

POLITICAL INFLUENCE ON  
EUROPEAN UNION DECISION-MAKING

A MULTIDIMENSIONAL PERSPECTIVE

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**LIST OF ABBREVIATIONS**

Benelux	Belgium, the Netherlands, and Luxembourg
CAP	Common Agricultural Policy
CCT	Common Customs Tariff
CEO	Chief executive officer
CEPS	Centre for European Policy Studies
CFSP	Common foreign and security policy
CSDP	Common Security and Defence Policy
CP/PP	Comparative politics and public policy
COREPER	Committee of Permanent Representatives
CSCE	Conference on Security and Cooperation in Europe
DN	Dossier Number
EC	European Community
CSC	European Coal and Steel Community
ECU	European Currency Unit
EEC	European Economic Community
ECFTU	European Confederation of Free Trade Unions
ECJ	European Court of Justice
EDC	European Defence Community
EFTA	European Free Trade Association
EIB	European Investment Bank
EMS	European Monetary System
EMU	Economic and Monetary Union
EP	European Parliament
EPC	European Political Community
EPP	European People's Party
ERT	European Round Table of Industrialists
ESC	Economic and Social Committee
ESPRIT	European Strategic Program for Research & Development in Information Technology
EU	European Union
EUF	European Union of Federalists
ETUC	European Trade Union Confederation
FTA	Free Trade Area
GATT	General Agreement on Tariffs and Trade
GAC	General Affairs Council
JHA	Justice and Home Affairs
IGC	Intergovernmental Conference
INUS	Insufficient but Necessary part of a condition which is itself Unnecessary but Sufficient for the result (=INUS condition)
IPA	Intensive process analysis
IPE	International political economy
IR	International relations
LT	Learning theory
MDA	Multidimensional approach
MEP	Member of the European Parliament
MLG	Multi-level governance
NATO	North Atlantic Treaty Organization

NTB	Nontariff barrier
NPE	Normative power Europe framework
MSF	Multiple streams framework
PET	Punctuated equilibrium theory
OEEC	Organization for European Economic Cooperation
OECD	Organization for Economic Cooperation and Development
OMC	Open method of (policy) coordination
QMV	Qualified majority voting
RACE	Research for Advanced Communications-technologies in Europe
RI	Regional integration
R&TD	Research and technological development
SCA	Special Committee on Agriculture
SEA	Single European Act
UEF	Union of European Federalists
UN	United Nations
UNICE	Union of Industrial and Employer's Confederations of Europe
USA	United States of America
VAT	Value added tax
WEU	West European Union

# CHAPTER 1

## INTRODUCTION

### Abstract

This study examines the influence of central actors such as the member states, the EU's supranational organs and interest groups on European integration and governance, i.e. (the outcomes of) decision making in the EU. Motivated by the fact that various theories present contradictory assessments of the influence of these actors on EU decision-making, this influence research attempts to measure the relative influence of these different actors on the outcomes of EU decision-making and explains the outcome by the resulting patterns of influences. The goal of this research is to establish empirically and comparatively how and to what extent these actors affect European integration and governance on the dimensions of enlargement, institutional change and (socioeconomic) policy-cooperation. Furthermore, it aims to contribute to the theory of European integration. The main thesis of this research is, in contrast to what the mainstream theories suppose, that the central actors have varying influence on the different dimensions of European integration. The research strategy is a multiple, comparative case study. The influence of actors on European integration is measured by employing the method of 'intensive process analysis.' Data comes mainly from official documents and archives.

### 1.1 The INFLUENCE of ACTORS on EU POLITICS in DIFFERENT THEORIES and the RESEARCH QUESTION of this STUDY

As Eilstrup-Sangiovanni (2006: xiii) observes, more than half a century of study on European integration 'has failed to produce much agreement' on 'the question how and why integration in Europe has come about.' One of the most important problems in the literature on European integration and politics is that different (kinds of) theories present contesting assessments of the influence of the central actors on EU decision-making in their explanation of European integration and governance. Scholars disagree about the driving forces, their motivations and their influence. I consider below the theories of international relations (IR), of regional integration (RI) and of comparative politics and public policy (CP/PP) (for a fuller review see Chapter 2).

IR theories study the conditions under which nation states whether or not and to what extent cooperate with each other. Cooperation is defined as a voluntary policy adjustment by states in order to achieve beneficial outcomes (Keohane, 1984, 2005: 51-53; Grieco, 1990: 22). IR theories like neorealism (Waltz, 1979; Grieco, 1993a, 1993b), neoliberal institutionalism (Keohane, 1984, 2005, 1993), and constructivism (Wendt, 1999) stress the influence of states in explaining European cooperation, because they consider states as the major actors of international politics acting on the basis of self-interest as defined by themselves. These theories conduct a systemic analysis of states' behaviour, focusing on the causal powers of the structure of the international system in explaining state behaviour. However, they differ significantly when describing the nature of international structure and the properties of states, which make cooperation either difficult (neorealism) or more likely as well as desirable (neoliberal institutionalism and constructivism). IR theories generally consider the European Union (EU) as an international organization in which states seek to achieve their own self-interested goals by rational strategic (inter)action. From this perspective, supranational organizations and transnational actors do not have any significant independent power and influence on European integration.

The conditions of cooperation between nation states have never been subject matter for the RI theories. The RI theories deal with the question how and why regional integration evolves. The discussion has revolved around the explanation of European integration by the

influence and interests of various actors. Surprisingly, however, there has hardly been a debate on the definition (and operationalization) of integration as the key dependent variable. In fact, different mainstream integration theories define the concept of integration differently, as a result of which they stress the role, weight and impact of different actors in their explanations of European integration. The neofunctionalist tradition considers integration as a process of political community formation, emphasizing the society-based character of integration, and therefore stresses the role of pressure groups and supranational organs in explaining European integration (Haas 1958, 1968: 16; Lindberg 1963: 6; Sweet and Sandholtz, 1998: 9). The Member States have to go with this process, otherwise they undermine themselves. The state-centric (liberal) intergovernmentalist tradition, on the other hand, defines integration as a policy co-ordination between states in order to manage international interdependence and therefore explains European integration by interstate bargains (Moravcsik, 1998: 3-5, 472). Consequently, (liberal) intergovernmentalism considers national governments as the principal agents driving or preventing progress in European integration. Pressure groups play only a secondary role, especially via their impact on low politics through domestic politics (Hoffman, 1966; Moravcsik, 1993, 1998).

Neither the conditions of cooperation between states nor the development of European integration are the subject matter of the CP/PP theories. The CP theories study EU governance or policy-making in the EU, given the fact that the EU is a political system. Their subject matter concerns not the question whether and why states cooperate with each other, or why and how the EU political system has developed through regional integration, but how it works. They consider the EU not as an international organization but as a political system that consists of many actors and institutions at the EU-level, the national-level and the subnational level. Actor based approaches (pluralist perspective), such as ‘multi level governance’ (Marks et.al., 1996a; Hooghe and Marks, 2001), ‘policy network’ (Peterson and Bomberg, 1999; Richardson, 1996b, 2006b; Peterson, 2004), and ‘collective governance’ (W. Wallace 2000, 2005; H. Wallace, 2000a, 2000c, 2005, 2010) emphasize the multi level character of the EU political system where the authority and decision making is shared by/split between different institutions and actors. As a result, policy outcomes in the EU can only be explained by taking into account the interests of all important actors, namely states, supranational actors and pressure groups. In contrast, (new) institutionalist approaches focus on the role of institutions rather than actor-behaviour in order to explain policy-output. The different variants of new institutionalism, namely ‘rational choice institutionalism’ (Pollack, 1997, 2003, 2006; Hix, 1999, 2005), ‘historical institutionalism’ (Bulmer, 1994, 1998; Pierson, 1998) and ‘sociological institutionalism’ (Jachtenfuchs, 1995; Checkel, 1999, 2006; Rise, 2004; Wiener, 2006), analyses policy outcomes by focusing on how institutions channel, constrain and shape political behaviour. As the institutions structure political actions and outcomes, the strategies and the actions of the Member States and supranational organs cannot be understood without taking into consideration the role of institutions in the decision making process of the EU.

The theoretical discussion on European integration and governance both among and within the theories of IR, RI and CP/PP can be reduced to the issue of which actor plays which role at what level with what impact on European integration and decision-making in the EU? The question is which theory should we believe? Which theory tells us the truth? Which actor has been determining European integration and governance? Are the member states the dominant actors of European integration and governance, as suggested by the mainstream theories of international relations and state-centric RI theories; or are the pressure groups and supranational organs driving actors of integration, as suggested by society-centric regional integration theories? Put in another way, which actor has to what extent been exerting influence on European integration and governance? What is now the real influence of the central actors

such as the Member States, the supranational organs (like the European Commission and the Parliament) and pressure groups on decision making in the EU?

