aren't able to reverse it without serious harm to prosperity and wealth generation.¹⁹ "The European Union becomes enmeshed in domestic politics."²⁰

Automatism as a necessary condition for integration is a dangerous assumption. It adds unnecessary brittleness to the mechanism of integration and suggests that a theory can assess disintegration as well. It can thus make supranational officials indifferent to

¹⁹ Stone Sweet and Sandholtz, "European Integration and Supranational Governance," 299-309.

²⁰ Wayne Sandholtz, "Membership Matters: Limits of the Functional Approach to European Institutions," *Journal of Common Market Studies* 34, no. 3 (1996): 423.

preferences of individual member states by focusing on concepts rather than real performance. The introduction of the euro is usually pointed out as an example of such policies. As a result, the euro crisis has been named, probably prematurely, a harbinger of the European Union's collapse. This case demonstrates that disintegration needs separate theoretical account from integration theories, especially from neofunctional account.

The problem with the application of theories of European integration to disintegration is that the latter can in fact be qualitatively different from the former. Intergovernmental and neofunctional theoretical families seem to have built much on Lakatosian auxiliary hypotheses in defense of their "hard cores" and both of them are able to explain integration quite well. The failure to predict or assess disintegration should not be perceived as falsification of either theoretical branch but rather should point to the direction of positive theoretical assessment of disintegration.

Intergovernmental Organizations

States enter international treaties in order to secure gains from cooperation. Theoretically, small states should join more organizations because by doing so they access certain public goods produced internally by larger states. As Thomas J. Miles and Eric A. Posner show, this is not necessarily the case. What is more, the membership sponsored by the United Nations regime assumes universal participation regardless of country size.²¹ The question of treaty-entering is challenging for purely rational-choice analysis, and so is the topic of member states' withdrawals.

²¹ Thomas J. Miles and Eric A. Posner, "Which States Enter into Treaties, and Why?," in *Public Law and Legal Theory Working Paper Series*(Chicago, IL: University of Chicago, August 2008), 4-18.

Michael N. Barnett and Martha Finnemore name two broad theoretical approaches to international organizations. The economistic approach highlights issues of rationality, efficiency and competitive environment. Neorealism and neoliberalism generally follow economistic reasoning, viewing organizations as instruments to serve member states. In regimes theory, organizations can play the role of intervening variables, influencing the opportunities and constrains structure. The second approach is sociological and points out the possible non-materiality of interests, cultural forces, legitimacy, categories creation and meanings fixation.²²

The authors' interest in the puzzling phenomenon of international organizations' dysfunctional performance and straying from efficiency goals is crucial for assessing the problem of disintegration. Barnett and Finnemore noticed that in spite of sometimes clear materialistic inefficiency, many organizations continue to function and member states keep dwelling within. They give an example of multilateralism which, though not completely efficient, gained much legitimacy and as such provides rationale for cooperation. In the vein of culturalism, international organizations can mirror and reproduce certain contradictions or develop routinized behavior even if it leads to dysfunctional performance.²³ Even economistic explanations provide some room for dysfunction; however, in this case, withdrawal of member states should be more common. Thus if international organizations cease to respond to interests of their members or competition over material resources takes place, the cooperation should disappear.²⁴

²² Michael N. Barnett and Martha Finnemore, "The Politics, Power, and Pathologies of International Organizations," *International Organization* 53, no. 4 (1999): 702-10.

²³ *Ibid.*, 718.

²⁴ *Ibid.*, 715-17.

While the first part of this chapter aimed to show that an understanding of integration mechanisms is not sufficient to theorize about disintegration, this section strives to demonstrate that up-to-date assessments of withdrawal from international organizations leaves more questions than answers. Here, a similar fallacy is revealed and it lies in symmetric reasoning. Treaty-formation accounts are usually useful to explain why states decide to participate in international organizations, especially those of economistic profiles. Their shortcomings are, however, revealed when withdrawal is debated. When pivotal variables by necessity become qualitative, the rational choice reasoning shows its limits.

The great body of literature on withdrawal from intergovernmental organizations uses game-theoretic framework. The notions of exit costs, secured right to withdrawal, and threat of suspending cooperation are thus understood as elements of a strategy in which the maximization of member states' utility is at stake. Game-theoretic depiction in the case of treaty-entering is quite straightforward but becomes more challenging when withdrawal is considered. There are thus certain elements of these exit games which are easy to include. However, the problem with inclusion of other vital elements makes rational-choice framework too weak to predict when states decide to disintegrate from intergovernmental organizations.

The elements of exit and negotiation games can belong to one of two categories. First, some of them make a game both depictive and solvable. Their usefulness relies mainly on prediction and as such helps to construct a broader theory. Second, some of the elements force a game to become mere depiction. Due to their elusiveness, a game is insolvable. The first category includes elements as incentives for integration, veto power

of negotiation partners and policy-related gains and losses. The second category includes the value of outside options, uncertainty, cognitive limits of actors, learning process, formal treaty provisions including withdrawal clauses and non-policy-related payoffs.

In spite of its simplicity²⁵ unidimensional space of single-peaked preferences helps to visualize and even solve negotiation games. Figure 1 shows both the situation where states will enter a treaty and the one where compromise is not possible. The unidimensional space can represent either a general integration project or issue-specific international organization.

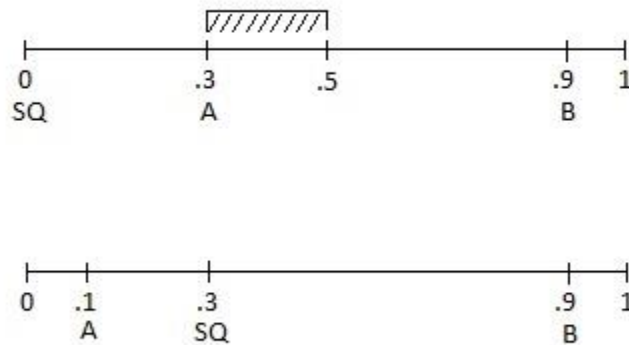


Figure 1: Unidimensional Negotiation Game

The upper axis shows a situation where countries *A* and *B* have not yet entered into treaty and thus status quo equals 0. State *A* desires preference point 0.3, whereas

²⁵ As it was pointed out in the introduction to this part of the chapter, there are many instances where states enter treaties counterintuitively. However, for simplicity purposes, it can be assumed that pure treaty-bargaining follows negotiation games principles.

state *B* prefers 0.9. The increment value is 0.1. Because country *A* is distanced from its ideal position by 3 points, it is better off negotiating entering into treaty with country *B*. Any place between 0.1 and 0.5 is more valuable for state *A* than the current status quo and thus the equilibrium point could be established on 0.5. This is the maximum the country *B* can obtain through negotiations and the greatest concession that state *A* can give. In the lower axis country *A* is distanced from its ideal location by 2 points. It would like to decrease the distance, whereas state *B* would prefer anything above the status quo. Here compromise and treaty entrance is not possible.

Once again, this setting makes sense when an organizational foundation is considered. The upper axis could theoretically be used for renegotiation of treaties and subsequent amendment of existing compromise. But the lower axis poses some problems. If the compromise is not possible, the existing treaty might be terminated by exercise of an actor's veto power,²⁶ thus leading to disintegration. Here the unidimensional simplification reveals its limits because there are many additional variables to be considered upon an organization's dissolution.

The policy-related outcomes of the presented bargaining game may look as follows. If, for example, states *A* and *B* in the upper space of Figure 1 agreed to enact a treaty based on point 0.5, state *A* would lose potential 2 points of distance from its ideal position, limiting however the total distance from 3 to 2 points with the balance equaling 1 point of gain. If, on the other hand, they agreed to locate the outcome on state *A*'s preferred position 0.3, state *B* would lose 2 points belonging to bargaining range but it

²⁶ Veto power should be understood here as an ability of negotiation partner to reject membership in a negotiated treaty or simply to leave the negotiations table. If treaty is already in power and renegotiation occurs, a state might decide to veto subsequent amendments and leave an organization. However, this assumption alone cannot suffice to fully understand withdrawal cases.

would gain 3 points. If we consider the lower space of Figure 1 to be a renegotiation scheme for an existing treaty, due to lack of agreement the international organization becomes resolved: status quo is pushed back to 0 point. State *A* would gain 1 point and state *B* would lose 3 points, thus bearing the costs of disintegration. These policy-related costs of both successful and unsuccessful negotiations are easily extractable but they don't constitute the full picture.

The second category of elements of exit and negotiation games undermines straightforwardness of game-theoretic framework. Defenders of rational choice approach could object, claiming that there is nothing innovative in pointing once again to uncertainty, cognitive limits and the learning process as challenges to the game-theoretic reasoning. The debate between different methods' defenders and its contestants is indeed ongoing²⁷ and it is not the role of this dissertation to support either side. However, these arguments coupled with importance of unquantifiable outside options, non-policy-related and reputational losses make the Rational-Choice-Theoretic approach to disintegration flawed.

The illustrative example is John Slapin's extensive-form-game framework showing under what conditions withdrawal from international organizations may occur in equilibria.²⁸

In this game state *1* is agenda-setter, desiring greater policy change or integration (position *I*). State 2 responds to the initial move with its preferences being set at point *L*

²⁷ Stephen Walt, "Rigor or Rigor Mortis? Rational Choice and Security Studies," *International Security* 23, no. 4 (1999); Ian Shapiro and Donald P. Green, *Pathologies of Rational Choice Theory: A Critique of Applications in Political Science* (New Haven: Yale University Press, 1994); Robert M. Axelrod, *The Evolution of Cooperation* (New York: Basic Books, 1984); Rose McDermott, "The Feeling of Rationality: The Meaning of Neuroscientific Advances for Political Science," *Perspectives on Politics* 2, no. 4 (2004).

²⁸ Jonathan B. Slapin, "Exit, Voice, and Cooperation: Bargaining Power in International Organizations and Federal Systems," *Journal of Theoretical Politics* 21(2009): 197.

(laggard position). In unidimensional space $I > L > SQ$ so even a laggard position favors greater integration than the current status quo. In addition $2*/L-SQ/ < /I-SQ/$. In its first move state I decides whether to initiate *Voice Regime* or *Exit-Exclusion Regime* action. The former empowers both states with veto rights. Payoffs picture respective policy losses associated with the distance from ideal points. The discount factor δ represents the importance of maintaining the regime while z pictures each player's beliefs about future losses associated with this agreement. If state 2 doesn't accept the *Voice Regime* proposal, both players bear the non-policy costs C_2 and C_1 respectively.

By initiating the *Exit-Exclusion Regime* move, state I tries to obtain its ideal point I and restrict state 2 from exercising veto power. If state 2 doesn't agree and demands veto, state I responds with either upholding its initial position or backing down. The former move may be understood as exclusion threat towards player 2, the latter action upon state 2's acceptance leads to *Voice Regime* solution. Slapin considers this subgame to apply only to the current negotiations and therefore costs associated with the future are not included. Table 1 summarizes five possible subgame perfect equilibria,²⁹ depending on underlying conditions.

²⁹ James D. Morrow, *Game Theory for Political Scientists* (Princeton: Princeton University Press, 1994), 128-33.

	State 1	State 2	Conditions
Equilibrium 1	Voice Regime, Back Down	Accept, Demand Voice, Accept'', Exit''	$ I - L > C_2$ $> L + \delta_2 z_2$, and $C_2 > L$, and $C_1 > I - 2L $
Equilibrium 2	Voice Regime, Back Down	Accept, Demand Voice, Exit', Exit''	$L + \delta_2 z_2 < C_2 < L$, and $C_1 > I - 2L + \delta_1 z_1$
Equilibrium 3	Voice Regime, Stand Firm	Accept, Demand Voice, Exit', Exit''	$L + \delta_2 z_2 < C_2 < L$, and $C_1 > I - 2L + \delta_1 z_1$
Equilibrium 4	Exit Regime, Stand Firm	Accept, Accept', Accept'', Accept'''	$C_2 > I - L $, and $C_2 > L + \delta_2 z_2$
Equilibrium 5	Exit Regime, Stand Firm	Accept, Demand Voice, Accept'', Accept'''	$C_2 > I - L $, and $C_2 > L + \delta_2 z_2$

Table 1: Equilibria in the Voice-Exit Game³⁰

Withdrawal from an organization is a viable choice taken by state 2 in equilibrium 1, 2 and 3. In the first setting, costs C_1 are greater than $|I - 2L|$, therefore state 1 will back down if state 2 demands voice in *Exit-Exclusion Regime*. If discount factor $\delta_1 = 0$ and $z_1 < 0$ state 1 will chose to initiate *Voice Regime*. In the second and third equilibrium state, 1 initiates *Voice Regime* to avoid costs C_1 which are greater than the outcome $|I - 2L| + \delta_1 z_1$. In the fourth and fifth subgame, equilibrium costs C_2 are so magnificent that player 2 accepts every offer. State 1 initiates *Exit-Exclusion Regime* and holds on to its offer throughout the game. *Exit from Voice Regime* is never a part of subgame equilibrium, while withdrawal from *Exit-Exclusion Regime* becomes part of equilibrium when non-policy costs for state 2 are either smaller than difference between state 1's and state 2's ideal points (equilibrium 1) or smaller than state 2's preferred position (equilibria 2 and 3).

³⁰ Slapin, "Exit, Voice, and Cooperation: Bargaining Power in International Organizations and Federal Systems," 207-08.

The framework illustrates dilemmas of partners renegotiating treaties and captures the logic behind motives of disintegration. It is, however, hardly applicable to real-world problems. Non-policy costs C_1 and C_2 play pivotal roles in determining conditions for the choice of strategy which falls within a subgame perfect Nash equilibrium. The same problem applies to factor δ (discount coefficient for further cooperation) and z (belief in future losses resulting from the agreement). These elements are qualitatively different from policy-related outcomes (L , I and their difference) and it is virtually impossible to locate them on the same unidimensional space in order to solve inequalities laid down in conditions for each setting.³¹

To be sure, non-policy-related costs are also difficult to identify for states themselves. Signatories of treaties usually try to raise C factor artificially by imposing various legal clauses. Violation of these provisions equals a breach of international law and thus brings about costs imposed by mechanisms of reciprocity, retaliation and reputation.³²

The discount coefficient for further cooperation may result from changes in the bargaining power of treaty partners. If a state observes the rise of its significance in the international system, it can conclude that current agreements provide fewer benefits than those available under new circumstances. Flexibility mechanisms used upon construction of treaties are designed to deal with uncertainty about the state of the world. Consequently, exit clauses aim to reduce this uncertainty when an arrangement proves not to be Pareto-improving. What is more, member states can use designated tools to

³¹ Even specification of policy-related costs and benefits can pose a problem, depending on type of organization in question. The situation may vary with regime focusing on private, club, public goods or their combination. Laurence R. Helfer, "Exiting Treaties," *Virginia Law Review* 91, no. 7 (2005): 1644-45.

³² Timothy Meyer, "Power, Exit Costs, and Renegotiation in International Law," *Harvard International Law Journal* 51, no. 2 (2010): 394.

temporarily escape the burden of cooperation if domestic uncertainties are salient.³³ Countries also update their information about the state of the world and adjust existing agreements accordingly.³⁴

In an ideal world, this mechanism should lead to Pareto-satisfying outcomes, but the truth about the cognitive limitations of actors seems to play an important role. Yoram Z. Haftel and Alexander Thompson analyze bilateral investment treaties and show that many developing countries tended to enter these agreements hastily, without thorough assessment of implications and understanding of costs/benefits interplay. These limitations are usually mitigated by learning processes and renegotiation schemes.³⁵ The probit models introduced by the authors show high significance of time's positive impact on odds of renegotiation. Given the difficulty with assessing δ factor, one can assume that time itself could be used as a strong predictor. Furthermore, the declining gap between the economic development of member states increases the chances of renegotiating a treaty. This finding confirms the significance of bargaining power factor and the abovementioned z coefficient.³⁶

For now, the discussion on disintegration from intergovernmental organizations leads to three main conclusions. First, states may disregard further cooperation if they believe that their "outside options" change. They can notice when their own position in the international system changes or when their domestic pressures rise. The two-level game framework is in play here. Second, they may become convinced that future losses

³³ Barbara Koremenos and Allison Nau, "Exit, No Exit," *Duke Journal of Comparative & International Law* 21, no. 1 (2010): 89-92.

³⁴ Yoram Z. Haftel and Alexander Thompson, "When Do States Renegotiate International Agreements? The Case of Bilateral Investment Treaties," (University of Maryland, 2013), 4-5.

³⁵ *Ibid.*, 7-11.

³⁶ *Ibid.*, 28-30.

from cooperation exceed benefits when their bargaining power improves. If the factor is sufficiently strong, states may decide to push for renegotiation or withdraw in pursuit of more Pareto-improving solutions. Third, costs not associated with issue-specific roles of an intergovernmental organization may assume reputation, reciprocity and retaliation if the exit provisions are violated. When it comes to reputation, “if a state fails to comply with its treaty commitments, other states will be reluctant to enter into future agreements with that state or will demand additional assurances or concessions before doing so.”³⁷ Costs will also most probably include the breakage of existing additional links developed during cooperation such as monitoring, consultation or information-sharing.

States

So far, the proposed accounts on disintegration in the European Union sphere as well as intergovernmental organizations area reveal the shortcomings of perceiving this phenomenon as symmetrical to the integration processes. While the former calls for general revision and qualitative change, the latter needs inclusion and assessment of many crucial variables. Since the existing accounts on the break-up of states are deeply rooted in rational-choice and economistic reasoning³⁸ the problem with these approaches lies, just like in the case of intergovernmental organizations, in oversimplification that undermines the predictive power of these theories. It is difficult to understand why states disintegrate if crucial political and systemic factors are not included.³⁹

³⁷ Helfer, "Exiting Treaties," 1621.

³⁸ Patrick Bolton, Gérard Roland, and Enrico Spolaore, "Economic Theories of the Break-up and Integration of Nations," *European Economic Review* 40(1996).

³⁹ Alesina and Spolaore, *The Size of Nations*, 3-10.

Drawing an analogy from accounts of intergovernmental organizations, states can be understood as union of thousands or millions of units (citizens) without veto power. That is, they have to comply with the central government's provisions even if it contradicts their immediate interests. Secession would occur if a group of citizens decided to leave the union and form its own country in search for better provision of public goods. The reality reveals however that separatisms are rather unusual and last-resort solutions to bargaining problems. Variables like cyclic elections, international system's configuration, emigration, autonomy, trade unions' activity or patriotism are only the few among wide range of factors that undermine straightforwardness of economic account.

In its simplest form, a state can be understood as the product of a tradeoff between the heterogeneity of peoples' preferences and the benefits of size. Given that governments decide upon certain schemes of public goods provision, there is potentially a higher number of dissatisfied individuals or regions. Benefits include more taxpayers and thus smaller per capita expenses of public goods provision. The tradeoff and resulting equilibrium are based solely on economic efficiency and the "size of the pie" reasoning. If this situation is presented on unidimensional, single-peaked preferences space, every citizen is located somewhere within the range of possible policy outcomes. Depending on respective government's position, residents bear the disutility cost resulting from a distance from their ideal points and this position. If a country breaks into several independent entities, this interval becomes divided respectively.

In sum, there are two main groups of factors playing a role in secession games: benefits of size and costs of heterogeneity. Both of them include quantifiable variables

but also unquantifiable ones. Considering the former makes it possible to solve the games but yet again, without including the latter, one cannot get the full picture of the logic of disintegration. Variables interconnected with benefits of size encompass, for example, trade openness, tax rates and resulting wealth accumulation, costs of public goods provision and various political costs. On the costs side, variables include income inequality, tax burden imposed on citizens, cultural heterogeneity, and redistributive schemes. This setup can be implemented as a game with one or more stages, with the possible role of uncertainty and Bayesian logic introduced.

It can be assumed that in a world of trade protectionism, larger states have better conditions for wealth accumulation and the subsequent provision of public goods for their citizens. The main reasons lie in higher tax revenues and access to resources. It is also fair to assume also that certain political costs remain more or less the same, regardless of state's size: that is, every independent country has to bear the costs of government formation and maintenance. It is logically easier for bigger states to overcome these costs as decision-makers have more revenue at their disposal. If two independent states contemplate unification, they must weigh the joint exploitation of economies of scale in provision of government against the costs of weaker political influence of their citizens in newly unified state. Turning this statement around, a secessionist region will increase the policy-making-related payoffs of its population but will have to bear the costs of government formation on its own. The implication of these assumptions is that gains from unification increase for small regions and decrease for large regions as the small region becomes smaller. Unification occurs thus only if costs of government are high and regions are about the same size. What is more, due to political gains' reliance on

government's location, if preferences are clustered around median voters in large regions, its citizens will be eager to form union. The reverse is true for residents of small regions if their preferences are not dispersed.⁴⁰ At some point, the growing cooperation among regions induced by high government costs may outweigh secession incentives. Thus, separation can be prevented if cooperation results in positive gains and if an allocation mechanism assures proper distribution of these gains.⁴¹

The costs of government formation and maintenance may obviously not be constant for every state. The differences may lie in the type and nature of political system (republic versus monarchy, democracy versus authoritarianism) or in the size of administration, which should be greater for big and territorially extensive states. Another problem is with assuming the world of trade protectionism, which does not hold today, if taking into account ongoing globalization and economic interdependence.

Adding trade openness modifies the benefits side of the equation to the point where the advantages of state size are minimal. If resources can be imported and some public goods can be contracted with other states,⁴² more and more groups of citizens should demand separation in order to maximize their policy-related utilities. Indeed, certain scholars have pointed out the positive correlation between economic integration and political disintegration, since "the size of the market influences productivity. In a world of trade restrictions, the political boundaries of a country influence the size of the country's market, and therefore its productivity level. On the contrary, with free trade, the

⁴⁰ Sanjeev Goyal and Klaas Staal, "The Political Economy of Regionalism," *European Economic Review* 48(2004): 564-66; 84.

⁴¹ Michel Le Breton and Shlomo Weber, "The Art of Making Everybody Happy: How to Prevent a Secession," *IMF Staff Papers* 50, no. 3 (2003): 408-11.

⁴² The examples can include defense provision by NATO, and currency, citizenship or judiciary sphere provided by the EU. Bogi Eliassen, "The Danish Realm and Developments in the Eu," in *The Right to National Self-Determination: The Faroe Islands and Greenland*, ed. Sjúrdur Skaale, *Nijhoff Law Specials* (Leiden, Boston: Martinus Nijhoff Publishers, 2004), 207.

size of countries is irrelevant for the size of markets, so the size of a country is unrelated to its productivity.”⁴³ But this reasoning faces serious empirical challenges. One can perceive the European Union as an economically integrated area with no trade barriers, an unconstrained flow of people and capital, with public goods of human rights, currency, citizenship and even defense provided externally for the member states. Yet the outbreak of separatisms has not followed. Ironically, the most serious separatist attempt – the Scottish referendum in September 2014 - occurred within the sphere excluded from Schengen area and the Eurozone.

Even though the benefits of size may diminish with trade openness, people don't necessarily strive to redesign the unidimensional preferences space in their favor by seceding. One reason is that there may exist additional constraints such as a constitutional setting imposed by a parent-state or international instrument of recognition.⁴⁴ The other reason lies in the unidimensionality of preferences space itself. It is virtually never the case that only one public good is decisive when secession is contemplated. Citizens may thus feel that a sense of national pride and cultural identity will be better provided when they secede from a parent-state, but economic viability of their newly independent country will be questionable. Or they can feel economically ready to secede, but concerns may arise around post-secession security issues.⁴⁵

The introduction of two public goods to this economic model is sufficient to seriously change the whole picture. Incentives for secession can often be successfully

⁴³ Alberto Alesina, Enrico Spolaore, and Romain Wacziarg, "Economic Integration and Political Disintegration," *American Economic Review* 90, no. 5 (2000): 1276-77.

⁴⁴ Hans Agné et al., "Symposium 'the Politics of International Recognition'," *International Theory* 5(2013).

⁴⁵ Søren Dosenrode, "Devolution in the North Atlantic: The Case of the Faroe Islands," in *Federalism Beyond Federations. Asymmetry and Processes of Resymmetrisation in Europe*, ed. Ferran Requejo and Klaus-Jürgen Nagel (Surrey, Burlington: Ashgate, 2011).

mitigated if a union of states decides to provide two public goods within one country, even if these two states differ in size.⁴⁶ The introduction of additional dimensions adds complexity to the model and doesn't help much in assessing the nature of separatisms. Reaching the point where either games are too complex to be solved or unification results as an outcome in all equilibria is unhelpful and disappointing. One of the solutions to this problem could be focusing on particular cases rather than abstract models: on specific situations and concrete public goods.⁴⁷

The second main group of factors playing role in secession games includes heterogeneity: tax, income and cultural, and redistribution schemes aiming to directly mitigate cost-inducing properties of heterogeneity. One can picture heterogeneity as a dispersion of preference points along unidimensional space. It is easier for a central government to introduce certain policies when ideal points of its citizens are clustered around some median. However, this is rarely the case. The question here is once again: what policy or public good provision do we have in mind? Moreover, taxes and income redistribution are easily measurable but implications of cultural fragmentation are rather unclear.

Central governments are in power to redistribute income financed by tax schemes chosen through voting with equilibrium determined by the median voter. The logic of separation is to allow for redistribution policy closer to voters' preferences. It thus applies

⁴⁶ Klaas Staal, "Incentives for Separation and Incentives for Public Good Provision," *Public Choice* 145(2010): 538.

⁴⁷ Kurt Gaubatz proposed focusing on multiple and concrete rather than abstract public goods. To deal with complexity he pointed towards multi-layered politics where public goods may be produced at overlapping layers of governance. The urban politics literature in general and the Lakewood Plan example in particular serves author to demonstrate similarities with international level, where contracting for the public goods lets smaller units optimize preference homogeneity. Gaubatz, "City-State Redux: Rethinking Optimal State Size in an Age of Globalization," 1-10.

to cases where rich regions don't want to pay transfers to poorer regions.⁴⁸ If we consider two regions united within one country, a tax rate scheme is preferred by unified nation's median voter. If an agent receives a higher payoff from income in a potentially independent region than in a unified country, then it will support secession. In other words, all agents with income above the median in a region will favor independence. Separation appears in equilibrium when the median voter in a region prefers redistribution policy after secession. The problem with this kind of model is that if there are no efficiency losses, and even when there are no transfers between regions, separation will always occur in equilibrium.⁴⁹ The picture is thus incomplete and it is useful to enrich it with costs of provision and government-society relations, including the composition of a ruling coalition.⁵⁰

The inclusion of cultural heterogeneity into an economistic model can take the form of a discount factor that diminishes the utility a particular citizen obtained from private consumption and provision of a public good. The level of consumption is obviously determined by tax rate and satisfaction with governmental provisions is determined by the distance on preferences space.⁵¹ Empowering cultural heterogeneity with a property to decrease citizens' utility is a way to include this rather unquantifiable factor into economistic equation. However, even though a negative correlation between these two can be intuitively assumed, it is hard to say how strong this relation is and whether it demonstrates linear properties. Since the cost of cultural heterogeneity is

⁴⁸ Patrick Bolton and Gérard Roland, "The Breakup of Nations: A Political Economy Analysis," *The Quarterly Journal of Economics* 112, no. 4 (1997): 1058.

⁴⁹ Ibid., 1064-66.

⁵⁰ James M. Buchanan and Roger L. Faith, "Secession and the Limits of Taxation: Toward a Theory of Internal Exits," *American Economic Review* 77, no. 5 (1987).

⁵¹ Klaus Desmet et al., "The Stability and Breakup of Nations: A Quantitative Analysis," *Journal of Economic Growth* 16, no. 3 (2011): 187-89.

usually different for agents living in different regions of the same country, “finding the preferred tax rate of a coalition of regions forming a country becomes more laborious than just finding the preferred tax rate of the median income agent.”⁵²

Presented approaches to the heterogeneity/benefits of size setup have their culmination in an actual game where two partners negotiate entering and remaining within a union. Enriched by a Bayesian updating of beliefs, the game constructed by Massimo Bordignon and Sandro Brusco aims to approach the nature of political contracts. The logic is largely similar to that of the intergovernmental bargaining process.

In the first period of a two-stage game, the federation is either formed or not formed by two countries. They thus may decide to jointly produce a public good without knowing what their preferences would be about this production in the second stage. In order to mitigate this uncertainty, authors introduce utility enjoyed by countries in the first stage, which is an increasing function of the probability that the federation would last. Upon the first period’s agreement, countries decide whether they constitutionally allow secession or not. This provision has a direct impact on exit costs. In the second stage, the state of the world is revealed either to both countries or just to one of them. If renegotiation is allowed, partners may decide to rewrite the constitution and amend income redistribution rules or secession provisions. Both countries then decide whether to comply with second stage’s developments or to exit cooperation, with specific payoffs assigned to each of these outcomes.⁵³

Under complete information and no renegotiation clauses, federation constitutions should contain provisions assuring some positive benefits from duration. These should be

⁵² Ibid., 191-92.

⁵³ Massimo Bordignon and Sandro Brusco, "Optimal Secession Rules," *European Economic Review* 45(2001): 1814-17.

able to mitigate ex post participation constraints resulting from the revealed state of the world. The example given by the authors assumes transfers made to the disadvantaged partner. If the revealed state of the world is unbeneficial for both states, the optimal constitutional design may involve a secession clause. If renegotiation is allowed, in order for a federal constitution to matter, it has to assume certain situations which cannot be modified even under the lack of ex post optimality. In other case, if the state of the world is unbeneficial for both partners, it is not possible for countries to credibly commit to maintain the federation. On the other hand, if the state of the world is beneficial for only one country, the net social utility minus transfer costs for that country must be higher than the net social utility of dissolving the federation: the transfer received by the disadvantaged country. Authors find that, in general, the renegotiation mechanism “reduces the set of states in which the federation can be maintained”. The asymmetric information setup assumes that the countries may lie about the true state of the world in order to affect constitutional rules to their advantage. According to the Bayesian revelation game, partners have incentive to declare the truth given that they expect others to do the same. There is no incentive to pretend that a country’s state of the world is beneficial if it isn’t, simply because it would have to pay taxes rather than receive subsidies. Authors prove that a modification of transfer schemes is unfeasible for changing incentives to lie, with limitation of secession rules being probably the only useful provision to keep the federation alive.⁵⁴

This particular implementation of the economistic setup has certain important contributions. It can be used to assess dynamics of renegotiation between subnational entities and parent-states. The Bayesian process can account for the international

⁵⁴ Ibid., 1822-28.

system's dynamics perceived by both players. It also touches upon domestic conditions determining transfers of revenues. Finally, it concludes that constitutional provisions are pivotal in maintaining the union of states, which can be confirmed by the cases of Catalonia or Quebec. The shortcomings of this implementation are, however, too vast to successfully use as a predictive tool. First, there is a problem with the assessment of exit costs, already explained in detail in the previous section. Second, considering only one, abstract public good does not help to reveal all of the actors' motives. Third, it is difficult to assume that the state of the world is unknown to one of the players in the era of globalization and information abundance. It is more important to look at the cases where both players face some crisis and how the assumption about non-credibility of commitments converges with real-world data.

CHAPTER III

TOWARDS THE GENERAL THEORY OF DISINTEGRATION

The overview of existing accounts on disintegration reveal the strengths and weaknesses of each approach within its respective level of analysis. We have thus come through the virtual nonexistence of European disintegration theory, apart from treating this phenomenon as symmetrical to integration, through Rational-Choice-Theoretic accounts on exits from international organizations, and finally through the economic approach to secessions. The universal account on disintegration applicable to all three levels of analysis should build on the strengths of these approaches while simultaneously improving certain flaws they reproduce. It would thus be fair to ask what mixture of these existing accounts provides the best theoretical solution to the phenomenon of disintegration.

European integration theories seem to be well-fit to deal with complexity, but as positive approaches to integration, they are unable to identify the reverse process without attributing emerging factors to the winding path towards greater integration. If diverging interests and preferences of the member states may in fact lead to greater integration rather than disintegration, then there is some qualitative change and asymmetry taking place in relation to the initial, bargaining-related spur for integration. If disintegration can be provoked by a decrease in transnational exchanges and interdependence, as liberal intergovernmentalism and neofunctionalism seem to imply, both accounts lack the tools to identify these changes and turning these approaches around does not provide much help.

Whereas integration theories are successful in including complexity of occurrences, approaches to withdrawals and secessions are not. Unquantifiable and qualitative variables are crucial and appear in equilibria of withdrawal games. Non-policy costs, discount for further cooperation, the value of an “outside option” and belief in losses all seem to make disintegration murky and unapproachable. All these factors make a game-theoretic framework in particular and rational-choice reasoning in general short of predictive power to approach disintegration. Here, complexity leads to virtual paralysis of conduct. The economic approach to separatisms replicates and magnifies the problems of this logic by acknowledging the plethora of additional dimensions which have to be considered. Apart from facing serious empirical challenges, economic accounts on disintegration lead to theoretical controversies such as whether separation or union always result in equilibria when complexity and more public goods are considered.

A universal disintegration theory should therefore put complexity in the heart of its analysis while simultaneously building on what withdrawal and secession games have to offer: parsimony and methodological neatness. The level of parsimony has to be balanced with the depth of possible data-gathering and general knowledge about this phenomenon.¹ Disintegration cases across three levels of analysis are not the same and subject to identical laws. By using a general theory of disintegration, researchers should be able to put particular cases in a general background and pay attention to crucial variables, thus avoiding risky or simplistic statements.

¹ Gary King, Robert O. Keohane, and Sidney Verba, *Designing Social Inquiry: Scientific Inference in Qualitative Research* (Princeton: Princeton University Press, 1994), 20.

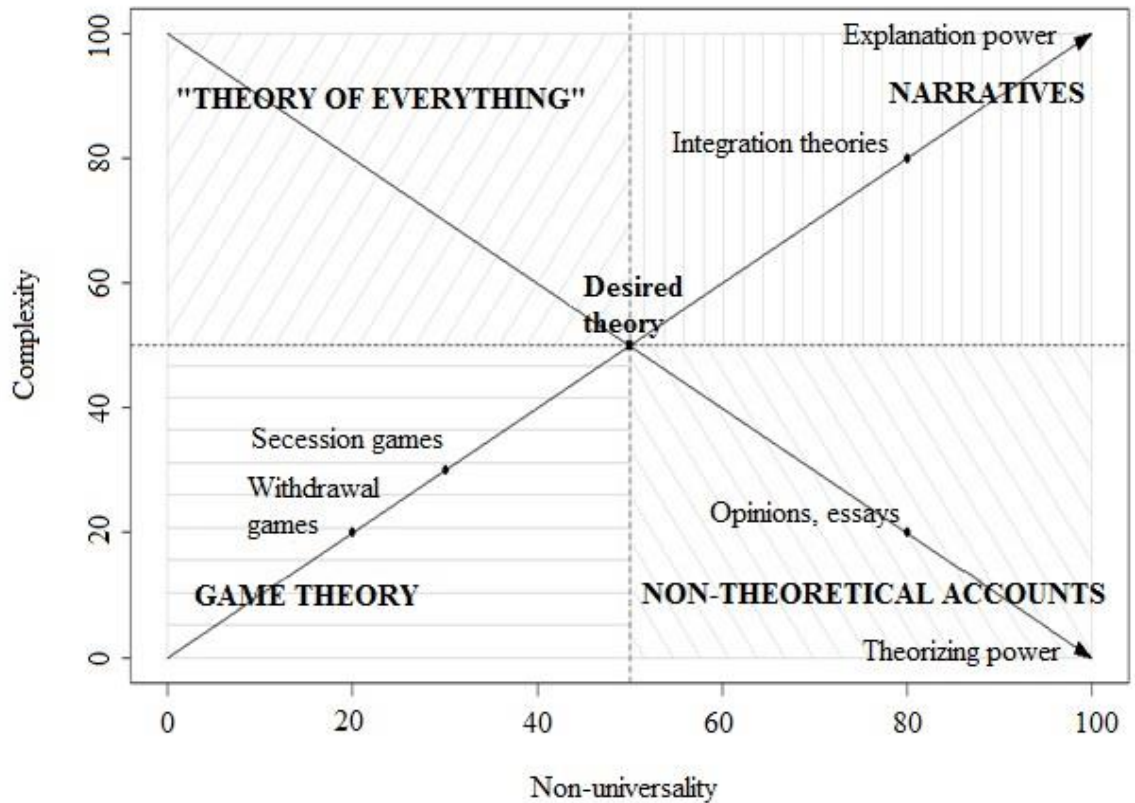


Figure 2: Meeting Explanation and Theorizing Powers on Complexity / Non-Universality
Spectrum of Approaches to Disintegration

Figure 2 shows schematically the state of research on disintegration. Quadrant I groups narrative, historical or sociological accounts, which have strong explanations to particular events but lack universal applicability. Integration theories, or rather their reversals, can largely explain what happened post factum but lack a theoretical basis to tackle the disintegration phenomenon as a whole. Quantile II is an area to avoid because complexity and universality hardly ever come in pair. Too much theory produces too little explanation. Quadrant III groups game-theoretic accounts which are parsimonious

and neat but their ability to explain particular cases is limited, sacrificed for replicability. Rising complexity improves explanation power but reduces universal application. Finally Quadrant IV is another area which should be avoided. It includes approaches which are largely non-theoretical, simple and well-fit to explain particular cases. The intercept of both slopes indicates the most promising goal to be pursued by disintegration researchers. Even though theorizing power declines with growing non-universality, just enough amounts of complexity and learning from game-theoretic replication power can drive researchers towards improved explanation and “just enough” theory.

What approaches to integration, secessions and withdrawals have in common is the general framework which considers actors and their respective decisions resulting from perception of available benefits. Withdrawal and secession games picture unitary players who may be constrained by the strategies of others, the amount of information available, and beliefs and resource endowment, according to game-theoretic logic. The payoffs structure may be inconclusive because of the inclusion of non-quantifiable variables. Positive integration theories enrich this picture. Liberal intergovernmentalism claims that actors are unitary but constrained by external and internal factors. Neofunctionalism argues that states may lose control over the integration process and that spillover mechanisms are in play.

Regardless of the fundamental differences between these approaches, they both can supply disintegration theory with crucial insights. Dynamism of preference-formation at the unit level should be given much attention. Also, spillover logic and semi-automatism of integration are serious hints that the initial integration process differs in quality from potential disintegration. Initially, integrated issue areas become trespassed,

extended and augmented, usually to the point where the unit does not know anymore what it is giving up upon disintegration. If indeed the unit loses control over the integration process, it is unable to scrutinize fully what additional links emerge behind the scenes. Disintegration becomes not only asymmetric but also different in quality.

The positive theory of disintegration should build on integration theories as well as on withdrawal and secession games starting from their common denominator: actors, their decisions and payoffs-induced motivations.

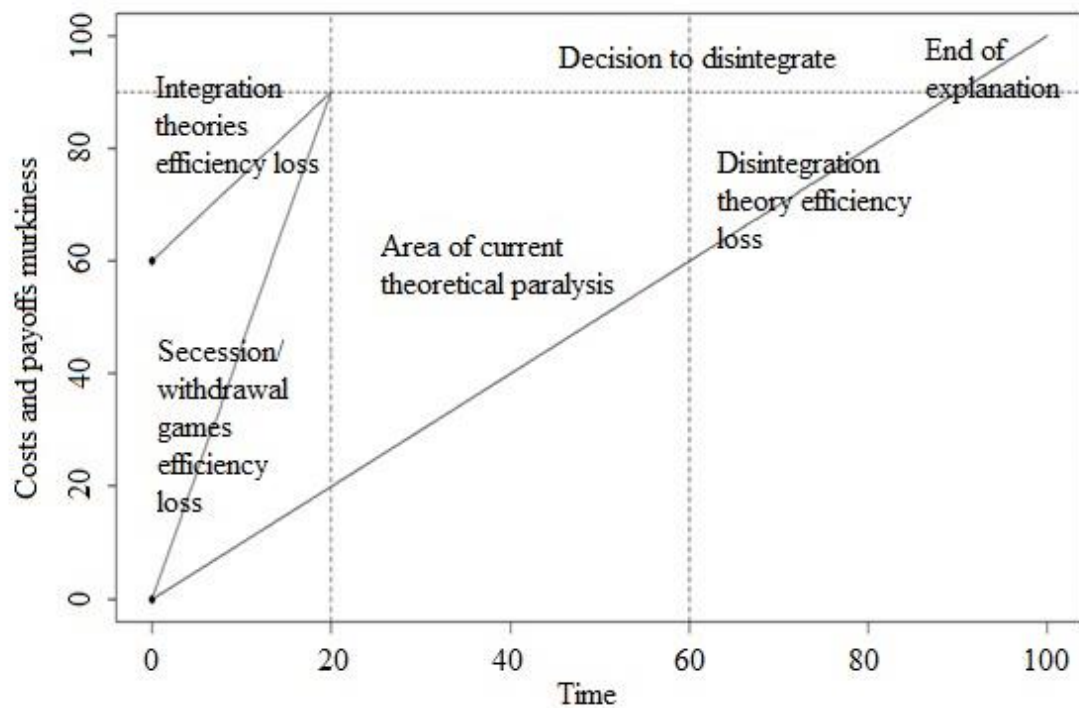


Figure 3: Disintegration Theory Dealing More Efficiently With Time Progression and Costs Murkiness

Figure 3 shows that an ideally-designed theory of disintegration should borrow from both theories of integration as well as theories of secession and withdrawal. The former should inspire a similar slope of efficiency loss when costs become murkier. Disintegration theory should also share the same starting point with the latter in a way that qualitative change of costs is researched from time zero. As the payoff matrix becomes blurred, the explanation power should not suffer as much as in game-theoretic accounts.

The following part of this chapter will scrutinize the nature of actors, point out the differences between integration and disintegration logic due to additional links and time progression, and discuss the sphere of disintegration costs, which appears to be the most essential. It will be demonstrated that the quality of disintegration costs is pivotal for understanding why the decisions of actors cannot be subject to either integration theories or game-theoretic accounts on withdrawals and secessions alone.

Actors and Their Decisions

One of the main contributions of integration theories is their accounting of actors' freedom of choice. Neofunctionalism points out the lock-in mechanisms of transnational exchange and trans-societal links that seriously undermine a member state's autonomy.² Liberal intergovernmentalism treats this phenomenon from a different angle, claiming that various domestic and international pressures indeed limit states' freedom of choice but not autonomy, *per se*. In order to build on the contribution of withdrawal and secession games, one should assume that players are unitary. Secession games show that

² Stone Sweet and Sandholtz, "European Integration and Supranational Governance," 306.

a plethora of dimensions call for some form of political representation that would aggregate a population's preferences.³ Citizens' ideal points become elevated to the level of unitary subnational entity which then chooses the set of public goods it needs to provide in the first place.⁴ Neofunctionalism's challenge of states' autonomy should not prevent researchers from reaching what this theory has to offer: its emphasis on lock-in and spillover after initial integration is launched suggests how powerful constraints on actors' freedom of choice can be.

Even if constrained, states should be viewed as the primary actors in the disintegration game acting in their own national interest.⁵ This assumption is crucial if one wants to benefit from the contributions of withdrawal and secession games. As such, states can and often do artificially change the cost-benefits balance of subnational entities, international organizations or other states. As research to date shows, the primacy of nation-states can also be assumed in the case of the European Union. Even though supranational institutions possess some autonomy vis-à-vis member states, this freedom of action is not sufficient to take the primacy away from state governments.⁶

The reason of this privileged position is quite simple. States enjoy exclusive access to the power factor of sovereignty within international law augmented by international recognition.⁷ They usually also possess greater access to other military,

³ Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," 428.

⁴ Beáta Huszka, *Secessionist Movements and Ethnic Conflict: Debate-Framing and Rhetoric in Independence Campaigns*, Routledge Studies in Nationalism and Ethnicity (Hoboken: Taylor and Francis, 2013), 1-12.

⁵ Stephen D. Krasner, *Defending the National Interest: Raw Materials Investments and U.S. Foreign Policy* (Princeton, N.J.: Princeton University Press, 1978).

⁶ Peter B. Evans, Dietrich Rueschemeyer, and Theda Skocpol, *Bringing the State Back In* (Cambridge: Cambridge University Press, 1985); Francis Fukuyama, *State-Building: Governance and World Order in the 21st Century* (Ithaca, N.Y.: Cornell University Press, 2004).

⁷ William A. Niskanen, "Bureaucrats and Politicians," *Journal of Law and Economics* 18, no. 3 (1975): 629.

economic or societal power factors. Technically, states can simply disallow secession and freely exit international agreements. Speaking in game-theoretic language, states should be viewed as principal agents with agenda-setting abilities and first-mover advantage where they decide, upon constructing the game, how much freedom of action would be attributed to “semi-autonomous” actors: subnational entities and international organizations.⁸ This characteristic is implied, though not explicitly, by withdrawal games.

The choice of the type of disintegration game coupled with the ability to move first is a formal tool which could help to deal with the reality of states’ sovereignty. The problem arises, however, when other peer states enter the framework. By definition, they should be equally privileged and as such their strategies can lead to equilibria in which the primary players don’t exercise their first-mover and agenda-setting abilities to the fullest extent. For example, the disallowance for Kosovo’s secession didn’t end with a stalemate mainly because states like France, Great Britain or Germany entered the disintegration game set by Belgrade.⁹

Elevated preferences and actions of sovereign states shape the international system’s level. This anarchic and “self-help” environment is considered the universal set containing all elements of political world: foremost states, organizations and subnational

⁸ David E. M. Sappington, "Incentives in Principal-Agent Relationships," *Journal of Economic Perspectives* 5, no. 2 (1991): 45-47; Sanford J. Grossman and Oliver D. Hart, "An Analysis of the Principal-Agent Problem" *Econometrica* 51, no. 1 (1983): 7-8. Nolan McCarty and Adam Meirowitz, *Political Game Theory: An Introduction* (Cambridge: Cambridge University Press, 2007), 320-66. This semi-autonomy is quite straightforward in case of subnational entities but it is questionable whether all international organizations “live the life on their own,” having independent preferences and scope of action. Preferences of subnational entities should be understood as aggregated interests of their citizens, while preferences of international organizations are the outcome of member states’ interests. Local governments may have their own agenda, depending on institutional mechanisms and representation schemes, similarly to central governments. Some intergovernmental but especially supranational organizations assume distinguishable preferences. Facing economic crisis the European Commission was acting independently to prepare emergency plan if Greece decided to leave Eurozone, while simultaneously trying to make Greece keep the euro. Brian Blackstone, Matina Stevis, and Stephen Fidler, "Europe Weighs Exit Scenario," *The Wall Street Journal* May 20, 2012.

⁹ Dan Bilefsky, "Kosovo Declares Its Independence from Serbia," *The New York Times* February 18, 2008.

entities. Anarchy advantages powerful actors. This systemic attribute corresponds to the feature mentioned earlier: states are virtually unconstrained because of their possession of nominal autonomy. However, this universal set governed by self-help includes important subsets containing most elements of the world system. These subsets are international regimes. Since regimes are the most inclusive when it comes to the number of elements, all states, organizations and subnational entities dwell within them. They are “nested.”¹⁰ Whereas anarchy itself is constant, changes in the state of the world are encouraged by changes in or of international regimes.

Regimes tame anarchy with “implicit or explicit principles, norms, rules, and decision-making procedures around which actors’ expectations converge in a given area of international relations.”¹¹ In disintegration game regimes are exogenous to the point of assuring their chance-mover advantage. They constitute “nature” by solidifying certain paths of cooperation, establishing mutual expectations about behavior, reducing transaction costs and providing information.¹² Actors of disintegration game in general and states in particular must constantly update their beliefs about the state of the world since rules of regimes “are frequently changed, bent, or broken to meet the exigencies of the moment.”¹³ This dynamic component has a profound impact on costs of withdrawal or secession.

The Congress of Vienna and the Concert of Europe created a security regime set on artificial maintenance of the balance of power in Europe. One of its main aspirations

¹⁰ Robert O. Keohane, “The Demand for International Regimes,” in *International Regimes*, ed. Stephen D. Krasner (Ithaca: Cornell University Press, 1983), 150.

¹¹ Stephen D. Krasner, “Structural Causes and Regime Consequences: Regimes as Intervening Variables,” *ibid.*, 2.