We have several problems here. Firstly, the theories of IR, RI, and CP/PP deal with different central questions and define their dependent variables differently (as cooperation, integration, or governance), and partly therefore ascribe contradictory influence to the central actors in their explanations of European integration and governance (see Chapters 2 and 3). However, in fact, generally speaking, they try to explain the same thing, namely (the outcomes of) decision-making in the EU. Secondly, in the main, there is no clear, well-established method of influence analysis used by the proponents of these theories in order to trace the influence of the central actors on European integration and governance. Thirdly, while these theories make contradictory assessments of the influence of the central actors in their explanations of European integration and governance, and there are various studies about the role of different actors like the European Commission,<sup>1</sup> the European Parliament (EP), the European Council<sup>2</sup> and interest groups in EU decision-making, there is hardly any comparative study on the actual (relative) influence of the central actors on different dimensions of European integration and governance, based on an established method of influence analysis. This study aims to fill this gap. It examines the real (relative) influence of the central actors on different dimensions of European integration and governance, that is to say on (the outcomes of) decision making in the EU. The goal of this research is to establish empirically and comparatively the influence of the central actors on European integration and governance. Accordingly, the leading question of this research is the following:

*How and to what extent can European integration and governance (decision-making within the EU) be explained by the influence of nation states, supranational organs of the EU and interest groups?*

## **1.2 A MULTIDIMENSIONAL INFLUENCE MODEL FOR EU DECISION-MAKING**

The theories of IR, RI and CP/PP have their own merits in explaining and understanding some part of reality, including European politics, under certain conditions. This study offers no alternative to these theories in their own areas. However, as Popper (2001: 3-22, 2002: 9-10) argues, (political) science develops by critical discussion and testing of existing theories. New problems arise out of the critical evaluation of the theories. When these theories are applied to the European politics and approached from the perspective of the influence of key players on the EU decision-making, I observe certain problems that need a solution, which is developed and tested in this study.

As briefly summarized above, the theories of IR, RI, and CP/PP define their dependent variables differently (as cooperation, integration, or governance), and originally defined the EU differently (as an international organization, regime, would-be polity, multi level governance system etc.). These definitions to an important extent predetermine the influence of actors, and as a result the theories ascribe contradictory influence to the central actors in their explanations of European integration (see Chapters 2 and 3). In addition, none of these theories is able to identify varying motivations and influence of the central actors on the different dimensions of European integration.

Therefore, this study offers (in Chapter 3) a multidimensional approach (MDA) to European integration, developed as a theoretical and tentative answer to the research question. The MDA argues that European integration has different dimensions, namely (socioeconomic) policy cooperation, institutional development and enlargement, on which the central actors may exercise varying influence because of different patterns of decision making on these dimensions, varying intensity of interests of the actors (saliency of the issues for them) and varying power of the actors to exert influence on these dimensions.

This study elaborates the dependent variable integration as a multi-dimensional concept, analyses the EU system and offers an influence model in the EU system that relates different dimensions of integration to the varying decision making patterns in the EU, accounting for the varying interests, motivations and abilities of the central actors to exercise varying influence on those dimensions (see Chapter 3). In keeping with the CP/PP theories the MDA argues that European integration has been producing a growing partial polity, a multi level political system consisting of the EU level, the national level, and the subnational level. The patterns of decision making in the EU vary according to different levels and policy fields (Peterson and Bomberg, 1999). The three dimensions of integration are then related to the different levels (patterns) of decision making within the EU.

The MDA suggests that the relative influence of the central actors on European integration vary according to the patterns of decision making, the dimensions of integration and the associated intensity of interests (salience of issues for the actors), and the actors' power defined as abilities of actors to exert influence on the decision-making in the EU. On the basis of their powers actors seek to exert influence on the EU decision-making, but they attempt to exercise more influence when their interests are more strongly at stake (the issues are more salient for them) that motivates actors' behaviour. In addition, actors try to exercise influence not in a vacuum but in a given structure (patterns of decision-making) that determine to what extent and how actors participate in the decision making. Put in another way, the outcomes of political decision making on the different dimensions of European integration are explained by the relative influence of the central actors, given the structure in which they operate.

The main thesis of this research is, in contrast to what the mainstream theories suppose, that the central actors have a varying influence on the different dimensions of European integration and governance. For the Member States enlargement and institutional change are highly salient issues ('high politics') involving 'history-making decisions' taken at the 'super-systemic level' where the bargaining mode is intergovernmental and therefore states play a (somewhat decreasingly) dominant role. Socio-economic policy cooperation involves 'policy-setting decisions' taken at the 'systemic-level' where the bargaining mode is supranational, including not only governments but also the supranational organs of the EU and pressure groups. While socioeconomic policy cooperation is 'low politics' for the Member States, it is 'common policies' for the supranational organs and 'salient issues' for the pressure groups. Consequently, the states share to a (increasing) degree their influences with the supranational organs and pressure groups on this dimension. As these dimensions interact with each other, European integration reacts both to domestic demands (internal dynamic) and to demands of the international environment (external dynamic). Motivations of actors also vary according to the different dimensions of integration. Enlargement is mainly motivated by geopolitical considerations such as security, stability and peace; institutional change not only by political and administrative efficiency but also by the struggle for (decision-making) power; socio-economic policy cooperation by domestic problem solving and the struggle for wealth.

### **1.3 The CONCEPT of POWER and METHOD of INFLUENCE ANALYSIS**

The influence of actors on (the outcomes of) EU decision making also varies according to actors' power. The question is now what are power and influence and how can we study the influence of actors on decision making in the EU? (see Chapter 4). Generally speaking power is the ability to get what one wants, 'the capacity to achieve outcomes' (Giddens, 1984: 257) or more specifically, 'the ability to affect others to get the outcomes one wants' (Nye, 2011: 11). Influence is the extent to which one has really gotten what one wanted. Since EU decision-making is based on the interaction between various actors, I consider power, in keeping with Kuypers (1973: 86), Cox and Jacobson (1973: 3-4), Keohane and Nye (1977: 11) , Baldwin (1993: 16), Lukes (2005: 65, 68-74) and Nye (2008: 94, 2009: 160, 2011: 10-13) as the ability

of an actor to bring other actor(s) to think or to do something which they otherwise would not have thought or done in order to achieve a desired outcome (decision). Influence is the effect that the presence or exercise of power of one actor has on the thinking and doing of others. This means that power is a relational phenomenon and influence is a causal relationship in which the power wielder affects the beliefs, attitudes or behaviour of another actor (Goverde and Tatenhove, 2000: 106; see also Huberts 1988: 20-22; Huberts and Kleinnijenhuis, 1994: 19-20; Courpasson et.al., 2012: 1-8). This study seeks to examine the influence of actors on the outcomes of the EU decision making system. Accordingly, in the context of this study power is defined as the ability of an actor to exercise influence on the decision making in the EU and influence as the realisation of an effect on the outcomes of decision making in accordance with the preferences of the power holder. Political influence is thus the effect that the intervention of an actor (exercising power) has on the outcomes in accordance with its preferences/goals.

However, power is not only an ability and a relational phenomenon, but also a structural phenomenon defined as 'recursively organized sets of rules and resources' in a given society that co-determine actors' behaviour and influence (Giddens, 1984: 25-26; see also Goverde and Tatenhove, 2000; Lukes, 1974, 2005; Clegg, 1989). This study begins from the assumption that structure and actor do not exist and operate independently from each other, but interact with each other (Giddens, 1984; Goverde and Tatenhove, 2000). It is assumed that actors have some level of ability to achieve their goals, but their influence also depends on the structure in which they operate, i.e. the EU political system. Actors are both enabled and constrained by given rules and distribution of resources. The influence of actors on European integration and governance also depends on the pattern of decision-making that determines which actor participates in which way in the decision-making. However, the empirical domain of this study is not the influence of structure, but the influence of agents *given* the structure. Accordingly, the influence analysis in this study is limited to the relationship between actor A in a given situation and political-outcome X. Within the multi level governance system of the EU different actors such as the Member States, the supranational organs and the pressure groups interact with each other in order to influence the political outcomes in their interests. In addition, actors' attempts to change rules (meaning institutional development and structural change) are defined as one of the dimensions of European integration and examined in this research (see Chapter 7 on the SEA).

Having defined the concepts of power and influence the next question is how we can trace and determine the influence of actors on the decision making in the EU in order to answer the research question. One of the most problematic aspects of studies on European integration generally is methodology. There are, generally speaking, no clear methods used by the proponents of the theories sketched above in order to identify the influence of actors, whereas the method is decisive for which information is needed, how this information is ordered, and how it can be analysed and interpreted in order to identify the influence of actors. This study employs the method of 'intensive process analysis' (Huberts, 1988, 1994). Intensive process analysis is an improved process-tracing method since it has formulated clear rules to determine the influence of actors on the outcomes of the decision-making process (see for process-tracing, George and Bennett, 2005; Bennett, 2010). The unit of analysis is the political decision-making process. Therefore, the analysis starts with the reconstruction of the political decision-making process that ends with a political decision. By this method one comes as close as possible to a complete/full reconstruction of decision-making. Since the purpose of the analysis is to examine the causing of a decision by the players involved in the decision-making process, all players having interests in and/or contributing to the decision-making process should be recorded in the reconstruction. Their interests, preferences, goals, actions, access to each other and attempts to exercise influence should all be included in the reconstruction. The more precise the reconstruction of the decision-making process, the more plausible the assessment of influence.



The method assesses the influence of actors on the basis of (the combination of) established criteria, such as preferences of actors, goal-achievement, factor time (time lag), access and attempt to exercise influence and policy-change. It assumes that the chance that actor A indeed caused the policy change increases if: the policy change is in A's interest (goal-achievement); A had access to the decision-maker(s); the time lag between A's attempt to exert influence and the policy change/decision is shorter. Generally speaking, the more goal-achievement, the shorter time-lag, the more frequent and direct access, the more influence (see Chapter 4 for details). The method and the rules are based on the 'method of difference' of J. S. Mill, which is considered to meet the conditional characteristics of causality in this non-experimental influence research (see Chapter 4, Section 4.4).

#### **1.4 RESEARCH DESIGN**

How can we answer the research question? Which research strategy is appropriate? In the light of the research question, the research goal and the theoretical framework I have chosen the comparative case study (multiple case study) as the research strategy (see Chapter 5) (Yin, 1994, 2003, 2009; Swanborn, 1996; Johnson et.al., 2008). This research seeks to examine the influence of central actors on European integration and governance on the dimensions of enlargement, institutional change and socioeconomic policy cooperation. The political influence of central actors on European integration and governance must be studied in the context of decision-making in the EU. Accordingly, the EU decision-making process with all participating actors is the unit of analysis (cases). The analysis focuses on the influence of the central actors on the outcomes of the decision-making processes at the EU level. According to the theoretical model (MDA), the central actors have varying influence on the different dimensions of European integration and governance. We can then formulate an answer to the question of which actor exercises influence to what extent on the different dimensions of European integration by way of comparative case study. Accordingly, in order to answer the research question and to test the theoretical hypotheses at least one case has to be examined on each dimension of integration. In order to avoid selecting those cases that favour the theoretical model and tend to confirm the theory, we should devise 'hard confirmatory tests' (Waltz, 1979: 124), or 'tough tests' (George and Bennett, 2005). This can be achieved by selecting 'hard cases' or 'least-likely' cases (Eckstein, 1975: 118-119; King et.al., 1994: 209; George and Bennett, 2005: 120-23; Rogowski, 2010: 90). This means that those cases should be selected that would be expected to falsify rather than confirm the theory. If the test does confirm the propositions, the theory has survived a strong test and we have gained confidence in its applicability to other cases (Chapter 5 provides details on the selection criteria and justification of the cases).

On the basis of these considerations, the institutional reform in the Single European Act (SEA) is the case chosen for the dimension of institutional development, the internal market in the SEA for the dimension of socioeconomic policy cooperation and Turkey for the enlargement dimension. The theoretical model, as developed fully in Chapter 3, argues that states play a foremost role on the dimensions of institutional development (SEA) and enlargement (Turkey) and share their influence importantly with other actors on the dimension of socio-economic policy cooperation (internal market and new common policies).

On the dimension of enlargement, Turkey is considered as a 'least-likely' case because no other country is so controversial in the EU that all actors, not only states (as the theory suggests) but also the supranational organs and interest groups, have taken a position and tried to exert influence on decision-making, in contrast to Eastern Europe for example. Additionally, as the EU rejected Turkey's application for membership twice (in 1989 and 1997), but accepted it in 1999 when Turkey became a candidate member, Turkey seems a perfect case to study the timing and character of integration on the dimension of enlargement.

The SEA consists of both the institutional reform (dimension of institutional development) and the internal market with new common policies (dimension of socioeconomic policy cooperation). The SEA is considered as a ‘least likely’ case, because the SEA was agreed at the intergovernmental conference (IGC) that is officially intergovernmental, meaning that supranational organs and interest groups did not possess any procedural power and would have no say, but according to the theory they would exercise significant influence on the dimension of socioeconomic policy cooperation (internal market and new common policies). Furthermore, as far as the influence of actors is concerned, the SEA is very controversial in the literature. According to IR theories and state-centric RI theories (intergovernmentalist tradition), states played a dominant role in the case of the SEA. On the other hand, society-centric RI theories (neofunctionalist tradition) and some of the CP/PP theories argue that interest groups and supranational organs played a decisive role. While these theories do not make any distinction between the different dimensions of integration, as mentioned above, the SEA consists of two important parts (i.e. dimensions of integration), namely institutional reform and socioeconomic policy cooperation. This study suggests that states would play a major role on the dimensions of institutional reform, but share their influence significantly with supranational organs and interest groups on the dimension of socioeconomic policy cooperation. As a result, the SEA provides an excellent opportunity to investigate the influence of the key actors on two different dimensions of integration simultaneously. Since the cases have been chosen according to ‘least-likely’ observation, it is assumed that the conclusions of this study would not have changed if I had chosen other cases.

The question is now how to study these cases? According to the intensive process analysis (see Chapter 4), in order to identify the influence of key actors on different dimensions of integration we must study concrete decisions in each case. Therefore, given the available time and money, in each case 4-6 different decisions/sub-cases will be examined so as to increase the number of cases (i.e. the evidence base) and the number of observations in order to produce more information, which means increasing the degree of freedom of data. The theoretical model predicts contrasting results between different dimensions/cases (theoretical replication), and similar results within each dimension (=sub-cases) (literal replication) (Yin, 1994, 2003, 2009).

### **1.5 EMPIRICAL RESEARCH and DATA**

In order to test the theoretical hypotheses and to answer the research question this study presents empirical research into the EU decision making processes concerning the selected cases. In each (sub-)case, first, as full as possible a reconstruction of the decision making process is performed to reveal the preferences of actors, their actions, their access to each other, their attempts to exercise influence and the relevant time sequences (timing of them). Next, the influence of actors is then analysed and assessed by applying the rules of intensive process analysis, namely extent of their goal-achievement, access, intervention/influence attempts, and timing.

The reconstruction of a decision making process, which is a very labour-intensive work and takes a lot of time, consists of the following steps: First, reconstructions started with a rough overview of events about a political decision by using general official documents like ‘General Reports on the activities of the European Union’ and ‘Bulletin of the European Communities’ as well as secondary literature. Next, the rough reconstructions were improved and refined on the basis of official documents, in which the development of decision making can be observed. Third, the reconstructions were further refined by research in various archives, where in case of decisions falling within 30 years rule a completely reconstruction of decision making process was possible. Forth, people selected on the basis of reconstruction so far were interviewed in order to obtain last small piece of information or to check some information gathered. In most

cases these steps were taken again (in varying sequences) and data from one source has been checked by data from other sources (data triangulation). Besides using multiple sources of evidence, a case study database -a formal assembly of evidence- has been created for each case under investigation in order to increase the quality of data collection and case study (Yin, 1994: 78, 2003: 97-107; see also King et. al., 1994: 23-27).

This research uses as much as possible 'hard' primary sources such as official documents of the EU, archives and interviews. The most important sources for this study were official (and informal) policy documents of the Member States, the European Commission, the European Parliament (EP), the Council of European Union, and the different pressure groups at the EU level. An essential part of the research was the consultation of the archives of different organisations. The purpose of interviews in this research was to obtain information not available to the researcher in another way. Accordingly, the main sources of this study are official documents of the EU and archival materials. The less important sources for this study are secondary literature, the media and interviews.

On the dimension of (socioeconomic) policy cooperation (see Chapter 6) seven sub-cases (in the SEA) are studied. Three of the seven sub-cases concern the (establishment of) the internal market: principal agreement on the internal market, definition of the internal market with a deadline, and harmonization of standards. The remaining four sub-cases are new common policies in the SEA: monetary policy, social policy, cohesion, and research and technology. The evidence of this research supports the hypothesis that socioeconomic policy cooperation has been mainly motivated by domestic problem solving and the Member States have significantly shared their influence with supranational organs and interest groups on this dimension. The establishment of the internal market was considered necessary both to solve problems related to economic growth, unemployment and wealth creation, and to safeguard competitiveness against the United States of America (USA) and Japan. The involved interest groups, like the business groups the European Round Table of Industrialists (ERT) and the Union of Industrial and Employer's Confederations of Europe (UNICE) and the labour movement the European Trade Union Confederation (ETUC), were very active during the relevant decision-making processes and succeeded in exercising considerable influence on this dimension. Traditionally, the supranational organs like the European Commission and the EP pleaded for European solutions and further integration, but especially the Commission was able to exercise substantial influence on socioeconomic policy cooperation. While the Member States reacted to some extent to the demands of interests groups (and partly supranational organs), they had their own agendas on these issues as well and exercised much influence on this dimension; but shared their influence to an important extent with the other actors.

On the dimension of institutional development (Chapter 7) three institutional reforms in the SEA are studied: the extension of the use of qualified majority voting (QMV) in the Council, the strengthening of the power of the European Parliament and the increase of the Commission's management power. As suggested by this thesis these institutional changes have been motivated not only by their functionality (reducing transaction costs and solving imperfect contracting problems) but also by the quest for more power, representation and participation and political and administrative efficiency. While the Member States demonstrated greater willingness for socioeconomic policy cooperation, they were reluctant when it came to institutional change, to give up veto-rights and to transfer power to the supranational organs. In the end they did so because all other measures had apparently failed to make Community decision-making more effective and to manage the internal market and enlargement. They transferred then those powers to the supranational organs necessary for efficient decision making in the Community but kept the final say in their hands. The Member States exercised very much influence on this dimension. The European Commission succeeded to exert some

influence on institutional change. The EP and the interests groups were not able to exercise any significant influence.