¹² Robert O. Keohane, “The Demand for International Regimes,” *ibid.*, 146-47.

¹³ *Ibid.*, 147.

was to prevent revolutions from occurring.¹⁴ The established rule of intervention to restore rightful rulers in revolution-torn countries was a great disincentive for prospective secessionist movements. Independence turns in Latin America and Greece proved successful only because they were supported by some of the great powers of the Concert. Subsequent breaches in the regime revealed by the successful liberal movement in France and the independence of Belgium sent signals to other European opposition forces that liberal and nationalist sentiments can prevail, which led to the revolutionary upheavals of 1848.¹⁵

In the last decade of 20th century, the Washington Consensus outlined the path to market-oriented reforms, putting emphasis on deregulation, privatization and economic liberalization. The East Asian crisis of 1997 put basic assumptions of this regime in question. One implication of this erosion was the implementation of more state-interventionist policies by East Asian states. Another outcome was adoption of Augmented Washington Consensus which modified its initial strictly neo-liberal outlook.¹⁶ Changes on the systemic level were among the drivers which led Malaysia, Sri Lanka and Thailand in 1999 to withdraw from the International Natural Rubber Organization. Since these member states were not able to assure an increase in the basic reference price of rubber in order to recover their economies from the 1998 crisis, they decided to quit the organization.¹⁷ When the Washington Consensus eroded, states began

¹⁴ Robert Jervis, "Security Regimes," *ibid.*, 178-84; "From Balance to Concert: A Study of International Security Cooperation," *World Politics* 38, no. 1 (1985).

¹⁵ Jackson J. Spielvogel, "Reaction, Revolution and Romanticism: 1815-1850," in *Western Civilization* (Stamford, CT: Cengage Learning, 2009).

¹⁶ Mark Beeson and Iyanatul Islam, "Neo-Liberalism and East Asia: Resisting the Washington Consensus," *Journal of Development Studies* 41, no. 2 (2005): 202-03; C. Rammanohar Reddy, "India, the Washington Consensus and the East Asian Crisis," *International Social Science Journal* 52, no. 166 (2002): 505.

¹⁷ Patrick Holden, *A Dictionary of International Trade Organizations and Agreements* (London: Routledge, 2011), 213.

to put more hope in their own developmental schemes without so much reliance on market forces. Malaysia, Sri Lanka and Thailand assumed that under these new conditions the costs of disintegration from International Natural Rubber Organization were smaller than potential benefits of controlling the rubber market their own way.

Changes on the systemic level are of crucial importance since whenever the disintegration game assumes nature (or chance) to be the first mover, the subsequent player demonstrates their understanding of how the system evolved over time. Obvious priors in this logic can be constituted by moves of other players in other disintegration games. States or subnational entities can thus conclude that their counterpart, which already decided to disintegrate from a union, revealed to some extent the payoffs matrix outlook for other players contemplating disintegration. One can mention here the collapse of colonial regimes or disintegration of the League of Nations under the outburst of new, militaristic environment. The number of secessions during decolonization took place both within a wave and under international regime change. Similar situations occurred after the bipolar world ceased to exist and a number of previously Soviet republics gained their independence. Since their counterparts were placed in similar international and domestic backgrounds and since first movers already succeeded with their actions, decisions to disintegrate became less risky.

In sum, the research to date shows that actors of disintegration games potentially face a number of constraints on their moves. Fully autonomous states and semi-autonomous players have to confront strategies of others as well as uncertainty about the state of the world. Facing other states in a game also brings uncertainty about these player's types, thus one cannot be sure what equilibria is considered. The mere

conviction that an actor will do well after disintegrating from the union because it possesses resources securing future well-being cannot be sufficient to make this move. Catalonia, for example, is in a better economic position than the rest of Spain, transferring eight percent of its GDP to the poorer regions. It is, however, politically disadvantaged since the central government in Madrid doesn't allow separation, in line with the Spanish constitution. Catalonia is unsure whether after declaring independence it would be admitted to the European Union and thus if it would secure its economic well-being. It also probably cannot hope for universal international recognition.¹⁸ In sum, Catalonia has self-confidence because of economic power factors. It faces a "strong type" of principal actor – Spain – which signaled its type vigorously by pointing out the illegality of a potential independence referendum. It is disadvantaged by political power factors and by the fact that Spain moves first (as a lawmaker and fully-autonomous actor). Finally, the world in which Catalonia dwells would impose high costs of separatism, including isolation from the economic benefits of European integration.

After exploring the nature of actors and highly complex sphere of players' decisions, it is the time to discuss how this complexity makes disintegration qualitatively different from integration.

Differences between Integration and Disintegration

Disintegration seems to require a separate, positive theory. Approaches to European integration don't provide enough tools to tackle disintegration and this

¹⁸ Jan Nalaskowski, "Czy W Europie Jest Miejsce Dla Niepodległej Katalonii?," *Pulaski Viewpoint*(11 December 2012), http://pulaski.pl/index.php?option=com_content&view=article&id=540%3Aczy-w-europie-jest-miejsce-dla-niepodleglej-katalonii&catid=20%3Astanowisko-puaskiego&Itemid=63&lang=pl.

phenomenon cannot be viewed as simple reversal of integration process. A candidate EU member state is never in the same position as a country contemplating exit. Member states are usually not able to track all the developments which occurred after they accessed the EU. It is often impossible to foresee everything in the treaties or even to pay attention to all societal and economic dynamics. On the other hand, the integration process can be well explained with rational choice and economic models. Upon formation of the union, units bargain; that is, they give something up in order to receive something they value more. A game-theoretic account of disintegration fails precisely because the bargaining process becomes challenged: actors cannot tell what they are giving up and what they would gain. This quality is represented by additional, non-quantifiable costs in withdrawal games. The tools of positive disintegration theory must therefore deal with what happened along the duration of the union. Whereas approaches to integration picture a situation at “time zero”, disintegration theory should always consider “t” factor. Theoretically, the time lapse could not be significant or it could be insufficient to qualitatively change disintegration in comparison to integration. However, the answer to this question would never be revealed unless the time progression’s effect is scrutinized. This is precisely the critical element which all existing accounts either ignore or simplify.

Usually, an integration treaty is designed to deal with certain concrete policy dimensions. These spheres are outlined by drafters of a treaty and therefore can become subjects of bargaining upon integration. The economic area of cooperation is usually essential because it is often the most salient for the units’ constituents, playing pivotal role in preferences formation. It is also fairly easy to quantify, and thus potential benefits

can become assessable. A game-theoretic framework can be successful in tackling the integration dynamics because it is possible to assess topics in the bargaining process, especially if they are economic in nature. It has to be remembered that European integration started in a single market and related areas. These spheres also experience supranational governance to its full extent. Over time, cooperation spilled over to other spheres – societal, symbolic, and ideological to name the few – and contemplating disintegration must take these variables into account.

A sociological approach to dwelling in international organizations has some leverage in explaining why organizations often appear to be dysfunctional from an economic standpoint. Initially-formulated spheres of cooperation become impacted by non-material and other additional factors, depriving rational choice theorizing from its explanatory power. Certain type of spillover is surely present not only in the case of the European Union but also in other organizations and states. There is no reason why this mechanism would not be noticeable in these cases, too. Integration in an initially agreed-upon policy sphere may provide incentives for its further extension both to secure gains and magnify them. In a neofunctional vein, an initial integrational contract fosters cooperation in very specific and agreed spheres but soon new obstacles for securing gains are revealed and thus new regulations are enacted.¹⁹

There surely has to be a dose of consent for further extension of cooperation. It is hard to imagine that a forcefully annexed subnational entity would allow additional links to emerge rather than fight for its independence to be restored. But when a union is approved both by government and society the road is paved for additional areas of cooperation and links to emerge. One can mention here political decisions of ruling elites

¹⁹ Stone Sweet and Sandholtz, "European Integration and Supranational Governance," 309.

to integrate with some entity, followed by a referendum expressing the general will of people.

Unitary actors surely want to remain in control of the integration process. Liberal intergovernmentalism points out corrections to problematic issues with bargaining and renegotiation schemes. It happens sometimes that states enter intergovernmental organizations hastily and then use their power and cognitive abilities to improve Pareto efficiency. Withdrawal clauses, anti-secession constitutional provisions or renegotiation schemes help to maintain unions of units. A secured right to exit from intergovernmental organization together with treaty amendments help to seek Pareto-optimality but the decision to undertake these actions lies solely on the state government's shoulders. Due to cognitive and institutional limits, decision-makers may not always derive optimal solutions: they thus often decide to hold on to current arrangements. Elites of subnational entities, apart from costs induced by plethora of issue-linkages, have to also take into account constraints imposed by a parent-state and think about future international recognition.

There are therefore many additional factors which actors must consider upon their decision to disintegrate. Andrew Moravcsik pointed out technocratic coordination, planning, and credible commitments resulting from interdependence. Non-material ties include also fixation of meanings, loyalty, patriotism and kinship, ordinary routine, family ties resulting from migration, channels for communication, entrepreneurial possibilities or developed risk aversion. The example of Montenegro shows how the union with Serbia enjoyed general legitimacy, leading to the fixation of Serbian–Montenegrin identity to the point where calls for independence couldn't be based on

nationality criteria. Instead, the willingness to fully democratize and join the prosperity sphere created by the European Union proved to be the leading factors prompting Montenegro's independence.²⁰ It has to be noticed that Slovenia's accession to the EU in 2004 showed that the former Yugoslavian republic could have become successful in both securing its independence and joining the European prosperity area. One can speak here about change in the state of the world revealed by an action of comparable unit.

Integration in "time zero" relies on the bargaining power of negotiation partners, their understanding of state of the world, gains, concessions and predicted long-term developments. Various legal provisions aim to help to mitigate future uncertainties. Upon disintegration, when "t" factor is in play, actors must take into account much more than negotiation processes with union partners. Additional links that emerged over time are challenging to include into a bargaining scheme because they are non-material, usually unquantifiable and because political players are usually not in charge of them. To be sure, a partner's strategy to disallow disintegration can be a serious obstacle, but there are other powerful factors in play, such as the state of the world resulting from international regimes, resources endowment and domestic preferences.

²⁰ Huszka, *Secessionist Movements and Ethnic Conflict: Debate-Framing and Rhetoric in Independence Campaigns*, 104-44.

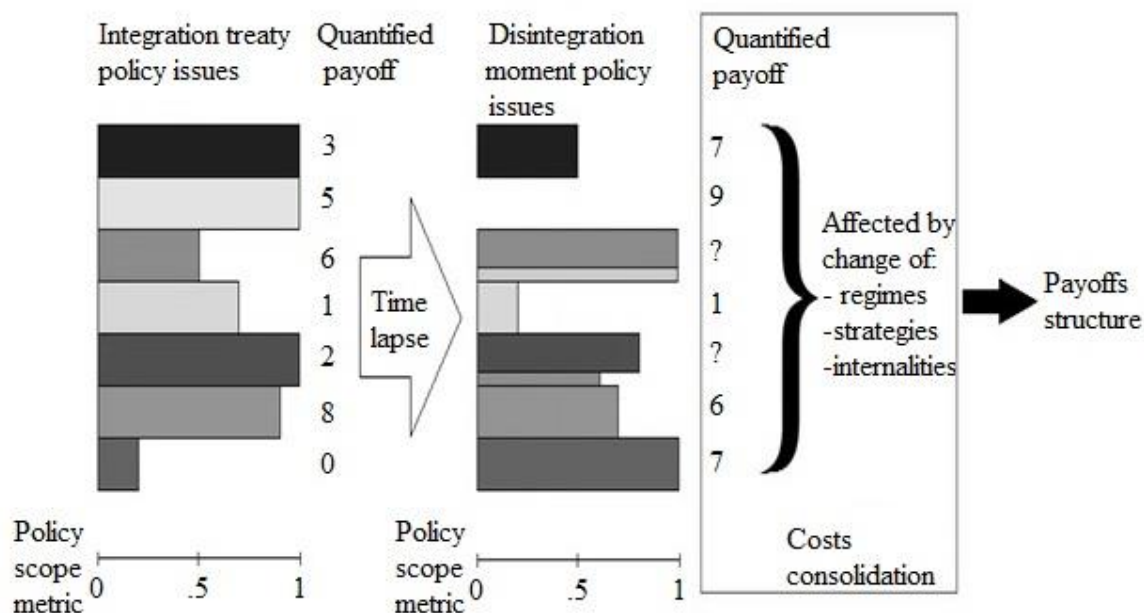


Figure 4: Differences between Integration and Disintegration over Time

Figure 4 illustrates how actors of an integration game quantify their benefits from treaty implementation. Over time, some of negotiated issues become underdeveloped while other expand or replicate to adjacent spheres. Construction of a payoffs matrix upon disintegration often fails because comparing it to the one from the time of integration makes little sense. Some replicated issues gain symbolic, informal and non-material meanings. It is difficult to quantify and implement these provisions in treaties and further adds uncertainty to disintegration understood as the annulment of a treaty. Additional problems are posed by external, internal and strategic changes which can embrace some policy issues while downgrading others.

The following section of this chapter shows that this precise problem with the nature of exit costs paralyzes the backward induction process and leads to

inconclusiveness of Bayesian logic. In other words, actors find it challenging to deduct from what they have observed over time and the magnitude of costs they have to take into account upon disintegration.

Costs

As it has been agreed by now, all players of disintegration games have to make up their minds about what action to perform, taking into account benefits they desire and constraints imposed on their ability to acquire these benefits.²¹ In game-theoretic terms, what drives their moves is payoff structure.²² In other words, strategies of other players, the state of the world, internal conditions or resources endowment all have a reflection in payoffs linked to an actor's action. If any ingredient of payoffs is difficult to assess, the whole rational choice-theoretic conduct is challenged. The nature of costs considered in disintegration games often proves that this is the case.

Michael N. Barnett and Martha Finnemore correctly point out that international organizations often exist as dysfunctional constructs which reproduce routinized behavior, mirror contradictions and pursue non-materialistic goals.²³ It might be the case that even though the initial goals of an organization are no longer met, member states are prevented from exiting by the costs which are asymmetric and qualitatively different from benefits pursued upon treaty formation. The dissolution of an organization may bring about indirect effects like the deterioration of communication channels, losses

²¹ McCarty and Meirowitz, *Political Game Theory: An Introduction*, 5-7.

²² This premise results from a standard backwards induction. Let's assume that players can be highly confident that the world in which they dwell is "disintegration-friendly". If the costs of disintegration in "disintegration-unfriendly" world are high enough the Bayesian calculation may compel players to abstain from exiting or seceding.

²³ Barnett and Finnemore, "The Politics, Power, and Pathologies of International Organizations."

experienced by industries servicing this organization, abandonment of issue-specific scientific progress or diminishment of cultural exchange. It is probably not so much an organization serving its own dysfunctional goals in order to survive as it is member states keeping organizations alive and inefficient, even though efficiency goals ceased to be met. There is nothing irrational in this behavior.²⁴ Players know what they want but the complexity of occurrences they have to take into account can “paralyze” them, lead to mistakes, risky behavior or non-Pareto-optimal outcomes.

Since disintegration costs are induced by the state of the world, strategies of other players, and internal conditions, uncertainty about each of these components magnifies confusion about the exact nature of costs. As it was mentioned earlier, systemic changes²⁵

²⁴ For consistency reason actor’s rationality in its essence is not questioned here. All players of disintegration game are assumed to pursue greater utility rather than smaller one. They are physically able to completely compare across all pairs of outcomes of their actions. All consequences are perceived at least as good as themselves. This is the ideal setting which is however often limited: seemingly irrational actions may result as an outcome of risk taken but it doesn’t mean that an actor is irrational in ideal setting. Morrow, *Game Theory for Political Scientists*, 20-24; Ariel Rubinstein, *Modeling Bounded Rationality* (Cambridge, MA: The MIT Press, 1998); Daniel Kahneman and Amos Tversky, "Advances in Prospect Theory: Cumulative Representation of Uncertainty," *Journal of Risk and Uncertainty* 5(1992); McDermott, "The Feeling of Rationality: The Meaning of Neuroscientific Advances for Political Science."; Chalmers Johnson, "Preconception Vs. Observation, or the Contributions of Rational Choice Theory and Area Studies to Contemporary Political Science," *Political Science and Politics* 30, no. 2 (1997).

²⁵ Conditions created by international system are influenced by states but also other units that have the ability to act internationally, including subnational entities. However, it is considered here as a separate level able to impose its own constraints on units’ behavior. It is thus distinguished in Waltzian “third-image” fashion but it doesn’t possess all qualities attributed to it by Waltz. In line with critics of neorealism, the system is not the only variable to influence states’ preferences. What is more the system is not only a set of constraints in which actors act but it is transformational: influenced by actions and influencing actions of states. Even though it is exogenous enough to influence the actions of players it is permeable and subject to developments on other levels of analysis. “The fact that state agents are not constructed by system structures all the way down does not mean they are not constructed by them to a significant extent”. If it was only for “pure” anarchy and balance of power, newly independent states would have a very difficult task to assure their survival in Waltzian international system. Kenneth Waltz, *Man, the State, and War: A Theoretical Analysis*, Topical Studies in International Relations (New York: Columbia University Press, 1959); J. David Singer, "Review: International Conflict: Three Levels of Analysis," *World Politics* 12, no. 3 (April 1960): 458-60; Robert Powell, "Anarchy in International Relations Theory: The Neorealist-Neoliberal Debate," *International Organization* 48, no. 2 (1994): 315-26; Alexander Wendt, *Social Theory of International Politics*, Cambridge Studies in International Relations (Cambridge, UK: Cambridge University Press, 1999), 246.

have a profound impact on a unit's perception of how they can benefit from disintegration.

When other states enter a disintegration game, they can exert their influence in a variety of forms applied to states, subnational entities and organizations. To name a few, first, other states can design treaties in a way to make withdrawals easier or harder, threat with sanctions, ostracism or isolation, declare war, form coalitions, advocate for changes in international regimes or boycott one's activity. Second, other states can recognize self-declared secessionist regions, act in defense of ethnic minorities, support subnational entities politically, economically and militarily, name a secessionist movement a terrorist organization, isolate it from international forum, support a state that is crushing pro-independence rebellion or force peaceful settlement of status quo under multilateral coalition. Third, states can decide to dissolve an international organization, amend constituting treaties, increase or decrease the amount of autonomy available to the organization's bodies, use it instrumentally to force national interests or paralyze its actions by exercising veto power. Russian engagement in Transnistria's secessionist bid is an explicit case of other states entering the disintegration game: here played between Moldova and Pridnestrovian Moldavian Republic. The eastern part of Moldova differs in language, history and ethnic composition from its parent-state. The bloody conflict after Transnistria's declaration of independence was ended with cease-fire in 1992, which has since been protected by trilateral peacekeeping mission, a buffer zone and Russian military presence. Transnistria has been de facto independent but officially belongs to Moldova and is not recognized on the international stage. The resolution process has been stagnate. Transnistria wished to form a confederacy of two equally independent states

while Moldova offered Transnistria a special status within the Republic.²⁶ One can clearly see an equilibrium which emerged when one principal player (Russia) confronted its strategy with the other advantaged player (Moldova). It is also interesting to notice that the international climate for Transnistrian independence was favorable, taking into account the proliferation of new nation states after the Soviet Union decomposed.

Finally, upon contemplating disintegration, a player has to check in a decision-theoretic manner whether this move is beneficial, taking into account internal conditions. This class of conditions is the most extensive because there are no simple rules to generalize about it. Therefore, each case must be considered individually, taking into account various political, economic, societal, security-related, ideological, historical and other factors. For example, in democracies, the instruments of referendum and opinion polls can be the indicators of citizens' willingness to pursue disintegration. Experts' opinions about economic viability of such a move, consultancy with business leaders, trade unions' representatives and corporations can serve similar purpose. Ruling elites must assess the chance of bureaucratic and governance efficiency after disintegration takes effect.

Game-theoretic conduct provides concrete tools to deal with uncertainty about the costs induced by others and by the state of the world. The former is mitigated with a signaling effect, the latter with Bayesian logic. Uncertainty about internal conditions is different because it almost never exists without reference to these two. There is no level of isolation sufficient to let a unit decide to disintegrate without paying attention to the

²⁶ Natalia Cojocaru, "Nationalism and Identity in Transnistria," *Innovation: The European Journal of Social Sciences* 19, no. 3/4 (2006); Michael S. Bobick, "Separatism Redux: Crimea, Transnistria, and Eurasia's De Facto States," *Anthropology Today* 30, no. 3 (2014); Stefan Wolff, "A Resolvable Frozen Conflict? Designing a Settlement for Transnistria," *Nationalities Papers* 39, no. 6 (2011).

state of the world and strategies of others. This factor makes internal costs different in quality because units cannot track domestic developments without understanding what is going on externally: and they rarely do. The calculus is thus murky and incomplete.

When it comes to signaling, subnational entities may not know whether their parent-states decide to retaliate when they declare independence. States may not know whether their withdrawal from intergovernmental or supranational organization will provoke the ostracism of their fellow members. Finally, organizations themselves may not know whether allowing for exit will lead to better performance or will deepen dysfunction. Signaling effect helps to mitigate this uncertainty. The idea of decolonization assured many former subjects of the British Empire that the current day Great Britain will allow for independence and therefore its type is different from that present during American Revolutionary War. The withdrawal of Mauritania from the African and Malagasy Common Organization in 1965 was followed by wave of exits including Zaire, Congo Brazzaville, Cameroon, Madagascar and Chad in 1970s. Rather than provoking improved performance of the organization or retaliation from fellow member states, the withdrawals led to dissolution of the organization in the mid-1980s. A majority of the European Union's citizens would like for Great Britain to remain in the EU, while Germany warned that London better exit if it plans to obstruct the Union's principle of free movement. The European Commission itself claims that Great Britain would have no influence over international developments, including negotiations with China or the US on equal footing, if it decided to leave.²⁷

²⁷ "Germany 'Would Accept Uk Exit from Eu' to Protect Migration Rules," *BBC News*(3 November 2014), <http://www.bbc.com/news/uk-29874392>; "Every Nation in Europe Wants to Keep Britain in the Eu by Handing Back Powers to Westminster... Apart from France," *Daily Mail*(11 September 2014), <http://www.dailymail.co.uk/news/article-2752338/Every-nation-Europe-wants-Britain-EU-handing->

Now, when it comes to the state of the world, participants of disintegration game must also confront uncertainty about their own positions in the game. In this case, they are not sure whether their action would lead to a terminal node with high costs or high benefits. In other words, they don't know if the world in which they dwell is the one that will make them bear extensive costs of disintegration or not. If actors are not sure what costs they will bear they can possess certain prior beliefs about high-costs or low-costs outcomes and risk the move of disintegration, according to Bayesian logic. Players may believe that they reached an information set because they had observed a move of preceding player and thus they witnessed an event which indicated in which state of the world they dwell. For example, Greenland's self-government referendum from 2008 may have given a hint to another Danish subject - the Faroe Islands - that the international climate (both immediate and wider) is independence-friendly.

Even though game theory provides mechanisms to tackle uncertainty resulting from others' strategies and the state of the world, these tools often seem to be incomplete because of the nature of costs. Even if one knows other player's type and the state of the world she is not able to demonstrate how the payoffs setup is structured, because non-materiality costs are non-quantifiable and because many of them emerged behind the scenes outside of cognitive tracking. One deals here with two types of uncertainty. The first one points towards an epistemic type which is associated with the knowledge about the state of the world. Due to actors' uncertainty about some underlying fact of the matter, it cannot be sure whether it dwells within low or high costs world. Priors supply actor with knowledge about this fact and help assess the probability of either outcome.

powers-Westminster-apart-France.html; "Eu Exit Would Leave Britain with Zero Influence, Says Barroso," *BBC News* (19 October 2014), <http://www.bbc.com/news/uk-politics-29680059>.

This is, however, not the whole picture. The second type of uncertainty is associated with vagueness: there is no fact of the matter about the state of the world, and the term “high costs world” is ambiguous. The vagueness permits borderline cases like “quite costly world.”²⁸ The reason why actors cannot determine whether a high costs state of the world is epistemic reality is because the extent and nature of costs make it impossible for it to calculate them and to contrast them with benefits. In an actor’s mind, there is no numeric value which can be multiplied by Bayesian probability.

The schematic representation of contemplation of costs followed by cognitive mechanisms used to deal with uncertainty is showed in the Figure 5.

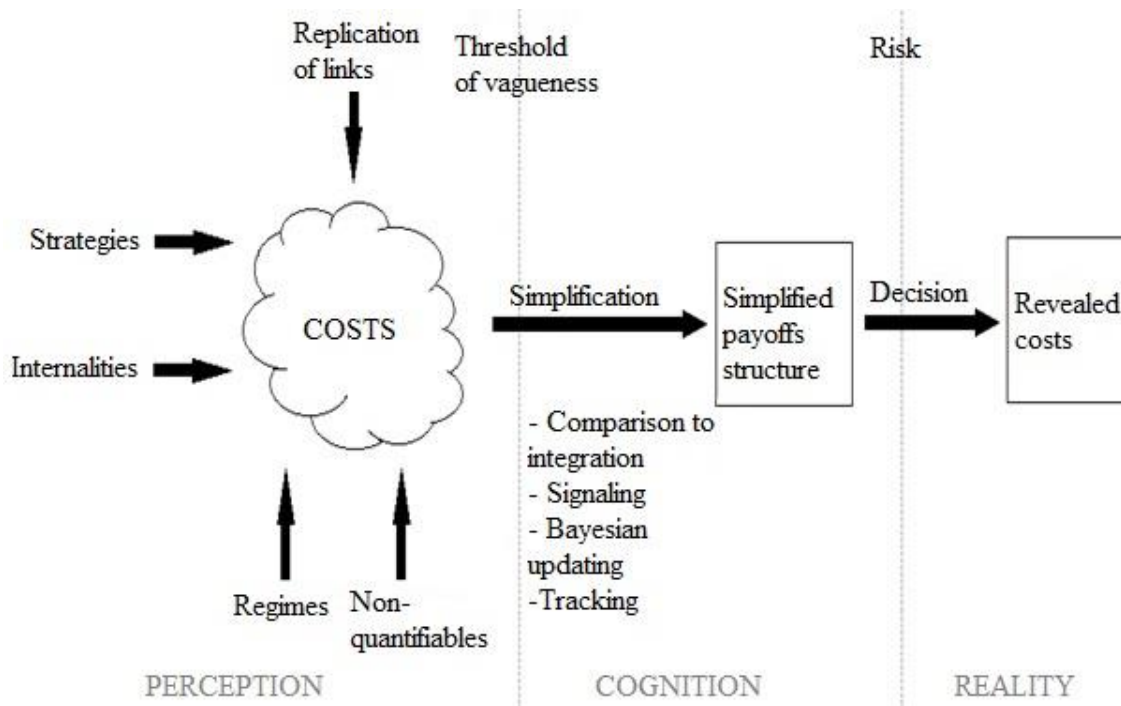


Figure 5: Perception, Cognition and Decision in Disintegration Game

²⁸ Mark Colyvan, "Is Probability the Only Coherent Approach to Uncertainty?," *Risk Analysis* 28, no. 3 (2008).

Significance of Time Progression and Emerging Links

The dataset of 342 intergovernmental organizations and membership-related activity reveals some interesting characteristics.²⁹ In total, there were 572 definite withdrawals of member states from these 342 organizations since when the organization was formed and up to year 2000.³⁰ Within the average age of an organization equal to 32 years, there were 1.7 exits per organization. Organizations of general, wide scope (for example the Arctic Council, the Arab League or the Non-Aligned Movement) faced 0.13 exits within the life-span of average 27 years. In contrast, organizations covering a specific issue (the European Organization for Nuclear Research, the International Conference for Promoting Technical Unification or the North Pacific Fur Seal Commission) faced as many as 3.05 exits within comparable life-span of average 22 years. Going more into detail, organizations covering security, social and environmental issues faced smaller number of exits in comparison to organizations of legal, economic and communication-related scopes.

As much as 31 percent of all withdrawals occurred within the first five years of country's joining an organization while the first ten years accounted for 49 percent of all exits. The bivariate regression shows highly statistically significant negative relation between years of membership within an organization and the number of exits.³¹ The general distribution of withdrawals by the duration of membership is shown in Figure 6.

²⁹ The names and forms of intergovernmental organizations were standardized according to "Yearbook of International Organizations," (Brussels: Union of International Associations, 2002/2003). The list of the organizations and information about membership was retrieved from the dataset compiled by Jon C. Pevehouse, Timothy Nordstrom, and Kevin Warnke, "The Cow-2 International Organizations Dataset Version 2.0," *Conflict Management and Peace Science* 21, no. 2 (2004).

³⁰ The definite withdrawal is understood here as member state's exit which was not followed by readmission in the future.

³¹ Adjusted R square equaled 0.24. Each additional year decreased the number of withdrawals by 1.43.

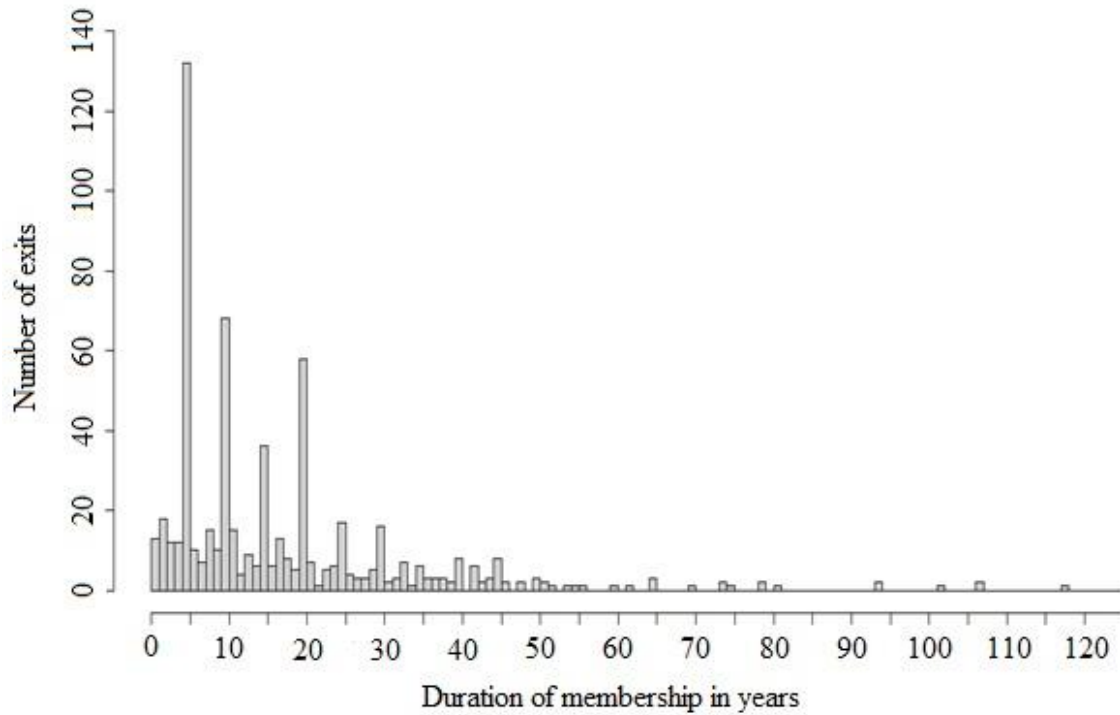


Figure 6: Histogram of Exits from IGOs per Duration of Membership in Years

27 percent of all withdrawals occurred around 1965 - during the time of decolonization. The second highest number of exits accounted for four percent of the total – in 1945 and 1998 respectively. The first accounts for the shift from non-regime to the Bretton Woods system³² while the latter points towards the collapse of Washington Consensus. Figure 7 shows this relation.

³² Robert O. Keohane and Joseph S. Nye, *Power and Interdependence*(Boston: Longman, 2012; repr., Fourth Edition), 64.

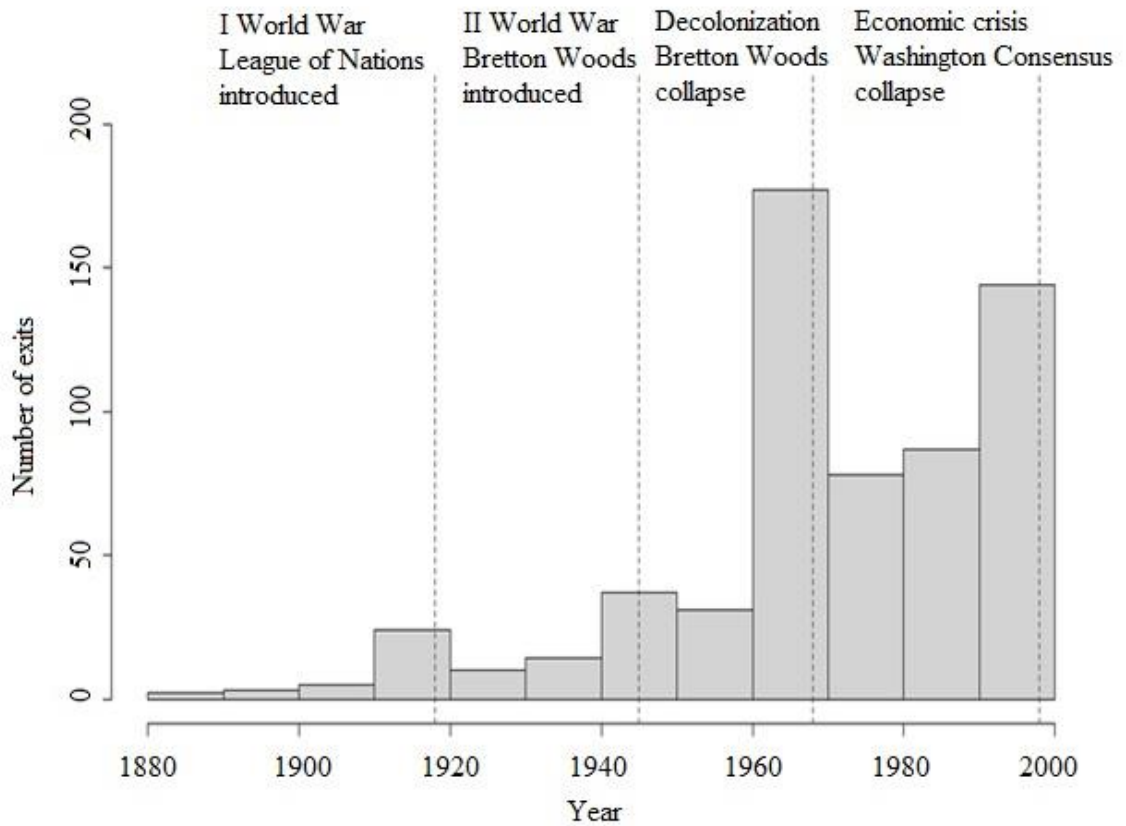


Figure 7: Histogram of Exits from IGOs per Year and Under International Regimes Changes

Analysis of the dataset coupled with the fact that, thus far, there has never been a case of withdrawal from the European Union, suggest that the longer states belong to intergovernmental organizations the less likely they are to exit. Also, if an organization is more “all-encompassing” in its scope, member states are less likely to withdraw. Finally the changes on international regimes’ level are positively correlated with emerging waves of withdrawals.

The analysis of secessions doesn't allow such a straightforward statistical assessment. In many cases, it is difficult to decide on clear-cut dates of independence because of intermediate phases of transition, brief moments of sovereignty and the resulting difficulties with finding a point of reference from which union with a parent-state should be assumed. Cases of secession should be given particular caution and researched individually.

Very schematic analysis of world system's data³³ shows that out of 169 cases of newly independent countries throughout the last two centuries, only 25 percent can be a subject of simplified descriptive statistics. 60 percent include states created in the wave of decolonization process (Senegal, Angola or Barbados), during the Latin American wave of independence (Brazil, Venezuela or Peru), and through the decomposition of the Soviet Union (Turkmenistan, Uzbekistan or Belarus). The remaining 15 percent is constituted by states which acquired their independence through a transition process: for example, the United Nations' trusteeship (Togo, Burundi or Palau). Even though these are still the valid cases it can be concluded that the lack of history of independence in majority of these examples allows attributing secession mainly to changes on international regimes' level. Transition periods seem to be an important tool to gradually "test and mitigate" potential costs.

States with a history of independence prior to the formation of union with a parent-state constitute the remaining 25 percent of cases in the dataset. Very simplified categorization shows that the formation of a union occurred either voluntarily or non-voluntarily (thorough conquest, occupation or annexation). In the former category the

³³ Volker Krause, Phil Schafer, and Karen Ruth Adams, "State System Membership List, V2011," ed. Correlates of War Project(2011); "The World Factbook 2013-14," ed. Central Intelligence Agency(Washington, DC2013).

median age of union upon its dissolution equaled 75 years, while non-voluntary unions lasted 45 years on average. Cases included in the voluntary unions category included cases like Singapore, Montenegro or Panama, while the non-voluntary category included examples like the Dominican Republic, Uruguay or Latvia. While the small-N problem and difficulties with categorization preclude detailed statistical analysis to be conducted, there is certain reason to believe that the voluntary unions last longer as it converges with assumptions of the theoretical solution proposed here. Unless under critical changes in international circumstances, the extent of penetration coupled with the longevity of union make secessions risky due to blurred costs of exit.

How to Study Disintegration

Every case of disintegration has its own story and researchers should be sensitized to particular variables rather than seek simplistic framework applicable to states, IGOs, subnational entities and the European Union. As has been shown, the game-theoretic framework in particular and Rational Choice Theory in general become inefficient at a certain stage of organizational dissolution. The criticism of these accounts should be used to highlight the power of disintegration costs, which often escapes cognitive calculation. It should not lead to complete abandonment of either approach because they together offer methodological neatness and logical conduct of research.

Purely game-theoretic framework should be avoided because, as it was demonstrated, researching disintegration often assumes complexity and unquantifiability of some sort. Even though assessing integration with utility maximization theory is possible in many cases, disintegration phenomenon is different in nature. To be sure,

game theory should enrich the conduct by its pressure put on decisions under constraints and towards utility maximization. Building on this fundamental frame detailed research on motives, conditions, actions and constraints should fill in any gaps in descriptive manner. Indeed, a descriptive model is highly desirable here due to the nature of costs which escapes numeric assessment.

The best way of understanding the situation of the unit upon disintegration is by comparing it with the moment of the unit's accession to the union. Two different analyses should be introduced - at t_0 and at t_1 - and within three areas: showing strategies of other actors, the international environment and internal conditions. First, honoring the assumption of unitarism, one should aggregate preferences to subnational level, states, IGOs and the European Union, portraying them as players in a disintegration game. According to the principal-agent theory, states should be viewed as advantaged and thus exerting the biggest influence over the outcomes. Research on actors' motives may include a signaling mechanism, if necessary. Second, in the international area, regimes should be considered as first movers or nature condition-setters. Changes in international regimes should be revealed by prior occurrences, Bayesian logic (where possible) and by disintegration moves of other players, thus indicating possible waves of disintegration. Third, internal conditions of units can be approached with analysis of opinion polls, expertise or voting behavior.

All three points of conduct should be executed for t_0 and t_1 . This process should reveal how conditions changed over time, what links became extended and why. Technically, few issue linkages should reproduce less additional links while more time lapsed should encourage more of them to emerge: conditional on changes in internalities,

strategies and externalities. The mixture of all three points should proceed in a descriptive manner to justify actor's action or inaction due to its understanding of costs in disintegration game.

Following the logic of Analytic Narratives, much attention should be paid to stories, accounts and context. This way of conduct helps to maintain formal rigor while facilitating proper explanation. It helps be remain focused on problems rather than theory and maintains actor-centric approach and sequentially-occurring moves while keeping in mind importance of history, uncertainty and capacity to strategize.³⁴

In sum, actors of a disintegration game are assumed to pursue greater utility but usually they are cognitively not able to come up with a payoffs matrix. The artificial environment imposed by Bayesian mechanism raises concerns about whether real-world actors indeed proceed in this ideal manner.³⁵ The variables of crucial importance for the conduct include time progression, initial links, consent and conditions for the emergence of additional links, other players' strategies and changes on regimes level. It is desirable to find a tipping point where mysterious costs become mitigated to the extent allowing the unit to disintegrate.

³⁴ Robert H. Bates et al., *Analytic Narratives*(Princeton, N. J.: Princeton University Press, 1998), 10-14.

³⁵ Robert H. Bates et al., "The Analytical Narrative Project," *American Political Science Review* 94, no. 3 (2000): 699.

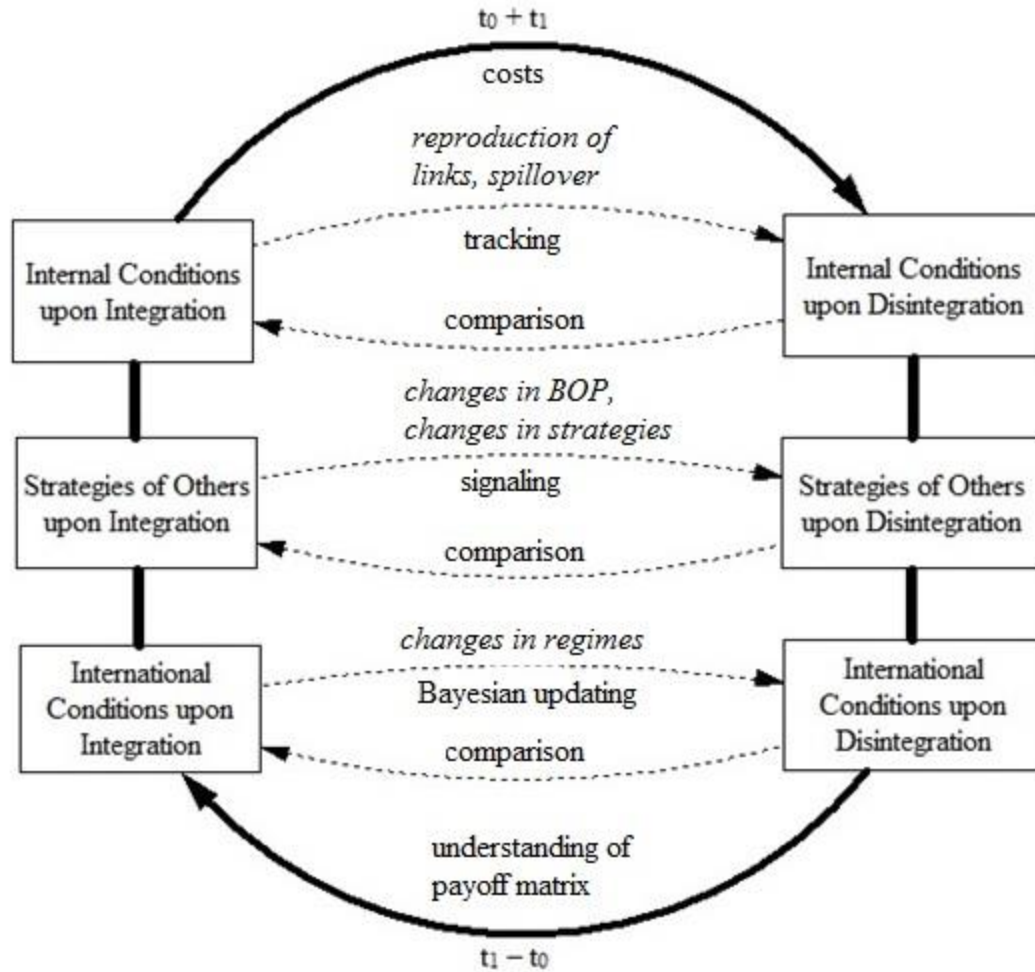


Figure 8: Conceptual Sketch of Conduct in Disintegration Case Studies

The framework sketched in Figure 8 points out crucial variables present in disintegration games. It should serve as guidance for the conduct of research on particular case studies, applicable to states, intergovernmental organizations and supranational organizations. What occurs after integration is introduced should be viewed as empowering the costs section. All three areas – internal, strategic and international –

should be researched separately but conclusions about the costs should be drawn from the mixture of all three spheres.

Detailed research on situations in t_0 and t_1 should reveal potential change in quality between a clear bargain upon integration and the murky contemplation upon disintegration. Looking at internal conditions should proceed in a decision-theoretic manner and assess how resources, preferences and governance dynamics changed over time and what the implications are for the viability of potential disintegration. Researching strategies of other actors should start from the clear identification of players, with states given more bargaining power than subnational entities and intergovernmental organizations, and with one particular state being chosen as the principal agent with agenda-setting capabilities, first-mover advantage and particular type. Confrontation of strategies, especially those of sovereign states, imposes certain equilibrium to represent the current status quo of the disintegration process. Finally, research on the international sphere should assess what and how changes on the regimes level occurred, what path of cooperation was solidified, what expectations were established and what information was provided. Bayesian logic should be proposed to understand these changes by unit of interest with priors and potential waves of disintegration playing a critical role.

Blending outcomes of research in all three areas should be used to explain units' action or inaction disintegration-wise. The emergence of additional links connecting units, especially if union was voluntary, should explain why an initially agreed integration scheme was trespassed and why the sphere of costs gained significance. Contemplation of non-material elements of identity, meanings fixation, and legitimacy should be given primary attention. The ultimate question should be whether the payoff

structure can be constructed and understood by the disintegrating unit, taking into account the complexity of occurrences along the way.

The following chapters apply this conceptual framework of conduct to particular case studies within three structures of analysis in order to understand disintegration cases better.

CHAPTER IV

DISINTEGRATION FROM STATES

This chapter provides analysis of two disintegration case studies which took place on the “state” level. Montenegro chose independence in a May 2006 referendum, after almost 90 years of union with Belgrade. The common state functioned first as a joint monarchy of Serbs, Croats and Slovenes, the Kingdom of Yugoslavia and then as communist Yugoslavian federal republic. After the bloody collapse of the federation, Montenegro continued its union with Belgrade, but the ties were gradually softened until full disintegration followed.

Quebec was ceded by France to Great Britain in the 1763 Treaty of Paris, thus ending the Seven Years War. The following period saw the local population’s aims to protect their Francophone identity. After this general background of mutual relations was established, the proper integration moment took place in 1867 when Ontario and Quebec formed the Canadian Confederation. The consolidation and expression of nationalism, especially politicized by Parti Québécois, led to two sovereignty-related referenda: in 1980 and 1995. The disintegration did not follow and the period of these 15 years is researched here as a proper moment of interest.

Two case studies were chosen precisely because one of them led to independence and the other did not. What is more, both of them occurred on different continents, which gives a broader geographical perspective. The selection of case studies shows different paces of changes on strategic, external and internal levels, as well as the diverging nature of additional links’ emergence. Most importantly, Montenegro was unified with Belgrade and subject first to centralization and then to federalization, while Quebec did not allow

many issues to interconnect and was solidified by opting for confederal solution. Both cases picture quite clearly how political elites managed to understand and react to existing costs of disintegration.

Montenegro, Federal Republic of Yugoslavia and State Union

Actors: Changes on Strategic Level

In November 1918 the Kingdom of Montenegro merged with the Kingdom of Serbia and in December of the same year became the unit of the Kingdom of Serbs, Croats and Slovenes: the predecessor of the Kingdom of Yugoslavia. The most important actors of Montenegro's integration game included Serbia, the Ottoman Empire, Austria-Hungary, and of course Montenegro itself. The influence of France, Italy, Great Britain, Russia and the United States was also prominent and can be distinguished from an overall systemic ramification.

Two power vacuums of those times – after the Ottoman Empire's and Austria-Hungary's demises – had profound effects on Montenegro's independence-related strategies and subsequent outcomes. While the former led to the recognition of Montenegrin independence at the Congress of Berlin in 1878, the latter empowered Serbia and pro-Serbian Montenegrin forces in pursuing the union with Belgrade. Even though both Serbia and Montenegro forged strong ties with Russia, it was the former which ultimately emerged as a stronger regional actor. Both states tried to pursue a vision

of South Slavic leadership and bastion of Serbdom but the rivalry was in the end won by Belgrade.¹

Montenegro entered the First World War as an ally of Serbia under unified command structure. The visible privileged position of Belgrade was reinforced by Serbian claims of primacy in any new Yugoslavian state.² The planned unification of Southern Slavs was therefore to be played according to Belgrade's rules. Subsequent events led first to Austria-Hungary's occupation and dissolution of the Montenegrin army. In October 1918, allied military troops from Great Britain, the United States, France, Italy and Serbia arrived, filling the power vacuum left by Austria-Hungary. The events were especially fortunate for Belgrade, which was able to pursue its own version of Yugoslavian project.