On the dimension of enlargement (Chapter 8) four cases (with a total 6 decisions) are examined: first, the association-agreement (1959-1963/4) formulating the framework for the development of the relationship between the European Community and Turkey; second, the completion of the customs union between the EU and Turkey (1995/6) that indicates a deepening of the relationship; third, the decision of the Luxemburg European Council (1997) not to recognize Turkey as a candidate country, causing a sharp decline and almost a break in the relationship; fourth, the decision of the Helsinki European Council (1999) to acknowledge Turkey as a candidate country providing a new framework for further development and deepening of the relationship. Evidence in this research confirms the hypothesis that enlargement has been mainly motivated by geopolitical considerations in terms of security, stability and peace and the Member States have exerted a dominant influence on enlargement. All decisions about Turkey studied have been based on geopolitical considerations. The European Commission and the EP exercised some more influence on enlargement than on institutional change, but less influence than on socioeconomic policy cooperation. Interests groups had no significant influence on this dimension.

## **1.6 ORGANIZATION of the THESIS**

This dissertation consists of four parts. Part I presents the theoretical framework of the research. Chapter 2 reviews the IR, RI and CP/PP theories in order to examine what they precisely explain and how they explain it. This study observes that these theories present contesting assessments of the influence of the central actors on European integration and governance, an observation which has led to the formulation of the research question of this study. Chapter 3 formulates a tentative answer to the research question by developing a multi-dimensional approach to European integration and governance (MDA). As said above, the influence of the central actors is expected to vary according to the patterns of decision making in place, the dimension of integration and the intensity of interest in it (the salience of the issue for the actors), and the powers of actors defined as their abilities to exert influence on decision-making in the EU. While the Member States are dominant in the fields of institutional change and enlargement, they share their influence increasingly with the supranational organs and pressure groups in the field of socioeconomic policy cooperation.

Part II accounts for the methodology of the research, the methods of data collection and analysis. Chapter 4 elaborates the concepts of power and influence and presents operational definitions of these concepts. It discusses different methods of influence analysis, justifies the choice of intensive process analysis and elaborates on it. Chapter 5 explains the research design. It accounts for the research strategy, i.e. a multiple comparative case study, the data used, justifies the choice of cases, units and levels of analysis, and discusses the validity and reliability of the study.

Part III presents the results of the empirical research. In this part the selected cases are examined by applying intensive process analysis in order to determine the influence of the actors on the different dimensions of European integration and governance. Chapter 6 examines the influence of the actors on the establishment of the internal market and new common policies in the SEA (dimension of socioeconomic policy cooperation). Chapter 7 analyzes the influence of actors on the institutional change in the SEA (dimension of institutional development). Chapter 8 investigates the influence of the actors on the candidature of Turkey (dimension of enlargement). For each (sub)case and selected decision this study has first made a reconstruction of the decision making process by focusing on the interests, goals and preferences of actors, their access to each other, their actions and attempts to influence and their timing. On the basis of the reconstruction of the decision making process it has second analysed

the influence of actors according to the criteria of intensive process analysis, namely goal-achievement, time-lag, access/frequency and attempt to influence.

Part IV concludes and reflects. Chapter 9 formulates an answer to the research question by bringing together the outcomes of influence analysis on the different dimensions of European integration and governance (case studies) and by comparing them with each other. Furthermore, the findings of the research (empirical pattern) will be then compared with the theoretical pattern in order to test the hypotheses and accordingly to generalize at theoretical level ('analytical generalization') and to similar cases (generalization to population). This is done in comparison with the claims and evidence of the existing theories of IR, RI and CP/PP. The findings of the study will be then interpreted by means of 'pattern matching for rival explanations', meaning that the findings of the research (empirical pattern) will be matched with the contesting propositions of IR, RI, CP/PP theories and the propositions of the MDA to identify to what extent the empirical results of this study back or contradict those propositions so as to show their strong and weak points. This chapter also reflects on the theory, method, empirical research and analysis presented here and discusses consequences of the findings of this thesis for the study of European integration and governance and for IR, RI and CP/PP theories.

## **PART I: THEORY**

**THE INFLUENCE OF DIFFERENT ACTORS  
ON EU DECISION-MAKING  
AS TREATED IN DIFFERENT THEORIES**

## CHAPTER 2

### **The INFLUENCE of Different ACTORS on EU DECISION-MAKING in Different THEORIES of European Politics: a REVIEW**

#### **2.1 INTRODUCTION**

Starting from the observation that there are many theories making contesting assessments of the influence of the central actors on European integration, the purpose of this chapter is threefold: The first goal is to show what and how these theories precisely explain (their dependent variable) and what influence they ascribe to those central actors. The second is, in doing so, to identify the main problems in the theoretical discussion about the influence of the central actors on European integration. Third, this will result in the formulation of the research question of this study, to which I will formulate (in the next chapter) an answer by developing a multidimensional (influence) approach to European integration.

There are different ways of classifying theories that make an assessment of influence of central actors on European integration. The first generations of classifications were based on historical development (Caporaso and Keeler, 1995; Church, 1996; Cram, et.al., 1999), on relevant actors (O'Neill (1996), on the origin of theories (Hix, 1994, 1998; George, 1996; Rhodes and Mazey, 1995; Pollack, 2001) or on a combination of them (Rosamond, 2000). The most important problem of the first generations of classifications is that they did not take into account the dependent variable. It is difficult to identify and to compare the influence of the central actors in these theories, because their dependent variables are not the same and/or have not even been clearly defined.

Recent studies (the second generations of classifications) have taken the dependent variable into consideration when classifying theories by distinguishing theories of European integration and of European Governance. However, they have made a hard distinction between integration and governance, as if integration and governance are really separate phenomena, without taking into account the integral link between governance and integration (see for this link Section 3.2.2). These classifications were mostly based on a combination of origins of theories, their functions, their area of study object (dependent variable) and historical development (Rosamond, 2007, 2010; Diez and Wiener, 2004b; Wiener and Diez, 2004; Pollack, 2005, 2010; Bache and George, 2006; Chrysochhou, 2009).

Since the different kinds of theories seek to explain different dependent variables, it is useful, first, to classify the theories according to their dependent variables, and then (within those categories) according to the independent variables in order to create some order with regard to the influences of actors in those theories. There are then three kinds of theories: The theories of international relations (IR) explaining European cooperation, the regional integration theories (RI) seeking to explain European integration, and the theories from comparative politics and public policy (CP/PP) which seek to explain governance of the European Union (EU).<sup>1</sup>

This chapter will review the IR, RI and CP/PP theories in order to identify the main problems in understanding the influence of the central actors on European integration and governance. The IR theories will be reviewed in Section 2.2, the RI theories in Section 2.3 and the CP theories in Section 2.4. This review results in the formulation of the research question in Section 2.5, which provides the conclusions to this chapter and poses the research question for this dissertation.

## 2.2 EXPLAINING (EUROPEAN) COOPERATION: IR Theories

International relations (IR) theories study the ‘sources of discord and of war and the conditions of cooperation and of peace’ (Keohane, 1986: 3; Waltz, 1959). Here I will discuss the kinds of IR theories that are most relevant for the explanation of European cooperation after the Second World War: Neorealism, neoliberalism and constructivism, which explain states’ behaviour by systemic analysis of international relations, namely the structure of the international system.

### 2.2.1 Neorealism

Neorealism considers states as the major actors of international politics because states make the rules of the game (Waltz, 1979: 93-97). States are unitary-rational actors acting on the basis of self-interest like survival, security and power. Neorealism argues that it is difficult for states to achieve cooperation, because a state’s behaviour is shaped in the first place by the structure of the international system, which is anarchic, i.e. ‘politics in the absence of government’ (Waltz, 1979: 88-9; Grieco, 1993a: 126, 1990: 38). It means that there is no central authority to enforce promises and to provide protection. International institutions have only a marginal effect on the prospects for cooperation (Waltz, 1979, 1986; Grieco, 1990, 1993a). Cooperation is defined as voluntary policy adjustment by states in order to manage their differences and achieve mutually beneficial outcomes (Grieco, 1990: 22).

The structure of the international political system, anarchy, shapes the motivations and actions of the units of the system (states), which causes at least three important barriers for cooperation even if states have common interests: states’ concerns about dependence, cheating (compliance of partners) and relative gains. First, in an anarchic world states tend to worry about cooperation because of a fear of becoming dependent on their partners (other states) since they consider dependency as a threat to their security (Waltz, 1979: 104-106; Grieco, 1993b: 315). As anarchy is a self-help system, states state seeks to lessen the extent of its dependency and to ‘put itself in a position to be able to take care of itself since no one else can be counted on to do so’ (Waltz, 1979: 107). Consequently, states value autonomy and independence. Second, anarchy, the lack of a common world authority, often deters states from taking on the reciprocal obligations required by cooperation, because they fear that others will cheat on agreements (Grieco, 1993a: 118, 1993b: 303). Third, and most importantly, states’ positionality and relative gains problem limit the cooperation between states (Waltz, 1979: 105-6; Grieco, 1993a: 127-131). Since anarchy is a self-help system, the core interest of states in anarchy is not well-being, but survival (Waltz, 1979: 91, 105, 107; Grieco, 1990: 40, 1993a: 127). A state itself, and nobody else, must ensure its security and survival which depends on its relative capability (power). Therefore the basic character of states is ‘defensively positional’ (Grieco, 1993a: 127-8, 132, 1990: 37-40; Waltz, 1979: 97-99). This means that states are very sensitive to any erosion of their relative capabilities, ‘which are the ultimate basis for their security and independence in an anarchical, self-help international context’ (Grieco, 1993a: 127). Absolute gains may contain relative losses and therefore states fear that their partners will achieve relatively greater gains than themselves. As a result, states assess cooperation in terms of its impact on relative capabilities and seek to prevent increases in others’ capabilities (relative gains) (Grieco, 1990: 39-40, 1993a: 127; Waltz, 1979: 105-6). States are uncertain about the future intentions and actions of others, which works against cooperation (Waltz, 1979: 105; Grieco, 1993a: 128-9). Hence realists stress that ‘the major goal of states in any relationship is not to attain the highest possible individual gain or payoff. Instead *the fundamental goal of states in any relationship is to prevent others from achieving advances in their relative capabilities*’ (Grieco, 1993a: 127; emphasis in the original; see also 1990: 40; Waltz, 1959: 198).



From the neorealist perspective the post-World War II cooperation between European states was conditional and became possible in a bipolar world (Cold War) under the hegemony of the USA (Waltz, 1979: 70-1). Therefore (some) neorealists expected that the end of the Cold War would undermine the cooperation between the European states (Mearsheimer, 1990: 46-48). However, the increasing cooperation between European states in the EU after the end of Cold War has been a serious challenge to neorealist theory. Recognizing that neorealism needed a theory of international institutions, Grieco (1993b, 1995, 1996) attempted to tackle this by offering the concepts of ‘voice opportunities’ and a ‘binding thesis’. According to Grieco, institutionalized cooperation might constitute a second best solution to the weaker but still influential ‘middle-rank’ EU members (like Italy and France) to ‘join with a potentially hegemonic partner’ like Germany by providing them with effective ‘voice opportunities’ with the benefits of a ‘level of policy influence’ and with ‘substantive results of successful joint action’ (Grieco, 1996: 287-304, 1995: 33-39).

### **2.2.2 NeoLiberalism (neoliberal institutionalism)**

Although neoliberalism agrees with neorealism that the international system is anarchic, that states are major actors in world politics and that they act on the basis of their own self-interests defined by themselves, it is more optimistic about the prospects for cooperation (Keohane, 1984, 2005). The reason for this is that neoliberal institutionalism describes international politics and anarchy differently, considers the role of international institutions effectively, and defines the basic character and interests of states in a different way. Cooperation here involves the mutual adjustment of policies and ‘*takes places when the policies actually followed by one government are regarded by its partners as facilitating realization of their own objectives, as the result of a process of policy coordination*’ (Keohane, 1984, 2005: 51-2; emphasis in the original; see also Axelrod and Keohane, 1993: 85).

Neoliberal institutionalism defines states’ core interests and main goals differently, which makes cooperation more probable. The core interests (objectives) of states are not only power but also well-being, as a result of this states can cooperate when mutual interests exist (Keohane, 1984: 21-22, 6, 78-79). Furthermore, neoliberalism sees states as ‘atomistic’ ‘rational-egoist’, defining their interests in individualistic terms (Keohane, 1984: 27, 29, 67). Rational egoistic states care only about their own gains and ‘they have no *intrinsic* interest in the welfare of others’ (Keohane, 1993: 274). States act on the basis of ‘rational calculation’ and ‘seek to maximize *subjective* expected utility’ (Keohane, 1993: 288). It follows, finally, that the main goal of states in any relationship is not to achieve relative gains as suggested by neorealism, but to obtain the highest possible individual gain or payoff (absolute gains) (Keohane, 1993: 273-78). While the relative gains from any relationship make cooperation difficult, as stressed by neorealism, absolute gains make it more probable, as suggested by neoliberal institutionalism.

Neoliberal institutionalism defines international politics not only anarchic as suggested by neorealism, but also institutionalized as well as characterized by complex interdependence, all of which shapes a state’s behaviour to make it more favourable for cooperation (Keohane, 1984, 2005, 1989, 1993). While anarchy causes impediments to cooperation, such as uncertainty, asymmetric information, and concerns about partners’ compliance and cheating, complex interdependence (between national economies) creates mutual interests in cooperation and makes the use of force inefficient for many policy objectives. This is also called international political economy (IPE). On the basis of these shared interests rational egoistic states form institutions so as to obtain their own goals that would otherwise be unobtainable (Keohane, 1984: 79, 97, 107, 1993: 274, 284). Institutions are defined as ‘persistent and connected sets of rules (formal and informal) that prescribe behavioural roles, constrain activity, and shape expectations’ (Keohane, 1989: 3). International institutions help states to overcome

collective action problems and to cooperate by reducing uncertainty and stabilizing expectations, by providing a flow of information, by monitoring partners' compliance, by reducing transaction costs, and by giving opportunities to negotiate and to solve conflicts (Keohane 1984: 88, 97, 107, 1989: 2, 1993: 274, 284, 292, 2005: xi). All of them facilitate negotiations and bargaining, which can lead to mutually beneficial agreements among states. On the basis of cost-benefit calculations rational egoistic states choose to follow the rules of international institutions even if myopic self-interests advise them not to do so, 'for reasons of reputation, as well as fear of retaliation and concern about the effects of precedents' (Keohane, 1984, 2005: 106; see also Axelrod and Keohane, 1993: 94). Hence international institutions reduce the effects of anarchy and 'change the calculations of advantage' that states make (Keohane, 1984, 2005: 26).

As a result, in contrast to neorealism, neoliberal institutionalism considers a hegemonic power (USA) not necessary for cooperation among states, like in the EU (Keohane, 1984, 2005: 78, 246, 1993: 284). Since European states are likely to have common interests and European institutions are 'well-entrenched, [...] the EC will remain a durable and important entity, at least as long as continued cooperation will help governments to attain their economic and political interests' (Keohane, 1993: 291).

### 2.2.3 Constructivism

In contrast to the systemic rationalist theories like neorealism and neoliberal institutionalism, which stress the political (=material) structures of world politics, (systemic) constructivism provides a social theory of international relations (Wendt, 1992, 1995, 1999). States remain the primary actors of world affairs (Wendt, 1999: 8-10, 14). However, constructivism explains states' behaviour not by the material structure of the international system, such as anarchy and the distribution of power, but by the non-material (ideational, social) structure of international politics, which is defined as the shared ideas that 'shape behaviour by constituting the identities and interests of actors' (Wendt, 1992; 395-407, 1995: 71-74, 1999: 20-22). In turn, these social structures are constituted by the discursive practices of (interaction between) actors (Wendt, 1992: 403-407, 1999: 366). It follows that actors can change these structures and potentially achieve peace and cooperation.

Wendt argues that 'world politics is socially constructed' (Wendt, 1992: 411, 1995: 71, 1999: 20). This means, first, that social structures of international politics are deeper structures than material structures (Wendt, 1995: 71, 1999: 20), and determine whether the international system is conflictual or peaceful (Wendt: 1999: 20-22, 1992, 1995). Wendt defines the social structure as the 'distribution of knowledge', or intersubjectively shared ideas, beliefs, norms, and expectations which are constitutive for international politics and organize actors' actions (Wendt, 1992: 397, 1999: 20-22, 140-42). Defining structure as social means that actors/states 'take each other into account in choosing their actions', which in turn relies on actors' ideas about Self and Other and the meaning that others have for them, such as enemy, rival, or friend (Wendt, 1992: 396-97, 1999: 140, 249). Social structures define the meaning of material interests and power (Wendt, 1999: 309, see also 20, 24, 96). Self-help and power politics do not follow logically from anarchy, defined 'as the absence of centralized authority' (Wendt, 1999: 247), but they are institutions created by the culture of anarchy defined as shared ideas held by states (Wendt, 1992: 394-5). Consequently, the logic of anarchy can vary depending on cultures of anarchy (Wendt, 1999: 43, 309, Chapter 6).

Second, these ideational or social structures 'shape actors' identities and interests', which motivate and organize actors' actions (Wendt, 1995: 71-72, 1999: 21-22, 140-42). Whereas rationalists treat states as rational-egoistic actors, constructivists consider states as social actors. This means that the identities and interests of states are constituted [in interaction] by the shared ideas, norms and values of the social environment in which they act.

Constructivism focuses on how ideational structures shape the way actors define themselves – who they are, what their goals are, and which roles they should play. While rationalists think that actors' interests are exogenously determined, constructivists believe that state interests are 'constructed by systemic structures' and thus endogenously determined and potentially changeable in interaction (Wendt, 1995:72-3, 1999: 138-39, 336).

Third, ideational structures and actors (agents) are '*mutually* constitutive and codetermined' (Wendt, 1999: 184-188). Ideational structures constitute identities and interests of actors, but structures of international politics are 'produced, reproduced, and sometimes transformed' by the practices of state agents (Wendt, 1999: 366). Structure, Wendt stresses, '*exists, has effects, and evolves only because of agents and their practices*' (1999: 185, emphasis in original; see also 12, 313). Without reciprocal interaction of the actors structures can not exist. 'Through reciprocal interaction [actors] create and instantiate the relatively enduring social structures in terms of which [they] define [their] identities and interests' (Wendt, 1992: 406). Whether the international system is cooperative or conflictual is a function not of anarchy and the distribution of power but of the shared ideas created by discursive social practices of actors. Thus actors can change structures when they 'redefine who they are and what they want' (Wendt, 1999: 336-37). '*Anarchy is what states make of it*' (Wendt, 1992: 395, emphasis original, 1999: 313).