Previously created with Serbia's involvement, Montenegrin Committee for Unification started preparing an assembly which would implement a union on Belgrade's terms. With the Serbian army stationed in Montenegro, and in fact just outside of the building where the Assembly of Podgorica took place, unconditional unification with Serbia was declared. The outcome came as a violation of Montenegrin constitution of 1905 as well as the People's Assembly of Montenegro's subsequent intention. It also has to be noted that members of Podgorica's Assembly were selected from among the supporters of unification.³ Whether the integration process was in fact a forceful annexation⁴ will to be discussed more in the section on internal conditions; nevertheless,

¹ Kenneth Morrison, *Montenegro: A Modern History* (London: I.B.Tauris, 2009), 30-31.

² Ibid., 41.

³ Srdja Pavlović, "The Podgorica Assembly in 1918: Notes on the Yugoslav Historiography (1919-1970) About the Unification of Montenegro and Serbia," *Canadian Slavonic Papers* 41, no. 2 (1999): 159-61.

⁴ "Montenegro's Independence Drive," in *Europe Report* (International Crisis Group, 2005), 2.

it can be concluded that Serbia was the more powerful actor in this integration game, probably even the one possessing a game-setter's capabilities.

Other actors in the integration game were largely supporting Belgrade's actions. The decisions of Podgorica's Assembly to dethrone King Nicholas I and to merge Montenegro unconditionally with Serbia were met with silent approval from the major great powers of that time which did not officially recognize them but subsequently also neglected to react. Later, the unification was supported by the United States, France and Great Britain and opposed by Italy, which was trying to pursue its own geostrategic interests.⁵

Surely the silent backing of great powers was important for Serbia which additionally emerged victorious from the First World War. Belgrade possessed also a relatively strong army and was already in control of Montenegro when the decision about unification was to be made. King Nicholas was not able to pursue his own vision of South Slavic unification and it can therefore be concluded that the integration game was set primarily by Serbia.

The process of Montenegro's disintegration started around 1997, just after almost 80 years of dwelling within the common state. The gradualness of the process which took almost 10 years to finalize was, to a large extent, enforced by important actors of the disintegration game. It can be said that de facto independence was exercised in 1999 when Montenegro sided with NATO over the Kosovo question.⁶ The primary, fully autonomous players included the Federal Republic of Yugoslavia which, during this period of time, became the State Union of Serbia and Montenegro, and the United States

⁵ Morrison, *Montenegro: A Modern History*, 41-43.

⁶ "Montenegro's Independence Drive," 3.

of America. The subnational unit was, of course, Montenegro while the supranational, not-fully-autonomous entity was the European Union. An important observation is that FRY and the State Union were in fact Serbia-dominated while the European Union played a critical role despite its legally disadvantaged status.

Even still before Tito's demise in Belgrade, the gradual loosening of centralized ties within the Socialist Federal Republic of Yugoslavia took place. After the Second World War, Montenegro was granted the status of republic, in 1974 each federal unit was given a significant amount of autonomy, and in 1979 Montenegro reopened its foreign ministry – after 54 years.⁷

The major turn in federal internal policy took place after Milošević's rise to power, when Belgrade-orchestrated anti-bureaucratic revolutions aimed to overthrow local leaders in Montenegro, Kosovo and Vojvodina to introduce a more centralized Serbian control.⁸ Pro-Serbian sentiments reemerged and Montenegro was perceived as a variable in this equation. The Carrington Plan aimed to propose a loose association of Yugoslavian states but under Serbian pressure the Federal Republic of Yugoslavia was enacted and supported by 95.7 percent of participating referendum voters. Milošević's plan to maintain more centralized Serbian control was taking shape.⁹

The crucial year of 1997 marked a split in ruling SDP party in Montenegro into pro- and anti-Milošević factions. The latter turned later into pro-independence party. The Prime Minister, Milo Đukanović, during his 1996 speech in Montenegrin Assembly,

⁷ Ibid.

⁸ Huszka, *Secessionist Movements and Ethnic Conflict: Debate-Framing and Rhetoric in Independence Campaigns*, 106.

⁹ Alan Hanson, "Croatian Independence from Yugoslavia, 1991-1992," in *Words over War: Mediation and Arbitration to Prevent Deadly Conflict*, ed. Melanie C. Greenberg, John H. Barton, and Margaret E. McGuinness, *Carnegie Commission on Preventing Deadly Conflicts* (Lanham, MD: Rowman & Littlefield Publishers, Inc., 2000), 89.

indicated his country's intention to move closer to the European Union and the United States with or without FRY.¹⁰ After becoming President in 1998, Đukanović indicated that pressures from Serbia and the subsequent war in Kosovo posed a serious security threat to Montenegro and reaffirmed his commitment to seek closer ties with the West in general and the United States in particular. The pressure from Belgrade led to another centralization turn. Milošević rejected Montenegrin pro-Đukanović deputies to the federal parliament, in 1998 budgetary transfers were halted, and Montenegro established alternative diplomatic relations with many states, took over customs, and introduced the Deutsche Mark as a parallel currency.¹¹ Subsequent demonstrations in Serbia followed by Milošević's concessions sent a signal to ruling Montenegrin elite that Belgrade's regime was unstable.¹²

In the beginning, Đukanović was cautious in expressing a pro-independence stance since it would be "gambit with unknown consequences."¹³ Even though in 2000 Milošević assured that Montenegro was free to choose, the Yugoslavian army deployed its troops in strategic positions to intimidate Montenegrin authorities.¹⁴ The last Yugoslavian president Vojislav Koštunica expressed his concerns that the new borders might cause problems and that he might pursue independence of Serbian region in case Montenegro decided to secede.¹⁵ Nevertheless, after Milošević Montenegro seemed not to pay much attention to Koštunica and the risk of FRY army's intervention was

¹⁰ Morrison, *Montenegro: A Modern History*, 142-46.

¹¹ Stojan Cerovic, "Serbia and Montenegro: Reintegration, Divorce, or Something Else?," in *Special Report* (Washington, DC: United States Institute of Peace, 2001), 4.

¹² Huszka, *Secessionist Movements and Ethnic Conflict: Debate-Framing and Rhetoric in Independence Campaigns*, 108-09.

¹³ Morrison, *Montenegro: A Modern History*, 164.

¹⁴ *Ibid.*, 174.

¹⁵ *Ibid.*, 211.

perceived rather minimal.¹⁶ The Koštunica-Đukanović dynamics reinforced the need for a referendum to reframe Serbian-Montenegrin coexistence.¹⁷ As FRY was perceived as non-functional because both Serbia and Montenegro already maintained independent state functions – international, domestic, political and economic – the Javier Solana-supervised Belgrade Agreement allowed units of State Union of Serbia and Montenegro to pursue independence after 3 years period.¹⁸

After the fall of Milošević, the political arena in Montenegro split once again. Đukanović's DPS supported independence while Bulatović's SNP favored a union with Serbia.¹⁹ The newly enacted State Union was not embraced either by Montenegro or Serbia. The former pursued independence while the latter wanted a more centralized Belgrade control. International actors were yet once again sending mixed signals but not as ambiguously as at the time of Podgorica Assembly. They were largely afraid that too hasty independence would cause the radicalization of Serbia and threaten regional stability. Both the European Union and the United States were issuing financial support to Montenegro and, since 1998, the U.S. advocated exempting Montenegro from sanctions against FRY. In addition, the Washington supported Đukanović pursued a split in ruling elites in 1997.²⁰ However, the American ambassador to Serbia and Montenegro

¹⁶ Cerovic, "Serbia and Montenegro: Reintegration, Divorce, or Something Else?," 2-4.

¹⁷ Emanuela Macek-Mackova, "Challenges in Conflict Management in Multi-Ethnic States – the Dissolution of Czechoslovakia and Serbia and Montenegro," *Nationalities Papers* 39, no. 4 (2011): 620.

¹⁸ Mijat Šuković, "Montenegro's Legal Status: Options for the Future: Independence of the State of Montenegro: An Efficient Option for the Future" (paper presented at the The Future Of Montenegro: Proceedings Of An Expert Meeting: 26 February 2001, Brussels, 2001), 12; "Montenegro's Independence Drive," 12.

¹⁹ Jelena Dzankic, "Cutting the Mists of the Black Mountain: Cleavages in Montenegro's Divide over Statehood and Identity," *Nationalities Papers* 41, no. 3 (2013): 417.

²⁰ Morrison, *Montenegro: A Modern History*, 146.

assured that Washington would not intervene in the question on Montenegrin independence, which was perceived as an internal matter of the State Union.²¹

The European Union was heavily involved in designing the Montenegrin independence referendum. Its critical role oscillated around mediation, forging mutually acceptable criteria and enacting the required threshold of 55 percent, counting on a preservation of the union.²² The EU feared increased regional instability, a lack of economic self-sustainability, problems with organized crime and an ultimate lack of ability to integrate with the EU's bodies.²³ In May 2006, with the turnout of 86.5 percent and support for secession reaching 55.5 percent, Montenegro became a fully independent country.

Externalities: Changes on Regimes Level

After Russia had lost its war with Japan, the question of Balkan nationalisms reemerged on the international agenda. Previously, the Balkan region was discussed upon the Congress of Berlin when Montenegro's independence was recognized. Between 1878 and 1907, the foreign policy actions of European powers were concentrated mainly on colonial rivalry.²⁴

Towards the end of the First World War, the international system was experiencing important changes on both empirical and theoretical levels. The outbreak of the war was caused by tensions between existing alliances, territorial disputes between

²¹ Cerovic, "Serbia and Montenegro: Reintegration, Divorce, or Something Else?," 4; "Montenegro's Independence Drive," 12; Huszka, *Secessionist Movements and Ethnic Conflict: Debate-Framing and Rhetoric in Independence Campaigns*, 116.

²² Morrison, *Montenegro: A Modern History*, 203-20.

²³ "Montenegro's Independence Drive," 1.

²⁴ Erjada Progonati, "The Chronicle of the First World War and Its Impact on the Balkans," *Journal of Gazi Academic View* 7, no. 14 (2014): 99.

particular states and contiguous rivalries which increased dramatically after 1907. The spread of the war was thus a political process facilitated by a physical proximity which in turn augmented irredentist claims.²⁵ Ideologically, the cult of offensive security doctrines was adopted across Europe and the simultaneous invention of new military technologies like machine gun or barbed wire made the war particularly deadly.²⁶

In order to understand the devastating outcome of the conflict and to avoid similar tragedy in the future, the idealistic thought favored collective security as an alternative to balance of power which had been in effect since 1815.²⁷ From a geopolitical standpoint, the direct result of the war – the complete demise of Austria-Hungary and the Ottoman Empire – had a profound effect on the European power calculus and compelled the international level to respond to emerging nationalisms.²⁸

The Balkan region played a pivotal role in all these dynamics. In 1918, President Woodrow Wilson's famous Fourteen Points recognized autonomous developments for the people of Austria-Hungary (point X) and assured international guarantees for independence and integrity of the Balkan states (point XI).²⁹ The principle of self-determination was an important novelty introduced on regimes level, as was in tune with the outburst of nationalisms not only in the Balkans but elsewhere in Europe. After the collapse of the Ottoman Empire and the 1912-1913 Balkan Wars, an important change of discourse was already unfolding. The Balkan region on the eve of the First World War

²⁵ John A. Vasquez, Paul F. Diehl, and Colin Flint, "The Conflict-space of Cataclysm: The International System and the Spread of War 1914–1917," *Foreign Policy Analysis* 7(2011): 163-64.

²⁶ Stephen Van Evera, "The Cult of the Offensive and the Origins of the First World War," *International Security* 9, no. 1 (1984): 58.

²⁷ Ionuț Șerban, "Theories and Concepts in International Relations - from Idealism to Realism," *Revista de Stiinte Politice* 40(2013): 55.

²⁸ Burak Kuntay, "Peace through Institutions: Woodrow Wilson and the Paris Peace Conference," *Journal of Gazi Academic View* 8, no. 15 (2014).

²⁹ *Address of President Wilson to the Congress of the United States*, 2nd Session, 765.

was full of revolutionary movements, symbolic appeals and romantic liberation discourses.³⁰ After the war, the main objective of victorious powers was to channel nationalisms, divide the Balkans and create a strong Serbia and Greece in order to forge a buffer zone between Soviet Russia and Western Europe.³¹ The geopolitics and principle of national liberation came hand in hand.

Since the end of the nineteenth century, many European states were facing tensions between democracy-leaning university students and authoritarian rulers. This was also the case with Montenegrin graduates returning from Belgrade where they experienced Serbian nationalism and more openness than under the rule of King Nicholas. What is more, many local Montenegrin leaders found the king's authoritarianism harmful for economic and political progress amidst increasing Western investments.³²

Internationally-recognized discourse of nationalism and national liberation and particular attention paid to the Balkans made it possible for Montenegro to solidify its statehood. However, Serbia enjoyed the favor of major powers and, coupled with its more appealing version of Serbdom, made a Belgrade-promoted vision of Yugoslavia desired by many people in Montenegro.

Montenegro's systemic surrounding underwent many changes during 70 years of its dwelling within the joint state: from the first, a failed attempt to replace the Congress of a Vienna-originated balance of power with the regime of collective security under the League of Nations, through the Second World War, through the creation of United Nations, through the division into capitalist and communist regimes, to the break-up of

³⁰ Progonati, "The Chronicle of the First World War and Its Impact on the Balkans," 104.

³¹ Ibid., 111.

³² Morrison, *Montenegro: A Modern History*, 32.

Yugoslavia and expansion of democracy and free market in the Balkan region. At the time of Montenegro's disintegration, the following changes on the international level were the most critical: the regime of democracy and human rights gained prominence and, in fact, a legitimacy-granting power; the European Union's sphere of freedom and prosperity was continuously expanding in Eastern and Central Europe; Yugoslavia collapsed leading to atrocious crimes which attracted attention and reaction of international community; and finally, the globalization process and well-established collective security seriously changed the way of thinking about "state" as a concept.³³

The expansion of a human rights regime after the Second World War led to the situation where, around the year 2000, approximately three-fourths of world states acceded to International Human Rights Covenants.³⁴ Wider human rights protection is assured only when international actions can influence domestic decision-making calculations based on what they do through sanctioning, shaming and cooptation.³⁵ Yugoslavia of the Milošević era was sanctioned and shamed. Early on, Montenegro decided to pursue a democracy path and play by the rules set by the European Union. The willingness to exist within the world of democracy, economic prosperity, and integration led Montenegro's elites to choose pro-Western course. Podgorica wanted to distance itself from wrongdoings of Milošević's era. Whereas upon integration Serbia was perceived as guarantor of greater openness and democracy, at the time of disintegration, Montenegro felt that Belgrade was dragging Cetinje down in its democratization

³³ The discussion on Montenegro's independence often pointed out relativity of the sense of belonging to only one particular state. Due to technological advances, information flow and connectivity human and business relations often flourish without state's interference. Šuković, "Montenegro's Legal Status: Options for the Future: Independence of the State of Montenegro: An Efficient Option for the Future," 18.

³⁴ Wade M. Cole, "Sovereignty Relinquished? Explaining Commitment to the International Human Rights Covenants, 1966-1999," *American Sociological Review* 70, no. 3 (2005): 473.

³⁵ Andrew Moravcsik, "Explaining International Human Rights Regimes: Liberal Theory and Western Europe," *European Journal of International Relations* 1, no. 2 (1995): 160.

progress. Đukanović was particularly aware that greater economic and social prosperity would emerge in Montenegro only through democratization and normalization of relations with the West.³⁶ The subsequently developed and consolidated European Union's sanctions regime coupled with the Union's eastward enlargement sent a signal that no country in the region was able to fully benefit from the sphere of prosperity without democratizing, consolidating the rule of law, and developing respect for human rights.³⁷

The dramatic outcomes of Yugoslavia's break-up in the early 1990s had a profound effect on the international community. The euphoria after the Cold War turned into shock, fear of regional conflagration, and a potential threat to European identity.³⁸ The conversation became about a new security regime where concrete measures ought to be taken to prevent regional turmoil.

The effects of this new thinking were visible in cautious attitudes towards Montenegro's path to independence. It can be concluded that particular international actors, including for example the United States and the European Union, acted according to this new security regime set on the prevention of regional conflicts and especially directed towards the former Yugoslavia. The gradualism of Montenegro's disintegration process, advocated by the European Union, was followed by conditionality where future European integration was at stake. These are examples of how delicately the international community tried to deal with the region.

³⁶ Macek-Mackova, "Challenges in Conflict Management in Multi-Ethnic States – the Dissolution of Czechoslovakia and Serbia and Montenegro," 620.

³⁷ Nilufer Karacasulu and Irem Askar Karakir, "Eu Sanctions Regime: The Case of Iran," *The Korean Journal of Defense Analysis* 26, no. 3 (2014): 373-74.

³⁸ Susan L. Woodward, *Balkan Tragedy : Chaos and Dissolution after the Cold War*(Washington, D.C.: Brookings Institution, 1995), 2.

Internalities: Changes on Domestic Level

Preferences of Montenegrins at the time of integration oscillated mainly around the dimension of national identity. In the 18th and 19th centuries, joint identification of one as Serb and Montenegrin was common especially because of shared Orthodox faith and opposition to Ottoman rule.³⁹ Even though ethnic origin of Montenegrins is not clear, the locals were widely perceived native Serbs living in the Montenegro region and speaking essentially the same language.⁴⁰ The vision of nationhood embraced by ruling Petrović-Njegoš dynasty assumed mutual Serb-Montenegrin identification and Orthodox faith.⁴¹

The distinct feature of Montenegrin nationalism was the promotion of wider Serbdom and Slavic identity rather than local particularism. Prince-Bishop Petar II used the first, newly introduced printing press to distribute works which praised Slavic and Montenegrin romantic heroism.⁴² Pan-Slavism and a strong sentiment of larger Serbian identity was ever present and the main feature of King Nicholas' rule was to channel this perception towards Montenegro as a center.

Subsequent Balkan Wars and the First World War led to the empowerment of Belgrade at the expense of Montenegro. King Nicholas' strategy to embrace Serbdom around Cetinje's pivot ultimately led to the degradation of Montenegrin statehood and his

³⁹ Pieter Troch, "From "and" to "Either/Or": Nationhood in Montenegro During the Yugoslav Twentieth Century," *East European Politics and Societies and Cultures* 28, no. 1 (2014): 29.

⁴⁰ Pavlović, "The Podgorica Assembly in 1918: Notes on the Yugoslav Historiography (1919-1970) About the Unification of Montenegro and Serbia," 158-59; Christopher Deliso, *Culture and Customs of Serbia and Montenegro* (Westport, Conn: Greenwood Publishing Group, 2009), 2.

⁴¹ Dzankic, "Cutting the Mists of the Black Mountain: Cleavages in Montenegro's Divide over Statehood and Identity," 415.

⁴² Dominique Kirchner Reill, *Nationalists Who Feared the Nation : Adriatic Multi-Nationalism in Habsburg Dalmatia, Trieste, and Venice*, Stanford Studies on Central and Eastern Europe (Stanford, Calif: Stanford University Press, 2012), 121; Andrew B. Wachtel, "How to Use a Classic: Petar Petrović Njegoš in the Twentieth Century," in *Ideologies and National Identities : The Case of Twentieth-Century Southeastern Europe*, ed. John R. Lampe and Mark Mazower (Budapest: Central European University Press, 2004), 135.

own position as a monarch. The strong sentiment of pan-Serb unification got out of hand and it was becoming obvious that Belgrade, not Cetinje, was to play the central role in consolidating Yugoslavism.⁴³

In 1917 and 1918, the preferences for union took the form of either joint statehood on equal terms or unconditional unification with Serbia. Proponents of the latter solution saw Montenegrin military power eroding after the Balkan Wars, feared Austria-Hungary domination before Montenegro was liberated from Vienna's occupation and perceived Serbia to be more open and progressive than Cetinje under Nicholas' rigid rule.⁴⁴

The preferences for unification and joint statehood were spilt roughly half-half and the outcomes of the Podgorica Assembly were controversial to some. A belief in common nationhood was present, but the subsequent consolidation of the Kingdom of Serbs, Croats and Slovenes proved that Belgrade overtook the dictate of the vision of Yugoslavism. The enacted Vidovdan Constitution introduced a unitarist form of a joint state with the king virtually not answerable to anyone.⁴⁵ Article 4 from the Chapter II of the Constitution stated that there was only one nationality throughout the kingdom. It can be concluded that at least for the slight majority of Montenegrins, the unification with Serbia occurred with consent and the preferences for joint statehood were satisfied. Since the newly created joint state was unitary and very centralized, there was a potential for additional political, economic and social links to emerge. Subsequent events led to the

⁴³ Morrison, *Montenegro: A Modern History*, 29-30.

⁴⁴ Troch, "From "and" to "Either/Or": Nationhood in Montenegro During the Yugoslav Twentieth Century," 32; Dzankic, "Cutting the Mists of the Black Mountain: Cleavages in Montenegro's Divide over Statehood and Identity," 415; Morrison, *Montenegro: A Modern History*, 33-35.

⁴⁵ Mark Biondich, "The Historical Legacy: The Evolution of Intervar Yugoslav Politics, 1918-1941," in *State Collapse in South-Eastern Europe: New Perspectives on Yugoslavia's Disintegration*, ed. Lenard J. Cohen and Jasna Dragović-Soso (West Lafayette: Purdue University Press, 2008), 55.

decentralization of Yugoslavia and, as it will be demonstrated, the gradual political, social and economic separation diminished the costs of potential Montenegrin independence.

The areas discussed the most upon Montenegro's disintegration were institutional performance and economic viability. Security concerns were also raised, but they were not as salient as couple of years before. Just like during the time of integration, identity and calls for democracy constituted the main levels of expressed preferences.

The formation of Federal Republic of Yugoslavia in 1992 was largely an elite-driven process, obscure to citizens. As it turned out, the new state happened to be institutionally dysfunctional with units' disproportionate sizes, populations and diverging economic interests.⁴⁶ In the 2000s, the Montenegrin elite began arguing that Podgorica lost its market, fleet, revenues from tourism and was contributing too much to the federal institutions.⁴⁷ The difference was that in 1992 Montenegrins didn't believe in their institutional capabilities while by the 2000s they gained much self-confidence.⁴⁸ By the end of Milošević's era, Montenegro was already functioning as a quasi-independent state with its own foreign, monetary policy, customs, legal system, system of property relations, system of values and culture.⁴⁹

Economically, Montenegro suffered a lot during the last years of SFRY and throughout the duration of FRY. The effects of the oil crisis in 1979 were felt especially

⁴⁶ Morrison, *Montenegro: A Modern History*, 103-06.

⁴⁷ Huszka, *Secessionist Movements and Ethnic Conflict: Debate-Framing and Rhetoric in Independence Campaigns*, 129-30.

⁴⁸ "Open Debate," in *The Future Of Montenegro: Proceedings Of An Expert Meeting: 26 February 2001*, ed. Nicholas Whyte (Brussels: Centre for European Policy Studies, 2001), 44.

⁴⁹ Morrison, *Montenegro: A Modern History*, 182; Šuković, "Montenegro's Legal Status: Options for the Future: Independence of the State of Montenegro: An Efficient Option for the Future," 13.

by poorer Yugoslavian republics⁵⁰ while lifting sanctions after the Dayton Agreement did not lead to improvement of the economic situation nor integration with international institutions.⁵¹ When Montenegro was gaining more freedom of action, the economic conditions visibly improved. In 2000, the first positive GDP growth in 10 years was noted and pro-independence elites started pointing out lower inflation, higher employment and good conditions for investments. It was believed that Montenegro possessed resources, human capital and the government organizations necessary to independently finance itself, without Belgrade's supervision.⁵²

Milošević's anti-bureaucratic revolution turned Yugoslavia from a closed communist state into a closed nationalist one.⁵³ Montenegrins gradually grew dissatisfied with Serbia's actions, but didn't want to be a target of international sanctions and wished to integrate with the West. Political identity transferred to national identification: in Socialist Yugoslavia, the majority of population regarded itself as Montenegrin whereas around the time of independence referendum the society was divided into Serbs and Montenegrins.⁵⁴ The new democratic and human rights frame made pro-disintegration elites highlight civic nature of Montenegrin statehood, targeting ethnic minorities with

⁵⁰ Morrison, *Montenegro: A Modern History*, 75-77.

⁵¹ Huszka, *Secessionist Movements and Ethnic Conflict: Debate-Framing and Rhetoric in Independence Campaigns*, 107-08.

⁵² Ibid., 139; Veselin Vukotic, "Balancing the Equation between Public Finance & Foreign Aid: The Economic Situation & Economic Reforms in Montenegro" (paper presented at the The Future Of Montenegro: Proceedings Of An Expert Meeting: 26 February 2001, Brussels, 2001), 45-48.

⁵³ Morrison, *Montenegro: A Modern History*, 89.

⁵⁴ In 2005 census 45 percent of population perceived itself as Montenegrin whereas 28.7 percent as Serb. Dzankic, "Cutting the Mists of the Black Mountain: Cleavages in Montenegro's Divide over Statehood and Identity," 412-13; Troch, "From "and" to "Either/Or": Nationhood in Montenegro During the Yugoslav Twentieth Century," 26.

independence campaign.⁵⁵ Pro-union campaigners continued to portray Montenegro as a crib of Serbdom.

In the end, the statehood and nationhood of Montenegro was constructed by ruling elites as civic, inclusive, democratic community with its own language, historic legacy and national symbols recalling in romantic fashion pre-1918 era.⁵⁶ In May 2006, a referendum 55.5 percent of voters chose to create independent Montenegro.

Understanding the Payoffs

When Đukanović “rebelled” against Milošević in 1997, the question of independence was really not yet on the agenda. Even if Montenegro’s ruling elite sensed that secession might be worth considering, the costs sphere was too extensive to even raise this idea.

Upon integration, the payoffs structure of Montenegro could largely be reduced to benefits from pursuing the vision of Serbdom. Because Belgrade was a principal actor and because the international community favored strong Serbia, Montenegro didn’t quite reach its desired payoffs. Nevertheless, the project of Yugoslavia was conceived.

Upon disintegration, Serbia (or FRY and its legal follower) was still a principal actor. The potential secession of Montenegro would compel Podgorica to seek international recognition while Belgrade would keep State Union’s and Yugoslavian legacy. Centralized statehood introduced in 1918 was never fully accepted by Montenegrins who benefited much more under aa decentralized Socialist Yugoslavia. It

⁵⁵ "Montenegro’s Referendum," in *Crisis Group Europe Briefing*(Podgorica/Belgrade/Brussels: International Crisis Group, 2006), 5.

⁵⁶ Matt Qvortrup, "New Development: The Comparative Study of Secession Referendums," *Public Money & Management* 34, no. 2 (2014): 155.

can be thus concluded that legitimacy and identification with Serbdom was replaced by Yugoslavism but the concept gradually died in the early 1990s. What is more, Milošević's recentralization augmented dissatisfaction. The problem was that Serbia had penetrated Montenegro over all these years. It was not only about Serbdom and identity anymore; in fact, there were military relations, welfare area, economic ties and social policy. In the beginning, Belgrade kept sending signals of being a strong type of player, but this reality gradually changed, especially after Milošević's demise. Montenegro could thus assess its options after security concerns were largely removed from the costs sphere.

Even though international regimes have changed much since 1918, the major actors seemed to be quite ambivalent when it came to Montenegrin independence. However, in contrast with integration era, Serbia was not that "respected" anymore because of Yugoslavia's bloody collapse. Collective security was well established and the strong signal sent by intervention in Kosovo in 1999 made both Belgrade and Podgorica update their beliefs about the systemic conditions. It truly was about democracy and human rights and Montenegro understood that joining the pro-democratic club would decrease the costs of disintegration. Not knowing that, Podgorica could understandably have feared a Bosnia-like bloodshed. What is more, the European Union's conditionality regime made it very clear that if Montenegro wanted to secede it had to do it gradually and through dialogue with Serbia.

What emerged internally during almost 90 years of joint statehood exceeded the initial framework implemented by Podgorica Assembly and solidified by Vidovdan Constitution. In Yugoslavia, Montenegro enjoyed subsidies, representation, excellent

employment opportunities,⁵⁷ pensions, education and health care. Montenegrin companies relied on raw materials from Serbia. What is more, a separate army and diplomacy would induce substantial costs.⁵⁸ Immediately after Milošević's fall, the costs of independence were said to disturb the "normality" of life, replacing it with "danger and unrest", inducing Serbia's "hard barriers" and the international community's ambivalence.⁵⁹

It is difficult to compare "normality" with "danger" and "barriers". It can be concluded that the payoffs structure at that time was really unknown to Montenegrin decision-makers. Even the signals sent by Vojislav Koštunica and the international community in Kosovo were not enough for Montenegro to simply say: "we dwell in low-cost world". Only gradualism and careful detachment from Belgrade made Podgorica self-confident economically, politically and socially. To be sure, the decision to disintegrate was still a gamble with an unknown fate of such issues as Montenegrin students in Serbia, property ownership or pensions.⁶⁰ Whereas political and economic dependence was largely dismantled, which helped to clear the costs sphere a bit, social connections resulting from migration and intermarrying were still salient.

In the end, Montenegro made a decision in a game-theoretic fashion to introduce the independence referendum and proceed with disintegration. The gradual process of reaching this point let Podgorica finally contrast costs with benefits to the best of its knowledge. Figure 9 shows the disintegration of Montenegro as an extensive form game.

⁵⁷ Morrison, *Montenegro: A Modern History*, 76.

⁵⁸ Huszka, *Secessionist Movements and Ethnic Conflict: Debate-Framing and Rhetoric in Independence Campaigns*, 136-37.

⁵⁹ *Ibid.*, 123.

⁶⁰ "Montenegro's Referendum," 4.

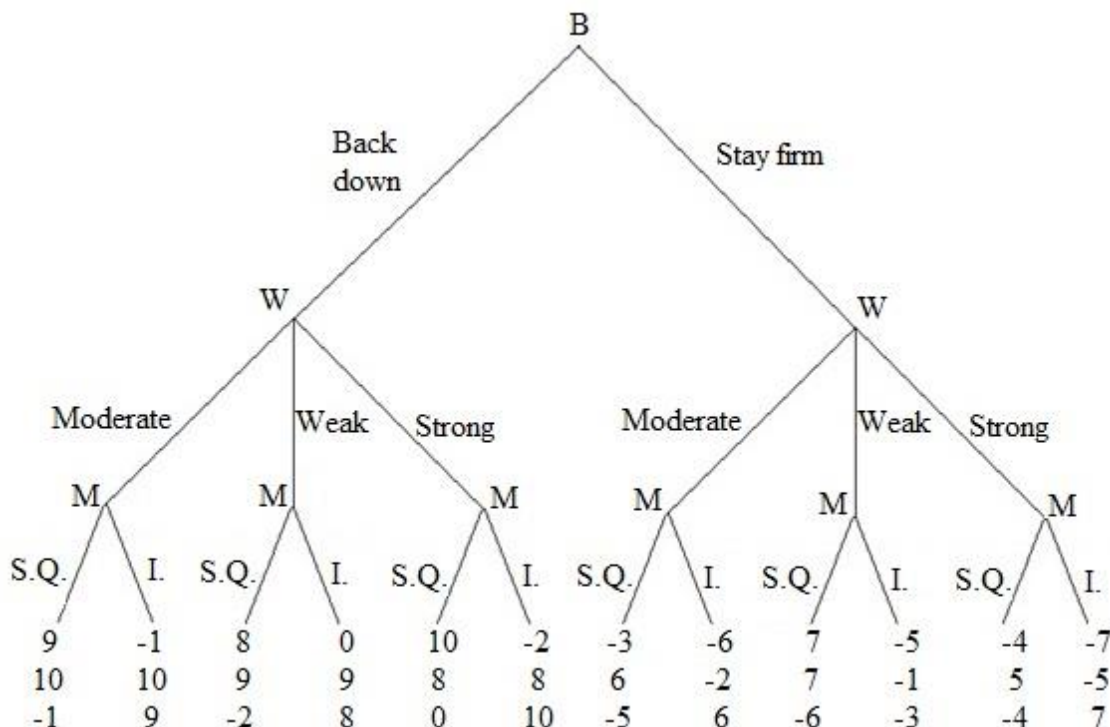


Figure 9: Disintegration of Montenegro: Extensive Form Game

In this game of complete and perfect information consisting of 9 subgames B denotes Belgrade, W – the Western world, and M stands for Montenegro. It is crucial to notice that generally both Montenegro and the West would prefer to see Belgrade backing down on its opposition to Montenegro's independence. Moderate engagement is the best solution for the West since it would not alienate the remaining players too much. Under existing international regimes' conditions, Belgrade is also better off not staying firm.

The game has one subgame perfect equilibrium (*Back down* for Belgrade; *Moderate* response from the West; *Independence* choice of Montenegro). Independence proves also to be Nash equilibrium in all Montenegro's subgames; however, only on this

one occasion does it fulfill the condition of subgame perfection, thus being the ultimate outcome of the game.

Quebec and Canada

Actors: Changes on Strategic Level

Quebec's integration game that resulted in the creation of Canada was set mainly by the imperial power of that time: the United Kingdom. British colonies in North America, at least initially, played largely according to the rules imposed by London, which is not to say that they didn't have any influence over the outcome of integration. Nevertheless, taking into account the superior position of Westminster, it is fair to consider colonies as non-privileged actors. The United States influenced these outcomes as well, but Washington's role was rather indirect.

Before the formal subordination of Canada to Great Britain was abolished in 1931, Quebec as the province of Lower Canada was the colonial subject of London, forming in 1841, together with Upper Canada, the United Canadas⁶¹. Since the British conquest of Quebec in the Seven Years War, the province was an object of a heavy assimilationist policy. The Royal Proclamation of 1763 issued Anglo-conformity under which British institutions, language and culture were favored, Catholics marginalized, and the Protestant church served to promote the British way of life.⁶² The main function

⁶¹ Kenneth McRoberts, "Internal Colonialism: The Case of Quebec," *Ethnic and Racial Studies* 2, no. 3 (1979): 296-97.

⁶² Cara Des Granges, "Finding Legitimacy: Examining Quebec Sovereignty from Pre-Confederation to Present," *International Journal of Canadian Studies* 50(2014): 27; Raymond Breton, "From Ethnic to Civic Nationalism: English Canada and Quebec," *Ethnic and Racial Studies* 11, no. 1 (1988): 88-89.

of colonial Quebec was to supply London with raw materials, furs, wheat and timber, serving simultaneously as a market for manufactured goods.⁶³

As assimilationist policy failed to achieve its goal and French-Canadian identity survived, one can speak about subnational actorness of Quebec. This fact, together with the outbreak of American Revolution and indirect influence exerted by the newly formed United States, made the United Kingdom change its strategy towards its North American colonies. In fear of Quebec joining American states in the south, London enacted in 1774 Quebec Act, confirming French civil law and initiating inclusion of Catholics. The respect for different civic cultures and religions was followed by the creation of dual legislature.⁶⁴ This development can be viewed as a beginning of an integration game in which not only Great Britain but also colonial actors were choosing their strategies.

The Act of Union of 1841 was one outcome of pressures from Quebec and Ontario, which erected a legislative union of both units. The United Province of Canada proved to be largely stalemated and the revisions of the status continued. This integration game gained its real momentum when the American Civil War and the prospect of the Union's victory raised serious fears of United States' expansion to the north. While the English traditionally placed more emphasis on the federal model and the French believed in greater autonomy with simultaneous benefits coming from being part of stronger political unit, the American Civil War largely removed British reluctance towards confederal construct and facilitated consensus among the colonies.⁶⁵

⁶³ Paul André Linteau, René Durocher, and Jean Claude Robert, *Quebec: A History 1867-1929* (Toronto: J. Lorimer, 1983), 60-61.

⁶⁴ Des Granges, "Finding Legitimacy: Examining Quebec Sovereignty from Pre-Confederation to Present," 27-28.

⁶⁵ Ibid., 29-32; Jörg Broschek, "Historical Institutionalism and the Varieties of Federalism in Germany and Canada," *Publius: The Journal of Federalism* 42, no. 4 (2011): 672.

The Confederation project could be seen as an outcome of bargaining between the principal actor – the United Kingdom - and two units of United Canadas: Ontario and Quebec. The latter wanted to assure the protection of French-Canadian identity and other actors complied with this request by allowing confederal units to choose their own private laws. Abandoning the idea of independence (which would probably have brought about economic and military weakness) Quebec agreed to the formation of a Confederation which gave it joint defense with other units, market, and political strength, as well as British protection in the case of war.⁶⁶

The time when prospect disintegration of Quebec was the most probable was marked by two sovereignty-related referendums in 1980 and 1995. The setting of the game differs from the one present when integration occurred, especially actor-wise. Here, Quebec is considered a subnational entity which possessed significant autonomy but still was legally and economically secondary in comparison to a new actor on the scene: sovereign and privileged Canada. Other units of the Confederation are considered secondary actors as well. The United Kingdom entered the game at some point but its influence was much smaller than at the time of integration. Technically speaking, London was more privileged than Quebec but its choice of strategies did not interfere much with the ones chosen by Quebec.

The problems with the Confederation oscillated around the poor fit between geographic, social and economic realities of its units and thus many national unity problems became augmented. Canada's political system was designed to empower its constituting parts but the downside was a deepening of center-periphery problems and

⁶⁶ Des Granges, "Finding Legitimacy: Examining Quebec Sovereignty from Pre-Confederation to Present," 33; A. I. Silver, *The French-Canadian Idea of Confederation: 1864-1900* (Toronto: University of Toronto Press, 1997), 33; 47.

Anglo-Francophone disagreements.⁶⁷ During the 1980 referendum, campaign advocates of the union believed that the change of federalist procedures within the constitutional framework was a remedy for Quebec's grievances. Indeed, the "no" vote in the referendum was attributed to trust in political community and prospect improvements. However, the second referendum was introduced because the support for independence rose between 1980 and 1995.⁶⁸

After the aggregation of Quebecers' preferences, pro-independence strategies were executed by Parti Québécois. Formed in 1968 with the goal to conduct step-by-step ballot box revolution, the party won elections in 1976, repeating its success in 1994.⁶⁹ Upon both the 1980 and 1995 referendums, Parti Québécois suggested replacing federal bonds with a bilateral economic association, aiming to alleviate concerns about the economic viability of independence.⁷⁰

In 1995, independence supporters assured Quebecers that Confederation-provided economic and social benefits would be maintained but this argument was quickly refuted by Ottawa. The federal government made it clear that Canada would not enter into an economic partnership with Quebec and that its citizens would be considered foreigners. Proponents of the federation claimed that an independent Quebec would have to pay its share of Canadian debt, simultaneously losing access to social programs and defense assurances.⁷¹ Ottawa didn't try to challenge the legality of the referendum itself,

⁶⁷ Harold D. Clarke and Allan Kornberg, "Choosing Canada? The 1995 Quebec Sovereignty Referendum," *PS: Political Science and Politics* 29, no. 4 (1996): 676-77.

⁶⁸ Jon H. Pammett and Lawrence LeDuc, "Sovereignty, Leadership and Voting in the Quebec Referendums," *Electoral Studies* 20(2001): 266-67; Lawrence LeDuc, "Canada's Constitutional Referendum of 1992: A 'Great Big No'," *ibid.* 12, no. 3 (1993): 257.

⁶⁹ Clarke and Kornberg, "Choosing Canada? The 1995 Quebec Sovereignty Referendum," 677.

⁷⁰ Peter Leslie, "Canada: The Supreme Court Sets Rules for the Secession of Quebec," *The Journal of Federalism* 29, no. 2 (1999): 136.

⁷¹ Clarke and Kornberg, "Choosing Canada? The 1995 Quebec Sovereignty Referendum," 677-79.

hoping for a victory similar to the one in 1980. However, since the results nearly led to break-up of Canada, the 1998 Supreme Court's ruling confirmed that unilateral secession would be illegal without prior changes of the constitution.⁷²

Amendments to the Canadian constitution were indeed proposed in 1982, 1987 and 1992. The first one, passed by Canadian and British⁷³ governments, was rejected by Quebec. The second one, the Meech Lake agreement, was proposed by Quebec but not ratified by Newfoundland and Manitoba. The Charlottetown Accord from 1992, which would have given Quebec a guaranteed 25% in the House of Commons, was rejected in referendums in several provinces and by the majority of Canadian population.⁷⁴

By 1998, Quebec was quite free to choose its strategy of pursuing independence because it aimed to achieve sovereignty through bypassing the constitution, which faced a rather mild response from Ottawa. The situation changed when the federal government decided to confirm its legal superiority over the provinces, requiring the constitution to be changed prior to prospect independence. As empirical data shows, the constitutional amendments witnessed conflicting strategies of the provinces, leading to the equilibrium of stalemate.

Externalities: Changes on Regimes Level

The international system of the late 1800s was characterized by the emergence of a few imperial power centers which dominated the global economy, having all parts of

⁷² Leslie, "Canada: The Supreme Court Sets Rules for the Secession of Quebec," 135-37.

⁷³ Technically speaking the sovereignty of Westminster allowed it to change Canadian constitution by simple act but the strategy chosen by London was to cooperate with Ottawa in this matter.

⁷⁴ LeDuc, "Canada's Constitutional Referendum of 1992: A 'Great Big No'," 257-61.

the world linked to them. The most important of them was the United Kingdom⁷⁵ which largely stabilized international trade regime through the exercise of *Pax Britannica*.⁷⁶ At the time when the Canadian Confederation was formed, critical changes in this international economic and security regime were taking place.

The period between 1849 and 1880 saw the heights of British domination of the world economy.⁷⁷ After defeating Napoleon in 1815, the United Kingdom solidified its naval superiority and assured global free trade regime in order to exert greater influence over international affairs.

This turn towards freer trade meant a new reality for the British colonies. The concept of staples assumed their export of narrow range of goods, primarily food and raw materials, to the colonial center. The United Kingdom particularly needed both upon becoming the first industrialized country in the world, and its financial and industrial center.⁷⁸ However, the demise of fur trade in 19th century left Canada with no effective staples.⁷⁹ What is more, the move from prohibitionism to freer trade made London repeal Navigation Acts which used to give Canada a preferential role in supplying Great Britain with timber, enjoyed since 1803. The colony of the West Indies shared the same fate as a sugar exporter. Since 1849, Navigation Acts that prohibited foreign ships from trading in

⁷⁵ André Linteau, Durocher, and Robert, *Quebec: A History 1867-1929*, 59.

⁷⁶ John Gerard Ruggie, "International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order," *International Organization* 36, no. 2 (1982): 383.

⁷⁷ Patrick K. O'Brien and Geoffrey Allen Pigman, "Free Trade, British Hegemony and the International Economic Order in the Nineteenth Century," *Review of International Studies* 18, no. 2 (1992): 97.

⁷⁸ Robert Gilpin, "The Politics of Transnational Economic Relations," *International Organization* 25, no. 3 (1971): 406.

⁷⁹ C. B. Schedvin, "Staples and Regions of Pax Britannica," *Economic History Review* 43, no. 4 (1990): 533-36.

British colonies were repealed and replaced by unilateral British free trade act.⁸⁰ The Anglo-French treaty on commerce from 1860 set a fundamental framework for the subsequent development of a low-tariff regime that was maintained until the late 1870s.⁸¹

The birth of Canadian Confederation in 1867 took place precisely during this time. It also occurred when the British Empire enjoyed the heights of its hegemonic dominance. The *Pax Britannica* reflected balance of power between five major players in Europe and established British supremacy overseas because of its acquisition of strategic bases.⁸²

In its essence, Canadian unification was not nationalistic but rather provincialist, which was understandable taking into account the ethnic diversity of the Confederation. This fact contrasted with similar developments, for example, with the Australian case which saw territorial and ethnic motivations of its independence.⁸³ However, as an outcome of bargaining, the Confederation project included the element of Britishness embraced by Ontario. Here, patriotism and imperialism were deemed synonymous and British-Canadians expressed their pride of belonging to the great brotherhood of nations.⁸⁴ Newly independent Canada found itself placed in the free trade regime and the *Pax Britannica* security and economic regime, which had a profound impact on the integration process.

⁸⁰ Thomas Southcliffe Ashton, *The Industrial Revolution 1760-1830*(CUP Archive, 1950), 856; Arthur A. Stein, "The Hegemon's Dilemma: Great Britain, the United States, and the International Economic Order," *International Organization* 38, no. 2 (1984): 361.

⁸¹ Timothy J. McKeown, "Hegemonic Stability Theory and 19th Century Tariff Levels in Europe," *ibid.* 37, no. 1 (1983): 75; Robert Gilpin, "The Politics of Transnational Economic Relations," *ibid.* 25, no. 3 (1971): 405.

⁸² "The Politics of Transnational Economic Relations," 405.

⁸³ Douglas Cole, "The Problem of "Nationalism" and "Imperialism" in British Settlement Colonies," *Journal of British Studies* 10, no. 2 (1971): 167-68.

⁸⁴ Jan Morris, *Pax Britannica: The Climax of an Empire*(London: Faber and Faber Ltd, 2010), 469.

The British superiority lasted until unified Germany, France and the United States industrialized, and the naval dominance was not assumed anymore. Colonization reemerged and the open trade regime saw many defections. The international macro-conditions continued to change under 1880-1914 large-scale immigration and rapid economic development of colonies, which started to influence developments on micro levels.⁸⁵

There were two profound developments on the international regimes level surrounding Quebec's pursuit of disintegration. First, the oil crisis in early 1970s shook the world economy and led to the general replacement of a Keynesian approach with a neoliberal model. Second, the decolonization process was ongoing worldwide, augmenting the voice of ethnic minorities and also these inhabiting Canada.

Between 1973 and 1975, Quebec found itself in the midst of stagnation which led to economic recession, both developments provoked by the oil crisis. As an oil exporting country, Canada doubled its oil prices and Quebec tried to stimulate the economy by heavy investments in public sector.⁸⁶ Ottawa's raise of interest rates to battle inflation in 1979 led to another recession, followed by the next, deep one, in 1981-82. Like in the early 1970s, Quebec conducted massive investments in higher education programs, academic research, public road construction and housing.⁸⁷

Strong attachment to the world economy via Canada coupled with the global shift towards neoliberalism made Quebec vulnerable to economic difficulties. Independent

⁸⁵ Schedvin, "Staples and Regions of Pax Britannica," 539; Gilpin, "The Politics of Transnational Economic Relations," 406; Timothy J. McKeown, "Hegemonic Stability Theory and 19th Century Tariff Levels in Europe," *ibid.* 37, no. 1 (1983): 75.

⁸⁶ Philippe Kabore et al., "Special Study: Economic History of Quebec over the Past Six Decades," in *Desjardins Economic Studies* (November 25, 2014), 7-8.

⁸⁷ *Ibid.*, 8-9.

Quebec of that time would have serious problems with servicing its external debt while its industry would have to adapt quickly to face international competition.⁸⁸ What is more, in contrast to the English part of Canada, Quebecers were used to social democratic form of governance: “communitarian liberalism” with humanized capitalist incentives.⁸⁹

Quebec traditionally had expressed anti-imperialist and anti-colonialist traditions even long before the international regime of decolonization became reality. When it happened, local nationalism was magnified by these sentiments. The realities occurring in the Third World were internalized by Quebec and adapted to its own situation of ongoing socio-economic transformation.⁹⁰ However, “although the references to the decolonization phenomenon continued to be heard in the course of the Parti Québécois’s rise to power and the 1980 referendum on sovereignty-association, there was a growing sense of disappointment as it became apparent that the ‘national’ component had come to occupy center stage in the drive for Quebec’s national liberation, and that the dreams of fundamental socio-economic change that decolonization had helped inspire were not being fulfilled. Such disillusionment has been only exacerbated by the acceleration of liberal capitalist globalization and, in the case of Quebec, the results of the 1980 and 1995 referenda and accompanying disarray of the sovereignist camp”.⁹¹

A serious change in the federal government’s attitude towards the question of ethnic minorities inspired by the decolonization process was also reflected in policy

⁸⁸ Patrick Grady, *The Economic Consequences of Quebec Sovereignty* (Vancouver: The Fraser Institute, 1991), 140.

⁸⁹ Alain-G. Gagnon and Guy Lachapelle, "Quebec Confronts Canada: Two Competing Societal Projects Searching for Legitimacy," *The Journal of Federalism* 26, no. 3 (1996): 181.

⁹⁰ David Meren, "An Atmosphere of Liberation: The Role of Decolonization in the France-Quebec Rapprochement of the 1960s," *The Canadian Historical Review* 92, no. 2 (2011): 273-75.

⁹¹ *Ibid.*, 293.

evolution vis-à-vis Canadian aboriginal population. After the liberal government had introduced the assimilationist White Paper on Indian Policy in 1969, the 1970s brought the serious assertion of aboriginal rights marking the new phase of negotiated settlements.⁹²

Internalities: Changes on Domestic Level

Since the conquest of Quebec, the main desire of French-Canadians was to preserve their national identity against British domination. Nationalism evolved into different forms over time, but it is fair to conclude that the survival of the sense of community was an overarching driver influencing the preferences of Quebecers. They sought protection against formal Anglicization, which was fairly quickly achieved. Then the goal of fair institutional representation, economic viability and social protection was being pursued.

At first, the situation of Quebec was the one of a conquered entity, cut from contacts with brotherly France, and politically and economically dominated. Its focus was thus defensive, closed and a bit messianic while British-Canadian nationalism revealed imperial, open tendencies.⁹³ The English dominated urban life while the French continued to strengthen their rural, communal ties, pursuing the ethos of protective Québécois life.⁹⁴ The Constitution Act of 1791 solidified division between Upper and

⁹² Kent McNeil, "The Decolonization of Canada: Moving toward Recognition of Aboriginal Governments," *Western Legal History* 7, no. 1 (1994): 118-20.

⁹³ Breton, "From Ethnic to Civic Nationalism: English Canada and Quebec," 93-94.

⁹⁴ Cole Harris and John Warkentin, *Canada before Confederation: A Study in Historical Geography*, vol. 166, Carleton Library Series (Montreal: McGill-Queen's University Press, 2000), 66.

Lower Canada, recognizing the latter as distinct and culturally different entity, reinforcing Quebecers' attachment to their territory.⁹⁵

The formation of the United Canadas came to meet the French-Canadian desire of equal political representation. Even though the outcome was the institutional stalemate, the newly-created parliament was characterized by dualism and not by English domination. Both provinces had to look for ways of effective political conduct and the Confederation proved to be a desired solution: joint coordination on the federal level while simultaneously assuring non-subordination of one provincial government to another.⁹⁶ It is, however, important to highlight that by 1860s Quebecers equaled French Canada with Lower Canada, revealing a small awareness of the existence of French Canadians outside of Quebec. Thus the Confederal project aimed primarily to separate provinces as much as possible in order to preserve local autonomy while simultaneously benefiting from a joint political unit.⁹⁷

The reasons were appealing. In 1864, French-speakers did not constitute a majority in Canada and they would potentially lose seats in joint legislature while keeping their representation in Quebec.⁹⁸ Another emerging phenomenon was the continuing influx of the non-French population to the Lower Canada, triggered by industrial revolution and agricultural changes. In 1861, about 22 percent of Quebec was not French Canadian.⁹⁹ Even though the Lower Canada was a pioneer in railways construction, the build-up of railways by 1867 affected Ontario much more than Quebec.

⁹⁵ Des Granges, "Finding Legitimacy: Examining Quebec Sovereignty from Pre-Confederation to Present," 28.

⁹⁶ Ibid., 29-31.

⁹⁷ Silver, *The French-Canadian Idea of Confederation: 1864-1900*, 218.

⁹⁸ Des Granges, "Finding Legitimacy: Examining Quebec Sovereignty from Pre-Confederation to Present," 31.

⁹⁹ Harris and Warkentin, *Canada before Confederation: A Study in Historical Geography*, 166, 66-67.

The former was much better supplied with iron and coal, and it revealed closer ties with the United States.¹⁰⁰ Quebec realized that it had to cooperate with the Upper Canada to create opportunities and constrain mass emigration to New England in pursuit of manufacturing jobs. "The British North American provinces had been endowed with resources enough. If they worked together to develop them, they could enjoy abundance, material progress, and even economic power."¹⁰¹

In 1867, Quebec became the part of a new economic entity with much wider domestic market and industrial and agricultural sectors dominating its economy. Even though the union was probably necessary modernization-wise and market-wise, unemployment rates increased and income rates lowered.¹⁰²

The primary motive for joining the Canadian Confederation was rationality-driven and assumed a political alliance in exchange for multiple powers and privileges for culturally, language-wise and religion-wise different Quebec. The desire to build a Canadian nation was never strong and continuously precluded by the nature of political institutions.¹⁰³

Until the 1850s, Québécois nationalism was defined by the Catholic faith while a century later a newly emerged political class challenged this establishment and the sense of identity started to be connected with language rather than religion.¹⁰⁴ The old sense of

¹⁰⁰ André Linteau, Durocher, and Robert, *Quebec: A History 1867-1929*, 75-76; McRoberts, "Internal Colonialism: The Case of Quebec," 298.

¹⁰¹ Silver, *The French-Canadian Idea of Confederation: 1864-1900*, 47-48.

¹⁰² McRoberts, "Internal Colonialism: The Case of Quebec," 298; André Linteau, Durocher, and Robert, *Quebec: A History 1867-1929*, 57; 74.

¹⁰³ Des Granges, "Finding Legitimacy: Examining Quebec Sovereignty from Pre-Confederation to Present," 26-30; Clarke and Kornberg, "Choosing Canada? The 1995 Quebec Sovereignty Referendum," 677.

¹⁰⁴ Hudson Meadwell, "The Politics of Nationalism in Quebec," *World Politics* 45, no. 2 (1993): 205-06; Stephane Dion, "Why Is Secession Difficult in Well-Established Democracies? Lessons from Quebec," *British Journal of Political Science* 26, no. 2 (1996): 276.

nationalism was inward-looking and defense-oriented, with agricultural society largely excluded from the mainstream of urban life.

The victory of the Liberal Party in 1960 marked the beginning of an end of this socioeconomic, political and ideological settlement. The launch of the Quiet Revolution aimed to modernize, remodel and effectively empower Quebec politically.¹⁰⁵ The reforms introduced changes in areas of social welfare, education, healthcare and energy. The period of 1960-1980 saw a greater involvement of the public sector in economic activity, and massive investment in infrastructure, social services and housing.¹⁰⁶

A very strong statist approach appealed to the Québécois desire for greater control over their affairs and became an important label of the new form of nationalism. Quebec should be able to promote French-Canadian interests through an empowered state, democracy and modernity. These practices led to an increased awareness of the state as a public goods provider for Quebecers, controlling both the economy and social well-being. Indeed, the state interventionism boosted the growth of industrial, financial and service sectors and led to the emergence of dedicated Francophone middle class.¹⁰⁷

The 1980s brought failed an independence referendum, economic problems and important changes on regimes level. Serious voices were raised, calling for privatization and a decrease of state interventionism. This, of course, hit the core of Québécois nationalism, leading to a political vacuum stretching over this decade. Sovereignty was rejected, and so were the plans to remodel Canadian constitution, and the state's ability to

¹⁰⁵ Clarke and Kornberg, "Choosing Canada? The 1995 Quebec Sovereignty Referendum," 677; Michael D. Behiels, *Prelude to Quebec's Quiet Revolution: Liberalism Versus Neo-Nationalism, 1945-1960* (Kingston: McGill-Queen's University Press, 1985), 3-4.

¹⁰⁶ Kabore et al., "Special Study: Economic History of Quebec over the Past Six Decades," 1.

¹⁰⁷ Behiels, *Prelude to Quebec's Quiet Revolution: Liberalism Versus Neo-Nationalism, 1945-1960*, 5; François Rocher, "The Evolving Parameters of Quebec Nationalism," *International Journal on Multicultural Societies* 4, no. 1 (2002): 3; 7; 16.

provide for Quebecers was under attack. Nationalism experienced relegation from state-sponsored and organized to more personal-initiative-driven. The disappointment came also from the federal level and from the actions of other provinces when both Meech Lake and the Charlottetown proposals did not come into being. The call for independence was deemed the only solution to this stalemate, which almost became reality when sovereignty was rejected by only a small margin of the population.¹⁰⁸ The grievance towards federal practices was reflected in a 1995 opinion poll, where “yes” referendum voters were more negative towards Canada than their counterparts in 1980.

All in all, the support for independence has been virtually limited to the Francophone population and the question of properly chosen expression of national identity has prevailed as the main driver of disintegration.¹⁰⁹

Understanding the Payoffs

While the British / American dynamics played a profound role in Quebec’s integration process, the disintegration bid was characterized mainly by mechanisms of bypassing the legal powers of privileged actor: Canada. Quebec was quite skillful in mitigating potential costs imposed by principals of both games. The integration saw the United Kingdom’s willingness to compromise over the scope of autonomy given to its colonies due to the American Revolution and American Civil War. Upon disintegration, the murkiness of the Canadian constitution almost let Quebec declare independence without serious legal costs imposed by Ottawa.

¹⁰⁸ "The Evolving Parameters of Quebec Nationalism," 8-13.

¹⁰⁹ Pammett and LeDuc, "Sovereignty, Leadership and Voting in the Quebec Referendums," 267; Richard Nadeau, Pierre Martin, and Andre Blais, "Attitude Towards Risk-Taking and Individual Choice in the Quebec Referendum on Sovereignty," *British Journal of Political Science* 29, no. 3 (1999): 525.

Economic costs were not mitigated. Any evaluation of prospective sovereignty choice by Quebecers proved to be made, apart from language situation, mainly on economic basis.¹¹⁰ While the Québécois economy grew strongly between 1987 and 1988, it slowed down the year after and turned down in 1990. Quebec was definitely worse off than the rest of Canada and it would be very difficult for it to secure prosperity as an independent state.¹¹¹

Ottawa didn't make it easy for Quebec to mitigate economic costs, stating that the economic union would not be pursued. If Quebec decided to negotiate separate free trade agreements after declaring independence, the outcomes could be not as beneficial as the ones then in force. Canada and the United States might, for example, demand from Quebec less interventionist policies with regards to domestic industries.¹¹² And the whole idea of a viable, strong and proud Quebec rested on a statist approach.

The spur for disintegration upon the 1995 referendum, provoked by a stalemate of inter-provinces bargaining, was almost sufficient for Quebec to declare independence, proving that the pursuit of identity protection, if aggregated efficiently by nationalist forces, could suffice to make Quebec a sovereign country. The legal uncertainty added by Canada's 1998 ruling about illegality of secession makes similar outcomes unlikely in the future.

There were surely very few additional links that emerged on social and ideological platforms after Quebec joined Ontario and later Canadian Confederation. The Francophone society was largely impregnable and there was no way for the sense of a Canadian nation to overtake Québécois identity. Institutional constraints played an

¹¹⁰ "Attitude Towards Risk-Taking and Individual Choice in the Quebec Referendum on Sovereignty," 526.

¹¹¹ Grady, *The Economic Consequences of Quebec Sovereignty*, 102; 20.

¹¹² Ibid., 140.

important role in this matter. Quebec was very unsure about its economic prospects as an independent state and this situation continued to prevail since the time of integration. Great Britain's dominance over international regimes faded, and Keynesian economics gave way to neoliberalism. What is more, Ottawa consolidated its formal power to make Quebec's independence illegal. Even though Quebec might have entered the union with Ontario and later the Canadian Confederation on more or less equal basis, now it's legally disadvantaged and must face different economic quality than it the midst of *Pax Britannica*.

Quebec's disintegration is different in quality than its integration. The latter was a clear bargain which appeased French-Canadian fears of subordination. The former was torpedoed by other provinces and later by the federal government. Here, the constitutional uncertainty ended up being clarified for Quebec's disadvantage. The union formed with Ontario was surely different than the one to be dissolved in 1980 and 1995. Also, Québécois society was different then. Upon integration, it was closed, local and self-protective, while upon disintegration it demanded modernity, social welfare and democracy. These goals couldn't be achieved without full participation in the world economy, which changed profoundly between these two points in time. Prospects of Canada and the United States isolating independent Quebec added much uncertainty about economic viability of sovereignty. Figure 10 shows Quebec's disintegration as an extensive form game.

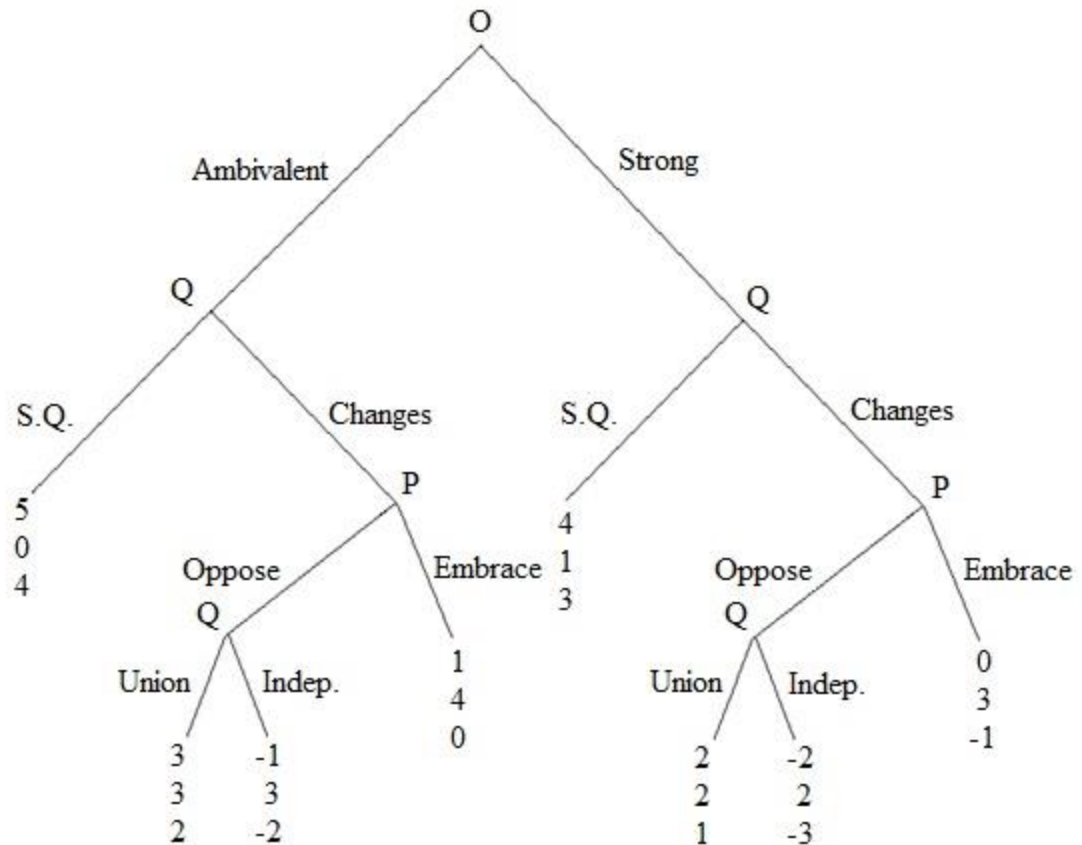


Figure 10: Disintegration of Quebec: Extensive Form Game

Quebec's game of disintegration consists of 7 subgames and assumes complete and perfect information. Because two sovereignty-related referenda revealed a quite even split between independence and union supporters, player Q (Quebec) values both outcomes equally, although more under Ottawa's (O) ambivalent attitude towards this issue. Player P (Canadian provinces) prefers the current status quo, although this outcome does not depend on its actions. The subgames starting from player 2's nodes assume either embracement or opposition to constitutional changes demanded by Quebec. There is no subgame perfection in this game. Ottawa is always prone to choose ambivalent

action. Quebec always opts for changes and is equally likely to choose independence and the status quo, while Canadian provinces will play *Embrace* and *Oppose* with the same probability.

Summary: Time, Costs and Uncertainty

For both Quebec and Montenegro, time progression contributed to qualitative changes between integration and disintegration. The former experienced bargain and use of leverage during its unification with Ontario. The latter surrendered, though largely willfully, to a more powerful Serbia. Upon disintegration, bargaining was not so much an issue for Quebec. It was more about understanding the payoffs structure and ultimate failure to convince the population that its construct was favorable. Montenegro had a similar problem, however, the costs sphere was largely revealed thanks to the gradual process of gaining self-confidence.

Both entities experienced changes on strategic, external and internal levels. Belgrade signaled to be a weak type of actor, in contrast to its strength upon integration. International regimes did not favor Serbia anymore and thus Belgrade lost its prestige and legitimacy behind centralist policies. Montenegro complied with the new regime of democracy and human rights. Internally, the preference for Serbdom was quickly replaced by Yugoslavism, which in turn died together with Josip Broz Tito. Quebec didn't have to bargain with the United Kingdom anymore and Canada proved to be an actor with less conflicting strategies. International regimes began to favor neoliberalism more, which contrasted with Quebecers' demand for interventionist state. Finally,

internally, the population constituted a closed and self-protective society no more. Instead, it demanded participation, modernization and democracy.

Additional links emerged in both cases, although in different ways. Montenegro's integration scheme opened doors for full unification and linkages in all possible issues could be noticed. Upon disintegration, it had to face potential problems resulting from breakage of military, economic ties, representation, health care or employment relations. The symbolism of joint identity still had some influence. Even though political, economic and military issues were resolved and costs largely cleared in these areas, the fate of social relations constituted a clear risk which Montenegro decided to take. It can be concluded that the payoffs were cleared to the extent of encouraging political elites to introduce the referendum and for Montenegrins to opt for it.

Quebec was different. Very few linkages emerged on social, symbolic or even political levels. The crucial element proved to be economy: the uncertainty fueled by changes on international regimes level and Ottawa's reactions. It is critical to remember that Quebec almost chose independence. It can be even tempting to risk the statement that disintegration costs were cleared to the point that pure luck decided that the union would be continued.

Table 2 provides a summary of all crucial disintegration variables in comparison between Montenegro and Quebec.

	Actors change	Externalities change	Internalities change	Additional links	Relative clearance of costs
Montenegro	Moderate	Profound	Profound	Many	High
Quebec	Profound	Moderate	Profound	Few	Moderate

Table 2: Variables in Disintegration Game: Changes for Montenegro and Quebec

The outcomes of both disintegration games can be largely explained with the extensive form games presented earlier in this chapter. This explanation is a post factum attempt and the real payoffs matrix contemplated by Montenegro and Quebec upon decision to disintegrate must have, by assumption, assumed a certain degree of uncertainty.

Figure 11 shows in simplified strategic form disintegration games of both units. The upper row represents actual strategic interactions while the row below shows hypothetical distribution of payoffs under increased uncertainty over the exact nature of costs.

Montenegro simplified disintegration game		Quebec simplified disintegration game			
		M		Q	
			Indep.	Status quo	
B	Allow	-5	5	6	-5
	Disallow	-7	-5	5	0

Montenegro disintegration modified game		Quebec disintegration modified game			
		M		Q	
			Indep.	Status quo	
B	Allow	1	0	4	-1
	Disallow	2	-3	3	-1

Figure 11: Disintegration of Montenegro and Quebec: Strategic Form Games with Actual and Hypothetical Payoffs Structure

The game in the upper left corner has one Nash equilibrium which assumes Belgrade allowing independence and Montenegro choosing it. The game in upper right corner has three Nash equilibria: Canada allowing independence and Quebec choosing either to secede or to remain part of the union, and Canada disallowing with Quebec opting for status quo.

Both games in the lower row show how uncertainty about a payoffs structure might have impacted the actual decision. It might have been the case that independence was not as beneficial for Montenegro even though it was still considered more favorable than status quo (game in lower left corner). Belgrade, on the other hand, might have favored upholding its opposition toward sovereignty to highlight its strong position but

Montenegrin independence would have proved ultimately to be beneficial for Serbia. Quebec might have favored sovereignty slightly more than status quo (lower right corner) while Ottawa might have suffered slightly less from standing firm, even though Quebec would have disintegrated. Both games show plausible distribution of payoffs and it is fair to assume that players could have seen their payoffs this way. Mixed strategy Nash equilibria in these cases show this confusion: $(\frac{2}{3}\text{Allow}, \frac{1}{3}\text{Disallow}; \frac{1}{2}\text{Independence}, \frac{1}{2}\text{Status quo})$, and $(\frac{5}{6}\text{Allow}, \frac{1}{6}\text{Disallow}; \text{Status quo})$, $(\text{Disallow}; \text{Status quo})$.

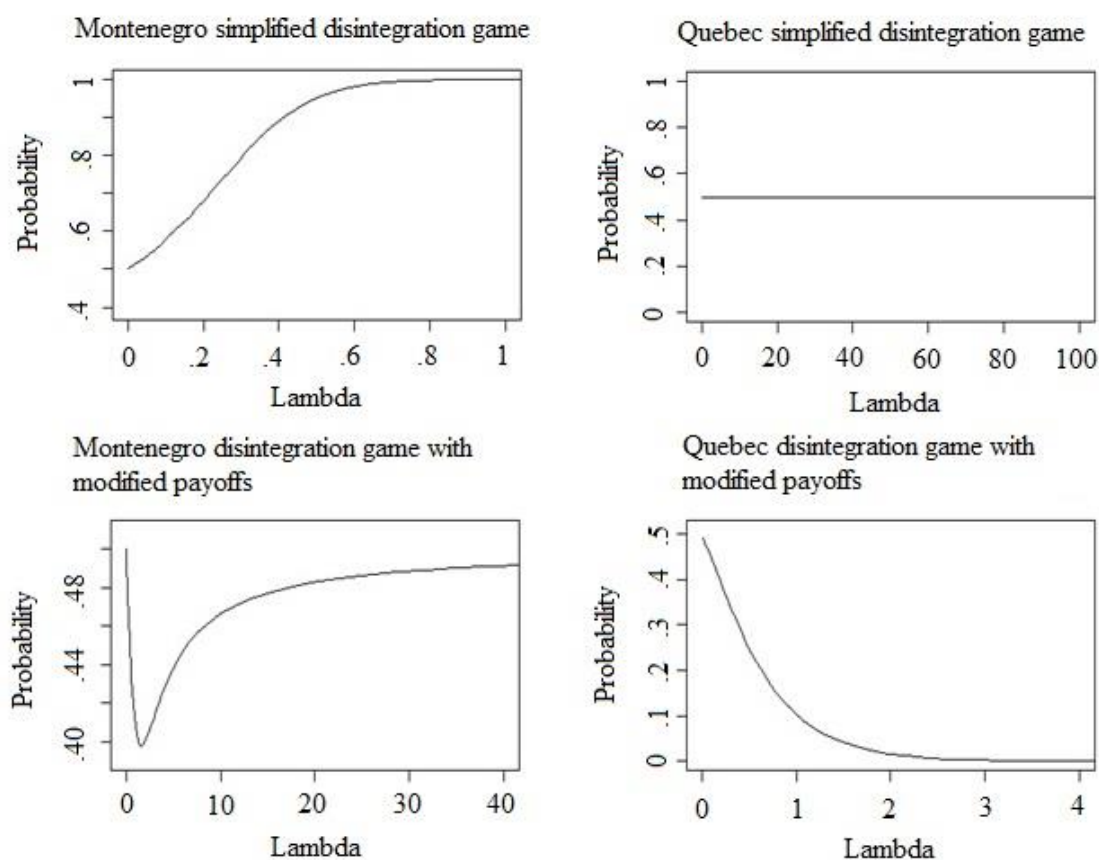


Figure 12: Probability of Choosing Independence: QRE Corresponding to Introduced Strategic Games

Finally, Figure 12 shows the probability of disintegration for Montenegro and Quebec under Quantal Response Equilibria and in correspondence with strategic form games introduced earlier. Here, better strategies are played more often but certain deviations from Nash equilibria are possible. In short, higher *lambda* coefficient suggests greater rationality of player.¹¹³ Both games in the upper row reveal a disintegration option reaching immediately probability of 1 and 0.5 for Montenegro and Quebec respectively. In the modified Montenegro game, after initial shock probability of secession converges slowly to 0.5. QRE for modified Quebec, the game shows indifference only under very small *lambda* values, thus under higher “irrationality”, while status quo option is quickly reached as the only plausible result.

¹¹³ Richard D. McKelvey and Thomas R. Palfrey, "Quantal Response Equilibria for Normal Form Games," *Games and Economic Behavior* 10(1995).

CHAPTER V

DISINTEGRATION FROM INTERGOVERNMENTAL ORGANIZATIONS

Two case studies presented in this chapter were chosen to depict the logic of disintegration on international organizations structure level. The Andean Pact formed in 1969 by five Latin American states saw Chile's withdrawal just seven years later. The Pact created by the Cartagena Agreement aimed to bring together regional developmental efforts and to constitute a safe haven amidst economic liberalism embodied by Bretton Woods and GATT. The organization failed to extend its initial integration goals or even to fulfill the goals included in the treaty. This failure prevented additional issue linkages from emerging and pursuing state interventionism in a developmental effort was rejected by Augusto Pinochet's neoliberalism-oriented dictatorship.

Fiji's contemplated withdrawal from the Pacific Islands Forum stretched between 2012 and 2015. In 2009, the island state was suspended in its membership by other member states and it tried to organize an alternative regional organization, repeatedly indicating its intention to leave the Forum after almost forty years of membership. The organization itself evolved to include many areas vital for South Pacific island states' development, significantly exceeding functions performed upon integration.

The choice of Chile and Fiji as case studies helps to research disintegration in different parts of the world. Both states differ also with regard to their relative strength, international position and strategic setting. In both cases, external developments impacted heavily domestic choices. While Chile experienced a highly revealed payoffs structure due to the lack of strategic constraints and scarcely replicated integration links, Fiji disintegration's costs proved to be murky due to reversal of these reasons.

Chile and the Andean Pact

Actors: Changes on Strategic Level

The Andean Pact was formed in 1969 by Bolivia, Chile, Colombia, Ecuador and Peru after signing Cartagena Agreement. By that time, the founders realized that the framework of the existing Latin American Free Trade Association was unbeneficial for them as countries at intermediate stages of development. In particular, states like Brazil, Mexico and Argentina were receiving disproportionate benefits from the LAFTA scheme while other members were lagging behind.¹ Even though participants of other Latin American integration projects influenced indirectly the creation of Andean Pact,² their impact should be considered an element of a greater, regional picture, possibly the one belonging to the regimes level. From a game-theoretic standpoint, there were thus five equal actors in this integration game: Bolivia, Colombia, Ecuador, Peru, and most importantly, Chile. Venezuela can also be counted as a player because of its participation in negotiations, even though it didn't join the Andean Pact until 1973.

Actors widely shared fundamental ideas of how the organization should look. Nevertheless, the outcome of bargaining upon the Cartagena Agreement was achieved as equilibrium with certain compromises. For example, during negotiations, Chile and Colombia represented hard position on tariffs abolishment while Peru and Venezuela

¹ David E. Hojman, "The Andean Pact: Failure of a Model of Economic Integration?," *Journal of Common Market Studies* 20, no. 2 (1981): 139; Rafael Vargas-Hidalgo, "An Evaluation of the Andean Pact," *Lawyer of the Americas: Legal Problems for Multinational Corporations* 10, no. 2 (1978): 401.

² The formation of the Pact can be viewed for example as a move calculated to balance Brazil and exclude Argentina. Elizabeth G. Ferris, "The Andean Pact and the Amazon Treaty: Reflections of Changing Latin American Relations," *Journal of Interamerican Studies and World Affairs* 23, no. 2 (1981): 147.

were more concerned with assuring measures for industrialization. Bolivia and Ecuador tried to secure preferential treatment accounting for their relative underdevelopment.³

In the end, the founders sought to maintain equality between them by properly channeling market forces. The least developed member states – Ecuador and Bolivia – were to be treated preferentially.⁴ The clear goal of the five founding countries was thus to pursue economic well-being which was to be “balanced and harmonious”, fairly redistributive, aimed to reduce development differences among member states and based on solidarity.⁵

The founding governments concluded that their interests would be best served and regional development best secured if certain “distinctive features” were introduced. These features included automatic elimination of intraregional trade barriers, introduction of common external tariff, special treatment of foreign investment, and implementation of programs for industrial development.⁶ Elimination of tariffs and further establishment of Common External Tariff was seen as a necessary step towards desired goal: the creation of customs union. The sectorial industrial development programs aimed to enhance production of components of manufactured goods not produced before within the region, and then to trade the goods among partner states.⁷ The sectors of industrial planning included metalworking, petrochemicals, glass, pulp and paper, dye-stuffs, pesticides and fertilizers, automobiles, steel, pharmaceuticals and electronic projects.⁸

³ "National Political Support for Regional Integration: The Andean Pact," *International Organization* 33, no. 1 (1979): 84.

⁴ Rafael Vargas-Hidalgo, "The Crisis of the Andean Pact: Lessons for Integration among Developing Countries," *Journal of Common Market Studies* 17, no. 3 (1979): 214-15.

⁵ "Andean Subregional Integration Agreement: "Cartagena Agreement", (1969), Ch. I.

⁶ Hojman, "The Andean Pact: Failure of a Model of Economic Integration?," 139-40.

⁷ Thomas Andrew O'Keefe, "How the Andean Pact Transformed Itself into a Friend of Foreign Enterprise," *The International Lawyer* 30, no. 4 (1996): 813.

⁸ Ferris, "National Political Support for Regional Integration: The Andean Pact," 95.

The consensus reached by founders of the Andean Pact reflected a mixed economy model with greater role of the state. In Chile, this scheme was implemented by the government of Eduardo Frei. The project lasted for couple of years but eventually member states' governments began to change their policies. Chile transformed under Augusto Pinochet and other founders were hit by externalities including the oil crisis.⁹

On 30 October 1976, Pinochet's aggressive-free-market-pursuing Chile withdrew from the protectionist Andean Pact. The actors of disintegration game included five states from the integration period plus Venezuela which acquired member status in 1973. The question of actorness or semi-actorness of Andean Pact as an intergovernmental organization has to be asked, as required by the framework of the disintegration game explained in Chapter III.

The most important bodies created by the Cartagena Agreement included the Commission and the "Junta"¹⁰ which didn't possess supranational power. At the time of Chile's withdrawal, the Andean Pact's institutions suffered from permanent crisis resulting from the politicization of the integration process. Member states started to pay more attention to their own economic interests than that of region as a whole. In fact, around 1975, it was virtually impossible to appoint members of the Commission and the member states either did not comply with organization's provisions or neglected to implement them uniformly.¹¹ For example, the Andean Pact's decision 49 was accepted unanimously by member states in 1971 but wasn't implemented by any of them until

⁹ Vargas-Hidalgo, "An Evaluation of the Andean Pact," 402-05.

¹⁰ "Regional Cooperation, Organizations and Problems," in *Encyclopedia of Public International Law*, ed. Rudolf L. Bindschedler, et al. (Amsterdam: Elsevier, 1983), 14.

¹¹ "The Crisis of the Andean Pact: Lessons for Integration among Developing Countries," 219; "An Evaluation of the Andean Pact," 401.

1976.¹² It can be concluded that the Andean Pact as a whole did not possess sufficient autonomy to be considered an actor in the disintegration game.

The six member states diverged greatly in their enthusiasm towards the Andean Pact. In fact, every one of them valued different area of cooperation and these attitudes derived largely from selfish considerations. In 1975, Chilean self-perceived activity and optimism in the integration scheme was among the lowest, together with Bolivia. In contrast, Peru and Venezuela perceived themselves as the most active. Together with Colombia, Chile valued trade liberalization the most while Venezuela and Peru were more concentrated on industrial planning. Regardless of perceptions, the actual goals met by the Andean Pact were scarce. Negotiations on industrial planning were filled with controversy as no member state was willing to give up its industrial course. Until 1979, the planning was agreed upon only in metalworking, automobiles and petrochemicals¹³.

Neither legal treaty provisions nor individual member states' actions posed serious constraints on Chile's withdrawal. There was some conflict over Chilean Decree 600 aiming to mitigate effects of Andean Pact's Decision 24: the "common regime of treatment of foreign capitals and on trademarks, patents, licenses and royalties".¹⁴ Fellow member states strongly opposed the Decree and the Commission declared it incompatible with Decision 24.¹⁵ In 1974, Chile was ultimately charged by fellow member states for non-compliance with the Decision and agreed to change the Decree but the conflict over foreign investment became a direct spur for Chilean withdrawal.

¹² "An Evaluation of the Andean Pact," 415.

¹³ Ferris, "National Political Support for Regional Integration: The Andean Pact," 89-95.

¹⁴ The Decision was perceived as the most controversial of all decisions, forbidding foreigners to invest in activities which would compete with those being carried out by Andean enterprises. Thomas Andrew O'Keefe, *Latin American and Caribbean Trade Agreements : Keys to a Prosperous Community of the Americas* (Leiden: M, Nijhoff, 2009), 8.

¹⁵ Vargas-Hidalgo, "An Evaluation of the Andean Pact," 405.

In sum, the Andean Pact at the time of Chile's exit was a largely dysfunctional intergovernmental organization, lacking coordination, criteria for implementation of decisions, and uniformity in member states' preferences. It wasn't in power to pose serious withdrawal costs to Chile and fellow members neglected to do so as well.

Externalities: Changes on Regimes Level

The end of 1960s was the time of fully-functioning Bretton Woods system under which major European currencies became convertible, as was the dollar in relation to gold, and parities were fixed but adjustable.¹⁶ What Latin American states in question did by creating the Andean Pact was in fact a turn-away from this international regime, believing that it was harmful for regional development.¹⁷ It is fair to say that the five founding states responded negatively to the global trade and financial regime, acting within a Latin American sub-regime characterized by state-interventionist culture, industrialization and ideas of dependency theory.¹⁸ The impact of Bretton Woods' international trade and financial regime was thus profound as by the scheme of regional integration the Andean Pact's member states tried to protect them from the perceived unfair distribution of development which this regime reproduced.

Since the voting power in International Monetary Fund and the World Bank reflected share ownership, the Latin American influence was weaker in comparison to

¹⁶ Keohane and Nye, *Power and Interdependence*, 64.

¹⁷ Richard V. Adkisson, "The Andean Group: Institutional Evolution, Intraregional Trade, and Economic Development," *Journal of Economic Issues* 37, no. 2 (2003): 371.

¹⁸ Jr. Pastor, Manuel, "The Effects of Imf Programs in the Third World: Debate and Evidence from Latin America," *World Development* 15, no. 2 (1987): 253.

European states.¹⁹ This and other discrepancies fueled the dissatisfaction of disadvantaged member states. The IMF tried to convince its protectionist members to implement more free market practices, but upon formation of the Andean Pact, the five founding countries had already lost faith in the system. In general, they were more concerned with trade issues, trying to win favorable concessions for developing countries. Trade area was in turn of secondary importance for the Bretton Woods proponents. After the Havana Charter's decision to create the International Trade Organization had failed to be implemented, many Latin American states further expressed their doubts in Bretton Woods' solutions.²⁰

Failed codification of international trade resulted in what Andean Pact members perceived to be an irrelevant and unbeneficial solution: the General Agreement on Tariffs and Trade. Many Latin American states didn't see how GATT could help their growth and development. As a result, many countries from the region refused to join the Agreement up until 1980s. Exports fell continuously while the need for imports magnified arising balance-of-payments problems.²¹

The participants of Latin American integration schemes assumed that the abolition of internal tariffs coupled with intraregional imports and exports would help to fix the balance-of-payments problems. They also hoped that insulation from world trade through regional integration mechanisms would secure the region against external shocks.²² It is true that intraregional trade increased in absolute and even relative terms

¹⁹ Ngaire Woods and Domenico Lombardi, "Uneven Patterns of Governance: How Developing Countries Are Represented in the Imf," *Review of International Political Economy* 13, no. 3 (2006).

²⁰ V. Bulmer-Thomas, *The Economic History of Latin America since Independence*, Cambridge Latin American Studies (Cambridge, U.K.: Cambridge University Press, 2003), 259-60; 70.

²¹ *Ibid.*, 261-64; 76.

²² Werner Baer, "Import Substitution and Industrialization in Latin America: Experiences and Interpretations," *Latin American Research Review* 7, no. 1 (1972): 106.

until the late 1970s, but Andean Pact member states struggled with various economic problems, foremost inflation, consequently denying the IMF's calls for exports expansion. As critics of inward-looking policies argued, the conditions created by the Bretton Woods regime could help to extract major advantages only if a state agreed to participate in expansion of world trade under GATT and trade liberalization in general.²³

The 1973 oil crisis and OPEC's actions leading to oil price increase by 400% had a profound impact on oil-importing countries, including Chile. After the crisis, borrowing became cheap, which left the Latin American states heavily indebted.²⁴ This was yet another reminder how balance-of-payments could impact the economic development of inward-looking countries. In these economies, foreign borrowing became "gap-filling" with respect to balance-of-payments deficit.²⁵ It is striking that the region remained vulnerable to external shocks despite the Andean Pact's goal to prevent harmful impacts of the global economy.²⁶

By the time of Chile's withdrawal from the Andean Pact, the Bretton Woods system virtually collapsed. 1976 was a border year of transition from non-regime conditions in monetary policy issue area to a new international regime based on flexible exchange rates and Special Drawing Rights.²⁷ In trade issue areas, the global regime of GATT was still in place until Uruguay Round Agreements established the World Trade Organization almost twenty years later.

²³ Bulmer-Thomas, *The Economic History of Latin America since Independence*, 263; 79; 90-95; Penélope Pacheco-López, "Trade Liberalisation and the Trade-Off between Growth and the Balance of Payments in Latin America," *International Review of Applied Economics* 21, no. 4 (2007): 481.

²⁴ Cristóbal Kay, "Why East Asia Overtook Latin America: Agrarian Reform, Industrialisation and Development," *Third World Quarterly* 23, no. 6 (2002): 1085.

²⁵ Bela Balassa, "Exports, Policy Choices, and Economic Growth in Developing Countries after the 1973 Oil Shock," *Journal of Development Economics* 18, no. 1 (1985): 26.

²⁶ Bulmer-Thomas, *The Economic History of Latin America since Independence*, 313.

²⁷ Keohane and Nye, *Power and Interdependence*, 64.

Trade deficit, calls for dollar devaluation, the inability of the United States to keep convertibility to gold and the subsequent adoption of floating currency by majority of developed countries brought an end to the fixed exchange rates system.²⁸ The collapse of a functioning monetary discipline coupled with a price boom posed particular challenges to countries that based their policies on curtailed exports. The Latin American states, shifting from traditional import-substituting industrialization, responded in three main ways to these developments. They either adopted export promotion, export substitution or primary-export development. After Pinochet's coup, Chile followed the export substitution and neoliberal path.²⁹ It is important to mention that none of these attitudes proved to be particularly successful for the Latin American region's economic growth, which now became increasingly dependent on foreign borrowing.³⁰

The 1970s saw increase of real wages in developed states which started to delegate labor-intensive tasks to developing countries, which in turn raised the trade of manufactured goods. Export pessimism of Andean Pact ideology was challenged yet once again with Southeast Asian countries presenting an alternative model of state interventionism and subsequent export-led economic growth.³¹ The hint that a strong, authoritarian state might be better suited to effectively manage export-oriented economies was a potential signal sent to upcoming far-right reformers in the Andean region.³²

While Chile's withdrawal from the Andean Pact was spurred directly by the conflict with the Commission and other member states over foreign investments,

²⁸ Michael Bordo, "The Gold Standard, Bretton Woods and Other Monetary Regimes: An Historical Appraisal," in *NBER Working Paper* (The National Bureau of Economic Research, 1993), 42.

²⁹ Eduardo Silva, "The Import-Substitution Model: Chile in Comparative Perspective," *Latin American Perspectives* 34, no. 3 (2007): 86.

³⁰ Bulmer-Thomas, *The Economic History of Latin America since Independence*, 313-15; 24.

³¹ *Ibid.*, 314.

³² Richard Stubbs, "War and Economic Development: Export-Oriented Industrialization in East and Southeast Asia," *Comparative Politics* 31, no. 3 (1999): 351.

subsequent global developments showed yet another justification for pursuing free-market schemes and an export-oriented economy. While in the early 1970s the Andean Pact's member states were ruled largely by progressive reformists, by the mid-70s far-right dictators came to power.³³ The developments on international level must have led to the reform of the Andean regional integration project, but by 1976 Chile grew impatient with protectionist policies. While domestic conditions were decisive for Chile's move, the international setting certainly made it easier for Pinochet's administration to avoid additional economic costs.

Internalities: Changes on Domestic Level

At the time of integration with the Andean Pact, Chile was governed by Christian Democrat Eduardo Frei, who in 1970 was succeeded by socialist Salvador Allende. Both presidents promised revolutionary changes with regard to development and social justice, to be achieved within democratic framework. Frei largely managed to secure both justice and democracy, but this came at the expense of rising inflation and economic backlash. The same problems coupled with increasing class polarization continued under Allende, despite his being able to achieve an immediate increase in the living standards and political participation of low-income social groups. In contrast, under Augusto Pinochet, the military government decided to depart from a democratic framework and focus on fostering economic well-being coupled with wiping out Marxist influence.³⁴

³³ Ferris, "The Andean Pact and the Amazon Treaty: Reflections of Changing Latin American Relations," 153.

³⁴ Paul E. Sigmund, *The Overthrow of Allende and the Politics of Chile: 1964-1976* (Pittsburgh, PA: University of Pittsburgh Press, 1977), 10-11.

In order to understand internal conditions and the distribution of Chilean preferences in the late 1960s and early 1970s, it is necessary to mention two facts. First, the economic problems and respective responses from the Chilean governments reached back at least to the beginning of the century. Second, Chile was democratic at that time and therefore decision-makers had to take into account the preferences of the larger population.³⁵ These conditions changed drastically under Augusto Pinochet's dictatorship.

Wage readjustments designed to compensate for chronic inflation were used in Chile at least since the 1930s. Between 1958 and 1964, President Jorge Alessandri was trying to fix the inflation problem by introducing a policy of austerity and restricting wage increases, but the situation worsened again when the government ended up with no money to enact necessary reforms. In 1966, President Frei's government managed to reduce inflation, increase production and redistribute income, but by the time of Allende's coming to power, Chile was caught in an economic recession and financial crisis. The Socialist President tried yet again, manipulating real wages and boosting consumer demand, accepting inflation as a lesser evil than impeding redistribution of benefits to the poor.³⁶ The Chilean people at the time of integration within the Andean Pact were thus in a constant state of wage and redistribution experiments with visible governmental leanings towards protectionism and social justice. The Andean Pact came in handy because the goal of regional integration was to boost development while

³⁵ Bruce Bueno de Mesquita et al., *The Logic of Political Survival* (Cambridge, Mass: MIT Press, 2003), 72-73.

³⁶ Sigmund, *The Overthrow of Allende and the Politics of Chile: 1964-1976*, 18; 26-28; 57; Peter A. Goldberg, "The Politics of the Allende Overthrow in Chile," *Political Science Quarterly* 90, no. 1 (1975): 105; Peter Winn, "Salvador Allende: His Political Life and Afterlife," *Socialism and Democracy* 19, no. 3 (2005): 146.

respecting local economic culture, industrialization needs, workers' protection and self-sufficiency. The satisfaction of popular demand had been a top priority for at least three decades before Allende, coming in excess of economic capacity.³⁷

Democratic Chile was in a state of constant "electoral fever" with presidential, congressional and municipal voting constituting a vital part of Chilean identity.³⁸ By 1970, an expansion of the electorate occurred rapidly, and so did the increase of voter turnout.³⁹ Deeply rooted pro-social-justice preferences were reflected by the congressional representation of Marxist parties which, from 1932 until 1973, were entering electoral alliances and governmental coalitions and finally took over the executive in 1970.⁴⁰ Allende wanted to keep the democratic framework in his socialist endeavor, reshaping institutions and seeking alliance with working class representatives.⁴¹ In the end, however, the opposition managed to convince the middle class that it didn't have to share the burden of national development as envisioned by the socialist President.⁴²

When Augusto Pinochet took over power, Chile had been suffering from the worst economic crisis in its history. During its participation in the Andean regional integration scheme, the country was able to boost its interregional trade almost twice, taking four years to increase the exchange more than other Andean Pact member states did in seven years. Integration partners also managed to draft industrial development projects in three sectors. In the beginning, Salvador Allende believed that Chile didn't

³⁷ Goldberg, "The Politics of the Allende Overthrow in Chile," 100.

³⁸ Sigmund, *The Overthrow of Allende and the Politics of Chile: 1964-1976*, 16.

³⁹ Goldberg, "The Politics of the Allende Overthrow in Chile," 96.

⁴⁰ Julio Faúndez, *Marxism and Democracy in Chile: From 1932 to the Fall of Allende* (New Haven: Yale University Press, 1988), 1-2.

⁴¹ Francisco S. Zapata, "The Chilean Labor Movement under Salvador Allende: 1970-1973," *Latin American Perspectives* 3, no. 1 (1976): 87.

⁴² Goldberg, "The Politics of the Allende Overthrow in Chile," 115.

need foreign investments for its growth. Even despite his later shift on this issue, the investments progress was hampered by a high level of nationalization.⁴³

Pinochet's remedy for the balance-of-payments situation and for general economic deterioration assumed aggressive free-market actions and compliance with the rules set by international monetary and trade regimes. The so-called Change Team in Chile, comprised of economists trained in the United States in 1960s and early 1970s, assumed high positions in Pinochet's government. They believed that Chile's chronic poor economic performance resulted from state interventionism, high inflation and protectionism. The picture upon Allende's downfall was telling its story: import tariffs averaged 105%, there were many additional quantitative trade restrictions, the state controlled about 600 companies, and the inflation rate hit the highest score in the world: 600%.⁴⁴ After Pinochet's radical changes, the number of state-controlled companies decreased to 50 in 1976, a dramatic reduction and simplification of trade barriers was implemented, an extreme devaluation scheme and active exchange rate policy were initiated and by, 1981, the inflation rate equaled 9.5%.⁴⁵

Pinochet's far-right brutal dictatorship was set on cleansing the remains of Marxism in Chile, which also assumed repression of left-wing labor union leaders. Since membership in labor unions diminished dramatically since 1973, the government found

⁴³ O'Keefe, "How the Andean Pact Transformed Itself into a Friend of Foreign Enterprise," 816; Vargas-Hidalgo, "An Evaluation of the Andean Pact," 405; 17; Hojman, "The Andean Pact: Failure of a Model of Economic Integration?," 140.

⁴⁴ Sebastian Edwards and Daniel Lederman, "The Political Economy of Unilateral Trade Liberalization: The Case of Chile," in *NBER Working Papers* (National Bureau of Economic Research, 1998), 3; 14; Sebastian Edwards, "Stabilization with Liberalization: An Evaluation of Ten Years of Chile's Economic Experiment with Free Market Policies, 1973-1983," in *UCLA Working Paper* (University of California, Los Angeles, 1983), 1.

⁴⁵ Vargas-Hidalgo, "An Evaluation of the Andean Pact," 405-07; Edwards, "Stabilization with Liberalization: An Evaluation of Ten Years of Chile's Economic Experiment with Free Market Policies, 1973-1983," 1; Edwards and Lederman, "The Political Economy of Unilateral Trade Liberalization: The Case of Chile," 3-6.

itself among different interest groups and therefore different formulated preferences to respond to. Because the political system of Chile was authoritarian at that time, internal pressure resulting from formulated preferences did not come from the wider electorate. Free from electoral constraints, Pinochet's government had to be responsive to preferences of various interest groups. These consisted mainly of import-competing agricultural producers, export-oriented mining producers, representatives of non-tradable industries, financial conglomerates and the remaining unionized workers. Import-competing sectors primarily lost on tariffs reduction but benefited from currency devaluation, while export-oriented producers benefited from general trade liberalization.⁴⁶

It is safe to say that the Chilean decision to disintegrate was elite-driven, encouraged by developments on an international regimes level. The nature of Chile's political system made the government responsive mainly to interest groups but not to the population as a whole, which additionally influenced the perceived costs sphere. It is interesting to note that in the 1990s, after Pinochet's dictatorship, popular support for regional economic integration in Chile equaled 60%. The nature of the political system surely tells much about preferences aggregation conducted by unitary players of the disintegration game.⁴⁷

⁴⁶ "The Political Economy of Unilateral Trade Liberalization: The Case of Chile," 29-35.