Constructivists have shifted the research agenda of EU studies to include analysis of the role of ideas, shared beliefs, norms, and identities, which are assumed to shape not only behaviour of actors but also their identity, interests and preferences (Wendt, 1992: 417-418). Constructivists stress the impact of 'intersubjectivity' and 'social context' on the European integration process as polity formation (Christiansen et.al.,1999: 528-29)]. 'Crucial aspects of the integration process – polity formation through rules and norms, the transformation of identities, the role of ideas and the uses of language- are thereby opened up to systematic inquiry' (Christiansen et.al., 1999: 528).

#### **2.2.4 Conclusion: similarities, differences and possibilities of cooperation in competing IR theories**

All the above discussed systemic theories of international relations seek to explain European cooperation, as defined as the voluntary policy adjustment by states in order to manage their differences and achieve mutually beneficial outcome (Grieco, 1990: 22; Keohane, 1984, 2005: 51-52). These theories all stress the influence of states in their explanation of European cooperation, because they consider states as the major actors of international politics, acting on the basis of self-interests defined by themselves. States are principal actors in world affairs, since they are the rule makers in international politics. These theories offer a systemic analysis of states' behaviour, which means that they emphasize the causal powers of the structure of the international system in explaining state behaviour. However, they differ significantly in describing the nature of international structure and the properties of states, which make cooperation either difficult or more probable and desirable.

Neorealism and neoliberalism are seen as rationalist theories, because they assume that actors are rational egoists. In contrast, constructivism supposes actors to be social in the sense that their identities and interests are constituted in the social environment in which they act. Consequently, rationalists believe that actors' interests are exogenously determined, prior to interaction; constructivists, in contrast, treat interests as endogenous to social interaction and potentially changeable.

While theories within the rationalist tradition emphasize the political (=material) structure of the international system (anarchy and distribution of capabilities) in explaining states' behaviour, constructivism stresses the social structure of international politics, defined as shared ideas held by states. Constructivists argue that actors and structure are co-constitutive

(mutually constitutive), meaning that not only does structure shape actors' behaviour but actors can also change structure in reciprocal interaction through redefining themselves, who they are and what they want. As a result, they can achieve and maintain cooperation, which in turn, as in the case of the EU, can have a transformative impact on actors' identities, interests and interactions that is constitutive for further cooperation.

Within the rationalist tradition, whether states can achieve and maintain cooperation depends on the definition of the structure of international politics, especially anarchy, on the role of international institutions and on the properties of states. Neorealism believes that cooperation is difficult to achieve because anarchy, which shapes actors' behaviour, causes at least three important barriers for cooperation, namely states' concern about dependency, cheating (compliance of partners) and relative gains, which are difficult to tackle even when common interests exist. European cooperation was conditional and made possible in a bipolar world under the hegemony of the USA. However, ongoing European cooperation after the Cold War has challenged the neorealist assumptions. In contrast, neoliberalism argues that cooperation is not only possible but also desirable for states because rational egoistic states act on the basis of not relative gains but absolute gains, and in the context of complex interdependence institutions help to achieve mutual/common interests. Therefore it expects that European cooperation will continue after the waning of USA hegemony, as long as it helps states to attain their economic and political interests.

### **2.3 EXPLAINING EUROPEAN INTEGRATION: Regional integration theories**

There are four phases to distinguish in the development of regional integration theories. In the *first phase* of theorising about European integration (1930-1950) scholars focused on ways of preventing and avoiding war. The central question was: how can we prevent and avoid war and achieve peace? The resulting theories have a strong prescriptive element with a strategy how to achieve to this goal. Many theorists saw competing political units (nation states) as the fundamental reason of war. The solution was to end political division and to achieve political unity in one way or other. Theorists focused on the desirable aim, its background conditions, and the way (strategy) to achieve it. The mainstream theories were Functionalism (Mitrany 1943, 1966), Federalism (Spinelli and Rossi, 1941; Coudenhove-Kalergi, 1939) and Transactionalism/the Communication school (security communities, Deutsch 1954; Deutsch et al. 1957).<sup>2</sup>

*In the second phase*, after the establishment of the European Coal and Steel Community (ECSC, 1951) and the European Economic Community (EEC, 1957), theorists tried to explain European integration. First, neo-functionalism (Haas, 1958; Lindberg, 1963) was the dominant theory, then – after De Gaulle's 'empty chair crisis' in 1965 – intergovernmentalism (Hoffman, 1964, 1966) took over as the leading theoretical approach.

*In the third phase* (1970s) integration 'stagnated' and so did the development of integration theory. It was the 'doldrums era' of theory. Haas (1975) declared the obsolescence of regional integration theory. But some empirical studies showed that integration was going on by way of other channels (Wallace et al., 1983; Mazey, 1996). Indeed, whether or not there was stagnation depended on the definition of integration and the point of view from which one looked at integration. The studies of this period, like the domestic politics approach, provided some important foundations for the development of both integration theory and policy-making theory.

*In the fourth phase*, after the Single European Act (SEA) of 1986, the grand theories made their comeback, but with varying adaptations. For example, from the federalist tradition came neo-federalism (Pinder, 1986; Burgers, 1989; Sbragia, 1992b); Neofunctionalism was adapted in different ways (Multimer, 1989; Burley & Mattli, 1993; Sandholtz & Zysman, 1989; Tranholm-Mikkelsen, 1991; Corbey, 1995; Niemann, 2006); from the intergovernmentalist

tradition came (liberal) intergovernmentalism (Moravcsik, 1991, 1993, 1998). Finally, from the transactionalist and neofunctionalist traditions arose the transaction-based theory of integration (Sweet and Sandholtz, 1998). Characteristic for this period (and the theoretical adaptations) is that all these traditions use different actors and factors (such as states, non-governmental organisations, domestic and international politics) together to explain European integration. This is the reason why, for instance, O'Neill (1996) speaks of convergence or synthesis between different traditions. Indeed, in interaction with empirical reality and each other, integration theories came closer to each other (see below, in particular Section 2.2.5).

But still, crucial differences between state-based and non-state-based approaches remain, especially in the manner in which they theorize the role of states in the integration process. In the words of Cram (1996: 51), 'the central division remains that between state-centric and non-state-centric approaches to the study of European integration. Recent attempts to conceptualize the process of European integration, from both perspectives, have sought to incorporate the strengths of earlier approaches, while addressing their weaknesses and building upon some of the theoretical insights developed in the 1970s' (see also Caporaso and Keeler, 1995). Consequently, I will classify those theories according to their agency focus: state-centric and non-state-centric approaches.

### **2.3.1 Non-state-centric Approaches**

The non-state-centric approaches emphasize the role and influence of national and transnational pressure groups and supranational organs in explaining the development of European integration. The dominant approach here is neofunctionalism (Haas, 1958, 1968), which was revisited and adjusted many times (for example Lindberg, 1966; Schmitter 1970; Multimer 1989; Corbey 1995, Niemann, 2006.) and formed the basis for transaction based supranational theory (Sweet and Sandholtz, 1998).<sup>3</sup>

#### **2.3.1.1 Neo-Functionalism and revisited neofunctionalism**

Neofunctionalism (Haas, 1958, 1968; Lindberg, 1963) was the first theory which tried to explain European integration, defined as a process of community formation through international organization. Like functionalism, neofunctionalism had a focus on social actors and technical experts. However, Haas did not share Mitrany's view of politically neutral actors carrying out functional tasks. Instead, neofunctionalism introduced 'political agency' into the integration process. Haas' pluralist-based neofunctionalism stressed that integration was an interests-driven, group based process in which interests groups and supranational organs played a crucial role, while the role of national governments was limited.

Although neofunctionalism has often been criticized as a 'sui-generis'- theory of European integration (Moravcsik, 1998: 15; Caporaso en Keeler, 1995: 36), for Haas European integration was a case study to analyse the 'actual integration process' in order to develop generalisations about the nature of integration processes 'by which political communities are formed among sovereign states' (1958: xii, 1968: xvi, 1961). Political integration was defined as 'the process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities toward a new centre, whose institutions possess or demand jurisdiction over the pre-existing national states. The end result of a process of political integration is a new political community, superimposed over the pre-existing ones' (Haas, 1958: 16). For Haas the European Coal and Steel Community served as a case study illustrating the interactions between the federal authority and the subject groups (1958: xii). Haas' method was to select specific political groups and institutions at the national and supranational level, such as political parties, trade unions and employers' associations, national governments and high authority (Commission), 'to study their reactions to a new species of "federal" government, and to analyse the impact of that government in terms of the reactions caused' (1958: xii).

The mechanisms driving processes of integration were described by the concept of 'spillover' which had functional, political and geopolitical components. 'In its most general formulation, "spill-over" refers to a situation in which a given action, related to a specific goal, creates a situation in which the original goal can be assured only by taking further actions, which in turn create a further condition and a need for more action, and so forth' (Lindberg, 1963: 10). Functional or technical spillover was founded on the assumption that different sectors of modern industrial economies were highly interdependent. Hence the goal of any integrative action in one sector, for example coal and steel, can be achieved only by taking further integrative actions in this and related sectors, for example transport, which in turn lead to further integrative actions (Lindberg, 1963: 10; Haas, 1958: 283-317). 'For Haas, the precise reasons for initiating economic integration, often geopolitical, are relatively unimportant' (Dinan, 2000: 279). After launching economic integration, spillover tends to create a pressure for expansion and deepening of integration, because integration in one sector requires and leads to integration in another sector. Because of the linkages between sectors, integration has an expansive logic and is a self-sustaining process.