⁴⁷ Mitchell A. Seligson, "Popular Support for Regional Economic Integration in Latin America," *Journal of Latin American Studies* 31, no. 1 (1999): 138.

Understanding the Payoffs

As with any case of disintegration subject to the theory proposed in Chapter III, Chile's withdrawal from the Andean Pact should be reviewed by using the main indicators: time progression, initial links, consent and conditions for emergence of additional links, internalities, other players' strategies and changes on regimes level. Comparing the situation at the time of disintegration with the one at the moment of integration should help to understand how occurrences within three levels of analysis (internal, external, strategic) became internalized by Chile's ruling elite, what understanding of a potential payoff matrix emerged, and how it influenced the decision to withdraw.

Chile withdrew after merely seven years of membership in the Andean Pact. This case is representative of an average tendency retrieved from the dataset presented in Chapter III.⁴⁸ The median for 613 exits from intergovernmental organizations is 11 years, with IGOs of an economic scope facing 2.61 withdrawals: almost the highest number among other organizations. The general theoretical statements are that states are more prone to exit after few years of their membership, that one issue-coverage makes the costs sphere more approachable, and that the economic area of cooperation is the easiest to break, probably because of the fairly easy quantification of costs and benefits. This picture is not complete without delving more deeply into case studies.

Relatively few years of dwelling within the Andean Pact coupled with only several issues subject to cooperation pointed out in the Cartagena Agreement⁴⁹ hampered the emergence of additional links. It is important to note that trade and investment

⁴⁸ Krause, Schafer, and Adams, "State System Membership List, V2011."

⁴⁹ Elimination of intraregional trade barriers, introduction of common external tariff, special treatment of foreign investment and implementation of programs for industrial development.

openness were perceived to be beneficial due to international conditions. Chile was trying to regulate foreign investment outside of the Andean Pact, even during its membership in the organization. Many other goals set by the Pact were not met before Chile's withdrawal anyway. What Chile really lost upon its exit was an important market for metalworking: the issue in which cooperation goal was achieved. Nevertheless, relatively few agreed upon issues within industrial planning and the lack of enthusiasm Chile was showing to this issue reveal rather minimal costs to be paid upon disintegration.

Much more important were political costs. The Cartagena Agreement created a handful of bodies for the coordination of the integration project. Additional links that emerged over the few years of Chile's membership included a forum for consultation with its neighbors. Venezuela was the only Latin American country capable of carrying on investments and, together with Colombia, it was the only democracy in the region. Also important were the ties with Ecuador and Venezuela on the basis of their oil-exporting significance. Shared borders with Bolivia and Peru made them potential geopolitical rivals, so contacts with these states were of vital importance.⁵⁰

The discrepancy between integration assumptions is strikingly outlined in the Cartagena Agreement and within actual developments around 1976. This case shows how qualitatively different these two moments were. Economic goals agreed in 1969 were not fully met due to the lack of political will of member states. Each state valued different issues more and integration often became paralyzed. Also, institutions created by the Cartagena Agreement proved to be dysfunctional, and there was no real room for them to replicate and transform, possibly into supranational bodies. The politicization of the Andean integration process meant a prioritization of particular interests over the common

⁵⁰ Vargas-Hidalgo, "An Evaluation of the Andean Pact," 420-21.

vision. Upon disintegration, Chile was not giving up benefits it agreed upon in the 1969 treaty. It was resigning much less and the various political ties were not the direct subject of integration agreement.

In the end, players of Chile's disintegration game proved to be weak in type, preoccupied with their own problems and answering to international regimes' demand for export-oriented economies. Pinochet's dictatorship had to respond to interest groups vital for capitalist systems.

Chile's withdrawal from the Andean Pact is an interesting case, showing different qualities of disintegration, but the case where strong international signals coupled with internal demand, the choice to disintegrate was facilitated. In the actor's mind, the benefits on the horizon outweighed mostly political costs.

Figure 13 aims to code strategies of Chile withdrawal game's players together with respective payoffs into an extensive form game tree.

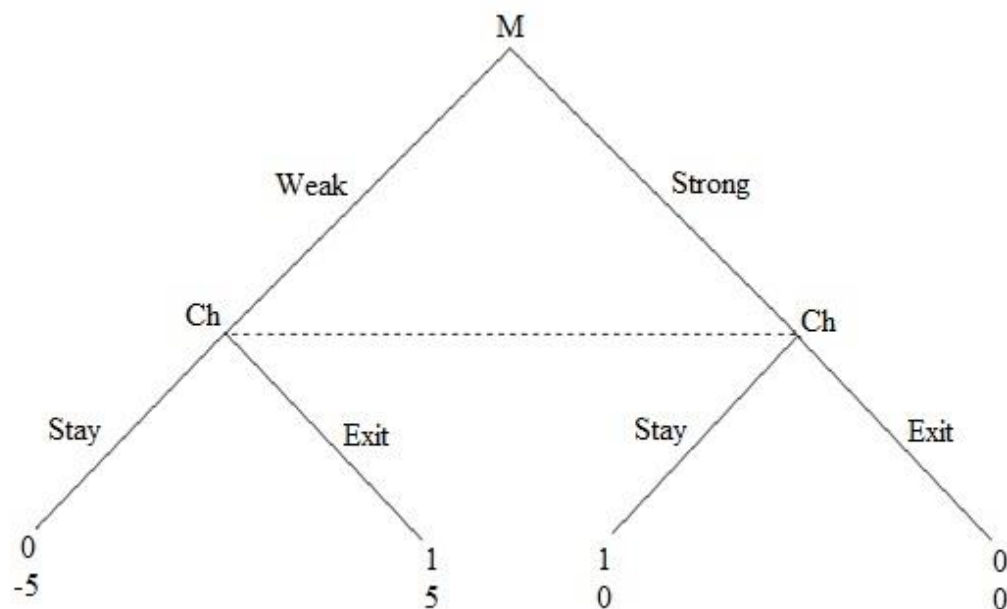


Figure 13: Disintegration of Chile: Extensive Form Game

Under this suggested distribution of payoffs, player M (Andean Pact member states) can decide to choose either a strong or weak position. The former means that there is a willingness to improve the Pact's conduct and a belief in its regained efficiency. In this case, player Ch (Chile) is indifferent between staying and withdrawing because technically it could bargain with other member states to reshape the Pact's form to its favor. Member states would rather see Chilean continued membership in order to prevent the organization from potential collapse. If player M chooses to play weak, it indicates that the Pact really serves each member's particularistic interests and it's even better for Chile to exit because the future bargaining over these interests would be much easier without confronting Chilean strong position. Also, player Ch prefers to withdraw in this

case, opting for its own way of development without being exposed to stalemated negotiations with fewer pro-market partners.

The subgame perfect Nash equilibrium of this game assumes player *M* choosing *weak* and player *C* playing *exit*. The withdrawal move of Chile is also weakly dominant under uncertainty of member states' future intentions to modify the Pact's nature. In other words, the internal preferences of Chile ruled by Pinochet's dictatorship were so liberal-market-oriented that disintegration from the Pact was seen favorable, even if its member states decided to shift towards this direction in the future.

Fiji and the Pacific Islands Forum

Actors: Changes on Strategic Level

Fiji and its island neighbors in the South Pacific region did not play any prominent international role during the colonial era. Many of them were not pushing for autonomy, not to mention sovereignty and freedom of action in foreign policy sphere. The situation began to change with the global decolonization process, which appealed both to colonial powers and to their subjects themselves.

The period directly after the Second World War saw a continuity of established colonial order. The major players in the region – the United States, the Great Britain, France, Netherlands, New Zealand and Australia - were dedicated to maintaining their influence, developing South Pacific Commission to jointly pursue this goal. This decisive body had the Conference at its disposal – the gathering of South Pacific island states performing an advisory function on economic and social issues. Execution and even discussion of political matters were restricted to colonial powers, a fact which was

becoming a source of dissatisfaction magnified by decolonization process. Western Samoa achieved independence in 1962 as the first colony in the region and, around that date, subnational actors began to call for more powers to the Conference. In 1965, a Fiji-initiated “rebellion” resulted in the creation of the Pacific Islands Producers Association operating outside the South Pacific Commission’s framework. Two years later, meetings of the Conference and the Commission were held together and by 1974 the former became the governing body of the latter. Since the South Pacific Commission’s scope proved to be too limited to grasp the entirety of regional challenges, the South Pacific Forum was formed.⁵¹

Fiji played a pivotal role in these developments, not only by integrating with the newly created international organization, but also by initiating and founding it. The movement outside of the framework set by colonial powers started with the creation of PIPA and was indeed orchestrated by Suva. Fiji took the next step together with Cook Islands and Samoa, and soon was joined by other regional actors. Fiji’s role was prominent and it is fair to say that Suva took leadership in the integration game setting, at least vis-à-vis other South Pacific islands states.⁵² Of course, little could have been done without the consent of privileged colonial powers, but the regime of decolonization placed them in a state of the world in which the benefits of letting former colonies decide for themselves outweighed the benefits of maintaining the status quo. Nevertheless, good relations with these actors were critical for South Pacific islands states which relied on their aid, countries that often specialized in just one-product exports and were short of

⁵¹ Eric Shibuya, “The Problems and Potential of the Pacific Islands Forum,” in *The Asia-Pacific: A Region in Transition*, ed. Jim Rolfe (Honolulu: Asia-Pacific Center for Security Studies, 2004), 103-04; Gregory E. Fry, “Regionalism and International Politics of the South Pacific,” *Pacific Affairs* 54, no. 3 (1981): 457-62.

⁵² “Regionalism and International Politics of the South Pacific,” 464; 70.

trading partners. For example, the invitation of Australia and New Zealand to the South Pacific Forum aimed directly to secure funding as well as a greater international presence. The scheme of regional integration was set to achieve the highest possible level of economic development while taking into account limiting factors.⁵³

The early focus of the Forum was set indeed on developmental topics including trade, telecommunications, shipping, civil aviation, and education, but the participant units also tried to take control over political matters sensitive to the region, especially nuclear testing and decolonization. The most important feature was pursuing these goals for the first time independently from the colonial powers or rather with “controlled dependence” where ties with the US, the UK, France, New Zealand, Australia, European Communities and Japan were channeled to achieve better economic performance within the framework of joint regional cooperation.⁵⁴

Members of the Pacific Islands Forum are small yet proud of their independence.⁵⁵ In the period of Fijian prospect disintegration stretching from 2009 to 2015, these states performed the functions of actors in the game. Actorness of the Forum as a whole is highly questionable since it has never evolved from international organization to a regional community.⁵⁶ Its scope is crucial and represents South Pacific island states’ interests but it is risky to claim that it has shaped these interests in a significant manner. Other actors present in the disintegration game included China,

⁵³ R. A. Herr, "Regionalism, Strategic Denial and South Pacific Security," *The Journal of Pacific History* 21, no. 4 (1986): 171; Shibuya, "The Problems and Potential of the Pacific Islands Forum," 104-05.

⁵⁴ Fry, "Regionalism and International Politics of the South Pacific," 457; Nic Maclellan, "The Nuclear Age in the Pacific Islands," *The Contemporary Pacific* 17, no. 2 (2005): 365.

⁵⁵ Andie Fong Toy, "The Pacific Islands Forum and Regional Cooperation," in *Redefining the Pacific? : Regionalism Past, Present and Future*, ed. Jenny Bryant-Tokalau and Ian Frazer, *International Political Economy of New Regionalisms Series* (Aldershot: Ashgate, 2006), 35.

⁵⁶ Shibuya, "The Problems and Potential of the Pacific Islands Forum," 102.

Japan, Russia and the United States but their influence had an impact on the Forum member states' preferences rather than colliding with their strategies.

Indeed, the Forum as a whole suffered at times from individual members' propensity to take advantage of others. Fiji, as the most powerful of the island states, was itself accused of such practices especially with regard to University of South Pacific and Air Pacific from which it was said to benefit the most and disproportionately. It is important to mention that each of the Forum's members had the right to exercise a veto and thus institutional deadlock was inherent. What is more, the Forum has been traditionally reluctant to intervene in the domestic matters of its members, for example, during the Fijian coup in 1987 and secessionism in Papua New Guinea.⁵⁷

There were, of course, many successful attempts and the members of the Forum extended their cooperation in several areas: telecommunications, fisheries, aviation, or environment. South Pacific Nuclear Free Zone Treaty from 1985 aimed to counter French actions in the field. In 1992, the Honiara Declaration on Law Enforcement Cooperation brought together the efforts to fight transnational crime.⁵⁸ Since the early 2000s, virtually all states in the region adopted neoliberal economic policies.⁵⁹ The Forum influenced the creation of semi-independent organizations covering specific issue areas: the Pacific Forum Line, Telecommunications Training Center or Forum Fisheries Agency.⁶⁰

⁵⁷ Ibid., 107-11.

⁵⁸ Ibid., 116; 12.

⁵⁹ Claire Slatter, "Treading Water in Rapids? Non-Governmental Organizations and Resistance to Neo-Liberalism in Pacific Island States," in *Globalisation and Governance in the Pacific Islands*, ed. Stewart Firth, *Studies in State and Society in the Pacific* (Canberra: ANU E Press, 2006), 28.

⁶⁰ Fry, "Regionalism and International Politics of the South Pacific," 465.

In April 2009, Fiji was suspended from the Forum after failing to keep up the promise to return to democratic governance by March the same year.⁶¹ Since the changes were still not implemented three years later, the members of the Forum collectively reinstated their decision in September 2012.⁶² Fiji's position was firm and there is a reason to believe that Suva had confidence in its exceptional role in the South Pacific region.

In August 2013, Suva organized the meeting attended by Papua New Guinea, the Solomon Islands, Tuvalu, Nauru and East Timor to demonstrate its ability to lead regional cooperation.⁶³ Suva tried to organize the Pacific Islands Development Forum to counter the Pacific Islands Forum which it believed had become dominated by Australia and New Zealand. It failed, however, to secure sufficient support from its neighbors. Fiji's initiative was considered pointless, and in the view of Samoa's Prime Minister Tuilaepa Sailele, it aimed to duplicate activities already covered by the Forum.⁶⁴

Fijian Prime Minister Frank Bainimarama tried also to force Australia and New Zealand out from the Forum, accusing them of dominance over its activities. The truth was likely that Suva faced serious criticism for the 2006 coup and tried vigorously to reconsolidate its position in the region but all attempts had failed. Even the threat to leave the organization unless Australia and New Zealand continued to be members did not achieve its goal. The Fiji's suspension was lifted in October 2014 and ultimately, in May

⁶¹ "Fiji Suspended from Pacific Islands Forum," *ABC News*(1 May 2009), <http://www.abc.net.au/news/2009-05-02/fiji-suspended-from-pacific-islands-forum/1669788>.

⁶² Sean Dorney and Stephen Dziedzic, "Pacific Islands Forum Stands by Fiji Suspension," *ibid.*(1 September 2012), <http://www.abc.net.au/news/2012-08-31/an-pacific-islands-forum-leaders-begin-retreat/4234744>.

⁶³ Rowan Callick, "Fiji Casts Shadow on Pacific Forum," *The Australian*(5 September 2011), <http://www.theaustralian.com.au/news/features/fiji-casts-shadow-on-pacific-forum/story-e6frg6z6-1226129262121>.

⁶⁴ Samisoni Pareti, "Fiji Pushes for Alternative to Pacific Islands Forum," *ABC News*(6 August 2013), <http://www.abc.net.au/news/2013-08-06/fiji-forum/4867748>.

2015, Bainimarama backed down on Fiji's refusal to participate in the Forum's activities.⁶⁵

Externalities: Changes on Regimes Level

The creation of the South Pacific Forum was accompanied by three main developments on the international regimes level. Nuclear proliferation sought by the United States, France and Great Britain made them look for conveniently empty spaces suitable for weapons' testing. The problem of choosing the South Pacific region to perform this function was "causal racism" towards its inhabitants, which assumed that the local population's voice could be ignored.⁶⁶ Decolonization was a critical phenomenon which motivated South Pacific island states to seek independence and simultaneously to engage in regional cooperation to manage the burdens of sovereignty. The growing demand for healthy economic performance was dictated by the growing globalization of the world economy and newly independent island states found their way to respond to this challenge through the formation of the South Pacific Forum.

The question of nuclear proliferation was especially problematic for the region. Indeed, "no aspect of French activity in the South Pacific since the 1960s has been as controversial as France's testing of nuclear devices in Polynesia."⁶⁷ Whereas the United States and the Great Britain abandoned testing in the 1960s, France continued its activities, causing serious environmental concern in the region. Before the 1985 South

⁶⁵ Liam Fox, "Fiji Pm Frank Bainimarama to Shun Pacific Island Forum over 'Undue Influence' of Australia, Nz," *ABC Radio Australia* (6 May 2015), <http://www.radioaustralia.net.au/international/2015-05-06/fiji-pm-frank-bainimarama-to-shun-pacific-island-forum-over-undue-influence-of-australia-nz/1444406>.

⁶⁶ Maclellan, "The Nuclear Age in the Pacific Islands," 363.

⁶⁷ Robert Aldrich, *France and the South Pacific since 1940* (Honolulu: University of Hawaii Press, 1993), 302.

Pacific Nuclear Free Zone treaty, France was subject to numerous protests including diplomatic frictions with Chile and Peru, as well as cases in the International Court of Justice filed by Australia and New Zealand.⁶⁸ The international nuclear proliferation regime was an important spur for South Pacific islands states to join their voices in defense of their environmental security.

The wave of decolonization reached the South Pacific region with delay and after it pushed many nations in Africa and Asia towards independence. Since the policies of colonial powers in the region were not perceived to be exceptionally oppressive and the Pacific islands were aware of their economic vulnerabilities, many units opted for continuing ties with their respective centers: both economic and security-related.⁶⁹ Nevertheless,, the global regime of decolonization initiated by the United Nations put a significant amount of pressure on colonial powers. New Zealand decided early to reformulate relations with its dependencies, while Australia was pressed to quickly grant independence to Papua New Guinea.⁷⁰ It soon became evident that the gathering colonial powers – the Commission formed in 1947 - became anachronistic by the mid-1960s.⁷¹

Those island units which decided to pursue independence found themselves in a world demanding nation state framework subject to increasingly salient globalization forces. The 1960s saw the beginning of global exponential growth, interrupted by several crises, but experiencing the total ratio of foreign trade to gross domestic product climbing to 52 percent by 1999. Trade agreements proliferated heavily in the 1970s. The pace of

⁶⁸ Anthony D'Amato, "Legal Aspects of the French Nuclear Tests," *American Journal of International Law* 61(1967): 66-67; Martin Tsamenyi, "The Institutional Framework for Regional Cooperation in Ocean and Coastal Management in the South Pacific," *Ocean & Coastal Management* 42(1999): 474-75.

⁶⁹ Barrie MacDonald, "Decolonization and Beyond: The Framework for Post-Colonial Relationships in Oceania," *The Journal of Pacific History* 21, no. 3 (1986): 115-20.

⁷⁰ Terence Wesley-Smith, "The Limits of Self-Determination in Oceania," *Social and Economic Studies* 56, no. 1/2 (2007): 185.

⁷¹ Fry, "Regionalism and International Politics of the South Pacific," 461.

regional cooperation in the South Pacific assumed a response to the growing demand of economic globalization and the South Pacific Regional Trade and Cooperation Agreement quickly followed.⁷²

The externalities of the time of Fijian potential disintegration were determined by the international regime of economic neoliberalism and globalization. Security concerns didn't play much of a role for South Pacific island states, partially due to the post-Cold War peace dividend and the move towards the abolition of nuclear weapons, and partially because of location and size-determined minor peril of military intervention.⁷³ Few regional players possess military forces and threats to security have been perceived rather through the prism of international crime and environmental deterioration.

The actions of the Forum initiated upon the new millennium aimed to enhance trade liberalization and compliance with WTO principles. Economic globalization exerted its influence on the South Pacific island states and encouraged many of them to adopt neoliberal economic policies.⁷⁴ Compliance with the rules of the international economic regime led to changes not only in terms of internal policies but also in foreign behavior. China's trade expansion lead the South Pacific island states to benefit from cheap goods to the point where, in 2013, Beijing's exports constituted 11 percent of the total Papua New Guinea's imports.⁷⁵ Many regional economic arrangements aimed to bring together Pacific states with Australia and New Zealand (Pacific Agreement on

⁷² Shibuya, "The Problems and Potential of the Pacific Islands Forum," 105; Shujiro Urata, "Globalization and the Growth in Free Trade Agreements," *Asia-Pacific Review* 9, no. 1 (2002): 20; Raquel Fernández and Jonathan Portes, "Returns to Regionalism: An Analysis of Nontraditional Gains from Regional Trade Agreements," *The World Bank Economic Review* 12, no. 2 (1998): 197; Wesley-Smith, "The Limits of Self-Determination in Oceania," 189.

⁷³ Maclellan, "The Nuclear Age in the Pacific Islands," 366.

⁷⁴ Slatter, "Treading Water in Rapids? Non-Governmental Organizations and Resistance to Neo-Liberalism in Pacific Island States," 24; 27.

⁷⁵ David Hegarty, "A Changing Oceania," in *Politics, Development and Security in Oceania*, ed. David Hegarty and D. T. Tryon (Acton: ANU E Press, 2013), 4-5.

Closer Economic Relations), or with the European Union (Economic Partnership Agreements).⁷⁶

This compliance may have resulted from a lack of choice since the South Pacific island states have undiversified production, while their economies rely heavily on imports and exports. It also makes them vulnerable to global fluctuations which constitute the major part of world economic developments. During the 2008-2009 crisis, the fall of global demand harmed regional tourism, manufacturing and agriculture.⁷⁷

The struggles against neoliberal policies come predominantly from Pacific island states' workers and indigenous populations which traditionally enjoyed safety nets subject to erosion caused by globalization. The percentage of people living below the poverty line ranges from 12 percent in Cook Islands to 50 percent in Kiribati. Inequality, social exclusion and poverty continue to grow.⁷⁸ In 2001 in Papua New Guinea at least three students were killed protesting the IMF and World Bank. For many of these people, resistance embodies traditional opposition to imperialism and neo-colonialism.⁷⁹

The rise of inequality combined with environmental damage augmented by the regime of neoliberal economy constitutes an important challenge for the South Pacific island states despite providing benefits of trade and growth.⁸⁰

⁷⁶ Vijay Naidu, "Changing Gears on the Millennium Development Goals in Oceania," in *Eliminating World Poverty: Global Goals and Regional Progress*, ed. Jonathan Boston (Wellington: Institute of Policy Studies, 2009), 111.

⁷⁷ Hegarty, "A Changing Oceania," 7; Toy, "The Pacific Islands Forum and Regional Cooperation," 36.

⁷⁸ Naidu, "Changing Gears on the Millennium Development Goals in Oceania," 104.

⁷⁹ Verity Burgmann and Andrew Ure, "Resistance to Neoliberalism in Australia and Oceania," in *Globalizing Resistance: The State of Struggle*, ed. François Polet (London: Pluto Press, 2004), 57-59.

⁸⁰ Fiona McCormack and Kate Barclay, "Insights on Capitalism from Oceania," in *Engaging with Capitalism: Cases from Oceania*, ed. Fiona McCormack and Kate Barclay, *Research in Economic Anthropology* (Bingley, U.K.: Emerald, 2013), 2-4.

Internalities: Changes on Domestic Level

Fiji became an independent state in 1970. There were two profound factors which constituted the source of the island population's preferences. First, the British colonial rule in Fiji was far from oppressive. In fact it became a sort of experiment under which Fijian culture and political customs were given exceptional protection. Second, the ethnic composition of the population was subject of critical changes due to investment in the local sugar industry. The effects were to become perennial and critical.

In the 1870s Fiji's first British governor Sir Arthur Gordon decided to protect the island's identity from potential demands issued by white settlers. Fijian customs, heritage and trade were deemed inalienable and paramount. The island was divided into districts and provinces under the authority of local chiefs who were themselves represented in general Council. The constitution of independent Fiji from 1970 solidified this establishment, giving the Council of Chiefs authority over land and customary laws.⁸¹

London's policy to "import" Indian sugar plantation workers during the colonial era led to a situation in which by the end of the Second World War the descendants of these laborers constituted majority of the island's population. Political parties which emerged during Fiji's movement towards independence reflected racial polarization developed during that time. Federation Party originated from laborers' unions which criticized Fijian chieftdom establishment. In turn, Alliance Party became a voice of this establishment. The emergence of Fiji Labor Party in 1985 provoked by stagnant

⁸¹ Stephanie Lawson, "The Myth of Cultural Homogeneity and Its Implications for Chiefly Power and Politics in Fiji," *Comparative Studies in Society and History* 32, no. 4 (1990): 799; 814; Stewart Firth, "Reflections on Fiji since Independence," *The Round Table* 101, no. 6 (2012): 579.

employment and wages freeze could have started an era of ideologically rather than racially divided party system but the latter still continued to prevail.⁸²

Looking on Federation Party's and Alliance Party's programs from 1968's by-elections reveals no major political differences. The former advocated for minimum basic living wage, more equitable terms of trade with such countries as New Zealand and Australia, maintenance of Fijian land ownership, and free education and health. The latter focused on movement towards internal self-government, tourism and sugar industries, social justice, education, roads, and communication. The only real difference besides racially-defined electoral support was the view on independence. Alliance Party opposed Federation Party's calls for immediate sovereignty.⁸³

This fact reflected the fear of ethnic Fijians to become dominated by Indian-Fijians after independence is declared. Around that time British last governor Sir Robert Foster expressed his conviction that the island possessed many critical features such as healthy economy, high literacy, efficient civil service and satisfactory standards of medical care. Indeed, newly independent Fiji was surely the strongest of South Pacific islands states, it had advantage of central location in the region and enjoyed international transport arrangements.⁸⁴

Yet this potential was eclipsed by continued ethnic division. In the 1960s independence was viewed by much portion of the population with anxiety about Indian-Fijian aspirations. The chieftdom establishment proved to become a tool against these

⁸² Jon Fraenkel and Stewart Firth, "The Enigmas of Fiji's Good Governance Coup," in *The 2006 Military Takeover in Fiji: A Coup to End All Coups?*, ed. Jonathan Fraenkel (Canberra: ANU E Press, 2009), 4; Firth, "Reflections on Fiji since Independence," 575; Lawson, "The Myth of Cultural Homogeneity and Its Implications for Chiefly Power and Politics in Fiji," 813-14.

⁸³ J. M. Anthony, "The 1968 Fiji by-Elections," *The Journal of Pacific History* 4(1969): 134-35.

⁸⁴ Fry, "Regionalism and International Politics of the South Pacific," 470; Firth, "Reflections on Fiji since Independence," 575; 79.

ambitions which largely precluded ethnic Fijians from responding to the modern world's opportunities and challenges. At the same time Indian community was making rapid advances in education, commerce and public sector.⁸⁵

The post-colonial history of Fiji is the one of coups, frequent constitution changes and endless tension between the native population and Indian-Fijian community. The legacy of the first governor Sir Arthur Gordon has been deeply rooted in the island's identity and indigenous Fijians feel entitled to the country's resources, whereas the Indian descendants feel continuously excluded.⁸⁶ Electoral victories of Indian-Fijian-backed political parties led to one constitutional crisis and two coups. The latter – in 1987 and 2000 – aimed to restore native Fijian dominance. The formation of Fiji Labor Party did not bring expected long-term shift from ethnicity-based to ideology-based competition and the elections of 2006 brought yet once again very ethnically-polarized results.⁸⁷

The 2006 coup of Frank Bainimarama aimed to end this perennial division and restore democracy after this task was completed. Even though neither of three coups was particularly damaging to Fijian institutions and the democratic functioning was restored, the country has been facing continuous exodus of Indian-Fijian population. The situation has remained unchanged after 2006.⁸⁸ According to the opinion poll from September 2011 Bainimarama enjoyed 66 percent support and 67 percent of respondents believed the government was doing good job in ending racial division. Overwhelming 98 percent

⁸⁵ Lawson, "The Myth of Cultural Homogeneity and Its Implications for Chiefly Power and Politics in Fiji," 799; J. W. Davidson, "The Decolonization of Oceania," *The Journal of Pacific History* 6(1971): 138; Firth, "Reflections on Fiji since Independence," 579.

⁸⁶ "Reflections on Fiji since Independence," 578.

⁸⁷ Fraenkel and Firth, "The Enigmas of Fiji's Good Governance Coup," 6; Stewart Firth and Jon Fraenkel, "Changing Calculus and Shifting Visions," in *From Election to Coup in Fiji: The 2006 Campaign and Its Aftermath*, ed. Jon Fraenkel and Stewart Firth (Canberra: Asia Pacific Press, 2007), 2-3.

⁸⁸ Fraenkel and Firth, "The Enigmas of Fiji's Good Governance Coup," 4; Firth, "Reflections on Fiji since Independence," 576.

believed in right to vote and expression, thus revealing strong democratic sentiment. Finally, 79 percent disagreed with suspension of Fiji in Pacific Islands Forum and 77 percent were confident in their country's leading role in the region.⁸⁹ Despite these beliefs, two years later Indian-Fijians continued to flee the country: to Australia, New Zealand, the United States and Canada. Those who remain constitute the poorest portion of the population, consisting mainly of unskilled workers.⁹⁰

Since Fiji has failed to confirm its regional position by threatening to disintegrate, nor it was able to form an alternative regional organization, it is probably its fate to dwell within the Forum. Going alone economically is unthinkable even though the island possesses high level of urbanization, literacy and quite diversified exports.⁹¹ Escaping democratic framework did not work internally – since 1987 coup the economic growth slowed down and Indian-Fijians continue to emigrate.⁹² The Forum's members also stood firm not letting Fiji back until democracy was restored. China didn't have similar objections and in January 2011 the Reserve Bank of Fiji revealed that both China and India were the main contributors to the country's direct investment.⁹³ But for now all these developments have resulted in Fijian comeback and "playing by the rules."

⁸⁹ Jenny Hayward-Jones, "Fiji Poll: Challenges and Opportunities," *The Interpreter* (7 September 2011), <http://www.lowyinterpreter.org/post/2011/09/07/Fiji-Poll-results-pose-challenges-and-opportunities.aspx?COLLCC=3360746357&COLLCC=3065397233&>.

⁹⁰ "Indians Leaving Fiji Due to Economic, Political Woes: Expert," *Deccan Herald* (21 September 2013), <http://www.deccanherald.com/content/358553/indians-leaving-fiji-due-economic.html>.

⁹¹ Fraenkel and Firth, "The Enigmas of Fiji's Good Governance Coup," 4.

⁹² Biman Chand Prasad, "Reflections on the Economic and Social Policies of Political Parties at the 2006 Elections," in *From Election to Coup in Fiji: The 2006 Campaign and Its Aftermath*, ed. Jon Fraenkel and Stewart Firth (Canberra: Asia Pacific Press, 2007), 144.

⁹³ "India, China Lead Investments in Fiji," *Indian Weekender* (13 January 2011), <http://www.indianweekender.co.nz/Pages/ArticleDetails/14/1953/Fiji/India-China-lead-investments-in-Fiji>.

Understanding the Payoffs

“Bainimarama’s crusade to marginalize the Forum would have been unthinkable in the era dominated by the two great leaders of independence in the Pacific: Fiji’s Kamisese Mara, (...) and PNG’s grand chief, Michael Somare (...). For both leaders, the Forum, still based in Suva, was an international body which they viewed as their own creation. Its traditions and its island style validated their approach to leadership.”⁹⁴ Indeed, in this vein Fiji’s contemplation of disintegration should mainly be perceived as the search for validation of Bainimarama’s choices. He believed that his methods to restore order in Fiji were justified even if they took a nondemocratic form. Ambitions to form an alternative to the Forum, threats of disintegration and attempts to exclude Australia and New Zealand were a natural extension of domestic politics and expressed the search for legitimacy to the regime.

It was, however, impossible for Suva to mitigate the costs of exiting the Forum mainly because of other actors’ strategies. They stood firm against Fiji’s attempts, thus giving the hint that South Pacific regional cooperation is not only Fiji’s creation anymore. At the time of integration, the opposition to colonial powers and putting the fate of the region into island states’ hands proved to be critical motivations for cooperation. Upon debated disintegration, Suva tried to play a similar card, but its neighbors had much more say.

The Forum has always tried to play according to rules set by international regimes and Fiji’s actions would have threatened this course. The doubtful fate of alternative regional organizations would have put benefitting from the neoliberal economics in question. Support for Fiji’s undemocratic actions would have undermined the Forum’s

⁹⁴ Callick, "Fiji Casts Shadow on Pacific Forum".

international reputation. It seems that upon integration, the island states had much more freedom of choice when it came to domestic regimes, but nowadays, an authoritarian form of rule is largely unacceptable, especially for small and uninfluential countries.

Fiji has had major problems with internal stability issues, and cooperation with nondemocratic states like China cannot compensate for good relations with immediate neighbors, including Australia and New Zealand. Suva was unable to prove its dominant regional role to the island's population even though the majority of citizens believed in it. What is more, almost 100 percent of Fijians desire democracy and the rule of law.

Since no viable alternatives appear on the horizon, disintegrating from the Forum would bring major costs. It is impossible for Fiji to contemplate its situation from the early 1970s and conclude that it has enough power to shape the region. The Forum has no charter, which means every member possess veto power. Many additional links emerged during the Forum's lifespan and included areas vital for isolated island states: telecommunications, shipping, aviation, fisheries and climate change.⁹⁵ The unsure future of replacing these institutions or negotiating separate agreements for each issue is a very powerful incentive against disintegration.

Finally, regionalism is critical for the South Pacific island states, even more than for other regions. Opting out from these benefits would lead to the breakup of critical avenues: something that a small, isolated and economically vulnerable island state cannot gamble with.⁹⁶

Figure 14 shows strategies of Fiji (player *F*) and of the Forum's member states (player *M*) with respective payoffs coded into an extensive form game tree.

⁹⁵ Shibuya, "The Problems and Potential of the Pacific Islands Forum," 105-06.

⁹⁶ Herr, "Regionalism, Strategic Denial and South Pacific Security," 170.

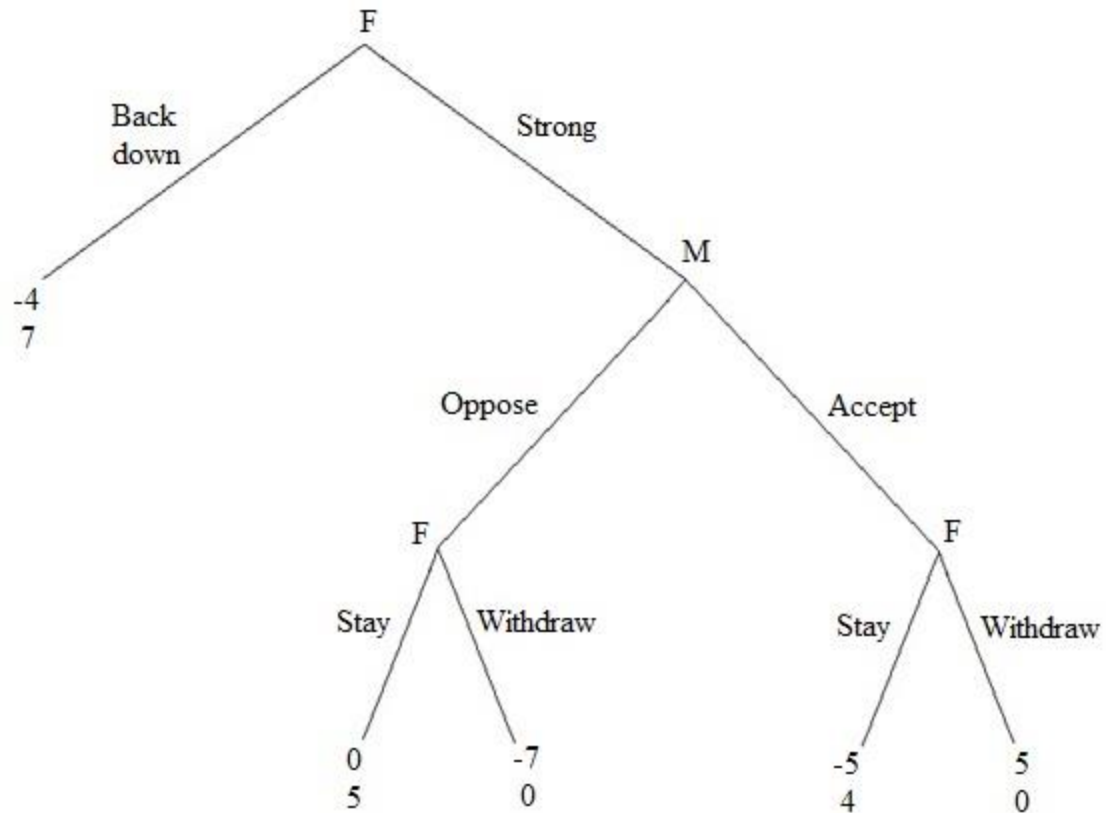


Figure 14: Disintegration of Fiji: Extensive Form Game

The best possible outcome for Fiji as presented in this game is to withdraw from the Forum after other member states have accepted Suva's strong position: that is, they joined Fiji's efforts to form an alternative regional scheme. Alternatively, Fiji prefers to continue its membership if other member states refused to join these efforts. In turn, player *M* wishes to see Suva backing down from the very beginning, complying with pressures to restore democracy and returning to normal functioning within the organization. Alternatively, Fiji's withdrawal consequences are a great unknown and member states cannot be really sure whether joining Suva's efforts to form an alternative

regional organization would bring higher benefits. At this stage, it is much safer for them to expect Fiji's continued membership and return to democracy.

The game has one subgame perfect Nash equilibrium in which Fiji's attempts to shake the cooperation come to be opposed by other member states and Suva ultimately chooses to retain its membership. The Nash equilibrium of Fijian withdrawal doesn't enter subgame perfection: the continued membership is the only possible option.

Summary: Time, Costs and Uncertainty

Since their creation, the Pacific Islands Forum and the Andean Pact evolved along different paths. The former has been largely general in scope and initially agreed upon cooperation on economic issues quickly expanded into other areas. The latter failed to evolve towards greater integration despite ambitious goals set in the Cartagena Agreement.

The creation of the Forum coincided with South Pacific island units increasingly reaching their independence, which added real symbolic meaning to the organization. The whole rationale for sovereign existence and prosperity relied on the regional cooperation that flourished on the basis of decolonization and augmented self-confidence in political matters. This symbolic tie has been very difficult to break. The Forum's framework expanded to include additional issues: telecommunications, fisheries, the environment, civil aviation, education and political coordination. This spectrum of decisiveness is something virtually unachievable for a small island state going it alone. Fiji understood this and tried to form alternative regional solutions which unfortunately failed to attract its neighbors.

The withdrawal from the Andean Pact didn't really induce serious costs for Chile. Except for losing the market for metalworking and some political breakage, the Chilean government concluded that internalities, externalities and strategies of other member states did not collide with disintegration. Contemplation of political costs confirms their non-quantifiable character but the failure of the Pact to form efficient institutions was a serious hint that political coordination could be well managed outside of the Pact's framework.

The moment of integration reflected Andean Pact member states' distribution of bargaining positions. The developmental scheme was directed towards the poorest members, while upon disintegration, the particularistic interests coupled with the developmental model's failure to mitigate the impact of the oil shock assured Chile that the costs of disintegration would not be profound.

In turn, the Pacific Islands Forum's need for political resilience from the time of integration evaporated together with colonial powers' "causal racism" and great power politics in the region. Fiji's rhetoric of opposition towards Australia's and New Zealand's dominance was poorly grounded and the Forum's biggest concern at the time of Suva's contemplated disintegration was development. Due to the lack of alternatives and also due to the symbolism of South Pacific cooperation, the withdrawal of Fiji would have brought costs beyond perception.

Table 3 summarizes variables which played a role in the disintegration of Chile and Fiji in comparison with the moment of integration.

	Actors change	Externalities change	Internalities change	Additional links	Relative clearance of costs
Chile	Poor	Moderate	Profound	Few	High
Fiji	Profound	Profound	Moderate	Many	Low

Table 3: Variables in Disintegration Game: Changes for Chile and Fiji

CHAPTER VI

DISINTEGRATION FROM THE EUROPEAN UNION

Disintegration in the third structure of analysis – supranational institutions – is presented here in the cases of Greenland and Greece. Due to the one-N problem, the European Union is the only example of a supranational institution currently available. Greenland was admitted to the European Communities in 1973 together with Denmark and as its integral part. After twelve years of membership, in 1985, it decided to leave.

Greece joined the EC in 1981 during the second enlargement, after the government of Colonels was replaced by a democratic regime. The entrenchment in Western institutions and global economy was accompanied by a growing demand for and provision of a welfare state, financed by extensive borrowing and debt-running. Over time, Greek anti-Americanism and distrust towards the Western camp, which had been sparked by humiliation over the Cyprus dispute, was coupled with the EU's strong position over economic adjustments when the crisis hit Europe in 2008. Debates over exiting the EMU and potential disintegration from the EU as a whole have lasted for the past seven years.

Two cases are contrasted. Greenland disintegrated while Greece is still an EU member. The former reveals a very controlled environment in which the payoffs matrix was largely revealed because additional links had not emerged and withdrawal negotiations were virtually only over one salient issue: fishing rights. Athens in turn was unable to understand the real magnitude of exit costs, and neither did the EU member states and its institutions. Greece integrated with the Union fully and over a long period of time. The most powerful of additional links, the European Monetary Union, proved to

be the biggest concern. Changing strategies and international conditions made these developments possible and deeply entrenched.

Greenland

Actors: Changes on Strategic Level

The case of Greenland is peculiar in the context of the proposed theoretical framework because Greenland itself cannot be perceived an actor of neither integration nor disintegration games. It could be if its disintegration from Denmark was contemplated, but as the theory suggests, only states can be considered actors when disintegration from supranational institutions is debated. The lack of actorness is a serious obstacle and the theoretical account cannot be exercised to the fullest extent. However, this case of withdrawal from the European Communities is worth researching since it was accompanied by several important mechanisms.

Until 1953, Greenland had the status of a Danish colony and, in 1979, the Home Rule Act empowered it with autonomy over internal matters. Upon integration with European Communities in 1973, Greenland was an integral part of Denmark. This fact made the previously expressed opposition of 70.3 percent of Greenlanders towards the membership irrelevant and Denmark joined the EC with an overall 2:1 support in the referendum.¹ In more technical words, Greenland fell into the category of Territory of the Community. The only special treatment it received was expressed in Protocol 4 of the

¹ Ove Johansen and Carsten Lehmann Sørensen, "Greenland's Way out of the European Community," *The World Today* 39, no. 7 (1983): 270-71.

Accession Treaty, which charged EC institutions with finding solutions to specific, fisheries-related problems of the island.²

The integration game of Greenland was thus played by Denmark on its behalf. Other actors active at that time included six founding members of the EC, the United States and, to some extent, the European Communities themselves. Danish accession was not controversial and no hard bargaining was taking place, at least in comparison to the United Kingdom's application. It is true, however, that Denmark was from the beginning very selective, expressing its preference for intergovernmental structures and not so much for supranational bodies. It primarily wanted access to markets, especially agriculture.³

France, led by Charles de Gaulle, proved to be a strong type of player which consistently vetoed Great Britain's membership applications on the basis of balance of payments problems, suspected lack of ability to make necessary adjustments, and possible Atlantization of the Communities. De Gaulle accused the United Kingdom of focusing only on trade and market access without commitment to other areas. The other five members largely supported the British case.⁴ The Danish application was not vividly contested and de Gaulle supported Copenhagen's access amidst vetoing British bids.⁵

The United States under Nixon's administration shifted its attention to China and the Soviet Union but did not downplay expansion and integration of the EC. What is more, enlargement was perceived as important step towards European self-reliance. It

² Fiona Murray, *The European Union and Member State Territories: A New Legal Framework under the Eu Treaties* (The Hague: T.M.C. Asser Press, 2012), 63; 170.

³ Miles Lee, *Denmark and the European Union*, Europe and the Nation State (Hoboken: Taylor and Francis, 2013), 15-16.

⁴ Christopher Preston, *Enlargement & Integration in the European Union* (London: Routledge, 1997), 30-31; Andreas Staab, *European Union Explained : Institutions, Actors, Global Impact* (Bloomington, Ind: Indiana University Press, 2013), 33.

⁵ Moravcsik, *The Choice for Europe : Social Purpose and State Power from Messina to Maastricht*, 190.

was understandable that Washington especially desired British accession in order to maintain its influence in Europe amidst the French strategy to eclipse it.⁶

Finally, the European Communities themselves possessed a dose of actorness. This feature was limited by sovereignty-related power resources, but it was possible to notice a distinct agenda pursued by the EC. Between 1969 and 1983, the Communities were preoccupied mainly with the question of monetary integration which became an arena for bargaining between strong-currency and weak-currency states. Enlargement itself was neither foreordained by founding members nor prevented by them. As a result, after de Gaulle left the office, the EC expanded for the first time in its history to admit three new member states, including Denmark and, by necessity, Greenland.⁷

The most significant development during the time of Greenland's membership in the EC was the implementation of the Home Rule Act, which gave Nuuk authority over some internal matters. If the analysis was about Greenland's disintegration from Denmark, the island could be considered an actor with Copenhagen performing a privileged role. The question of actorness in disintegration from the Communities is more problematic because the EC of that time should be viewed as an intergovernmental organization with supranational elements. Greenland was considered part of Denmark in the integration treaty and thus any disintegration-related actions must have been processed via Copenhagen. Taking into account the complexity of this situation coupled with the lack of precedent, it can be concluded that a disintegrating Greenland had the traditional ability to aggregate and represent its preferences, and to exert pressure and

⁶ Nguyen Thi Thuy Hang, "U.S. Policy toward European Integration, 1969 -1974: A Continuation," *Eastern Journal Of European Studies* 5, no. 2 (2014): 142-56.

⁷ Moravcsik, *The Choice for Europe : Social Purpose and State Power from Messina to Maastricht*, 238-39; N. Piers Ludlow, "Hard-Won but Vital: Eu Enlargement in Historical Perspective," in *LSE IDEAS Report*(2013), 12.

bargain over its future status. However, it couldn't be perceived as an actor per se, as pointed out in the integration treaty. The change in Greenland's status should be thus viewed as a significant update in its power resources even though the actor-related activities were still executed by Copenhagen.

Apart from Denmark or Denmark-Greenland joint representation, other actors of the disintegration game were comprised of the EC member states. The Communities as supranational actor exercised very limited influence although reference to the treaties and the theme oscillating around supranationally-regulated fisheries gave the EC some actor-like features.

After the Home Rule was implemented, Copenhagen remained in charge of Greenland's foreign affairs but simultaneously indicated that it would not stay if Nuuk decided to leave the EC. This situation resembled the case of the Faroe Islands which had Home Rule powers at the time of Danish accession and decided not to join the Communities. Legislative and executive privileges given to Greenland were in fact much greater than many self-governing territories possessed, plus Copenhagen gave Nuuk its full support during potentially difficult withdrawal negotiations.⁸

After the referendum on Greenland's exit took place in 1982, Denmark submitted a proposal on adjustment of the Treaties to the Council. The idea was to grant Nuuk the Overseas Countries and Territories status suited for former colonies and would assume removal of duties and other quantitative restrictions. As a supranational actor, the EC expressed its favorable opinion via the Commission and the negotiations were to take place among member states; even though there was no precedent in this case, the

⁸ Sara Berglund, "Prison or Voluntary Cooperation? The Possibility of Withdrawal from the European Union," *Scandinavian Political Studies* 29, no. 2 (2006): 157; Lise Lyck, "Greenland: Ten Years of Home Rule," *Polar Record* 25, no. 155 (1989): 343-44.

common understanding was that all member states would have to agree to the proposal. Some actors proved stronger in negotiations than others, but member states generally claimed that the EC made huge investments in Greenland,⁹ that common fisheries policy would become threatened, and that withdrawal would constitute a dangerous precedent for other autonomous regions. Germany in particular demanded satisfactory solutions since it fished extensively in Greenlandic waters.¹⁰

Ultimately, on the 1st of January, 1985, Greenland withdrew from the Communities, after being granted the OCT status and agreeing to assure the EC's access to its waters in exchange for fishery products' flow to the common market and for financial transfers.¹¹ Bargaining between the Communities' member states proved pivotal in handling the exit.