Political spillover refers to the process of adaptive behaviour of political actors, seen as the elites of relevant political groups, who participate in the making of public decisions, such as spokesmen of organized labour and trade associations, higher civil servants, and government officials (Haas, 1958: 17). This adaptive behaviour of political elites includes the incremental shifting of expectations, the changing of values, redefinition of self-interests and reorientation of political activities, and as a result of all the transformation of loyalty from national to supranational authorities (Haas, 1958: 13-14). The interests groups in the integrated economic sectors gradually switch their political activities from seeking to influence national governments to seeking to influence relevant supranational institutions, which encourage those activities in order to gain more powers for themselves (Haas, 1958: xiii, 19). Since these groups appreciate the benefits of integration, on the basis of their own self interests they seek to exert influence at national and supranational levels in favour of further integration. Furthermore, they act as a barrier to retreat from integration. Accordingly, they define their interests at regional level and their separate national group values will gradually be changed by a new regional set of values and beliefs, which create a political game played out increasingly at regional rather than national level (Haas, 1958: 13-14).

This snowball-effect was not only limited to the functional and political spillover, but also applied to geopolitical spillover (Haas, 1958: 317). Haas argued that the cooperation between some national governments could have an impact on other states excluded. 'Fear of isolation thus became a potent catalyst to the spill-over process as the feeling gained ground that supranational integration was here to stay' (Haas, 1958: 315).

So the driving force of integration was the calculated self-interest of political actors, where especially interests groups and supranational organs played a key role, whereas the autonomy of nation states was limited (Haas, 1958: xiii-xiv, 11-13). Integration, according to Haas, was dominated, on the basis of a calculation of advantage, by key sectoral groups (business and labour) 'with specific interests and aims, willing and able to adjust their aspirations by turning to supranational means when this course appears profitable' (Haas, 1958: xiv). Even if they initially opposed integration, as in the case of some industrial groups, they developed positive expectations as they came to 'feel that certain common problems can be more easily met by a federal authority' (Haas, 1958: xiii). The ECSC was accepted because of the 'convergence of demands within and among the nations concerned' (Haas, 1958: 286). Supranational institutions played an important role in this process as the 'agent of integration' by providing integrative solutions, by mediating between national governments, by fostering the emergence of European Community (EC)-wide pressure groups and by stimulating loyalties to shift to the European level. In this process, the national governments were assumed to have little autonomy. 'Operating in the nexus of all these

[domestic and international] forces’, national governments ‘may on occasion attempt to sidestep, ignore, or sabotage the decisions of the federal authority’; however, ‘governments also recognize a point beyond which such evasions are unprofitable’ (Haas, 1958: xiv), because they also become aware of the mechanisms of linkages between sectors and increased transaction emerging at the regional level. Accordingly they find it necessary to go along with a greater degree of integration than they had originally foreseen, otherwise they would pay the price in diminished welfare.

#### *Stagnation and revisited neofunctionalism*

While neofunctionalist theory seemed to be able to explain the development of European integration in the 1950s, it run into trouble due to the ‘stagnation’ of integration in the second half of 1960s (Cram, 1996: 48; Caporaso and Keeler, 1995: 36-42; O’Neill, 1996: 45-47; Rosamond, 2000: 64-68). There were many attempts to revitalise and reassess neofunctionalism (see for example Haas, 1968; Lindberg, 1966; Lindberg and Scheingold, 1970; Nye, 1970; Schmitter, 1970). The core of the theory was preserved but the original model modified. It was generally agreed that European integration was not a linear process to which national actors simply adapted themselves. On the contrary the process had its own ups and downs. Hence, to some extent the role of politics, ideology and leadership was accepted (Haas, 1968: xv-xxx; Nye, 1970: 813, 821, 827; Lindberg, 1966: 235). In addition, interests, perceptions and values of different actors could vary in different phases of the integration-process. Accordingly, besides “spillover”, among other new concepts “spillback” and “spill around” were introduced. Spill around means a growth in the scope of the functions executed by the supranational institutions (breadth) without a corresponding growth in authority (depth) (Schmitter, 1970: 846). Spillback refers to a decrease in both the depth and breadth of the authority of supranational institutions (Schmitter, 1970: 846; Lindberg and Scheingold, 1970: 199). There was also an agreement that neofunctionalism hardly took into account the international context. Inspired by David Easton, the European Community was increasingly seen and studied as a political system, albeit a “would-be” political system (Lindberg, 1966; Lindberg and Scheingold, 1970). An interesting revision of neofunctionalist theory has been provided by Niemann (2006) in order to explain decisions in the European Union. Niemann (2006: 52) considers integration as a dialectical process (see also Corbey, 1995) that ‘occurs under certain conditions when spillover pressures are stronger than countervailing forces.’

#### **2.3.1.2 Elite Bargain Theory**

Sandholtz and Zysman (1989) have argued that integration theories, like neofunctionalism, could not explain the restarting of the European integration process by the completion of the internal market, which is well known as the Single European Act (SEA). They offered an alternative approach called ‘elite bargains’ that combines certain elements of different approaches.

In order to explain the SEA Sandholtz and Zysman focused on ‘elite bargains’ formed in response to the challenges and opportunities posed by changes in the international structure and in the domestic political contexts (Sandholtz and Zysman, 1989: 97,100). The post-war international order of security and economic systems, founded upon American leadership, began to change as a result of relative USA decline and Japanese ascent. This was driven by a shift in relative economic power resources in terms of technological, industrial, and other economic capabilities (Sandholtz and Zysman, 1989: 103-106). This situation provoked European elites to rethink their roles and interests in the world (Sandholtz and Zysman, 1989: 95). On the other hand, the changing domestic political contexts shaped favourable conditions to alter national government policies and perspectives (Sandholtz and Zysman, 1989: 108-113). First, during the 1970s national executive and administrative elites in Europe witnessed the failure of existing national strategies for economic growth. Second, there was a shift in government coalitions in a number of EC member-states. The weakening of the left in some

countries together with growing market-oriented right-wing governance helped to make possible a debate on market solutions to European problems.

The structural change was a necessary but not a sufficient condition for the renewal of the European project. Therefore the choices and actions of leadership were needed (Sandholtz and Zysman, 1989: 107-108). First, of crucial importance was the role of the Commission that was able to exercise effective policy leadership (Sandholtz and Zysman, 1989: 113-115). Second, a transnational industry coalition - the leadership of the European multinational corporations, especially the 'Roundtable of European Industrialists', also saw a necessity for action at European level and supported the Commission's effort (Sandholtz and Zysman, 1989: 116-120). Third, 'Member governments were receptive to the [...] initiatives because of the domestic political context in the member states, which had altered in ways that made European-level, market-oriented initiatives viable.' (Sandholtz and Zysman, 1989: 96-7).

### 2.3.1.3 Transaction based theory

Sweet and Sandholtz have developed a transaction-based theory of European integration in terms of the evolution of supranational governance, defined as the 'competence of the European Community to make binding rules in any given policy domain' (Sweet and Sandholtz, 1998: 1). They argue that integration theories have failed to explain both the dynamic and the uneven nature of the development of supranational governance in different policy fields (Sweet and Sandholtz, 1998: 2-3). The nature and extent of supranational governance can best be explained by the interaction between three factors: transaction, organization and rules. Transnational actors and EU-organizations (supranational organs) play a crucial role in these processes, whereas the role of member governments is in essence reactive.

According to the *transaction-based theory of integration* the interaction between the increasingly 'transnational exchange, the capacities of supranational organizations to respond to the needs of [this] exchange, and the role of supranational rules in shaping subsequent [action]', explains the development of European integration in terms of supranational governance (Sweet and Sandholtz, 1998: 4). The starting point of the analysis is society, especially non-state actors engaging in transactions and communication across national borders in Europe (inspired by Deutsch's transactionalism) (Sweet and Sandholtz, 1998: 11). Rising levels of transnational exchange (trade, investment, development of Euro-groups, networks, and associations) by societal actors require - and will increase the perceived need for - European-level rules, regulations, organisations, co-ordination, and supranational governance (Sweet and Sandholtz, 1998: 11-12). In fact, separate national rules increase transaction costs, and the absence of European rules will be seen as an obstacle to wealth and collective gains. Consequently, the expansion of transnational exchange and the associated societal demand for supranational rules generates pressure on the supranational organizations (and national states) to make rules designed to facilitate and to regulate the development of transnational society (Sweet and Sandholtz 1998: 12). The next step is the reaction of EU-organizations to these demands. Once constituted, EU-organizations (but also states) try to respond to this demand by making appropriate policies and rules in order to achieve collective (transnational) gains and to accomplish the purposes of the Treaties. The third factor concerns the conducive role of rules. These rules alter the context for subsequent transactions and policymaking, structure actor-behaviour and regulate and advance further transactions (see also historical institutionalism and path-dependency, Pierson, 1998). Thus, these three dimensions are constitutive of supranational politics, move together and sustain an inherently expansionary process. Growth in one of the three factors 'creates conditions that favour growth in the other two' (Sweet and Sandholtz, 1998: 11). So, a self-expanding process emerges. Like Haas, Sweet and Sandholtz argue that there is an internal dynamic and logic of institutionalisation (1998: 10-11, 16). Supranational governance varies according to the intensity and value of cross-national transactions and the corresponding demand for EU-level coordination of rules.