Externalities: Changes on Regimes Level

Upon Danish and Greenlandic accession to the European Communities in 1973, the international system was dominated by two major developments. First, it was a turbulent time of the Bretton Woods system's collapse. Trade issues were regulated by the GATT regime. Second, in the security sphere, the world saw another phase of the Cold War – détente pursued by President Nixon's administration.

⁹ Between 1973 and 1982 grants from the EC reached 680 mln D.kr. and European Investment Bank loaned around 330 mln to finance infrastructure and education. Johansen and Sørensen, "Greenland's Way out of the European Community," 270-71.

¹⁰ Berglund, "Prison or Voluntary Cooperation? The Possibility of Withdrawal from the European Union," 158-59.

¹¹ Lise Lyck and Jørgen Taagholt, "Greenland: Its Economy and Resources," *Arctic* 40, no. 1 (1987): 52.

After the dollar's convertibility to gold was abandoned, the period of 1971-1975 saw a lack of regulations in the monetary regime area.¹² The subsequent rise of capital mobility undermined domestic macroeconomic autonomy and encouraged regional arrangements to stabilize exchange rates.¹³ Indeed, Bretton Woods' pegged exchange rates proved to be ill-equipped to manage increasing capital mobility, thus forcing the rigidity of monetary systems just at the time of demand for adjustments. The EC member states and candidates largely kept exchange rates within narrow bands, which caused serious problems and doubts in the dollar's stability, illustrated by several crises in the United Kingdom, strikes and capital flight in France, and rumors about possible German Mark's revaluation.¹⁴

In 1971, the United States abandoned convertibility to gold amidst rapid German inflation and intense speculations against the dollar. Many countries let their currencies float and the EC was prompted to seek an autonomous exchange-rate mechanism. The "snake agreement," in compliance with the Smithsonian Agreement's fluctuation margin, was short-lived and, after the oil crisis in 1973, participating countries ultimately let their currencies float against dollar. The Werner Report set a step-by-step plan for an Economic and Monetary Union, which needed a whole new design since the 1958 Treaty of Rome did not devote much attention to monetary planning.¹⁵

The emergence of the European Communities occurred within the context of the GATT trade regime and in compliance with it. The Communities made extensive

¹² Keohane and Nye, *Power and Interdependence*, 64.

¹³ Moravcsik, *The Choice for Europe : Social Purpose and State Power from Messina to Maastricht*, 239.

¹⁴ Barry Eichengreen and Peter B. Kenen, "Managing the World Economy under the Bretton Woods System: An Overview," in *Managing the World Economy: Fifty Years after the Bretton Woods*, ed. Peter B. Kenen (Washington, DC: Institute for International Economics, 1997), 27-30.

¹⁵ Richard Myrus, "From Bretton Woods to Brussels: A Legal Analysis of the Exchange-Rate Arrangements of the International Monetary Fund and the European Community," *Fordham Law Review* 62, no. 7 (1994): 2102-10.

arrangements to assure compatibility with GATT requirements and Washington, from its side, initiated the Kennedy Round of negotiations to mitigate the potential for trade diversion. There wasn't much to be worried about as the EC's external tariff was not higher than previous national tariffs of member states.¹⁶

President Nixon's-initiated détente started in 1969 and assumed maintenance of the status quo between Washington and Moscow as well as the increase of links between Eastern and Western Europe.¹⁷ Immediately before 1973 enlargement, the European Communities feared an eroding US nuclear deterrence credibility and a decreased NATO-flexible response, coupled with the prospect American troops' withdrawal, the rise of the Warsaw Pact's conventional power and a decline in European defense budget spending. Thus in the early 1970s there was an increasing understanding that Europe should pay more attention to security cooperation to the point where, on the eve of enlargement, European Political Cooperation became a feasible tool for diplomatic concentration.¹⁸

Between 1973 and 1985, the international system experienced major developments on the regimes level. The Tokyo Round of GATT negotiations aimed to deal with the "unfinished business" of the Kennedy Round in the international trade area.¹⁹ International security regimes continued to assume détente, which led to the Helsinki Agreement, until President Reagan started seeking more confrontational

¹⁶ Eichengreen and Kenen, "Managing the World Economy under the Bretton Woods System: An Overview," 21; 25.

¹⁷ Angela Romano, "Untying Cold War Knots: The Eec and Eastern Europe in the Long 1970s," *Cold War History* 14, no. 2 (2014): 159.

¹⁸ Daniel Möckli, *European Foreign Policy During the Cold War : Heath, Brandt, Pompidou and the Dream of Political Unity*(London: I.B. Tauris, 2009), 86-91.

¹⁹ D. M. McRae and J. C. Thomas, "The Gatt and Multilateral Treaty Making: The Tokyo Round," *The American Journal of International Law* 77, no. 1 (1983): 54.

relations with the Soviet Union and the security regime again became more reliant on a bipolar balance.

After the collapse of the Bretton Woods system, the European Communities were virtually unable to introduce coordinated monetary policy. The situation changed in 1977 when the Council approved the Franco-German proposal for the European Monetary System. While inflation and unemployment were plaguing Europe during the large part of 1970s, the 1980s saw much growth and stability enjoyed by the EC member states.²⁰ Until 1985, the Communities experienced one more enlargement to include Greece and opened negotiations with newly democratized Spain and Portugal. Expansion seemed to be a desired mechanism and a different quality emerged in comparison with the situation before the first enlargement in 1973.

The Tokyo Round of GATT negotiations, which took place between 1973 and 1979, aimed to further reduce tariffs, non-tariff barriers and export restrictions. It adopted a series of tariff cuts and five codes to liberalize non-tariff barriers. Even though the negotiation positions of the United States, the Communities, Japan and the least developed countries might have reflected their particularistic interests, the EC aimed to shape and participate in the global trade regime to the fullest extent, keeping the US simultaneously satisfied with these developments.²¹ In 1979, the Council endorsed the results of GATT negotiations and the EC signed the Tokyo Round of agreements.²²

The final Act of the Conference on Security and Cooperation in Europe, signed in Helsinki in 1975, became a milestone in West-East relations and a manifestation of the

²⁰ Myrus, "From Bretton Woods to Brussels: A Legal Analysis of the Exchange-Rate Arrangements of the International Monetary Fund and the European Community," 2110; 18.

²¹ Stephen D. Krasner, "The Tokyo Round: Particularistic Interests and Prospects for Stability in the Global Trading System," *International Studies Quarterly* 23, no. 4 (1979): 508-09.

²² "The Eu History: 1970-1979," http://europa.eu/about-eu/eu-history/1970-1979/1979/index_en.htm.

“content and substance” of détente. For the West, human rights entered the agenda on equal footing with security, political and economic issues. For the East, the Act codified existing borders in Europe. Despite these different understandings, the change on the international regimes level was implicit and human rights never again really disappeared from the security agenda.²³

Carter’s version of containment and a human rights regime was replaced in 1981 by President Reagan’s doctrine of rollback, a plan that assumed heightened tensions with the Soviet Union, the pursuit of an ideological offensive, the biggest American military build-up since the Korean War and proclaimed a crusade for freedom and democracy. The EC found itself in difficult position, experiencing problems with diplomatic coordination on hard security matters. For example, while the US imposed sanctions on both the Soviet Union and Poland in response to the implementation of martial law in 1981, the EC introduced only limited restrictions on the USSR. In general, it was NATO and not the EC that played the security-coordination role in Europe at that time. Despite the fears of the pursuing an ideological offensive and rollback, NATO was not damaged and continued to coordinate the hard security matters of the European states.²⁴

²³ Harold Molineu, "Negotiating Human Rights: The Helsinki Agreement," *World Affairs* 141, no. 1 (1978): 24-26.

²⁴ Michael Smith, "The Framing of European Foreign and Security Policy: Towards a Post-Modern Policy Framework?," *Journal of European Public Policy* 10, no. 4 (2003): 560; Robert L. Ivie, "Speaking 'Common Sense' About the Soviet Threat: Reagan's Rhetorical Stance," *Western Journal of Speech Communication* 48, no. 1 (1984): 41; Barry R. Posen and Stephen Van Evera, "Defense Policy and the Reagan Administration: Departure from Containment," *International Security* 8, no. 1 (1983): 3; Andrew E. Busch, "Ronald Reagan and the Defeat of the Soviet Empire," *Presidential Studies Quarterly* 27, no. 3 (1997): 453; 61; Federiga Bindi, "European Union Foreign Policy: A Historical Overview," in *The Foreign Policy of the European Union: Assessing Europe's Role in the World*, ed. Federiga Bindi (Washington, DC: The Brookings Institution, 2010), 22.

Internalities: Changes on Domestic Level

Prior to Home Rule, Greenland lacked power over its domestic affairs. The local councils performed only consultative functions and the island itself was believed to require protection rather than an equal voice. This protection was particularly important for Denmark which wanted to secure access to tradable goods provided by traditional hunters.²⁵

One of the clearest manifestations of Danish control over Greenland was the consent given to the United States to establish meteorological and military bases during the Second World War, concluding the treaty on Greenland's defense in 1951 and a further permit to evict Thule tribe in order to extend the American base²⁶. On the one hand, this growing interest in Greenland resulted in the break of its isolation,²⁷ but it was only after forced accession to the EC when the Greenlandic desire for self-governance accelerated.

The international regime of decolonization compelled former colonial powers to readjust relations with their subjects. The Danish move to incorporate Greenland into the kingdom rather than to grant it independence relieved Copenhagen from submitting reports to decolonization bodies of the United Nations. The fact that the UN recognized the Danish decision prevented Greenland from demanding independence on the basis of colonial status.²⁸

²⁵ Lyck and Taagholt, "Greenland: Its Economy and Resources," 52; Ulrik P. Gad, "Greenland: A Post-Danish Sovereign Nation State in the Making," *Cooperation and Conflict* 49, no. 1 (2014): 101; Erik Beukel, "Greenland and Denmark before 1945," in *Phasing out the Colonial Status of Greenland, 1945-54: A Historical Study*, ed. Erik Beukel, Frede P. Jensen, and Jens Elo Rytter, *Man & Society* (Copenhagen: Museum Tusculanum Press, 2010), 13.

²⁶ Mina Said, "Birth Pangs: Greenland's Struggle for Independence," *Loyola of Los Angeles International and Comparative Law Review* 36, no. 2 (2014): 285.

²⁷ Beukel, "Greenland and Denmark before 1945," 29-30.

²⁸ Said, "Birth Pangs: Greenland's Struggle for Independence," 286.

The period of Greenlandic territorial unity with Denmark was filled with controversies as, on the one hand, the island was deprived from its power resources through centralization and, on the other, this deprivation augmented a growing desire for self-governance. Nationalism and self-consciousness became answers to the policy of Danization, which assumed assimilation and birthplace criteria but neglected the status of Greenlandic language. Even though formal equality was established, Greenlanders felt disadvantaged and subject to ethnic hierarchy. Societal changes, migration and urbanization led to further alienation of the locals.²⁹

When Copenhagen applied for the EC membership in 1961 there was a general consent in continental Denmark about the economic benefits of this move. The agreement reached by social democrats and non-socialist parties paved the way for accession, despite opposition gaining its momentum during the final phase of negotiations. Ultimately, the referendum revealed 63 percent support for Danish membership in the Communities.³⁰

Concerned about the fate of fisheries, 70.3 percent of Greenlanders voted against the accession but, as a part of the Danish kingdom, the island had no choice but to enter the EC. It is interesting to note that in 1962 both Greenlandic delegates to Danish parliament opposed the island's membership, yet the provincial council gave favorable opinion about it, provided that fisheries received special treatment. In 1971 and 1972, the

²⁹ Ibid., 287; Johansen and Sørensen, "Greenland's Way out of the European Community," 271; Gad, "Greenland: A Post-Danish Sovereign Nation State in the Making," 101.

³⁰ Torben Worre, "Denmark at the Crossroads: The Danish Referendum of 28 February 1986 on the Ec Reform Package," *Journal of Common Market Studies* 26, no. 4 (1988): 262-63.

council saw an influx of new, young members and the path towards Home Rule and withdrawal from the EC was launched.³¹

Despite economic and fisheries-related issues being dominant for preferences-formation upon Greenland's withdrawal from the Communities, Greenlanders weren't satisfied with their membership also on a non-material basis. They felt that decisions on their behalf were made even further from Copenhagen – in Brussels - and that they had to deal with two foreign bureaucracies instead of one. Greenlanders also felt that their identity didn't fit the rest of Europe.³²

The island's economy was heavily dependent on fishing and the manufacturing of fish products. Even though the membership in the Communities was economically attractive because of access to the market, funding, and infrastructure, Greenlanders felt “robbed” of their national treasure when other EC members received fishing quotas around the island. It is understandable that the people of Greenland preferred staying outside the Common Fisheries Policy. Under OCT status, they were able to use some aid and loans, access the common market and give away some quotas that were more in line with their own terms.³³

During the membership period, Nuuk received some social expenses reimbursement from Brussels, loans from European Investment Bank and attracted some investments, but grants from the Communities constituted only about eight percent of what Greenland was getting from Denmark. Roughly the same economic benefits were

³¹ Gad, "Greenland: A Post-Danish Sovereign Nation State in the Making," 106; Berglund, "Prison or Voluntary Cooperation? The Possibility of Withdrawal from the European Union," 157; Axel Kjær Sørensen, *Denmark-Greenland in the Twentieth Century*, vol. 34, Man & Society (Copenhagen: The Commission for Scientific Research in Greenland, 2007), 109; 11-21; 43.

³² Berglund, "Prison or Voluntary Cooperation? The Possibility of Withdrawal from the European Union," 157.

³³ Johansen and Sørensen, "Greenland's Way out of the European Community," 270; Berglund, "Prison or Voluntary Cooperation? The Possibility of Withdrawal from the European Union," 158.

secured by selling fishing licenses to the EC after 1985, which became a source of stable income for years to come.³⁴ Nuuk didn't really need membership in the Communities since its link with Copenhagen allowed living standard to rise and the balance of trade deficit to be run.³⁵

The Home Rule Act of 1979 gave Greenland the power resources needed to aggregate preferences, form a political agenda and put more meaningful pressure on Denmark. When the center-left Simut party won Greenlandic elections in 1979, EC membership was immediately put at the top of the political agenda, leading all parties to agree about the need for referendum. The campaign was harsh and filled with anger and examples of fishing abuses within the 200-mile Greenlandic economic zone. Simut, together with other parties, trade unions and fishermen organizations, wanted to transfer fisheries from supranational to local level.³⁶

The introduction of Home Rule was a manifestation of new tendencies expressed by young Greenlanders. On the one hand, they were tired of the perpetual presence of Danes in the island's administration. On the other hand, they wanted to respond to the EC membership by taking into account their own preferences. The referendum of 1972 revealed a "smashing victory" of this new generation and the vision of "more Greenlandic Greenland". The 73 percent support for Home Rule in 1979 coupled with consecutive successful withdrawals from the EC proved how these "unblocked" preferences channeled power resources to reach for perceived greater benefits.³⁷

³⁴ Sørensen, *Denmark-Greenland in the Twentieth Century*, 34, 167.

³⁵ *Ibid.*, 161-62.

³⁶ Johansen and Sørensen, "Greenland's Way out of the European Community," 271-72.

³⁷ Sørensen, *Denmark-Greenland in the Twentieth Century*, 34, 145; 50-52.

Understanding the Payoffs

The case of Greenland's withdrawal is fascinating in terms of variables, conditions and the precedent it constituted. What it shows is a strict set of terms under which the exit occurred: Greenland was represented by Copenhagen, its interests were still being advocated by Denmark and, apart from fisheries, there was virtually no other major issue to discuss. Because of this very concrete and narrow framework, Nuuk's exit didn't spur changes in Treaties when it comes to a member state's withdrawal. Amendments were introduced later by the Lisbon Treaty.³⁸

The case constitutes a sort of laboratory experiment with many variables controlled for. Because Greenland was extensively connected to Denmark, even in spite of the Home Rule, some of the vital costs of withdrawal have been mitigated. The question of fisheries has been one rather symmetrical issue which Nuuk resolved in a purely Rational-Choice-Theoretic manner. Greenland was given just enough power to control fisheries while other issues have been secured by Denmark and OCT status that granted economic stability, security channeled through NATO, citizenship, and an international presence.

One can notice how important the strategies of other players proved to be. The decision to disintegrate required fundamentally different mechanisms than the ones used upon integration. Since the Treaties did not assume withdrawal, the EC's role was less significant than that of member states. French opposition to British accession was controversial, in contrast to German demands put on exiting Greenland. In other words, enlargement and integration seemed to be natural, especially after 1973, while

³⁸ Phedon Nicolaides, "Is Withdrawal from the European Union a Manageable Option? A Review of Economic and Legal Complexities," *Bruges European Economic Policy Briefings* 28(2013): 7.

disintegration was perceived to be an anomaly. One can claim that the strategies of other member states upon integration were mitigated to some extent by a supranational push, while disintegration proved to be qualitatively different, with the Commission playing only a consultative role.

Even if the withdrawal was codified by the Treaties, which happened exactly with the ratified Lisbon Treaty, disintegration would still be qualitatively different. Already mentioned were the bitterness of negotiations, a different political climate, a far lesser need to satisfy the EU by an exiting state than by an acceding one, and no clear goal of withdrawal. Whereas the integration process puts concrete demands on a candidate, the Commission's marginal role make potential disintegration an unknown territory.³⁹ Greenland's case was particular and most of these variables were controlled for so that Nuuk could focus virtually only on fisheries.

The international system between 1973 and 1985 experienced a turbulence of monetary and security regime, as well as increasing codification on the trade regime level. In response to the Bretton Woods collapse, the EC started pushing for monetary planning while GATT negotiations moved forward, receiving full compliance from the Communities' side. The security regime changed from détente, through human rights advocacy, and through Reagan's rollback. What can be said is that Greenland - thanks to OCT status, NATO membership and a link with Copenhagen - followed these developments without bearing the additional costs of withdrawal.

The forced accession to the Communities boosted Greenland's demand for greater autonomy and the Home Rule Act supplied Nuuk with significant power resources. Through this channel, the island gained control over its economic resources: most

³⁹ Ibid., 8-11.

importantly, fishing. Emergence and solidification of nationalism and identity heavily influenced the preferences of Greenlanders and now these preferences could be aggregated and operationalized by Home Rule authorities. The clear choice was made: Nuuk continued to receive the same benefits without participating in the common fisheries policy. This was just a one-issue question and virtually no additional links emerged during Greenland's 13-year membership in the EC. Society felt isolated and unwilling to integrate, which was clearly stated in referendum, while economic benefits were easily eclipsed by Danish transfers.

The tree in Figure 15 shows Greenland's withdrawal as a game in extensive form. Player *D* stands for Denmark, player *M* for the EC member states, and player *G* stands for Greenland.

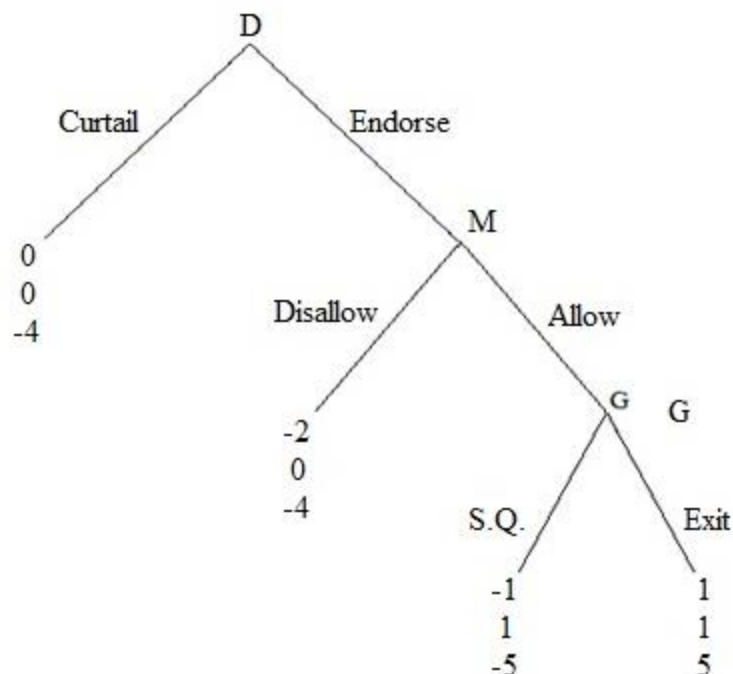


Figure 15: Disintegration of Greenland: Extensive Form Game

In this setting Greenland is always much better off withdrawing from the Communities. In order for its information set to be reached, however, the EC member states have to agree that exit is possible and Denmark has to endorse pro-autonomy tendencies in Greenland. If Copenhagen had curtailed these developments in the very beginning, we probably would not have seen further subgames of this setting. The outcome would have been largely neutral for Denmark and the EC member states while Nuuk would have suffered the costs of constrained self-expression. Since Copenhagen decided to enact Home Rule in Greenland and since pro-disintegration sentiments followed, the member states had to decide whether to allow Nuuk to move towards withdrawal. Since the outcome of bargaining on conditions of disintegration brought

benefits to the Communities, *allow* was a reasonable move. If Nuuk's exit had been constrained by either other members or by the referendum's outcome, Denmark would have suffered some costs: Greenland had already been given some autonomy and Copenhagen would have faced the politicized anti-EC grievances of its unit. The subgame perfect equilibrium of this game is thus (*Endorse* for Denmark; *Allow* for the EC member states; *Exit* for Greenland).

Greece

Actors: Changes on Strategic Level

Greece's application for membership in the European Communities was dealt with by member states that already had experience with enlargement. In 1973, the organization admitted Denmark, Ireland and the United Kingdom. It is fair to assume that upon Greek accession in 1981, the supranational component of the Communities was quite developed; however, the member states still possessed relatively more control over the process. During the first enlargement, Brussels accepted new members on a pretty much ad hoc basis with limited accession conditions and monitoring. The second enlargement saw conditionality based on Paris and Rome Treaties; nevertheless, the more elaborate use of conditionality mechanism appeared later, with the growth of negotiation-issues' complexity.⁴⁰

In sum, the nine member states were highly privileged since they possessed veto power over Greece's application. The European Commission played an important role by

⁴⁰ Viljar Veebel, "European Union's Positive Conditionality Model in Pre-Accession Process," *TRAMES* 13, no. 3 (2009): 212-13.

providing scrutiny over the case. Legally, Greece didn't have much leverage, but the international regime of democratization coupled with the positive experience of admitting a less developed country - Ireland in 1973 - seriously influenced the choice of the member states.

Greece was also favored because, at the time of accession, it had been participating in the association scheme with the Communities for almost 20 years. The Athens Agreement was exceptional because, unlike similar frameworks, it suggested future full membership. It introduced a customs union and promises of free movement of labor and harmonization with the Common Agricultural Policy, thus seriously minimizing the costs of future integration.⁴¹ The fast pace of accession was interrupted by a military coup in 1967 but after a return to democracy in 1974, previous agreements with the Communities were restored. The new Greek constitution introduced in 1975 was designed to facilitate the accession, making sure that it was legal to confer powers of domestic bodies to international ones.⁴²

The member states and Brussels were still impressed with the successful integration of Ireland which, at the time of accession, was economically underprivileged. It was believed that fast and functional admission, even without strict conditionality, could be the solution to long-term problems. Since Greece had just recovered from a non-democratic phase, the speedy accession was seen as a way to consolidate democracy.⁴³

⁴¹ Susannah Verney, "An Exceptional Case? Party and Popular Euroscepticism in Greece, 1959–2009," *South European Society and Politics* 16, no. 1 (2011): 53; Eirini Karamouzi, *Greece, the Eec and the Cold War 1974-1979: The Second Enlargement*, Security, Conflict and Cooperation in the Contemporary World (Basingstoke: Palgrave Macmillan, 2014), 35.

⁴² Veebel, "European Union's Positive Conditionality Model in Pre-Accession Process," 213; Xenophon A. Yataganas, "Main Legal Problems Arising During the Interim Period and Immediately after Greece's Accession to the European Communities," *Journal of Common Market Studies* 20, no. 4 (1982): 337-38.

⁴³ Veebel, "European Union's Positive Conditionality Model in Pre-Accession Process," 213; Staab, *European Union Explained : Institutions, Actors, Global Impact*, 33-34.

The timing of Greece's application proved to be crucial. It was very hard for other member states and the Commission to reject the request of a democratic neophyte located in the middle of Europe. There was a profound feeling that the Communities should serve as a democracy exporter and stabilizer. This pressure coming from the international regimes level made Greece enter the EC pretty much "by default" and resulted in Greece's accession being surrounded by an atmosphere of democratization rather than discussion on technical issues.⁴⁴ On the surface, the nine member states were expressing positive attitudes, and so was the Commission. The latter was highlighting deepened relations that emerged during the association agreement. In private, all of these actors were less enthusiastic. France and Italy were concerned with competition from Greek cheaper agriculture. There was also fear of being dragged into Greece-Turkey disputes.⁴⁵

Even though the Commission suggested a seven-year transition period to ease problematic issues, Greece found this proposal humiliating. It was able to convince other member states to accept its accession precisely because other actors' strategies were confronted with developments on an international level.⁴⁶ In the end, "Greece achieved even more favorable conditions than candidate countries in the first round."⁴⁷

When it comes to disintegration, actors of the game include not only other EU member states but also the Union's institutions – especially the Commission and European Central Bank – as well as the International Monetary Fund. Strategies of non-EU states, most importantly Russia and the United States, also influence the choices of other players. The members, Greece included, are fully privileged due to their possession

⁴⁴ Karamouzi, *Greece, the Eec and the Cold War 1974-1979: The Second Enlargement*, 61-62.

⁴⁵ *Ibid.*, 35-38.

⁴⁶ Veebel, "European Union's Positive Conditionality Model in Pre-Accession Process," 214.

⁴⁷ *Ibid.*, 215.

of nominal sovereignty. What is more, a withdrawal from the European Monetary Union alone is not codified in the Lisbon Treaty and therefore negotiations with other member states are critical.

Since exiting from EMU without subsequent withdrawal from the EU is legally impossible, leaving the Eurozone remains a highly controversial case. There is virtually no possibility of unilateral and simultaneously legal withdrawal.⁴⁸ The monetary union was conceived as an irreversible construct, assuming the permanent delegation of monetary sovereignty to the EU bodies. A unilateral exit would not only bring costs resulting from treaty-breaching but also would endanger the financial stability of other states using the Euro as their currency.⁴⁹

This fact shaped member states' strategies vis-à-vis Greece's potential withdrawal in particular but also towards a remedy for the situation in general. Economically strong countries, especially Germany, didn't wish the future of the Euro to be shaken by instabilities elsewhere. Strong states are reluctant to subsidize poorer members, while monetary tools intended to boost local economies are unavailable. On the one hand, a return to national currency and defaulting may bring uncontrollable contagion effects. On the other, austerity measures and bailouts are also costly.⁵⁰

The Troika – the Commission, ECB and IMF – decided in 2010 to prevent Greece from default by granting the first loan package. The second loan in 2012 intended to

⁴⁸ Panagiotis E. Petrakis, "Greece and the Eurozone: Staying or Leaving?," in *The Great Catalyst : European Union Project and Lessons from Greece and Turkey*, ed. Bülent Temel (Lanham: Lexington Books, 2014), 24; Robert Zbiral, "Exit from Eurozone under the Regime of the Lisbon Treaty: Reality or Wishful Thinking?," *SSRN*(2009), <http://ssrn.com/abstract=2081915>.

⁴⁹ Gilles Thieffry, "Thinking the Probable: The Break-up of Monetary Union," *Journal of International Banking Law and Regulation* 3(2011): 103.

⁵⁰ Zbiral, "Exit from Eurozone under the Regime of the Lisbon Treaty: Reality or Wishful Thinking?". 1-2; Andrew Glencross, "The Eurozone Crisis as a Challenge to Democracy and Integration in Europe," *Orbis* 58, no. 1 (2014): 55-56.

repay Greek sovereign debt held by private sector investors. The Troika made these payments conditional upon Economic Adjustment Programs focused on entrenching neoliberal practices. Unfortunately, despite a substantial decrease in public deficit, the Greek recession led to a radical increase in the debt-to-GDP ratio. Athens continued to introduce austerity measures, structural reforms and privatization schemes. Major cuts in wages, pensions, public expenditures and investments led to the victory of left-wing Syriza and the question of a potential withdrawal from EMU was revived.⁵¹

The new strategy of Greece, deriving from aggregated preferences of its population and politicized by elected Syriza, assumed anti-austerity actions that confronted the political preferences of other EMU and EU member states. It is critical to highlight that increasing support for the political left does not necessarily correspond to true willingness to exit the Eurozone.⁵² Syriza played the card of a strong state mainly in order to gain favorable concessions from other players but the real withdrawal should be viewed as the last resort. This position was clearly formulated in February 2015 by Greece's finance minister Yanis Varoufakis: "Exit from the euro does not even enter into our plans, quite simply because the euro is fragile. It is like a house of cards. If you pull away the Greek card, they all come down."⁵³ Knowing the fear of other EMU member states about possible contagion effects, Syriza continued to call for anti-austerity

⁵¹ Maria Karamessini, "Greece as an International Test-Case: Economic Adjustment through a Troika/State-Induced Depression and Social Catastrophe," in *Divisive Integration the Triumph of Failed Ideas in Europe — Revisited*, ed. Steffen Lehndorff (Brussels: ETUI aisbl, 2015), 95-110.

⁵² Martin Wolf, "A Permanent Precedent," *Financial Times* (17 May 2012), <http://www.ft.com/intl/cms/s/0/614df5de-9ffe-11e1-94ba-00144feabdc0.html#axzz3e5fX89P7>.

⁵³ Ambrose Evans-Pritchard, "Greece's Leaders Stun Europe with Escalating Defiance," *The Telegraph* (9 February 2015), <http://www.telegraph.co.uk/finance/economics/11400778/Greeces-leaders-stun-Europe-with-escalating-defiance.html>.

measures. Upon victorious elections, the party called for higher pensions and a doubled minimum wage and increase in public sector employment.⁵⁴

While the Troika continued to issue “take-it-or-leave-it” conditions, Syriza responded with its own sets of proposals assuming more or less concessions.⁵⁵ While Syriza’s leader Alexis Tsipras announced the campaign of “blackmail and terror” was over, German finance minister Wolfgang Schauble reiterated that “fresh elections won’t change Greece’s debt.”⁵⁶ German parliamentary leader Christian Democrat Michael Fuchs, claimed that “Greece is no longer ‘systemically relevant’ for the euro”, while Syriza was convinced that the EU would back down on its demands.⁵⁷ Meanwhile, Washington urged negotiating partners to meet halfway, while Russia and Athens signed a memorandum to introduce new routes for natural gas supplies.⁵⁸ While the equilibrium resulting from all these strategies must by definition assume some concessions from all players, the back-down of a strong player might be seen as part of the equilibrium.

⁵⁴ Laurie Laird, "Greek's Emu Future Hazy after Presidential Poll," *Forbes* (17 December 2014), <http://www.forbes.com/sites/laurielaird/2014/12/17/greeks-emu-future-hazy-after-presidential-poll/>.

⁵⁵ Ambrose Evans-Pritchard and Szu Ping Chan, "Greek Default Draws Closer as Opposing Sides Swap Ultimatums," *The Telegraph* (2 June 2015), <http://www.telegraph.co.uk/finance/economics/11645966/Greek-default-draws-closers-as-opposing-sides-swap-ultimatums.html>.

⁵⁶ Ambrose Evans-Pritchard, "Greece Comes Back to Haunt Eurozone as Anti-Troika Rebels Scent Power," *ibid.* (29 December 2014), <http://www.telegraph.co.uk/finance/economics/11316726/Greece-comes-back-to-haunt-eurozone-as-anti-troika-rebels-scent-power.html>.

⁵⁷ "Who Will Blink First in Euro Showdown? 'We Are Past the Days When We Still Have to Rescue Greece'," *Financial Post* (6 January 2015), <http://business.financialpost.com/news/who-will-blink-first-in-euro-showdown-we-are-past-the-days-when-we-still-have-to-rescue-greece>.

⁵⁸ "White House Warns Europe on Greek Showdown," *The Telegraph* (13 February 2015), <http://www.telegraph.co.uk/finance/11411728/White-House-warns-Europe-on-Greek-showdown.html>; Aynur Karimova, "Athens-Moscow Alliance Nightmare for Eu," *Azer News* (22 June 2015), <http://www.azernews.az/analysis/84087.html>.

Externalities: Changes on Regimes Level

Upon Greek accession to the Communities, Europe was facing economic hardships caused by two oil crises. The security considerations were dominated by the Cold War rivalry and the desire to spread democracy, especially among the immediate neighbors.

OPEC's embargo and the resulting oil crisis induced a deep economic downturn across Europe and, after years of prosperity, the European economy faced recession followed by high unemployment and an international monetary crisis. The European Communities' member states implemented policies to curb rising inflation but the dreams of a monetary union had to be abandoned at that time.⁵⁹ It should be noticed that this loss of supranational push might have undermined confidence of the Communities, which, at that time, turned out to work in favor of the Greek application. What is more, Athens was facing serious crisis-induced problems and, to some extent, Brussels saw itself as a rescuer, just like in the case of Ireland.

The economic problems on the regimes level were internalized by Greece in a very specific manner. Since these problems started to appear around 1974, just after the Greek return to democracy, it was the colonialist regime that was blamed for them. Similarly, the second oil shock in 1979 caused real economic collapse which was once again blamed on right-wing governments by succeeding socialists. Preoccupied with

⁵⁹ Karamouzi, *Greece, the Eec and the Cold War 1974-1979: The Second Enlargement*, 37; Elisabeth Oltheten, George Pinteris, and Theodore Sougiannis, "Greece in the European Union: Policy Lessons from Two Decades of Membership," *The Quarterly Review of Economics and Finance* 43(2003): 779.

domestic developments, Greece lacked any discussion on the real causes of the troubles and the debate was limited to internal matters.⁶⁰

The problems were still profound. Governments after the dictatorship faced an increasing demand for a welfare state and income redistribution. Industry was heavily dependent on imported fuel. Imports suffered because of high oil costs while exports faced restrictive policies of European partners aiming to reduce inflation.⁶¹

The Cold War context of Greece's accession mattered significantly since it was deemed important to assure the expansion and consolidation of the Western, democratic camp.⁶² The regional actors were concerned about a Greek withdrawal from NATO's military command structure and the issue was pivotal.

From NATO's creation, Greece was eager to join the organization to consolidate its Western course and solve territorial issues. However, the dispute with Turkey over Cyprus proved to be humiliating case, with Greece losing both the United Nations' and NATO's support for its claims. The emerging anti-Americanism put Athens in a difficult position in the midst of the Cold War. Since Greece was considered increasingly important strategically, especially amidst an escalation of superpower antagonisms in the Mediterranean and the Middle East, the Western camp tried to refurbish mutual relations, even if it assumed working with Greek dictatorial regime of that time. The Organization couldn't, however, intervene in what was clearly an internal dispute between two members since it was designed to face external threats.⁶³ Despite the continuous lack of

⁶⁰ Kostas Vergopoulos, "Economic Crisis and Modernization in Greece," *International Journal of Political Economy* 17, no. 4 (1987): 108.

⁶¹ Ibid., 116-18; Oltheten, Pinteris, and Sougiannis, "Greece in the European Union: Policy Lessons from Two Decades of Membership," 775; 79.

⁶² Karamouzi, *Greece, the Eec and the Cold War 1974-1979: The Second Enlargement*, 53.

⁶³ "Outwardly, NATO did not appear to succeed in taking on a decisive and effective role in the settlement of the conflict. The alliance did, however, try to do something to contain the conflict with the resources it

support from NATO members and despite the socialist PASOK party's demand to cut the ties with the Communities and NATO, the revival of Cold War tensions in 1980s proved to be sufficient to keep Greece in both.⁶⁴

Greece's game of withdrawal has been deeply rooted in occurrences of Eurozone crisis, which in turn has been a ramification of 2008 global financial crisis. The ties necessary to produce this contagion developed on international regimes level and included globalization of the world economy, neoliberal ideology and financialization.⁶⁵

Neoliberalism became deeply entrenched as a global ideology after the end of the Cold War rivalry and was followed by a unipolar moment. The Greece case may constitute an example of how neoliberal policies impact internationally uncompetitive and consumerist economies. The spirit of the Washington Consensus promoting fiscal consolidation, liquidity guarantees, reduced labor costs and reduced consumption was embodied in the Troika-forged Economic Adjustment Programs. An overall austerity to promote exports and revive the Greek economy through neoliberal practices met high taxation and actions to entrench the welfare state. Not only did social cohesion, standards

had. The use of NATO bodies, in particular the North Atlantic Council, was at times the only way to keep negotiations going between the parties to the conflict. Nevertheless, the attraction Athens felt for the alliance was so strong that the Greek government could not make up its mind to turn its back on the alliance completely. Although NATO was unable to prevent the Greek withdrawal in 1974, it achieved the full return of Greece into its structures in 1980." Stefan Brenner, "Military Coalitions in War and Peace: Nato and the Greek-Turkish Conflict 1952 – 1989," *Journal of Military and Strategic Studies* 14, no. 3; 4 (2012): 13.

⁶⁴ Dionysios Chourchoulis and Lykourgos Kourkouvelas, "Greek Perceptions of Nato During the Cold War," *Southeast European and Black Sea Studies* 12, no. 4 (2012): 498-508; Evanthis Hatzivassiliou, "Revisiting Nato's Stabilizing Role in South-Eastern Europe: The Cold War Experience and the Longue Durée," *ibid.*: 524; Konstantina Maragkou, "Cold War in the Aegean: Favouritism in Nato's Southeastern Flank: The Case of the Greek Colonels, 1967–74," *Cold War History* 9, no. 3 (2009): 348.

⁶⁵ Glencross, "The Eurozone Crisis as a Challenge to Democracy and Integration in Europe," 55; Gerland A. Epstein, "Introduction: Financialization and the World Economy," in *Financialization and the World Economy*, ed. Gerald A. Epstein (Northampton, MA: Edward Elgar Publishing, 2005), 3.

of living and morale suffer, but also the Greek economy didn't show signs of healing.⁶⁶ The paradox here is that neoliberal practices narrow the powers of states vis-à-vis corporate actors, while the effective regulation's need to maintain this system follows. The case of the EMU is a manifestation of this rule.⁶⁷

Financialization is another global phenomenon which, over the past 30 years, has been witnessed by mature economies. Its essence lies in more corporations' and households' reliance on financial markets. The former engage less with banks, the latter becomes engaged with assets and liabilities. Banks become transformed, seeking profits through fees, commissions and trading. The current phase of financialization is extremely complex, inter-penetrative and asymmetrical, and connects almost every corner of the world.⁶⁸

American financial institutions and international banks between 2001 and 2007 created a vast bubble which led to crisis and recession. The former engaged in speculative mortgage lending while the latter traded resultant derivative securities. The institutional weakness of the Eurozone magnified these developments, with dominant Germany's growth being achieved through consumption financed by expanding household debt. Without a fiscal union serving the EMU, Germany turned out to be the biggest beneficiary, expanding at the expense of peripheral states, including Greece.

⁶⁶ Petrakis, "Greece and the Eurozone: Staying or Leaving?," 17; Jorge Nef and Wilder Robles, "Globalization, Neoliberalism, and the State of Underdevelopment in the New Periphery," *Journal of Development Studies* 16, no. 1 (2000): 32; Karamessini, "Greece as an International Test-Case: Economic Adjustment through a Troika/State-Induced Depression and Social Catastrophe," 108-09.

⁶⁷ Ziya Öniş and Ahmet Faruk Aysan, "Neoliberal Globalisation, the Nation-State and Financial Crises in the Semi-Periphery: A Comparative Analysis," *Third World Quarterly* 21, no. 1 (2000): 121.

⁶⁸ C. Lapavitsas et al., "Several Dimensions of a Public Debt Crisis," in *Crisis in the Eurozone*, ed. Costas Lapavitsas (London: Verso, 2012), 1-2; Vassilis K. Fouskas and Constantine Dimoulas, *Greece, Financialization and the Eu: The Political Economy of Debt and Destruction*, International Political Economy Series (London: Pelgrave Macmillan, 2013), 188-89.

Imbalances of competitiveness and productivity made the Eurozone prone to global economic crises.⁶⁹

While Germany prevented the burst of household debt by recycling its surplus to peripheral countries, the long-term government bond yields for the most of Eurozone area widened significantly, with the spread experienced by Greece being especially dramatic.⁷⁰

Internalities: Changes on Domestic Level

The two decades preceding Greek accession to the Communities brought much turbulence in domestic affairs. On the one hand, Greece tried to consolidate its refurbished democracy and confirm its membership in the Western institutions. On the other, it was dealing with the shadows of 7-year-long dictatorship, worsening economic conditions, and rising Euroscepticism and anti-Americanism.

The parliamentary opposition emerged after the long hegemony of right-wing parties in the period following the Second World War. Political instability resulting from this parliamentary competition raised fears of potential left dominance, while the parties from this political spectrum were seen as a proxy for Communists. To prevent this development from happening, Greek armed forces seized power just before scheduled elections, in April 1967. The terror introduced included imprisonment, torture, exile and executions, as well as a suspension of democratic mechanisms of assembly, freedom of

⁶⁹ Glencross, "The Eurozone Crisis as a Challenge to Democracy and Integration in Europe," 57; Fouskas and Dimoulas, *Greece, Financialization and the Eu: The Political Economy of Debt and Destruction*, 188; Lapavistas et al., "Several Dimensions of a Public Debt Crisis," 1-2.

⁷⁰ "Several Dimensions of a Public Debt Crisis," 2; Maria-Grazia Attinasi, Cristina Checherita, and Christiane Nickel, "What Explains the Surge in Euro Area Sovereign Spreads During the Financial Crisis of 2007-09?," in *Working Paper Series* (Frankfurt am Main: European Central Bank, 2009), 7.

speech and political protesting. Even if tolerated by anti-communist upper and middle classes, the regime of Colonels was not supported by any political party and its appeal to the wider population was limited. The students' uprising in 1973 coupled with the regime's humiliation over Cyprus in dispute with Turkey led ultimately to its collapse.⁷¹

After the regime change, the center-right New Democracy won national elections, focusing on preparations for the EC membership as a way to consolidate democracy. However, Greek society revealed much Euroscepticism and anti-Americanism, mainly because of Western reactions to dispute over Cyprus. Greeks still remembered and were attracted to socio-economic development experienced by the Communities in the 1960s but the old grievances over Orthodox – Catholic distinctions and a history of intervention into Greek domestic affairs right after gaining independence were deeply entrenched and then became magnified by the Cypriot developments. Also, despite conservative New Democracy winning 1974 elections, Greek society was characterized by left-wing and anti-Western leanings. These feelings were soon politicized and the socialist PASOK party was gaining much support. The two parties dominated the Greek political system since the late 1970s.⁷²

Worsening economic conditions and the right-wing rule that was blamed led to the victory of PASOK in 1981. As it happened, just 10 months after accession to the Communities, 60 percent of Greeks supported Eurosceptical parties. PASOK opposed

⁷¹ Villy Tsakona, "The Greek State and the Plaster Cast. From the Greek Military Junta of 21 April 1967 to the IMF and EU's Rescue Mechanism," *Metaphor & the Social World* 2, no. 1 (2012): 66; Dimitri A. Sotiropoulos, "The Authoritarian Past and Contemporary Greek Democracy," *South European Society and Politics* 15, no. 3 (2010): 451.

⁷² Susannah Verney, "An Exceptional Case? Party and Popular Euroscepticism in Greece, 1959–2009," *ibid.* 16, no. 1 (2011): 55; Spyridoula Nezi, Dimitri A. Sotiropoulos, and Panayiota Toka, "Explaining the Attitudes of Parliamentarians Towards European Integration in Bulgaria, Greece and Serbia: Party Affiliation, 'Left–Right' Self-Placement or Country Origin?," *Europe-Asia Studies* 61, no. 6 (2009): 1004; Sotiropoulos, "The Authoritarian Past and Contemporary Greek Democracy," 451–52.

accession and even an association agreement, advocating for the national road to socialism and a “special agreement” with the Communities, referring to the Norwegian example. Taking over an economy that had collapsed after the 1979 oil shock, with a current-account deficit doubling between 1978 and 1979 and where oil import price was equivalent to 85 percent of all export earnings, PASOK did not fulfill its promises of reformulating relations with the Communities.⁷³

The Greek economy is open but small and unable to impact international economic relations. Membership in the European Union gave Athens an opportunity to competitively sell its products in the European market. This advantage diminished after the euro was adopted, but even then Greece recognized the leverage of possessing veto power in EMU, something that was definitely attractive for a small national economy.⁷⁴

Upon entering the Eurozone, Greece enjoyed a period of sustained growth starting in 1994. On average, its economy was expanding 4 percent until 2008: the fastest pace in the Euro area after Ireland.⁷⁵ After the crisis erupted, the European Union and EMU played a different role. For Greece, they became linked with fiscal adjustments and the loss of sovereignty. The price of staying within the Union was perceived to assume the punishment and suffering of disadvantaged parts of the population, particularly pensioners and the unemployed.⁷⁶

⁷³ Susannah Verney, "An Exceptional Case? Party and Popular Euroscepticism in Greece, 1959–2009," *ibid.* 16, no. 1 (2011): 51; 57; Robert McDonald, "Greece after Pasok's Victory," *The World Today* 41, no. 7 (1985): 134–35.

⁷⁴ Petrakis, "Greece and the Eurozone: Staying or Leaving?," 10; 12.

⁷⁵ Karamessini, "Greece as an International Test-Case: Economic Adjustment through a Troika/State-Induced Depression and Social Catastrophe," 97; Manos Matsaganis, "The Welfare State and the Crisis: The Case of Greece," *Journal of European Social Policy* 21, no. 5 (2011): 501.

⁷⁶ Ben Clements, Kyriaki Nanou, and Susannah Verney, "‘We No Longer Love You, but We Don’t Want to Leave You’: The Eurozone Crisis and Popular Euroscepticism in Greece," *Journal of European Integration* 36, no. 3 (2014): 249.

The Greek economic system has been characterized by turbulences and inefficiency on the one side, and high demand for a welfare state on the other. While after 1974 excessive borrowings were used to legitimize revived democracy, the expansion of the welfare state followed in the 1980s. Extensive social insurance services were established and targeted underprivileged groups of the society. Continued borrowing to fund employment in public service and the welfare state's offerings without significant increase of taxes led to an extension of public debt. A policy of running high debts has always been the case for Greece, ever since the regime of the Colonels. Whereas the debt has always exceeded annual income, in 2008 it reached "unmanageable proportions."⁷⁷

The Greek welfare state model was surely responsible for the extent of the crisis. In short, social expenditures were allowed to "spiral out of control."⁷⁸ Even if the Greek socio-economic model was largely brought to an end by the crisis, the economic problems were not fixed. Greece has been struggling not only with public debt but also with balance of payments deficit and lack of competitiveness in productive sectors. The post-dictatorship regime was itself characterized by patronage, clientelism and tax evasion. Culturally, the education system produced innovative generations which unfortunately lack proper monetary motivation to achieve commercial success. Between 2007 and 2011, Greeks constituted one of the most Eurosceptical segments of European population. Unsuccessfully implemented austerity measures under the banner of

⁷⁷ Petrakis, "Greece and the Eurozone: Staying or Leaving?," 11; Theodoros Papadopoulos and Antonios Roumpakis, "The Greek Welfare State in the Age of Austerity: Anti-Social Policy and the Politico-Economic Crisis," in *Social Policy Review*, ed. Majella Kilkey, Gaby Ramia, and Kevin Farnsworth, *Analysis and Debate in Social Policy* (Bristol: Policy, 2012), 211; Dimitris Kotroyannos et al., "Solidarity and the Welfare State in Greece," *International Journal of Law and Social Sciences* 2, no. 2 (2013): 7.

⁷⁸ Matsaganis, "The Welfare State and the Crisis: The Case of Greece," 504.

neoliberalism don't help in regaining confidence in Brussels, nor encourage more structural redefinition of the welfare state model.⁷⁹

Understanding the Payoffs

Games of Greek integration and disintegration occurred within quite different settings, but the way of thinking and strategy-formulation remained virtually the same. This case can be largely explained with the proposed theory of disintegration. It can be claimed that cognitive limits of rational actors compel it to choose from a narrowed set of actions, especially when no alternatives have been revealed by previous examples. When confronted with some form of novelty concerning the state of the world or strategies of others, players are not really able to match their choices with payoff matrices.

In contrast to the Greek integration game, the contemplated withdrawal saw much greater powers of the supranational component of the European Union. The role of the Commission has been substantial, even taking lead over the solution-seeking process. Nevertheless, the EU member states played and continue to play a decisive role. Then it was about the small, legal base of the Treaties, and now it is about the Lisbon Treaty not codifying withdrawal from European Monetary Union. It does, however, legalize exit from the Union as a whole, so many raised voices about exiting the EMU bringing about this effect are justified.

The Monetary Union itself has been a powerful example of additional links which emerged after having not been agreed upon in an integration treaty. The ability to

⁷⁹ Petrakis, "Greece and the Eurozone: Staying or Leaving?," 9; 16; Papadopoulos and Roumpakis, "The Greek Welfare State in the Age of Austerity: Anti-Social Policy and the Politico-Economic Crisis," 211; Clements, Nanou, and Verney, "'We No Longer Love You, but We Don't Want to Leave You': The Eurozone Crisis and Popular Euroscepticism in Greece," 248; Karamessini, "Greece as an International Test-Case: Economic Adjustment through a Troika/State-Induced Depression and Social Catastrophe," 95.

surgically sever this particular link without breaking other ties emerged over time is a rational way to deal with the uncertainty of disintegration costs. Greece is aware of many other extra issues interconnected over three decades of its membership and thus the exit from the EU is perceived as almost suicidal. What is more, the EMU itself replicated numerous opinions on the effect of EMU-exit, opinions that ranged from overwhelmingly beneficial to totally costly and contingent.

Then member states' strategies were influenced by a non-quantifiable, symbolic urge to spread democracy and stability in the region. Now the taboo of the EU's collapse also serves a similar role. The "manifest destiny" of the integration has been functioning for over 50 years and, by default, it is unimaginable to reverse it.⁸⁰ What is more, upon integration, the case of Ireland lightened some shadows; that is, the uncertainty caused by admitting an underdeveloped country was cleared in favor of the benefits rather than the costs. At that time, the goal of serving as a development and democracy hub was reinforced. Now, however, there is no such revealing case. No one has ever exited the EU and nothing can be said about the immediate and long-term consequences.

Internally, such an exit may lead to dangerous polarization in Greece, the disappearance of the middle class and the possible emergence of a dictatorship. Externally, it may lead to contagion effects. Looking at the radical differences in opinions on that matter, ranging from advocacy to leave the EMU to acceptance of the Union's conditionality, no one really knows what would happen. Globalization and interconnectedness further complicate these calculations. If member states decide that

⁸⁰ Ambrose Evans-Pritchard, "Greece Defies Europe as Emu Crisis Turns Deadly Serious," *The Telegraph* (13 December 2009), http://www.telegraph.co.uk/finance/comment/ambroseevans_pritchard/6804156/Greece-defies-Europe-as-EMU-crisis-turns-deadly-serious.html.

exiting the EMU without withdrawal from the EU as a whole is not possible, Greece can never be sure that it will be admitted again, even when its government changes.⁸¹

This uncertainty has been exploited by both sides to win leverage. Upon integration, Greece sensed and used the “manifest destiny” aura to win favorable conditions of accession. Now, Athens once again uses the fear of contagion and “house of cards” theory. To be sure, Greece’s rivals in this game see this strategy and counter it with assurances that the Eurozone will be just fine even if Greece leaves. This specific game of chicken must end in some equilibrium, but without knowing the full matrix of payoffs, it would likely be a non-Pareto-optimal one.

The one visible feature is that withdrawal from the EU is played as a threat, the last resort of which no one really wants because the costs are unimaginable.

Figure 16 shows the hypothetical distribution of payoffs in an extensive form game of Greek disintegration. The probability p reflects the chance that the world imposes high costs on potential withdrawal. The product of $1-p$ gives the probability of its reversed quality. M denotes the European Union’s member states, EC stands for European Commission, representing semi-autonomy of supranational structure, while G denotes Greece.

⁸¹ Petrakis, "Greece and the Eurozone: Staying or Leaving?," 25-26; Fouskas and Dimoulas, *Greece, Financialization and the Eu: The Political Economy of Debt and Destruction*, 190.

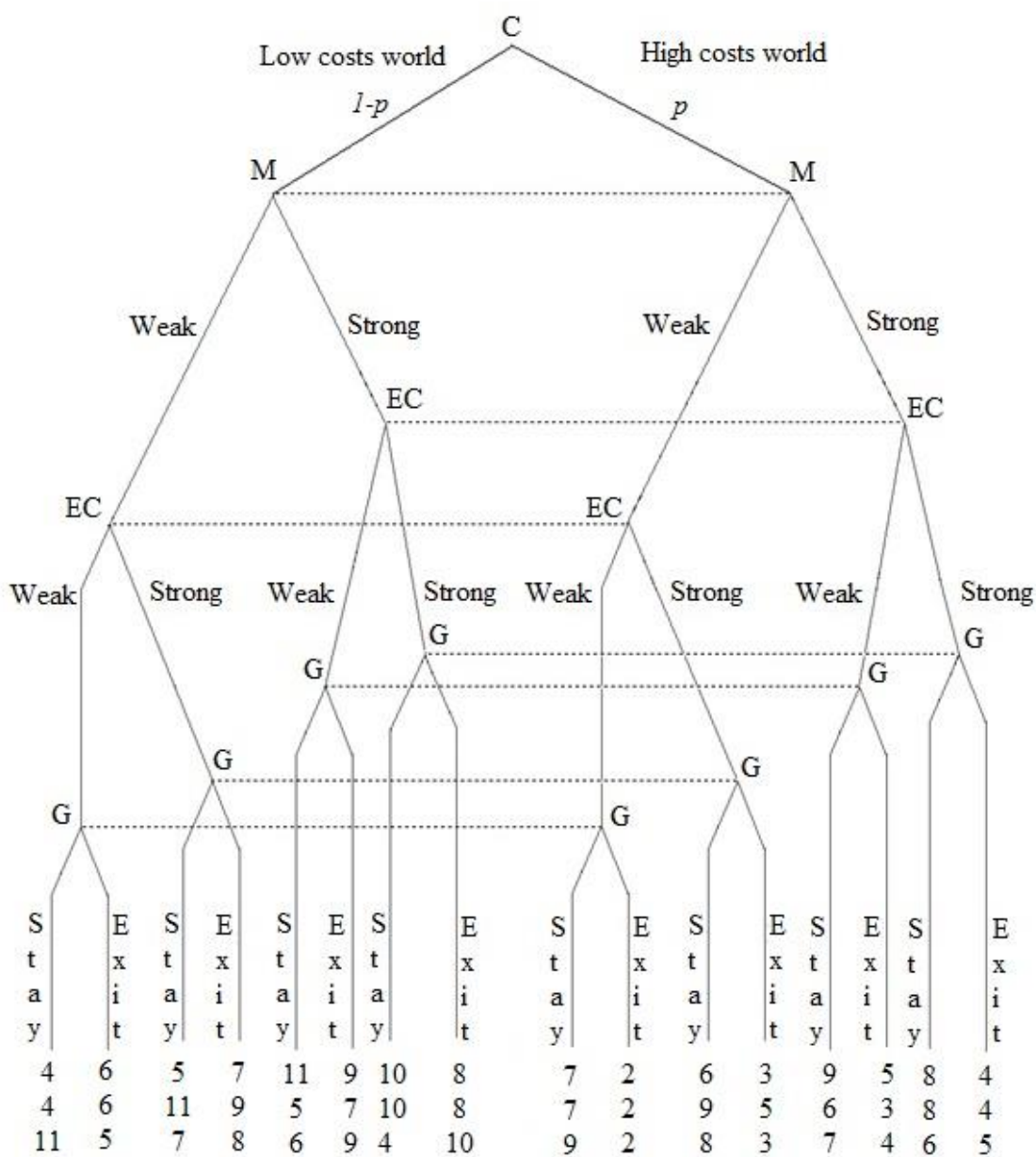


Figure 16: Disintegration of Greece: Extensive Form Game

None of the players of this game really know what is going to happen after Greece disintegrates from the EU. This fact is reflected by information sets connected with dotted lines. The only observables are the moves of each player. In general, Greece

prefers to withdraw only in a low costs world ($p \rightarrow 0$) and when both member states and the European Commission are headstrong, or when either of these players is playing a *weak* strategy. The former case solidifies the Greek decision to seek benefits outside of the EU's framework while the latter undermines the belief in the Union's coherence. When both players are weak, Greece is willing to continue its membership and win favorable conditions. In a high costs world ($p \rightarrow 1$) exit never occurs in equilibrium and the highest benefits are secured for Athens when both member states and the Commission play *weak*, thus leaving sufficient room for negotiations. Alternatively, Greece prefers member states rather than the EC to be weak because states have more sovereignty and nominal autonomy.

The Commission desires to keep Greece in the Union under both states of the world, especially when the supranational component is stronger than the sovereignty exercised by member states. However, in a low costs setting, it would prefer to see Athens leave rather than show a *weak* position. Symmetrical quality is true for member states.

When p approaches 0.5, making a low and high costs world equally probable, a Greek exit becomes feasible with 50 percent chance of occurring when member states play strong and the Commission plays weak. Withdrawal enters subgame perfection when both players choose a *strong* strategy. In other words, if Athens was sure that there is a "coin-toss" probability of not bearing the high costs of disintegration and if it faced headstrong negotiations partners, it would decide to disintegrate.

The more probable scenario is the one in which p is much higher. If we assume a 95 percent chance of a high cost world, the subgame perfection is met when Greece

always decides to stay, with both member states and the Commission playing *strong* strategies.

Two Quantal Response Equilibria for Greek disintegration are shown in Figure 17.

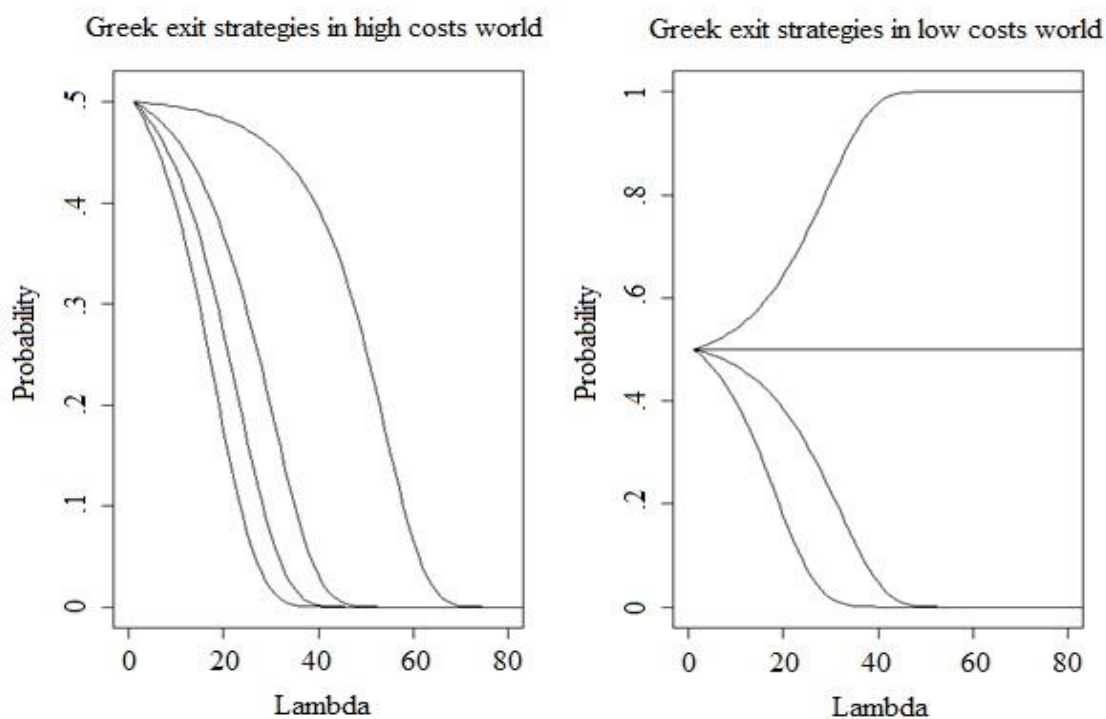


Figure 17: Quantal Response Equilibria: Greek Disintegration in High and Low Costs World

Under the condition of increasing rationality – here represented by *lambda* – all exit strategies converge to Nash equilibria resulting from the extensive form game tree. Four lines on each chart represent four types of withdrawal strategies dictated by

information sets. In the left figure, disintegration becomes totally unfeasible after initial indifference and after rationality growth. In a low costs world, withdrawal enters equilibrium in (*Strong*; *Strong*) information set. If the EC chooses to be weak, the probability of an exit maintains a constant value of 0.5. Under two information sets reached – (*Weak*; *Strong*) and (*Weak*; *Weak*) – disintegration probability approaches 1.

Summary: Time, Costs and Uncertainty

The accession of Greenland and Greece to the European Communities occurred under different conditions than the ones present upon the moment of disintegration. The EC had changed slightly when Nuuk withdrew and then changed drastically when the Athens game was played. The supranational component evolved in both cases, but it was Greek disintegration where it played a really active role. Withdrawal was codified in the Lisbon Treaty and this fact additionally reinforced the political uncertainty of only-EMU exit. The EC and its member states changed their strategies from rather passive and unconditional to active and demanding. In both cases, the international system experienced much evolution occurring amidst turbulence. In the 1970s, the EC took a leading role in reshaping the regimes level after Bretton Woods' collapse. In first two decades of the 2000s, the EU was deeply engaged in the financialization of the world's economy, with the European Monetary Union constituting a critical element of these developments. Internally, Greenland experienced profound changes in its self-expression sphere, reformulating subsequently its preferences from passive and subordinate to active and aggregated. The island's inhabitants felt harmed by the Common Fisheries Policy and they were finally able to take a political stand on the issue, with disintegration from

the EC following as a result. Greece has been traditionally tied to its welfare state objectives, which came especially salient after a return to democracy. Membership in the EU gave Athens the possibility to borrow and spend, inflating disproportionately the bubble of capabilities and demand.

Thanks to a highly controlled environment, Greenland was able to mitigate the costs of disintegration by clearing-out the uncertainty. The island had secured an economic future thanks to remaining in a union with Copenhagen and thanks to their negotiated OCT status. These negotiations were critical because the treaties didn't codify the EC withdrawal at that time. Internal awakening helped Greenland to realize that not many additional links had emerged during its membership. Especially those non-material – social, symbolic and identity-related – had not really evolved. Nuuk was able to remove the undesired CFP without losing the associated benefits resulting from the membership in the EC.

Contrarily, Greece has been unable to exit the EMU with making sure that other costs would not follow. Athens integrated fully and over a long period of time, so that even the mitigation of economic costs would not clear out uncertainty to the point of a plain-payoffs-matrix decision. Thus, costs range virtually from political turmoil and return to dictatorship, through total economic collapse, to ideological crisis.

Table 4 summarizes variables which played the role in disintegration of Greenland and Greece in comparison with the moment of integration.

	Actors change	Externalities change	Internalities change	Additional links	Relative clearance of costs
Greenland	Moderate	Profound	Profound	Few	High
Greece	Profound	Profound	Moderate	Many	Low

Table 4: Variables in Disintegration Game: Changes for Greenland and Greece

The game-theoretic account of Greenland's disintegration is quite successful in grasping the underlying forces, thanks to debated issues being narrowed down to virtually one disputed area and thanks to a limited number of qualitatively different variables included in equilibria. The case of Greece is totally different. The proposed extensive form game tree suggests a fixed payoffs under uncertainty about the state of the world. The decision to withdraw should become feasible in a Nash equilibrium when the probability of a low costs world is high enough. However, since the time factor and replicated linkages influence the payoffs matrix itself, it is doubtful that players in their cognitive processes would be able to make these variables assume constant values. Learning from certain priors about the value of p doesn't make much sense since there is no real payoff to multiply it by.

CHAPTER VII

CONCLUSION: CHALLENGES, PROSPECTS AND GUIDELINES

Discussion initiated across the chapters of this dissertation aimed to focus the reader's attention on one of the least understood issues in international studies. It has been suggested that this confusion about how to assess disintegration in world politics has its roots in either the misuse of European integration theories to explain something they are not fit to explain, or in treating disintegration simplistically with game-theoretic approaches to withdrawals and secessions. The proposed remedy assumed the construction of a whole new theoretical account which would build on a Rational-Choice-Theoretic definition of actors, on their choices and utility-maximization, with simultaneous attention paid to complexities and cognitive limitations. Introduced case studies suggested that the proposed framework has the potential to be successful in understanding disintegration in world politics.

Different Approach

The main difference introduced by the proposed framework is that it treats disintegration exclusively, as a separate phenomenon. Since much confusion was recently revealed by political analyses surrounding the prospective Greek exit from the European Union, outcomes of the Scottish independence referendum, or separatist demands forwarded by the people of Catalonia, researchers of international studies should be able to use a concrete tool to understand these phenomena.

These points of view need revision. We are quite successful in using Rational-Choice-Theoretic approaches to integrational and bargaining events, and yet this account largely fails to capture disintegration dynamics. Withdrawals and secessions need to be viewed positively rather than negatively. That is, they are not byproducts of the lack of some quality in integration process but are decisions like any other, subject to the variables which influence them. Even if some integration theories imply that, over time, disintegration becomes more difficult and less straightforward than initial bargaining (unless, for example, some external shock is in play) they still seem to contribute to the same fallacy; that is, they add more and more integrative elements to the equation, thus making it less likely to be reversed symmetrically. In order to spot unveiling disintegration, we are told to await some powerful development to turn integrative elements around and then induce disintegration in symmetrical manner.

This dissertation calls for change in this thinking. Integrative elements with which we supply the integration equation change themselves over time or, if we like, they become different in nature. Reversals of integration forged to assess disintegration don't make much sense since this negation is not able to explain disintegration as a positive process. By reversing symmetrically, we derive some hypothetical, controlled environment which is poorly grounded in real-world developments.

In Popperian terms, we have less "plastic control" over disintegration than integration. Located somewhere between a world of cloud-like chaos and clock-like determinism, the world of social relations is subject to repetitive occurrences and independent variables with causal properties while simultaneously probability adds uncertainty to our ability to plan. Integration is easier since we are often able to

distinguish elements of bargaining games and attach some perceived utility to them. When withdrawing or seceding, this conduct becomes complicated since many other elements might have appeared and since some of them might have assumed non-material form, thus making it difficult for us to translate them into numbers, both on paper or in our minds. The question of disintegration being qualitatively different from integration is backed in this dissertation with a very strong statement suggesting that, upon withdrawing and seceding, actors might perceive costs and benefits as sensations rather than numbers. This argument should hold especially true with more time lapsed and when more issue-linkages result in favorable conditions for replication under internal, strategic and external developments. Sensing that the world is “quite costly” is not the same as believing that costs are high under some probability. If actors additionally tend to compare moments of disintegration and integration in pursue of better understanding of the situation, this quality becomes even more confusing. Researchers in turn try to add more complexities to the initial, integrative equation, thus missing important elements.

For federalism and functionalism, the European Union will fail if it doesn't comply with the concrete rules these approaches impose. Whether or not these conditions include total subordination to supranational polity, departure from statehood or from certain aspects of sovereignty under proliferation of task-oriented organizations, the sole assumption that deviation from some abstract goal would lead not only to a stalemated process but to its reversal is risky at best. The way the European Union evolved showed that neither account was accurate and that the EU member states found their own adaptation to diverging preferences and externalities. The process-like assumptions are rarely well-grounded in reality.

Even if assumptions are more concrete, say neofunctional claims that maintaining national rules in certain areas is too costly due to transnational exchange and trans-societal links, postulating that the demise of these two conditions would lead to European disintegration appears to be similarly risky. It is more visible in liberal intergovernmental reasoning where the need for technocratic coordination, planning and credible commitments make states adjust their strategies often contrarily to their short-term benefits and in pursue of long-term gains under growing interdependence. In both accounts, we have some abstract construct, though less evident than in federalism and functionalism. We have greater integration as a long-term horizon of benefits. This quality is directly caused by international exchange and interdependence. We can readjust our policies and bear short-term costs, keeping in mind this long-term certainty. But if the horizon disappears due to a decline in exchange or interdependence, the whole logic collapses. The idea of this horizon is not conceptually different from federalist and functionalist determinism, even if it is less verbatim. Why should an actor be locked in some quality which determines their goals? Why are they ready to bear short-term sacrifices to approach this horizon? If the horizon is potentially perishable and if strategies of other actors may sometimes sway from the linear path towards greater integration, there is too much room for uncertainty to be ignored. Federalist and functionalist “horizon” concepts evaporated more quickly but determinism of neofunctionalism and liberal intergovernmentalism would probably share the same fate. The latter is potentially more durable, but what makes it strong as a theory of integration makes it weak as theory of disintegration: adjustments on the integration path may in fact

indicate a mitigation of costs in a given disintegration game, but this quality is indistinguishable as long as greater integration locks in states' strategies.

This lock-in mechanism should be viewed from a different angle. For example, the neofunctional premise that disintegration is impossible as long as supranational institutions continue meeting performance criteria in low politics and thus assuring spillover is poorly grounded because it once again assumes actors' a priori subordination without taking freedom of action into account. However, the sole assumption that states lose control over the integration process has some power. There is a substantial difference between being locked in and deprived from a set of decisions, and being constrained and "stalelated" because of certain developments. While the former approach forces us to believe in certain abstract determinism, the latter highlights the importance of uncertainty and costs. The former makes actors passively reactive to the lack of abstract quality, the latter makes them active, even if this action assumes inaction. For liberal intergovernmentalism, integrational push prevails as long as it is perceived as beneficial, while for neofunctionalism it endures because states lose control over the process. The positive disintegration theory should assume actors' desired utility in discrete actions with some subset of strategies being overwhelmed by uncertainty and thus becoming very difficult to be mapped to a payoffs matrix.

This pursuit of a more robust explanation naturally shifts the discussion on disintegration towards Rational Choice Theory. If actors are assumed to pursue greater utility, they are not locked in any process which would deprive them from this quality. They are similarly not so farsighted to sacrifice their short-term benefits in a belief that long-term gains would finally prevail. Decisions are discrete, made at certain point in

time. One can have an impression that states continue to dwell in certain arrangements because they hope for some determined treasure box at the end of the rainbow. But it is much more robust to claim that they do so because at every discrete point in time they freely choose inaction due to unsure alternatives. Withdrawal games indirectly assume this quality by putting variables like non-policy costs and discounts for further cooperation and belief in future losses into subgame perfect equilibria. It is convenient to do so because these variables have the same quality as policy gains in a way of being potentially quantifiable. It is only an inability to represent them numerically that makes them qualitatively different. Secession games face the same challenge, plus they introduce confusion about aggregation of preferences. The positive disintegration theory must assume that ideal points of the population become elevated and politicized, subject to developments outside of population's interest and cognition. What is more, polity itself is a powerful factor shaping citizens' preferences; therefore, it is enough to look at various sovereignty-related campaigns issued by political parties upon referenda.

Withdrawal games often prove to be inconclusive because the number of additional variables put into equilibria coupled with non-quantifiable nature of many of them make these games unsolvable. Secession games are caught in vicious cycles of a wrongly-aggregated plethora of dimensions and result in inconclusive equilibria. The question is thus: should we simplify the payoffs distribution in order to make these games solvable or focus on producing unsolvable games with unquantifiable variables? The ideal answer would find the middle path. The positive theory of disintegration should start from distinguishing actors and their strategies set to achieve goals specified by a hypothetical distribution of payoffs. The inability to solve the games is an inherent

quality which makes disintegration conceptually different from integration. The positive theory should therefore use game-theoretic framework as much as possible while the hypothetical solution to the games should be conducted in descriptive manner. Case studies described in chapters IV, V and VI introduced extensive form games, but the ultimate understanding of outcomes would be impossible without a descriptive assessment of payoffs distribution.

The reversal of European integration theories doesn't let us see clear distinction between players and their strategies. Therefore, the payoffs murkiness is high from the very beginning of scientific conduct. Over time, this confusion only deepens and leads to very quick efficiency loss. Complexities seem to be too vast because, without formalized players and strategies, we are not able to distinguish between true motivations and consequently between the importance of constraints. Withdrawal and secession games define players and actions clearly and thus at t_0 the payoffs structure is less murky. However, actors experience a very steep rise in inefficiency along with more and more variables and dimensions added to potential equilibria. The proposed theory of disintegration makes a difference. It controls the rise of payoffs murkiness from the very beginning in order to achieve better explanatory efficiency.

By assumption, issues at the time of integration are quantified in the minds of actors. This conduct is necessary for them to proceed with bargaining. The process of negotiations reflects the distribution of power, internal conditions and external developments. The issues to be included in an integration treaty are often clearly stated and bargained over. Disintegration is different because, in addition to changed internal, strategic and external conditions, the issues are usually not the same as upon integration.

Actors sense that they have to negotiate over something different but they are usually not sure over what exactly. This quality may indicate why there are relatively more integration agreements than cases of withdrawals.

Actors proceeding in a game-theoretic manner have difficulty with multiplying their desired payoffs by Bayesian probability. The innovation introduced by the proposed theory assumes focusing not on p value itself but rather on multiplicand: a payoff. This is a preferred way to assess a sensational experience and the vagueness connected with the type of uncertainty explained in chapter III.

Various findings retrieved from case studies introduced across three chapters seem to confirm subsequent elements of the proposed theory of disintegration. Upon integration, Montenegro engaged in bargaining over virtually one salient issue: the Serbdom. Over time, this particular idea became modified into Yugoslavism, solidified in its decentralized form. Belgrade's bid to reinstate this long forgotten centralized identity faced Montenegrin preferences built around decentralization, which started the disintegration process.

Quebec faced a more difficult strategic environment upon integration than at the time of disintegration. What is more, its society evolved on its own and its preferences shifted from isolation and protection to openness and democracy. Even though additional links between Quebec and Ottawa did not emerge, the desire for prosperity coupled with international regimes' push towards neoliberalism added serious costs to potential independence. In addition to conventional extensive form games, chapter IV suggested a strategic-form representation of hypothetical payoffs distribution. This mechanism may become useful for some researchers in their bid to assess confusion about the payoffs, but

it has to be kept in mind that virtually nothing can fix the different-quality problem. This conduct opens door for endless speculation and, yet, once again, a plethora of equilibria depending on the game's specification. Another suggested method to understand players' confusion assumes the adoption of Quantal Response Equilibria since this approach takes into account certain deviations from rationality. However, it is not irrationality that we try to prove or base our understanding on. Actors' choices might be shaped by some unobservable turbulence, but they consequently converge to Nash equilibria. Inaction caused by problems with this convergence forces us to look for variables responsible for stalemate.

The case of Chile showed that even narrow integration schemes have the potential to replicate to some non-quantifiable "extras" like political coordination, informal consultations and mutual understanding. Fiji experienced the Pacific Islands Forum's evolution from arrangement validating Suva's leadership into something largely non-reliant on Fiji. What is more, the international regime of democracy put into question undemocratic Suva's bid to form an alternative regional cooperation scheme.

In addition to the proliferation of additional issue-linkages, actors in the Greek game of integration changed their strategies and so did the supranational component of the European Union. Uncertainty was also added by the fact that the treaties evolved to codify potential withdrawal but not selective exit: in this case from the European Monetary Union.

Bold Statements

The positive theory proposed in this dissertation starts with the assumption that disintegration is qualitatively different from integration and the inefficiency of current explanations is blamed on negligence of this fact. In order to build on a solid theoretical fundament, the positive theory doesn't reject European integration accounts and Rational Choice Theory. Rather, it aims to engage in constructive criticism since, to some extent, both approaches are able to tackle disintegration phenomena. Sensitivity to complexities and formalization of game setup are the main building blocks. It is assumed that reversal of integrative elements does not necessarily lead to disintegration because the elements themselves change under diverging internal, strategic and external conditions, which in turn may encourage replication and transformation of integrative issue-linkages. Both game-theoretic conduct and emerging complexities are in force in this case.

The criticism of Rational Choice Theory is weaker than might be perceived at first glance. In fact, virtually all game-theoretic assumptions are honored in this dissertation. The only intervention which indeed may be rejected by some orthodox scholars is a direct questioning of the consistency of payoffs under concrete circumstances. But the logic behind this intervention resulted from the evident inconclusiveness of withdrawal and secession games. The positive theory of disintegration should not waste scholars' energy on producing solvable setups at any cost. It is concluded that, in many cases, description is a better fit to assess sensation of costs, especially after all formal methods have been exhausted.

For example, this dissertation does not support criticism of Rational Choice Theory issued by historical institutionalism or sociological accounts. Preferences are

assumed unshaken in their convergence to greater utility. There is no place for routine or institutional constraints to change this quality. The positive theory of disintegration therefore faces three choices: to bury itself in narrative explanations without rigid formal guidance, to contribute to the explanatory stalemate of conventional game theory, or to modify Rational Choice Theoretic account in the spirit of Analytic Narratives. This dissertation strongly advocates for the latter option.

The positive theory of disintegration should acknowledge the fact that bargaining upon integration reveals different qualities than the one at the moment of withdrawal or secession. When negotiating certain arrangements, bargaining partners usually try to define clear policy areas they wish to take to the next level. This selected subset of salient issues can often be formalized, even on a unidimensional space. Disintegration is different precisely because the reversal of an integration treaty does not only undo what was done but usually much more. Whereas European integration theories should encourage us to identify independent variables among complexities, Rational Choice Theory should force us to at least try to quantify them. In most cases, we will be unable to do so but the explanatory power of positive disintegration theory should be focused on understanding why this is the case. This conduct is no less meaningful than subjecting disintegration to some abstract process. Indeed, this dissertation builds on the belief that it is much more explanatory.

Disintegration theory offers some tools to avoid a game-theoretic stalemate and integration-theoretic misfire. It is very challenging to include many dimensions into a regular, decision-theoretic conduct visible in the case of secession games. The benefits of size and costs of heterogeneity themselves contain subsets of extra dimensions, each of

which may behave differently. And we have not even started adding more troublesome dimensions yet. For example, how does national pride behave? Does it diminish with ethnic heterogeneity? Then what about the case of Montenegro and its civic understanding of nation? Without learning stories and context, one is unable to retrieve crucial independent variables, not to mention supplying them with proper values and directions. Some if not most of these variables will be qualitative and only supplementing the conduct with narratives can help in drawing conclusions.

It is essential not to be caught up in the process-thinking tendency. Process is convenient but often insufficiently explanatory. It does not suffice to say that decolonization resulted in the proliferation of new states simply because the process assumed so. Many former colonies chose to remain dependent subjects or engaged in gradual preparation for independence stretching far beyond the historic timeline of decolonization. Similarly, it does not suffice to say that the European Union's member states continue to dwell in this structure simply because they believe in some concept of integration which would lead, at some point, to huge benefits. The alternative proposed by this dissertation is simple yet often ignored. The choice of the unitary actor should be researched first and foremost. The "process" here should be nothing more than the gathering of conditions which may influence this choice.

The positive theory of disintegration should add consistency to its contemplation of choices. Not all strategies have the same impact and it is crucial to assess divergence or even hierarchy among actors. Game theory offers a simple yet powerful tool serving this purpose. Privileged players would have the ability to move first and therefore enforce particular information sets on subsequent players. They also will have more or less

limited capability to set the game: their primacy dictates, to some point, available strategies and distributions of payoffs.

The privileged position is assigned to states because they possess certain characteristics which make them by default more powerful than subnational entities or organizations. Sovereignty and international recognition let states refer to constitutions which may ban or restrict secession and thus assume virtually unconstrained freedom of entering or exiting international organizations. The case of Quebec shows how Ottawa reset the original disintegration game to include additional costs imposed by unlawful secession. States' access to power resources lets them virtually impose serious security costs on the seceding part, while the need for international recognition leads to great unknowns about the viability of independent existence. States must of course understand how their first move and game setting influence their own payoffs distribution. Since the cognition process is challenged here, states might reveal seemingly contradictory actions. What is more, if other sovereign states enter the game, they by definition possess nominal power equal or very close to the one of game-setter. Sometimes this quality will make them move second, sometimes it will intervene into game-setting process itself. The proper understanding of context is critical for researchers to be able to apply the desired framework.

Actors mostly attempt to understand the relative power distribution among them. In case studies covered in chapter IV-VI, the signaling mechanism to reveal the player's type wasn't really in use. States often make clear what their positions are and potential uncertainty about their real abilities is often ignorable. If it was only due to strategies and bargaining power, disintegration would be largely predictable with game-theoretic

framework. Players of integration games prove to bargain according to the relative power they possess. They often understand that this distribution is likely to change over time, so they initiate various schemes to secure themselves from future developments. Withdrawal clauses and exit restrictions are examples here.

However, players are virtually unable to secure themselves against changes in internalities and externalities. What is more, restricting the impact of changing strategies to the balance of power is insufficient as these strategies also influence emerging issue-linkages themselves. Just like it is hard to predict the evolution of internal conditions as well as the external environment and strategies of others, it is even more challenging to assess the impact of these changes on policy issues in an agreed upon integration treaty.

One of the most meaningful strengths of the proposed positive disintegration theory is indeed its focus on choice and action. In contrast to negative accounts offered by reversals of European integration theories, inaction is perceived here as action. Negative approaches, when faced with inaction, replace freedom of choice with subordination to abstract process. When players fail to disintegrate, it is claimed that they are locked in a process which decides on their behalf. This assumption has serious flaws since we either need to reverse every integrative element present, or undermine the abstract process itself by seeking developments that are unlikely to be spotted; that is, a decrease of interdependence or trans-national linkages. It makes much more sense not to deprive actors from their ability to act and to look into variables responsible for inaction in a positive manner.

From a technical point of view, inaction in game-theoretic conduct cannot really occur. Something similar may be caused not by a payoffs distribution but rather by

uncertainty about reaching a particular information set. The probability of being located in a certain position multiplied by available payoffs produces a set of expected utilities under this uncertainty. Action must always follow, even if strategies are weakly dominant and under player's indifference. The only possible solution offered by game theory is elevating inaction to the form of strategic response: i.e. status quo maintenance. This, however, doesn't satisfy assumptions stated in this dissertation because it relies on revealed payoffs. As it is suggested, actors don't know the price of maintaining the status quo and yet often choose to do so.

The proposed solution to this paradox is based on the concept of two types of uncertainty. The first one corresponds to Bayesian logic and assumes players are unsure about underlying fact of the matter. Probability and payoffs produce expected utility of disintegration which might or might not enter subgame perfection. *Status quo* as a selected strategy may yield to exit if some appearing fact clears the uncertainty about the state of the world. The second type of uncertainty relies on vagueness when there is factual clarity. How can it be that there is no such element on the horizon which could help actors clear out the uncertainty? This dissertation claims that it is indeed unlikely, yet the concept of vagueness still holds when the source of uncertainty is located somewhere else, namely, in payoffs themselves. When they become sensational and non-numeric due to time progression and emerging complexities, the game-theoretic conduct can indeed become paralyzed because no calculations can be made.

Sensations should not be avoided if they play so important a role in the world of disintegration. They should, however, be tackled with proper tools and here this dissertation advocates for description and narratives. It was revealed that many

secessionist movements occurred under profound regime changes and transition periods. While the former introduced extensive mitigation of independence costs for many former colonies, the latter constituted additional assurance that the benefits would indeed exceed sacrifices. Decolonization itself is neither necessary nor sufficient to make these payoffs clear. The case of Montenegro reviewed in chapter IV showed that similar transitions or gradualness of secession took place in international regimes favoring human rights and democracy. Montenegro was able to skillfully clear disintegration costs when strategic conditions became favorable. Slow and cautious “ground testing” stretching for almost ten years helped to approach and understand the sensational nature of payoffs. During the duration of joint union with Belgrade, many additional links emerged on virtually all spheres resulting from a unified statehood structure. Areas of military, economic, welfare, social scopes solidified over time and posed potentially extensive costs. Social spheres especially replicated to the joint nationhood ideals, first under Serbdom, then under Yugoslavism. As it was mentioned, Tito’s death resulted in dissolution of the concept, whereas Montenegrin civic understanding of national unity helped to escape the framework imposed by centralized and closed Serbia. Economic inefficiency coupled with the difficulties of political coordination under joint statehood in the early 2000s continues to make benefits from disintegration outweigh potential costs.

The case of Quebec outlined in chapter IV is an interesting example of a union lasting for a relatively long period of time and yet reproducing very few linkages. Since the political system has been largely decentralized, and Quebecers have not wished to open for additional social links, and no real security issues play the role in the region, the one powerful issue imposing costs on disintegration is the economy. Quebec couldn’t be

sure of securing its economic well-being after Ottawa rejected the idea of an economic union being formed after independence. What is really interesting here and what is possible to be researched with the proposed positive theory of disintegration is the importance of the non-quantifiable, symbolic concept of nationhood. This purely non-material benefit was contrasted with a largely quantifiable economic cost and almost led to Quebec's independence. The problem with contrasting these two qualitatively different factors posed a cognitive challenge for Ottawa, which ignored the possibility of secession, counting on economic costs to determine the continuity of the union.

Chile's case of exit from intergovernmental organizations converges with the tendency observed in dataset of withdrawals, as mentioned in chapter III. The short duration of membership coupled with a relatively narrow scope covered in the integration treaty should make states more prone to withdraw since benefits appearing on the post-exit horizon seem to outweigh limited costs of withdrawal. This is exactly what happened with Chile. Only a few years of membership prevented agreed links to deepen and replicate. Not only were there few of these links, but also strategies of other member states didn't contribute to their replication. The fact that these links were economic and not symbolic, nor otherwise non-material, additionally made it easier to quantify and contrast costs with benefits. What is more, the Chilean example shows that permission for links to replicate is a critical element without which integration cannot really deepen. Once again, this fact shows a difference in quality between integration and disintegration.

The theory of disintegration applied to the case of Fiji requires taking into account the initial scope and further extension of Pacific Islands Forum's framework, as well as changes in internalities, strategies and externalities. It quickly becomes obvious that

initial, largely economic cooperation eventually extended to include issues like telecommunications, shipping, aviation, fisheries, climate change, education and political coordination. It can be claimed that the Forum helped young island states to develop and solidify their independence with the limited resources they possessed. The serious replication in this case would be a symbolic meaning assigned to the organization, the meaning of independent existence and significance of cooperation for self-sufficiency. It is thus not surprising that neither Fiji nor other member states with whom Suva wanted to form an alternative regional organization dared to risk the breakage of these ties. Apart from additional links and strategies-induced constraints, the example of Fiji shows also how internalities in the form of resource endowment and size can limit the scope of beneficial choices.

The case of Greenland introduced in chapter V is different yet may resemble Fiji internalities-wise. Applying the theory of disintegration reveals other powerful factors in play. Nuuk didn't have to worry about Greenland's future existence because it could continue its union with Denmark as long as needed. Also, it did not develop many links with the European Communities because it neither needed nor wanted to do so. Nor did it needed to fear security consequences since it still remained a member of NATO, plus the United States had its bases located on Greenland's territory. In short, societal links had not emerged, economic uncertainty was mitigated by continued union with Copenhagen, Nuuk possessed just enough political autonomy and supranational decision-making was unnecessary, if not harmful. Greenland knew that the fisheries issue was the only sphere of any importance and it was not afraid of breaking any other ties. Should societal or symbolic links emerge, the situation might have been different. The case of Nuuk's

withdrawal indicates a potential yet powerful counterfactual: it is really difficult to exit the European Union unless connected issues are reliably controlled for.

Greece's debated withdrawal seems to confirm this assumption. Its accession to the Union brought about full integration and the slow build-up of symbolic meaning together with strengthening supranationalism. If preferable, one could call it a "taboo of exit" which holds member states together. The theory of disintegration should make researchers aware of how time progression contributed to the emergence and replication of issue linkages. If the exit only from the European Monetary Union is debated, Athens does nothing else than cognitively try to limit the scope of cooperation only to the area covered by the EMU. Greece thus wants to secure itself from the breakage of additional links; that is, it wants them to be controlled for. Member states' strategies here are of course to make it clear that withdrawal from EMU alone is not possible, but even if it was, there is a magnificent fear of how a solidified and replicated the EMU would respond to Greek exit. There is no guidance for how to manage withdrawal, no mitigation mechanisms and no precedent. In short, no one knows what would happen and no one wants to take the risk.

Greater Explanatory Power

The positive theory of disintegration proposed here can be considered a discrete choice approach. It strives to understand under what conditions a particular set of strategies - withdrawals and secessions – occurs in world politics. As a positive theory of discrete choice, it considers disintegration to be like any other action but the factors to which this action is subject often encourages other approaches to reduce it to assume

inaction properties. One important mistake replicated by these approaches is elevating these factors to the role of environment in which only its complete decomposition can make actors active again and choose to disintegrate. As it was explained, this decomposition may assume either subsequent reversal of all integrative factors separately or negation of the process.

It is tempting to attribute disintegration to an abstract process, especially because two major proliferations of new states occurred under decolonization and the Soviet Union's collapse. But the source of this confusion may be located in the neglected difference between disintegration and decomposition. While the former assumes discrete choices of particular actors, the latter would be an accumulation of these choices within some time frame. What seems to be a process is in fact a set of similar conditions faced by similarly located actors. Each subsequent move to disintegrate would occur under an increasingly revealed state of the world and the "broken taboo" would add acceleration, possibly making it easier for following actors to exit. Researchers can use the positive theory of disintegration first to explain discrete choices and then to describe waves of decomposition without subjecting the freedom of choice to the impact of process.

Similarly, the European integration "process" may in fact be an accumulation of discrete choices not to disintegrate. However, every one of these choices has a potential to be overrun by contrary action and this is something that process-thinking doesn't allow, thus limiting our scope of explanation. This dissertation postulates that researching individual decisions to disintegrate can explain potential waves without relying on abstract, process-like concepts.

The proposed theory of disintegration highlights the necessity to avoid symmetrical thinking when contemplating exits and secessions. This logic has its benefits extending also beyond this scope. Seeing integration as gradual process is a common mistake made by integration theorists. Assumed linearity locates intergovernmental organizations somewhere on the spectrum between disunity and supranational organization, while state-like apparatus is an ultimate outcome of the integration process. Turning this statement around symmetrically makes states the least prone to disintegrate, followed by supranational and intergovernmental organizations. This dissertation claims that this is of course not the case, although the potential costs indeed rely on initial links connecting the units.

The theory presented here enforces strict rules on what types of units can enter the disintegration game. However, there is a potential for actors other than those specified here to be considered as well. As long as autonomy, aggregation and politicization of preferences are not an issue, the application of this theory should not be either. One possible extension would be to assess the dynamics of subnational units' withdrawal from intergovernmental organizations or from organizations gathering other subnational entities. The case of Greenland became, by necessity, something similar. As it was shown, strategies of privileged states may become of even greater importance in this type of games while many potential costs may be controlled and mitigated.

This introduced theory challenges researchers to contemplate the impact of time on cognition. Since sociological accounts and historical institutionalism attack the core of Rational Choice Theory, they are unacceptable by many formal theorists. But the real world developments suggest that something is wrong with game-theoretic orthodoxy.

This dissertation doesn't aim to be yet another advocacy for irrationality, as its goal is to join the efforts of Analytic Narratives and encourage researchers to use Rational Choice Theory as much as possible. It is assumed that the nature of time and the induced creativity of evolution must pose a challenge to the rational mind set on simplifying and reducing reality.

In philosophical terms, we observe a clash between the constant demand for utilitarian actions and complexity induced by time. Recalling Bergson, we expect super-human intellect to slice and differentiate, to make calculations and draw conclusions, only to face developments which escape numeric representation. Our intelligence makes us best fit to function in a world of mechanical determinism, yet our social world is filled with probability and non-linear relations. Chaos theory found its application also in political sciences but the middle way of "plastic control" calls for better explanation.

What the proposed theory of disintegration should strive to do is to balance the insights from the world's complexities with the largest universality of application possible. This balance is needed because these two qualities rarely come in pair. For example, it was suggested that European integration theories are quite successful in explaining particular cases under ongoing complexity of occurrences but they are not successful in wider application from case to case. That is, integration theories compel researchers to study complexities and by this they might be able to explain withdrawal from the European Union, should such a case occur. However, the power of this explanation lies in narratives, not in theoretical framework. This fact is reflected in non-universality of integration theories and their reversals. Deviations from the integration path might be seen as a tool to strengthen cooperation but one is unable to group these

deviations and give them a solid theoretical scope simply because integration theories are filled with auxiliary hypotheses.

The positive account on disintegration should build on sensitivity to complexities as their explanatory power becomes applicable to cases. It should also limit auxiliary additions to the point where the universality of theory reaches a desired point. Game theory of course adds this boost of replicability. Therefore “just enough” formal methods and “just enough” narratives is considered the best solution to approach disintegration.

The political world is complex and difficult to theorize about. This dissertation believes that theory-building in this world must assume a certain dose of narrative account. Combining that with Rational Choice Theory is considered a proper way to answer our questions. As researchers, we are located somewhere between Popperian determinism and chaos. Disintegration in world politics requires more narratives than integration, but this fact doesn’t justify the abandonment of formal methods. Theoretical neatness is something to be desired if we want our approaches to be replicable. The proposed positive theory of disintegration suggests the clear identification of actors, their hierarchy, internal conditions, strategies and external setting. How these factors contribute to changes in the scope of an integration treaty is the key to understanding the logic of disintegration. We can see how and why disintegration becomes qualitatively different from integration. To research decision, we must enter a player’s mind, a contemplative yet rational mind which is often forced to choose from sensations toward a desired greater utility. Knowing the roots of an actor’s dilemma should help us appreciate the impact of time and understand tough choices faced in day-to-day world politics.

REFERENCES

- 65th Congress. *Address of President Wilson to the Congress of the United States*. 2nd Session, 765.
- Adkisson, Richard V. "The Andean Group: Institutional Evolution, Intraregional Trade, and Economic Development." *Journal of Economic Issues* 37, no. 2 (2003): 371-79.
- Agné, Hans, Jens Bartelson, Eva Erman, Thomas Lindemann, Benjamin Herborh, Oliver Kessler, Christine Chwaszcza, Mikulas Fabry, and Stephen D. Krasner. "Symposium 'the Politics of International Recognition'." *International Theory* 5 (2013): 94-107.
- Aldrich, Robert. *France and the South Pacific since 1940*. Honolulu: University of Hawaii Press, 1993.
- Alesina, Alberto, and Enrico Spolaore. *The Size of Nations*. Cambridge, MA: The MIT Press, 2003.
- Alesina, Alberto, Enrico Spolaore, and Romain Wacziarg. "Economic Integration and Political Disintegration." *American Economic Review* 90, no. 5 (2000): 1276-96.
- Almond, Gabriel A., and Stephen J. Genco. "Clouds, Clocks, and the Study of Politics." *World Politics* 29, no. 4 (1977): 489-522.
- "Andean Subregional Integration Agreement: "Cartagena Agreement"." 1969.
- André Linteau, Paul , René Durocher, and Jean Claude Robert. *Quebec: A History 1867-1929*. Toronto: J. Lorimer, 1983.
- Anthony, J. M. "The 1968 Fiji by-Elections." *The Journal of Pacific History* 4 (1969): 132-35.
- Ashton, Thomas Southcliffe. *The Industrial Revolution 1760-1830*. CUP Archive, 1950.
- Attinasi, Maria-Grazia, Cristina Checherita, and Christiane Nickel. "What Explains the Surge in Euro Area Sovereign Spreads During the Financial Crisis of 2007-09?" In *Working Paper Series*. Frankfurt am Main: European Central Bank, 2009.
- Axelrod, Robert M. *The Evolution of Cooperation*. New York: Basic Books, 1984.

- Baer, Werner. "Import Substitution and Industrialization in Latin America: Experiences and Interpretations." *Latin American Research Review* 7, no. 1 (1972): 95-122.
- Balassa, Bela. "Exports, Policy Choices, and Economic Growth in Developing Countries after the 1973 Oil Shock." *Journal of Development Economics* 18, no. 1 (1985): 23-35.
- Barnett, Michael N., and Martha Finnemore. "The Politics, Power, and Pathologies of International Organizations." *International Organization* 53, no. 4 (1999): 699-732.
- Bates, Robert H. , Avner Greif, Margaret Levi, Jean-Laurent Rosenthal, and Barry R. Weingast. *Analytic Narratives*. Princeton, N. J.: Princeton University Press, 1998.
- . "The Analytical Narrative Project." *American Political Science Review* 94, no. 3 (2000): 696-702.
- Bauböck, Rainer. "Why European Citizenship? Normative Approaches to Supranational Union." *Theoretical Inquiries in Law* 8, no. 2 (2007): 453-88.
- Beeson, Mark, and Iyanatul Islam. "Neo-Liberalism and East Asia: Resisting the Washington Consensus." *Journal of Development Studies* 41, no. 2 (2005): 197-219.
- Behiels, Michael D. *Prelude to Quebec's Quiet Revolution: Liberalism Versus Neo-Nationalism, 1945-1960*. Kingston: McGill-Queen's University Press, 1985.
- Berglund, Sara. "Prison or Voluntary Cooperation? The Possibility of Withdrawal from the European Union." *Scandinavian Political Studies* 29, no. 2 (2006): 147-67.
- Bergson, Henri. *Creative Evolution*. Translated by Arthur Mitchell. Mineola, N.Y.: Dover Publications, Inc, 1998.
- Beukel, Erik. "Greenland and Denmark before 1945." In *Phasing out the Colonial Status of Greenland, 1945-54: A Historical Study*, edited by Erik Beukel, Frede P. Jensen and Jens Elo Rytter. Man & Society, 13-32. Copenhagen: Museum Tusculanum Press, 2010.
- Bilefsky, Dan. "Kosovo Declares Its Independence from Serbia." *The New York Times*, February 18, 2008.

- Bindi, Federiga. "European Union Foreign Policy: A Historical Overview." In *The Foreign Policy of the European Union: Assessing Europe's Role in the World*, edited by Federiga Bindi. Washington, DC: The Brookings Institution, 2010.
- Biondich, Mark. "The Historical Legacy: The Evolution of Intervar Yugoslav Politics, 1918-1941." In *State Collapse in South-Eastern Europe: New Perspectives on Yugoslavia's Disintegration*, edited by Lenard J. Cohen and Jasna Dragović-Soso. West Lafayette: Purdue University Press, 2008.
- Blackstone, Brian, Matina Stevis, and Stephen Fidler. "Europe Weighs Exit Scenario." *The Wall Street Journal*, May 20, 2012.
- Bobick, Michael S. "Separatism Redux: Crimea, Transnistria, and Eurasia's De Facto States." *Anthropology Today* 30, no. 3 (2014): 3-8.
- Bolton, Patrick, and Gérard Roland. "The Breakup of Nations: A Political Economy Analysis." *The Quarterly Journal of Economics* 112, no. 4 (1997): 1057-90.
- Bolton, Patrick, Gérard Roland, and Enrico Spolaore. "Economic Theories of the Break-up and Integration of Nations." *European Economic Review* 40 (1996): 697-705.
- Bordignon, Massimo, and Sandro Brusco. "Optimal Secession Rules." *European Economic Review* 45 (2001): 1811-34.
- Bordo, Michael. "The Gold Standard, Bretton Woods and Other Monetary Regimes: An Historical Appraisal." In *NBER Working Paper: The National Bureau of Economic Research*, 1993.
- Brenner, Stefan. "Military Coalitions in War and Peace: Nato and the Greek-Turkish Conflict 1952 – 1989." *Journal of Military and Strategic Studies* 14, no. 3; 4 (2012): 1-18.
- Breton, Raymond. "From Ethnic to Civic Nationalism: English Canada and Quebec." *Ethnic and Racial Studies* 11, no. 1 (1988): 85-102.
- Broschek, Jörg. "Historical Institutionalism and the Varieties of Federalism in Germany and Canada." *Publius: The Journal of Federalism* 42, no. 4 (2011): 662-87.
- Buchanan, James M., and Roger L. Faith. "Secession and the Limits of Taxation: Toward a Theory of Internal Exits." *American Economic Review* 77, no. 5 (1987): 1023-31.

- Bueno de Mesquita, Bruce, Alastair Smith, Randolph M. Siverson, and James D. Morrow. *The Logic of Political Survival*. Cambridge, Mass: MIT Press, 2003.
- Bulmer-Thomas, V. *The Economic History of Latin America since Independence*. Cambridge Latin American Studies. Cambridge, U.K.: Cambridge University Press, 2003.
- Burgmann, Verity, and Andrew Ure. "Resistance to Neoliberalism in Australia and Oceania." In *Globalizing Resistance: The State of Struggle*, edited by François Polet, 52-68. London: Pluto Press, 2004.
- Busch, Andrew E. "Ronald Reagan and the Defeat of the Soviet Empire." *Presidential Studies Quarterly* 27, no. 3 (1997): 451-66.
- Callick, Rowan. "Fiji Casts Shadow on Pacific Forum." *The Australian* (5 September 2011). <http://www.theaustralian.com.au/news/features/fiji-casts-shadow-on-pacific-forum/story-e6frg6z6-1226129262121>.
- Cambridge Dictionaries Online*. <http://dictionary.cambridge.org/>, 2015, s.v. "disintegrate."
- Cerovic, Stojan. "Serbia and Montenegro: Reintegration, Divorce, or Something Else?" In *Special Report*. Washington, DC: United States Institute of Peace, 2001.
- Chourchoulis, Dionysios, and Lykourgos Kourkouvelas. "Greek Perceptions of Nato During the Cold War." *Southeast European and Black Sea Studies* 12, no. 4 (2012): 497-514.
- Clarke, Harold D., and Allan Kornberg. "Choosing Canada? The 1995 Quebec Sovereignty Referendum." *PS: Political Science and Politics* 29, no. 4 (1996): 676-82.
- Clements, Ben, Kyriaki Nanou, and Susannah Verney. "'We No Longer Love You, but We Don't Want to Leave You': The Eurozone Crisis and Popular Euroscepticism in Greece." *Journal of European Integration* 36, no. 3 (2014): 247-65.
- Cojocaru, Natalia. "Nationalism and Identity in Transnistria." *Innovation: The European Journal of Social Sciences* 19, no. 3/4 (2006): 261-72.
- Cole, Douglas. "The Problem of "Nationalism" and "Imperialism" in British Settlement Colonies." *Journal of British Studies* 10, no. 2 (1971): 160-82.

- Cole, Wade M. "Sovereignty Relinquished? Explaining Commitment to the International Human Rights Covenants, 1966-1999." *American Sociological Review* 70, no. 3 (2005): 472-95.
- Colyvan, Mark. "Is Probability the Only Coherent Approach to Uncertainty?". *Risk Analysis* 28, no. 3 (2008): 645-52.
- D'Amato, Anthony. "Legal Aspects of the French Nuclear Tests." *American Journal of International Law* 61 (1967): 66-77.
- Davidson, J. W. "The Decolonization of Oceania." *The Journal of Pacific History* 6 (1971): 133-50.
- De Lombaerde, Philippe, Fredrik Söderbaum, Luk Van Langenhove, and Francis Baert. "Problems and Divides in Comparative Regionalism." In *Comparative Regional Integration: Europe and Beyond*, edited by Finn Laursen. The International Political Economy of New Regionalisms, 21-39. Burlington, VA: Ashgate.
- Deliso, Christopher. *Culture and Customs of Serbia and Montenegro*. Westport, Conn: Greenwood Publishing Group, 2009.
- Des Granges, Cara. "Finding Legitimacy: Examining Quebec Sovereignty from Pre-Confederation to Present." *International Journal of Canadian Studies* 50 (2014): 25-44.
- Desmet, Klaus, Michel Breton, Ignacio Ortuño-Ortín, and Shlomo Weber. "The Stability and Breakup of Nations: A Quantitative Analysis." *Journal of Economic Growth* 16, no. 3 (2011): 183-213.
- Dion, Stephane. "Why Is Secession Difficult in Well-Established Democracies? Lessons from Quebec." *British Journal of Political Science* 26, no. 2 (1996): 269-83.
- Dorney, Sean, and Stephen Dziedzic. "Pacific Islands Forum Stands by Fiji Suspension." *ABC News* (1 September 2012). <http://www.abc.net.au/news/2012-08-31/an-pacific-islands-forum-leaders-begin-retreat/4234744>.
- Dosenrode, Søren. "Devolution in the North Atlantic: The Case of the Faroe Islands." In *Federalism Beyond Federations. Asymmetry and Processes of Resymmetrisation in Europe*, edited by Ferran Requejo and Klaus-Jurgen Nagel, 109-32. Surrey, Burlington: Ashgate, 2011.

- . "Regional Integration: Bringing the Classical Theories Back In?". *IUP Journal of International Relations* 4, no. 1/2 (2010): 10-29.
- Dzankic, Jelena. "Cutting the Mists of the Black Mountain: Cleavages in Montenegro's Divide over Statehood and Identity." *Nationalities Papers* 41, no. 3 (2013): 412–30.
- Edwards, Sebastian. "Stabilization with Liberalization: An Evaluation of Ten Years of Chile's Economic Experiment with Free Market Policies, 1973-1983." In *UCLA Working Paper*: University of California, Los Angeles, 1983.
- Edwards, Sebastian, and Daniel Lederman. "The Political Economy of Unilateral Trade Liberalization: The Case of Chile." In *NBER Working Papers*: National Bureau of Economic Research, 1998.
- Eichengreen, Barry, and Peter B. Kenen. "Managing the World Economy under the Bretton Woods System: An Overview." In *Managing the World Economy: Fifty Years after the Bretton Woods*, edited by Peter B. Kenen, 3-57. Washington, DC: Institute for International Economics, 1997.
- Eliassen, Bogi. "The Danish Realm and Developments in the Eu." In *The Right to National Self-Determination: The Faroe Islands and Greenland*, edited by Sjúrdur Skaale. Nijhoff Law Specials, 205-08. Leiden, Boston: Martinus Nijhoff Publishers, 2004.
- Epstein, Gerald A. "Introduction: Financialization and the World Economy." In *Financialization and the World Economy*, edited by Gerald A. Epstein. Northampton, MA: Edward Elgar Publishing, 2005.
- "Eu Exit Would Leave Britain with Zero Influence, Says Barroso." *BBC News* (19 October 2014). <http://www.bbc.com/news/uk-politics-29680059>.
- "The Eu History: 1970-1979." http://europa.eu/about-eu/eu-history/1970-1979/1979/index_en.htm.
- Evans-Pritchard, Ambrose. "Greece's Leaders Stun Europe with Escalating Defiance." *The Telegraph* (9 February 2015). <http://www.telegraph.co.uk/finance/economics/11400778/Greeces-leaders-stun-Europe-with-escalating-defiance.html>.

- . "Greece Comes Back to Haunt Eurozone as Anti-Troika Rebels Scent Power." *The Telegraph* (29 December 2014).
<http://www.telegraph.co.uk/finance/economics/11316726/Greece-comes-back-to-haunt-eurozone-as-anti-Troika-rebels-scent-power.html>.
- . "Greece Defies Europe as Emu Crisis Turns Deadly Serious." *The Telegraph* (13 December 2009).
http://www.telegraph.co.uk/finance/comment/ambroseevans_pritchard/6804156/Greece-defies-Europe-as-EMU-crisis-turns-deadly-serious.html.
- . "White House Warns Europe on Greek Showdown." *The Telegraph* (13 February 2015). <http://www.telegraph.co.uk/finance/11411728/White-House-warns-Europe-on-Greek-showdown.html>.
- . "Who Will Blink First in Euro Showdown? 'We Are Past the Days When We Still Have to Rescue Greece'." *Financial Post* (6 January 2015).
<http://business.financialpost.com/news/who-will-blink-first-in-euro-showdown-we-are-past-the-days-when-we-still-have-to-rescue-greece>.
- Evans-Pritchard, Ambrose, and Szu Ping Chan. "Greek Default Draws Closer as Opposing Sides Swap Ultimatums." *The Telegraph* (2 June 2015).
<http://www.telegraph.co.uk/finance/economics/11645966/Greek-default-draws-closers-as-opposing-sides-swap-ultimatums.html>.
- Evans, Peter B., Dietrich Rueschemeyer, and Theda Skocpol. *Bringing the State Back In*. Cambridge: Cambridge University Press, 1985.
- "Every Nation in Europe Wants to Keep Britain in the Eu by Handing Back Powers to Westminster... Apart from France." *Daily Mail* (11 September 2014).
<http://www.dailymail.co.uk/news/article-2752338/Every-nation-Europe-wants-Britain-EU-handing-powers-Westminster-apart-France.html>.
- Faúndez, Julio. *Marxism and Democracy in Chile: From 1932 to the Fall of Allende*. New Haven: Yale University Press, 1988.
- Fernández, Raquel, and Jonathan Portes. "Returns to Regionalism: An Analysis of Nontraditional Gains from Regional Trade Agreements." *The World Bank Economic Review* 12, no. 2 (1998): 197-220.

- Ferris, Elizabeth G. "The Andean Pact and the Amazon Treaty: Reflections of Changing Latin American Relations." *Journal of Interamerican Studies and World Affairs* 23, no. 2 (1981): 147-75.
- . "National Political Support for Regional Integration: The Andean Pact." *International Organization* 33, no. 1 (1979): 83-104.
- "Fiji Suspended from Pacific Islands Forum." *ABC News* (1 May 2009).
<http://www.abc.net.au/news/2009-05-02/fiji-suspended-from-pacific-islands-forum/1669788>.
- Firth, Stewart. "Reflections on Fiji since Independence." *The Round Table* 101, no. 6 (2012): 575-83.
- Firth, Stewart, and Jon Fraenkel. "Changing Calculus and Shifting Visions." In *From Election to Coup in Fiji: The 2006 Campaign and Its Aftermath*, edited by Jon Fraenkel and Stewart Firth, 1-11. Canberra: Asia Pacific Press, 2007.
- Fouskas, Vassilis K., and Constantine Dimoulas. *Greece, Financialization and the Eu: The Political Economy of Debt and Destruction*. International Political Economy Series. London: Pelgrave Macmillan, 2013.
- Fox, Liam. "Fiji Pm Frank Bainimarama to Shun Pacific Island Forum over 'Undue Influence' of Australia, Nz." *ABC Radio Australia* (6 May 2015).
<http://www.radioaustralia.net.au/international/2015-05-06/fiji-pm-frank-bainimarama-to-shun-pacific-island-forum-over-undue-influence-of-australia-nz/1444406>.
- Fraenkel, Jon, and Stewart Firth. "The Enigmas of Fiji's Good Governance Coup." In *The 2006 Military Takeover in Fiji: A Coup to End All Coups?*, edited by Jonathan Fraenkel, 3-21. Canberra: ANU E Press, 2009.
- Fry, Gregory E. "Regionalism and International Politics of the South Pacific." *Pacific Affairs* 54, no. 3 (1981): 455-84.
- Fukuyama, Francis. *State-Building : Governance and World Order in the 21st Century*. Ithaca, N.Y.: Cornell University Press, 2004.
- Gad, Ulrik P. "Greenland: A Post-Danish Sovereign Nation State in the Making." *Cooperation and Conflict* 49, no. 1 (2014): 98-118.

- Gagnon, Alain-G., and Guy Lachapelle. "Quebec Confronts Canada: Two Competing Societal Projects Searching for Legitimacy." *The Journal of Federalism* 26, no. 3 (1996): 177-91.
- Gaubatz, Kurt Taylor. "City-State Redux: Rethinking Optimal State Size in an Age of Globalization." *New Global Studies* 3, no. 1 (2009): 1-22.
- "Germany 'Would Accept Uk Exit from Eu' to Protect Migration Rules." *BBC News* (3 November 2014). <http://www.bbc.com/news/uk-29874392>.
- Gilpin, Robert. "The Politics of Transnational Economic Relations." *International Organization* 25, no. 3 (1971): 398-419.
- Glencross, Andrew. "The Eurozone Crisis as a Challenge to Democracy and Integration in Europe." *Orbis* 58, no. 1 (2014): 55-68.
- Goldberg, Peter A. "The Politics of the Allende Overthrow in Chile." *Political Science Quarterly* 90, no. 1 (1975): 93-116.
- Goyal, Sanjeev, and Klaas Staal. "The Political Economy of Regionalism." *European Economic Review* 48 (2004): 563-93.
- Grady, Patrick. *The Economic Consequences of Quebec Sovereignty*. Vancouver: The Fraser Institute, 1991.
- Grossman, Sanford J., and Oliver D. Hart. "An Analysis of the Principal-Agent Problem". *Econometrica* 51, no. 1 (1983): 7-45.
- Grosz, Elizabeth. *The Nick of Time: Politics, Evolution and the Untimely*. Durham, N.C.: Duke University Press, 2004.
- Haftel, Yoram Z., and Alexander Thompson. "When Do States Renegotiate International Agreements? The Case of Bilateral Investment Treaties." University of Maryland, 2013.
- Hang, Nguyen Thi Thuy. "U.S. Policy toward European Integration, 1969 -1974: A Continuation." *Eastern Journal Of European Studies* 5, no. 2 (2014): 141-60.
- Hanson, Alan. "Croatian Independence from Yugoslavia, 1991-1992." In *Words over War: Mediation and Arbitration to Prevent Deadly Conflict*, edited by Melanie C. Greenberg, John H. Barton and Margaret E. McGuinness. Carnegie Commission on Preventing Deadly Conflicts. Lanham, MD: Rowman & Littlefield Publishers, Inc., 2000.

- Harris, Cole, and John Warkentin. *Canada before Confederation: A Study in Historical Geography*. Carleton Library Series. Vol. 166, Montreal: McGill-Queen's University Press, 2000.
- Hatzivassiliou, Evanthis. "Revisiting Nato's Stabilizing Role in South-Eastern Europe: The Cold War Experience and the Longue Durée." *Southeast European and Black Sea Studies* 12, no. 4 (2012): 515–31.
- Hayward-Jones, Jenny. "Fiji Poll: Challenges and Opportunities." *The Interpreter* (7 September 2011). <http://www.lowyinterpreter.org/post/2011/09/07/Fiji-Poll-results-pose-challenges-and-opportunities.aspx?COLLCC=3360746357&COLLCC=3065397233&>.
- Hegarty, David. "A Changing Oceania." In *Politics, Development and Security in Oceania*, edited by David Hegarty and D. T. Tryon. Acton: ANU E Press, 2013.
- Helfer, Laurence R. "Exiting Treaties." *Virginia Law Review* 91, no. 7 (2005): 1579-648.
- Herr, R. A. "Regionalism, Strategic Denial and South Pacific Security." *The Journal of Pacific History* 21, no. 4 (1986): 170-82.
- Hix, Simon. "Where Is the Eu Going? Collapse, Fiscal Union, a Supersized Switzerland or a New Democratic Politics." *Public Policy Research* 18, no. 2 (2011): 81-87.
- Hojman, David E. "The Andean Pact: Failure of a Model of Economic Integration?". *Journal of Common Market Studies* 20, no. 2 (1981): 139-60.
- Holden, Patrick. *A Dictionary of International Trade Organizations and Agreements*. London: Routledge, 2011.
- Huszka, Beáta. *Secessionist Movements and Ethnic Conflict: Debate-Framing and Rhetoric in Independence Campaigns*. Routledge Studies in Nationalism and Ethnicity. Hoboken: Taylor and Francis, 2013.
- "India, China Lead Investments in Fiji." *Indian Weekender* (13 January 2011). <http://www.indianweekender.co.nz/Pages/ArticleDetails/14/1953/Fiji/India-China-lead-investments-in-Fiji>.
- "Indians Leaving Fiji Due to Economic, Political Woes: Expert." *Deccan Herald* (21 September 2013). <http://www.deccanherald.com/content/358553/indians-leaving-fiji-due-economic.html>.

- Kay, Cristóbal. "Why East Asia Overtook Latin America: Agrarian Reform, Industrialisation and Development." *Third World Quarterly* 23, no. 6 (2002): 1073–102.
- Keohane, Robert O. "The Demand for International Regimes." In *International Regimes*, edited by Stephen D. Krasner, 141-71. Ithaca: Cornell University Press, 1983.
- Keohane, Robert O., and Joseph S. Nye. *Power and Interdependence*. Boston: Longman, 2012. Fourth Edition.
- King, Gary, Robert O. Keohane, and Sidney Verba. *Designing Social Inquiry: Scientific Inference in Qualitative Research*. Princeton: Princeton University Press, 1994.
- Kołakowski, Leszek. *Bergson*. Warszawa: Wydawnictwo Naukowe PWN, 1997.
- Koremenos, Barbara, and Allison Nau. "Exit, No Exit." *Duke Journal of Comparative & International Law* 21, no. 1 (2010): 81-119.
- Kotroyannos, Dimitris, Kostas A. Lavdas, Stylianos Tzagkarakis, Apostolos Kamekis, and Marinos Chourdakis. "Solidarity and the Welfare State in Greece." *International Journal of Law and Social Sciences* 2, no. 2 (2013): 7-11.
- Krasner, Stephen D. *Defending the National Interest: Raw Materials Investments and U.S. Foreign Policy*. Princeton, N.J.: Princeton University Press, 1978.
- . "Structural Causes and Regime Consequences: Regimes as Intervening Variables." In *International Regimes*, edited by Stephen D. Krasner, 1-21. Ithaca: Cornell University Press, 1983.
- . "The Tokyo Round: Particularistic Interests and Prospects for Stability in the Global Trading System." *International Studies Quarterly* 23, no. 4 (1979): 491-531.
- Krause, Volker, Phil Schafer, and Karen Ruth Adams. "State System Membership List, V2011." edited by Correlates of War Project, 2011.
- Küntay, Burak. "Peace through Institutions: Woodrow Wilson and the Paris Peace Conference." *Journal of Gazi Academic View* 8, no. 15 (2014): 73-89.
- Laird, Laurie. "Greek's Emu Future Hazy after Presidential Poll." *Forbes* (17 December 2014). <http://www.forbes.com/sites/laurielaird/2014/12/17/greeks-emu-future-hazy-after-presidential-poll/>.

- Lapavitsas, C., A. Kaltenbrunner, D. Lindo, J. Michell, J. P. Paineira, E. Pires, J. Powell, A. Stenfors, and N. Teles. "Several Dimensions of a Public Debt Crisis." In *Crisis in the Eurozone*, edited by Costas Lapavitsas, 1-11. London: Verso, 2012.
- Lawson, Stephanie. "The Myth of Cultural Homogeneity and Its Implications for Chiefly Power and Politics in Fiji." *Comparative Studies in Society and History* 32, no. 4 (1990): 795-821.
- Le Breton, Michel, and Shlomo Weber. "The Art of Making Everybody Happy: How to Prevent a Secession." *IMF Staff Papers* 50, no. 3 (2003): 403-35.
- LeDuc, Lawrence. "Canada's Constitutional Referendum of 1992: A 'Great Big No'." *Electoral Studies* 12, no. 3 (1993): 257-63.
- Lee, Miles. *Denmark and the European Union*. Europe and the Nation State. Hoboken: Taylor and Francis, 2013.
- Leslie, Peter. "Canada: The Supreme Court Sets Rules for the Secession of Quebec." *The Journal of Federalism* 29, no. 2 (1999): 135-51.
- Ludlow, N. Piers. "Hard-Won but Vital: Eu Enlargement in Historical Perspective." In *LSE IDEAS Report*, 12-18, 2013.
- Lyck, Lise. "Greenland: Ten Years of Home Rule." *Polar Record* 25, no. 155 (1989): 343-46.
- Lyck, Lise, and Jørgen Taagholt. "Greenland: Its Economy and Resources." *Arctic* 40, no. 1 (1987): 50-59.
- MacDonald, Barrie. "Decolonization and Beyond: The Framework for Post-Colonial Relationships in Oceania." *The Journal of Pacific History* 21, no. 3 (1986): 115-26.
- Macek-Mackova, Emanuela. "Challenges in Conflict Management in Multi-Ethnic States – the Dissolution of Czechoslovakia and Serbia and Montenegro." *Nationalities Papers* 39, no. 4 (2011): 615–33.
- Maclellan, Nic. "The Nuclear Age in the Pacific Islands." *The Contemporary Pacific* 17, no. 2 (2005): 363–72.
- Majone, Giandomenico. "Rethinking European Integration after the Debt Crisis." London: The European Institute, 2012.

- Maragkou, Konstantina. "Cold War in the Aegean: Favouritism in Nato's Southeastern Flank: The Case of the Greek Colonels, 1967–74." *Cold War History* 9, no. 3 (2009): 347–66.
- Matsaganis, Manos. "The Welfare State and the Crisis: The Case of Greece." *Journal of European Social Poli* 21, no. 5 (2011): 501–12.
- McCarty, Nolan , and Adam Meirowitz. *Political Game Theory: An Introduction*. Cambridge: Cambridge University Press, 2007.
- McCormack, Fiona, and Kate Barclay. "Insights on Capitalism from Oceania." In *Engaging with Capitalism: Cases from Oceania*, edited by Fiona McCormack and Kate Barclay. Research in Economic Anthropology, 1-29. Bingley, U.K.: Emerald, 2013.
- McDermott, Rose. "The Feeling of Rationality: The Meaning of Neuroscientific Advances for Political Science." *Perspectives on Politics* 2, no. 4 (2004): 691-706.
- McDonald, Robert. "Greece after Pasok's Victory." *The World Today* 41, no. 7 (1985): 133-36.
- McKelvey, Richard D., and Thomas R. Palfrey. "Quantal Response Equilibria for Normal Form Games." *Games and Economic Behavior* 10 (1995): 6-38.
- McKeown, Timothy J. "Hegemonic Stability Theory and 19th Century Tariff Levels in Europe." *International Organization* 37, no. 1 (1983): 73-91.
- McNeil, Kent. "The Decolonization of Canada: Moving toward Recognition of Aboriginal Governments." *Western Legal History* 7, no. 1 (1994): 113-41.
- McRae, D. M., and J. C. Thomas. "The Gatt and Multilateral Treaty Making: The Tokyo Round." *The American Journal of International Law* 77, no. 1 (1983): 51-83.
- McRoberts, Kenneth. "Internal Colonialism: The Case of Quebec." *Ethnic and Racial Studies* 2, no. 3 (1979): 293-318.
- Meadwell, Hudson. "The Politics of Nationalism in Quebec." *World Politics* 45, no. 2 (1993): 203-41.
- Meren, David. "An Atmosphere of Liberation: The Role of Decolonization in the France-Quebec Rapprochement of the 1960s." *The Canadian Historical Review* 92, no. 2 (2011): 263-94.

- Merriam-Webster*. <http://www.merriam-webster.com/>, 2015, s.v. "disintegrate."
- Meyer, Timothy. "Power, Exit Costs, and Renegotiation in International Law." *Harvard International Law Journal* 51, no. 2 (2010): 379-425.
- Miles, Thomas J., and Eric A. Posner. "Which States Enter into Treaties, and Why?" In *Public Law and Legal Theory Working Paper Series*. Chicago, IL: University of Chicago, August 2008.
- Miquel, Paul-Antoine. "Bergson and Darwin: From an Immanentist to an Emergentist Approach to Evolution." *SubStance* 36, no. 3 (2007): 42-56.
- Möckli, Daniel. *European Foreign Policy During the Cold War : Heath, Brandt, Pompidou and the Dream of Political Unity*. London: I.B. Tauris, 2009.
- Molineu, Harold. "Negotiating Human Rights: The Helsinki Agreement." *World Affairs* 141, no. 1 (1978): 24-39.
- "Montenegro's Independence Drive." In *Europe Report*: International Crisis Group, 2005.
- "Montenegro's Referendum." In *Crisis Group Europe Briefing*. Podgorica/Belgrade/Brussels: International Crisis Group, 2006.
- Moravcsik, Andrew. *The Choice for Europe : Social Purpose and State Power from Messina to Maastricht*. Cornell Studies in Political Economy. Ithaca, NY: Cornell University Press, 1998.
- . "Europe after the Crisis." *Foreign Affairs*, 2012, 54-68.
- . "Explaining International Human Rights Regimes: Liberal Theory and Western Europe." *European Journal of International Relations* 1, no. 2 (1995): 157-89.
- Moravcsik, Andrew, and Milada Anna Vachudova. "National Interests, State Power, and Eu Enlargement." *Perspectives: Central European Review of International Affairs* 19 (2002/2003): 21-31.
- Morris, Jan. *Pax Britannica: The Climax of an Empire*. London: Faber and Faber Ltd, 2010.
- Morrison, Kenneth. *Montenegro: A Modern History*. London: I.B.Tauris, 2009.
- Morrow, James D. *Game Theory for Political Scientists*. Princeton: Princeton University Press, 1994.
- Murray, Fiona. *The European Union and Member State Territories: A New Legal Framework under the Eu Treaties*. The Hague: T.M.C. Asser Press, 2012.

- Myrus, Richard. "From Bretton Woods to Brussels: A Legal Analysis of the Exchange-Rate Arrangements of the International Monetary Fund and the European Community." *Fordham Law Review* 62, no. 7 (1994): 2095-124.
- Nadeau, Richard, Pierre Martin, and Andre Blais. "Attitude Towards Risk-Taking and Individual Choice in the Quebec Referendum on Sovereignty." *British Journal of Political Science* 29, no. 3 (1999): 523-39.
- Naidu, Vijay. "Changing Gears on the Millennium Development Goals in Oceania." In *Eliminating World Poverty: Global Goals and Regional Progress*, edited by Jonathan Boston, 103-27. Wellington: Institute of Policy Studies, 2009.
- Nalaskowski, Jan. "Czy W Europie Jest Miejsce Dla Niepodległej Katalonii?" *Pulaski Viewpoint* (11 December 2012).
http://pulaski.pl/index.php?option=com_content&view=article&id=540%3Aczy-w-europie-jest-miejsce-dla-niepodleglej-katalonii&catid=20%3Astanowisko-puaskiego&Itemid=63&lang=pl.
- Nef, Jorge , and Wilder Robles. "Globalization, Neoliberalism, and the State of Underdevelopment in the New Periphery." *Journal of Development Studies* 16, no. 1 (2000): 27-48.
- Nezi, Spyridoula, Dimitri A. Sotiropoulos, and Panayiota Toka. "Explaining the Attitudes of Parliamentarians Towards European Integration in Bulgaria, Greece and Serbia: Party Affiliation, 'Left– Right' Self-Placement or Country Origin?." *Europe-Asia Studies* 61, no. 6 (2009): 1003–20.
- Nicolaides, Phedon. "Is Withdrawal from the European Union a Manageable Option? A Review of Economic and Legal Complexities." *Bruges European Economic Policy Briefings* 28 (2013): 1-30.
- Niskanen, William A. "Bureaucrats and Politicians." *Journal of Law and Economics* 18, no. 3 (1975): 617-43.
- O'Brien, Patrick K., and Geoffrey Allen Pigman. "Free Trade, British Hegemony and the International Economic Order in the Nineteenth Century." *Review of International Studies* 18, no. 2 (1992): 89-113.

- O'Keefe, Thomas Andrew. "How the Andean Pact Transformed Itself into a Friend of Foreign Enterprise." *The International Lawyer* 30, no. 4 (1996): 811-24.
- . *Latin American and Caribbean Trade Agreements : Keys to a Prosperous Community of the Americas*. Leiden: M, Nijhoff, 2009.
- Oltheten, Elisabeth, George Pinteris, and Theodore Sougiannis. "Greece in the European Union: Policy Lessons from Two Decades of Membership." *The Quarterly Review of Economics and Finance* 43 (2003): 774–806.
- Öniş, Ziya, and Ahmet Faruk Aysan. "Neoliberal Globalisation, the Nation-State and Financial Crises in the Semi-Periphery: A Comparative Analysis." *Third World Quarterly* 21, no. 1 (2000): 119-39.
- "Open Debate." In *The Future Of Montenegro: Proceedings Of An Expert Meeting: 26 February 2001*, edited by Nicholas Whyte. Brussels: Centre for European Policy Studies, 2001.
- Oxford Dictionaries*. <http://www.oxforddictionaries.com/>, 2015, s.v. "disintegrate."
- Pacheco-López, Penélope. "Trade Liberalisation and the Trade-Off between Growth and the Balance of Payments in Latin America." *International Review of Applied Economics* 21, no. 4 (2007): 469-90.
- Pammett, Jon H., and Lawrence LeDuc. "Sovereignty, Leadership and Voting in the Quebec Referendums." *Electoral Studies* 20 (2001): 265–80.
- Papadopoulos, Theodoros, and Antonios Roumpakis. "The Greek Welfare State in the Age of Austerity: Anti-Social Policy and the Politico-Economic Crisis." In *Social Policy Review*, edited by Majella Kilkey, Gaby Ramia and Kevin Farnsworth. Analysis and Debate in Social Policy, 205-31. Bristol: Policy, 2012.
- Pareti, Samisoni. "Fiji Pushes for Alternative to Pacific Islands Forum." *ABC News* (6 August 2013). <http://www.abc.net.au/news/2013-08-06/fiji-forum/4867748>.
- Pastor, Jr., Manuel. "The Effects of Imf Programs in the Third World: Debate and Evidence from Latin America." *World Development* 15, no. 2 (1987): 249-62.
- Pavlović, Srdja. "The Podgorica Assembly in 1918: Notes on the Yugoslav Historiography (1919-1970) About the Unification of Montenegro and Serbia." *Canadian Slavonic Papers* 41, no. 2 (1999): 157-76.

- Petrakis, Panagiotis E. "Greece and the Eurozone: Staying or Leaving?". In *The Great Catalyst : European Union Project and Lessons from Greece and Turkey*, edited by Bülent Temel, 9-35. Lanham: Lexington Books, 2014.
- Pevehouse, Jon C., Timothy Nordstrom, and Kevin Warnke. "The Cow-2 International Organizations Dataset Version 2.0." *Conflict Management and Peace Science* 21, no. 2 (2004): 101-19.
- Posen, Barry R., and Stephen Van Evera. "Defense Policy and the Reagan Administration: Departure from Containment." *International Security* 8, no. 1 (1983): 3-45.
- Powell, Robert. "Anarchy in International Relations Theory: The Neorealist-Neoliberal Debate." *International Organization* 48, no. 2 (1994): 313-44.
- Prasad, Biman Chand. "Reflections on the Economic and Social Policies of Political Parties at the 2006 Elections." In *From Election to Coup in Fiji: The 2006 Campaign and Its Aftermath*, edited by Jon Fraenkel and Stewart Firth, 144-60. Canberra: Asia Pacific Press, 2007.
- Preston, Christopher. *Enlargement & Integration in the European Union*. London: Routledge, 1997.
- Progonati, Erjada. "The Chronicle of the First World War and Its Impact on the Balkans." *Journal of Gazi Academic View* 7, no. 14 (2014): 97-116.
- Putnam, Robert D. "Diplomacy and Domestic Politics: The Logic of Two-Level Games." *International Organization* 42, no. 3 (1988): 427-60.
- Qvortrup, Matt. "New Development: The Comparative Study of Secession Referendums." *Public Money & Management* 34, no. 2 (2014): 153-56.
- Reddy, C. Rammanohar. "India, the Washington Consensus and the East Asian Crisis." *International Social Science Journal* 52, no. 166 (2002): 505-16.
- "Regional Cooperation, Organizations and Problems." In *Encyclopedia of Public International Law*, edited by Rudolf L. Bindschedler, Thomas Buergenthal, Karl Doehring and Herbert Miehsler. Amsterdam: Elsevier, 1983.
- Reill, Dominique Kirchner. *Nationalists Who Feared the Nation : Adriatic Multi-Nationalism in Habsburg Dalmatia, Trieste, and Venice*. Stanford Studies on Central and Eastern Europe. Stanford, Calif: Stanford University Press, 2012.

- Risse, Thomas. "Neofunctionalism, European Identity, and the Puzzles of European Integration." *Journal of European Public Policy* 12, no. 2 (2005): 291-309.
- Rocher, François. "The Evolving Parameters of Quebec Nationalism." *International Journal on Multicultural Societies* 4, no. 1 (2002): 1-21.
- Romano, Angela. "Untying Cold War Knots: The Eec and Eastern Europe in the Long 1970s." *Cold War History* 14, no. 2 (2014): 153-73.
- Rosamond, Ben. *Theories of European Integration*. The European Union Series. New York: St. Martin's Press, 2000.
- Rubinstein, Ariel. *Modeling Bounded Rationality*. Cambridge, MA: The MIT Press, 1998.
- Ruggie, John Gerard. "International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Orger." *International Organization* 36, no. 2 (1982): 379-415.
- Ruta, Michele. "Economic Theories of Political (Dis)Integration." *Journal of Economic Surveys* 19, no. 1: 1-21.
- Said, Mina. "Birth Pangs: Greenland's Struggle for Independence." *Loyola of Los Angeles International and Comparative Law Review* 36, no. 2 (2014): 281-304.
- Sandholtz, Wayne. "Membership Matters: Limits of the Functional Approach to European Institutions." *Journal of Common Market Studies* 34, no. 3 (1996): 403-28.
- Sappington, David E. M. "Incentives in Principal-Agent Relationships." *Journal of Economic Perspectives* 5, no. 2 (1991): 45-66.
- Schedvin, C. B. "Staples and Regions of Pax Britannica." *Economic History Review* 43, no. 4 (1990): 533-59.
- Seligson, Mitchell A. "Popular Support for Regional Economic Integration in Latin America." *Journal of Latin American Studies* 31, no. 1 (1999): 129-50.
- Șerban, Ionuț. "Theories and Concepts in International Relations - from Idealism to Realism." *Revista de Stiinte Politice* 40 (2013): 52-58.
- Shapiro, Ian, and Donald P. Green. *Pathologies of Rational Choice Theory: A Critique of Applications in Political Science*. New Haven: Yale University Press, 1994.

- Shibuya, Eric. "The Problems and Potential of the Pacific Islands Forum." In *The Asia-Pacific: A Region in Transition*, edited by Jim Rolfe, 102-15. Honolulu: Asia-Pacific Center for Security Studies, 2004.
- Sigmund, Paul E. *The Overthrow of Allende and the Politics of Chile: 1964-1976*. Pittsburgh, PA: University of Pittsburgh Press, 1977.
- Silva, Eduardo. "The Import-Substitution Model: Chile in Comparative Perspective." *Latin American Perspectives* 34, no. 3 (2007): 67-90.
- Silver, A. I. *The French-Canadian Idea of Confederation: 1864-1900*. Toronto: University of Toronto Press, 1997.
- Singer, J. David. "Review: International Conflict: Three Levels of Analysis." *World Politics* 12, no. 3 (April 1960): 453-61.
- Slapin, Jonathan B. . "Exit, Voice, and Cooperation: Bargaining Power in International Organizations and Federal Systems." *Journal of Theoretical Politics* 21 (2009): 187-211.
- Slatter, Claire. "Treading Water in Rapids? Non-Governmental Organizations and Resistance to Neo-Liberalism in Pacific Island States." In *Globalisation and Governance in the Pacific Islands*, edited by Stewart Firth. Studies in State and Society in the Pacific. Canberra: ANU E Press, 2006.
- Smith, Michael. "The Framing of European Foreign and Security Policy: Towards a Post-Modern Policy Framework?". *Journal of European Public Policy* 10, no. 4 (2003): 556-75.
- Snyder, Richard. "Scaling Down: The Subnational Comparative Method." *Studies in Comparative International Development* 36, no. 1 (2001): 3-110.
- Sørensen, Axel Kjær. *Denmark-Greenland in the Twentieth Century*. Man & Society. Vol. 34, Copenhagen: The Commission for Scientific Research in Greenland, 2007.
- Sotiropoulos, Dimitri A. "The Authoritarian Past and Contemporary Greek Democracy." *South European Society and Politics* 15, no. 3 (2010): 449-65.
- Spielvogel, Jackson J. "Reaction, Revolution and Romanticism: 1815-1850." In *Western Civilization*, 624-54. Stamford, CT: Cengage Learning, 2009.

- Staab, Andreas. *European Union Explained : Institutions, Actors, Global Impact*.
Bloomington, Ind: Indiana University Press, 2013.
- Staal, Klaas. "Incentives for Separation and Incentives for Public Good Provision."
Public Choice 145 (2010): 531–46.
- "Standard Eurobarometer 81: Public Opinion in the European Union." European
Commission, Spring 2014.
- Stein, Arthur A. "The Hegemon's Dilemma: Great Britain, the United States, and the
International Economic Order." *International Organization* 38, no. 2 (1984): 355-
86.
- Steinmo, Sven, Kathleen Thelen, and Frank Longstreth, eds. *Structuring Politics:
Historical Institutionalism in Comparative Analysis*. Cambridge: Cambridge
University Press, 1992.
- Stone Sweet, Alec, and Wayne Sandholtz. "European Integration and Supranational
Governance." *Journal of European Public Policy* 4, no. 3 (1997): 297-317.
- Stubbs, Richard. "War and Economic Development: Export-Oriented Industrialization in
East and Southeast Asia." *Comparative Politics* 31, no. 3 (1999): 337-55.
- Šuković, Mijat. "Montenegro's Legal Status: Options for the Future: Independence of the
State of Montenegro: An Efficient Option for the Future." Paper presented at the
The Future Of Montenegro: Proceedings Of An Expert Meeting: 26 February
2001, Brussels, 2001.
- Thieffry, Gilles. "Thinking the Probable: The Break-up of Monetary Union." *Journal of
International Banking Law and Regulation* 3 (2011): 103-04.
- Toy, Andie Fong. "The Pacific Islands Forum and Regional Cooperation." In *Redefining
the Pacific? : Regionalism Past, Present and Future*, edited by Jenny Bryant-
Tokalau and Ian Frazer. International Political Economy of New Regionalisms
Series. Aldershot: Ashgate, 2006.
- Troch, Pieter. "From “and” to “Either/Or”: Nationhood in Montenegro During the
Yugoslav Twentieth Century." *East European Politics and Societies and Cultures*
28, no. 1 (2014): 25-48.

- Tsakona, Villy. "The Greek State and the Plaster Cast. From the Greek Military Junta of 21 April 1967 to the Imf and Eu's Rescue Mechanism." *Metaphor & the Social World* 2, no. 1 (2012): 61-86.
- Tsamenyi, Martin. "The Institutional Framework for Regional Cooperation in Ocean and Coastal Management in the South Pacific." *Ocean & Coastal Management* 42 (1999): 465-81.
- Urata, Shujiro. "Globalization and the Growth in Free Trade Agreements." *Asia-Pacific Review* 9, no. 1 (2002): 20-32.
- Van Evera, Stephen. "The Cult of the Offensive and the Origins of the First World War." *International Security* 9, no. 1 (1984): 58-107.
- Vargas-Hidalgo, Rafael. "The Crisis of the Andean Pact: Lessons for Integration among Developing Countries." *Journal of Common Market Studies* 17, no. 3 (1979): 213-26.
- . "An Evaluation of the Andean Pact." *Lawyer of the Americas: Legal Problems for Multinational Corporations* 10, no. 2 (1978): 401-23.
- Vasquez, John A., Paul F. Diehl, and Colin Flint. "The Conflict-space of Cataclysm: The International System and the Spread of War 1914–1917." *Foreign Policy Analysis* 7 (2011): 143–68.
- Veebel, Viljar. "European Union's Positive Conditionality Model in Pre-Accession Process." *TRAMES* 13, no. 3 (2009): 207–31.
- Vergopoulos, Kostas. "Economic Crisis and Modernization in Greece." *International Journal of Political Economy* 17, no. 4 (1987): 106-40.
- Verney, Susannah. "An Exceptional Case? Party and Popular Euroscepticism in Greece, 1959–2009." *South European Society and Politics* 16, no. 1 (2011): 51–79.
- Vukotic, Veselin. "Balancing the Equation between Public Finance & Foreign Aid: The Economic Situation & Economic Reforms in Montenegro." Paper presented at the The Future Of Montenegro: Proceedings Of An Expert Meeting: 26 February 2001, Brussels, 2001.
- Wachtel, Andrew B. "How to Use a Classic: Petar Petrović Njegoš in the Twentieth Century." In *Ideologies and National Identities : The Case of Twentieth-Century*

- Southeastern Europe*, edited by John R. Lampe and Mark Mazower, 131-54. Budapest: Central European University Press, 2004.
- Walt, Stephen. "Rigor or Rigor Mortis? Rational Choice and Security Studies." *International Security* 23, no. 4 (1999): 5-48.
- Waltz, Kenneth. *Man, the State, and War: A Theoretical Analysis*. Topical Studies in International Relations. New York: Columbia University Press, 1959.
- Webber, Douglas. "How Likely Is It That the European Union Will Disintegrate? A Critical Analysis of Competing Theoretical Perspectives." *ANU Centre for European Studies Briefing Paper Series* 2, no. 3 (2011): 1-21.
- Wendt, Alexander. *Social Theory of International Politics*. Cambridge Studies in International Relations. Cambridge, UK: Cambridge University Press, 1999.
- Wesley-Smith, Terence. "The Limits of Self-Determination in Oceania." *Social and Economic Studies* 56, no. 1/2 (2007): 182-208.
- Winn, Peter. "Salvador Allende: His Political Life and Afterlife." *Socialism and Democracy* 19, no. 3 (2005): 129-59.
- Wolf, Martin. "A Permanent Precedent." *Financial Times* (17 May 2012).
<http://www.ft.com/intl/cms/s/0/614df5de-9ffe-11e1-94ba-00144feabdc0.html#axzz3e5fX89P7>.
- Wolff, Stefan. "A Resolvable Frozen Conflict? Designing a Settlement for Transnistria." *Nationalities Papers* 39, no. 6 (2011): 863-70.
- Woods, Ngaire, and Domenico Lombardi. "Uneven Patterns of Governance: How Developing Countries Are Represented in the Imf." *Review of International Political Economy* 13, no. 3 (2006): 480-515.
- Woodward, Susan L. *Balkan Tragedy : Chaos and Dissolution after the Cold War*. Washington, D.C.: Brookings Institution, 1995.
- "The World Factbook 2013-14." edited by Central Intelligence Agency. Washington, DC, 2013.
- Worre, Torben. "Denmark at the Crossroads: The Danish Referendum of 28 February 1986 on the Ec Reform Package." *Journal of Common Market Studies* 26, no. 4 (1988): 361-88.
- Wright, Thomas. "What If Europe Fails?" *The Washington Quarterly*, 2012, 23-41.

Yataganas, Xenophon A. "Main Legal Problems Arising During the Interim Period and Immediately after Greece's Accession to the European Communities." *Journal of Common Market Studies* 20, no. 4 (1982): 333-59.

"Yearbook of International Organizations." Brussels: Union of International Associations, 2002/2003.

Zapata, Francisco S. "The Chilean Labor Movement under Salvador Allende: 1970-1973." *Latin American Perspectives* 3, no. 1 (1976): 85-97.

Zbiral, Robert. "Exit from Eurozone under the Regime of the Lisbon Treaty: Reality or Wishful Thinking?" *SSRN* (2009). <http://ssrn.com/abstract=2081915>.

VITA

Jan Adam Nalaskowski
Graduate Program in International Studies
College of Arts & Letters
Old Dominion University
7045 Batten Arts & Letters
Norfolk, VA 23529

Holder of Fulbright Graduate Student Award for the completion of doctoral degree at Old Dominion University. M.A. in International Studies obtained from Nicolaus Copernicus University in Torun, Poland in 2010. Part of the coursework completed at Stockholm University (M.A. credits) and University of Oxford (Ph.D. credits). Participated in Empirical Implications of Theoretical Models (EITM) Institute at Duke University in June/July 2014. Between 2012 and 2014 performed function of Graduate Research Assistant at Graduate Program in International Studies. Took part in internships at Brookings Institution, NATO Civil-Military Fusion Center, and Virginia Modeling, Analysis and Simulation Center. Publications include policy analyses and a book. Participated in two International Studies Association Annual Conventions.