In this process, as formally autonomous entities, states can act according to their interests, but they cannot fully control nor stop this process because the costs of resistance are high (Sweet and Sandholtz, 1998: 4-5, 12). 'In a fundamental sense governments are reactive, constantly adjusting to the integration that is going on all around them' (Sweet and Sandholtz, 1998: 12). The demand for EU-rules provides the subject-matter of intergovernmental bargaining, which is 'embedded' in these processes that 'reduce the capacity of the member-states to control outcomes' (Sweet and Sandholtz, 1998: 5).

### 2.3.2 State-Centric Approaches

The State-centric approaches stress the interests and actions of nation states in describing and explaining European integration. The dominant approach here is intergovernmentalism (Hoffman, 1964, 1966), which was elaborated by Moravcsik (1991, 1993, 1998) as liberal intergovernmentalism by drawing on interdependence theory ((Keohane and Nye 1974, 1977), the domestic politics approach (Puchale, 1975; Bulmer, 1983; H. Wallace, W. Wallace and Webb, 1983) and the logic of two-level games (Putnam, 1988). The other state-centric theories are confederalism (Taylor, 1975; Forsyth, 1981; Warleigh, 1998) and neofederalism (Pinder, 1986; Burges, 1989).<sup>4</sup>

#### 2.3.2.1 Intergovernmentalism

In response to the neofunctionalist analysis of European integration, Hoffman (1964, 1966) developed an intergovernmental explanation of European integration. Intergovernmentalism stressed the role of the international system, the supremacy of national governments in the European integration process over non-state actors such as supranational organs and pressure groups, as well as the limits of integration.

Hoffman emphasised the importance of the international system and the role that nation states play in the global system, which was neglected by neofunctionalism (Hoffmann, 1964: 85). Regional integration had to be seen in a global context within which nation-states compete for 'power, influence, prestige and ideas [...] [and] in which the problem of who commands remains crucial' (Hoffmann, 1964: 86). The states of Europe were still self-interested entities and tried to maximise their interests. 'The nation-state is still here', according to Hoffman, states 'remain the basic units' (1966: 863), and 'a factor of international non-integration' (Hoffmann, 1966: 862), because of 'the *diversity* of domestic determinants, geo-historical situations, and outside aims among its units' (Hoffmann, 1966: 864).

As self-interested entities European states seek to maximize their interests, which limit spill-over to the field of low-politics and lead to the divergence in the field of high-politics. Despite their willingness to engage in closer co-operation in the areas of 'low-politics' (economic and welfare policies) due to mutual national benefits, nation states do not want to integrate in the fields of 'high-politics' (foreign policy, security, and defence). So, there is no spillover from low to high-politics (limits of neofunctionalism) (Hoffmann, 1964: 88-90, 94; 1966: 881-882). In these areas, nation states were not willing to be compensated for their losses by gains in other areas, because they were considered too sensitive for the national interest (Hoffmann, 1966: 882).

In contrast to neofunctionalism, intergovernmentalism stresses the role of national governments in the process of European integration. Nation states were more powerful than other actors, because they had legal sovereignty and political legitimacy (Hoffmann, 1966: 862-67). National states remained the 'basic units' and controlled the character of integration led by their concern to maximize their 'national interests'. Possible influence of pressure groups is limited to the field of low-politics (economic and social sphere). Integration, according to Hoffmann, is 'a vindication of the nation-state as the basic unit' (1966: 908-909). For Hoffmann (1966), nation states were more 'obstinate' than 'obsolete' in the process of European integration.

### 2.3.2.2 Domestic Politics and Two-level-games

#### *Domestic politics*

Puchala (1975), H. Wallace, W. Wallace and Webb (1983), and Bulmer (1983) criticized the existing theories such as intergovernmentalism and neofunctionalism due to their failure to take into account domestic politics at national level. They emphasized the role of domestic politics, the links between domestic politics and European Community politics and the major role of national governments in the process of European integration. National governments used the EC as an instrument to solve domestic problems. National developments influenced the European Community, as well as being influenced by it. Hence understanding the internal domestic politics of member states was crucial to understanding the integration process. Consequently, it was necessary to take domestic politics into account in any discussion of the dynamics of European integration. Bulmer sought to explain the 'linkages between the domestic and EC tiers', especially how domestic politics had an impact on the policy-making output of the EC (1983: 349-50). Since the basic unit in the European Community was the national polity in which different political actors derived their legitimacy and power, we needed to pay attention to the domestic sources of the state preferences which were negotiated in the bargaining between national governments. Puchala (1975) defined European integration as a 'process of transnational harmonization' and examined the 'conditions under which such harmonization succeeds or fails' (1975: 496, 519). Puchala argued that that national governments, as the most important determinants of integration process, 'tend to cooperate with the EEC when they believe that it will help them solve their domestic political or economic problems; they defy the EEC when regional commitments cause domestic problems' (1975: 519). H. Wallace, W. Wallace and Webb (1983) stressed the importance of domestic politics in understanding European integration and argued that the governments' importance was institutionalized in the Council of Ministers, the European Council and the explicitly intergovernmental machinery of political cooperation and Community policy-making.

#### *Two-level games*

Many recent works about European integration have been based on Putnam's influential idea of the two-level game. The starting point for Putnam was the fact that theories of international relations and comparative politics have increasingly admitted that international relations and domestic politics influence each other. The question is 'when and how?' (Putnam, 1988: 427). What was needed were 'concepts and theories that will help us to organize and extend our empirical observations' (Putnam, 1988: 459-60) in order to understand and explain the interactions between domestic and international politics. Two level games is a metaphor for the linkages between domestic politics and international relations.

According to Putnam the politics of many international negotiations can be considered as a two-level game. The two level game metaphor sees the relationship between the domestic and international politics through the eyes of national executives who sit at two tables and play games in both national and international arenas more or less simultaneously (Putnam, 1988: 434). At the national level (domestic politics), where an international agreement is also ratified, domestic groups (bureaucratic agencies, interest groups, public opinion) seek to influence governments to adopt policies favourable to their interests; and politicians seek power by building coalitions of support among domestic groups. At the international level, national governments seek to achieve an agreement that enhances their position domestically by satisfying domestic pressures. In fact these two phases are intertwined and simultaneous, because the expectations and developments in one area exert influence on the expectations and developments in the other area. The ratification of an international agreement forms a 'crucial theoretical link' between the domestic and international levels (Putnam, 1988: 436). Every state is assumed to have a 'win-set', that is able to

‘gain the necessary majority among the constituents when simply voted up or down’ (Putnam, 1988: 437).

### **2.3.2.3 Liberal Intergovernmentalism**

Moravcsik (1991, 1993, 1998) has offered a ‘multicausal rational framework’ known as Liberal intergovernmentalism explaining European integration in three steps. According to Moravcsik, the existing theories, especially neofunctionalism, have failed to explain European integration, defined as policy coordination between states. Liberal intergovernmentalism draws on elements of different approaches and includes three essential elements: ‘the assumption of rational state behaviour, a liberal theory of national preference formation, and an intergovernmentalist analysis of interstate negotiation’ (Moravcsik, 1993: 480, 1998: 24). The core assumption is that states are central, unitary and rational actors. Centrality means that states are the ‘primary political instrument’ in international politics (Moravcsik, 1998: 22). Rationality means that states pursue consistently ordered preferences on the basis of utility functions (Moravcsik, 1993: 481, 1998: 23). Unitary means that states ‘acts in international negotiations “as if” with a single voice’ (Moravcsik, 1998: 22). Moreover states’ preferences are not fixed but vary in response to a changing environment. The behaviour of the state is constrained by domestic pressure and the strategic environment. The EU is a ‘transnational political system’ (Moravcsik, 1998: 1) ‘designed to manage economic interdependence through negotiated policy coordination’ between national governments (Moravcsik, 1993: 474, 1998: 3). Liberal intergovernmentalism explains European integration on the basis of rational choices made by national leaders as they respond to the domestic and international constraints. According to Moravcsik, economic interests (as opposed to geopolitical ones), the relative bargaining power of important governments (instead of supranational institutions) and incentives to improve credible commitments (instead of technocratic governance) ‘account for the form, substance and timing of European integration’ (1998: 3-4).

His multicausal rationalist framework suggests that international negotiation should be analysed in a causal sequence of three stages: The first step is national preference formation through domestic politics. The second step is, given national preferences, intergovernmental analysis of interstate negotiation. The final step concerns the choice for international institutions. Each stage is explained by a different theory.

The first step of national preference formation is explained by a liberal theory of domestic politics. In this view national preferences are shaped through domestic politics, by the interaction between state and society (Moravcsik, 1993: 483, 1998: 24-50). In contrast to neorealist tradition, liberal theory treats states not as ‘billiard balls’ or ‘black boxes’ with fixed and hierarchical preferences for security, power and wealth; but states have changing preferences depending on domestic politics. The foreign policy goals of national governments vary ‘in response to shifting pressure from domestic social groups, whose preferences are aggregated through political institutions’ (Moravcsik, 1993: 481-483, 1998: 24-26). Moravcsik has emphasized that European integration has been driven by economic interests rather than by geopolitical/security interests as supposed by the neorealist tradition (1998: 6, 35-50). According to the liberal theory of international economic interdependence, rising transborder flows of goods, services and capital create (negative) economic externalities, which in turn generate incentives for policy co-ordination, because policies of one government impose costs on domestic nationals of another (Moravcsik, 1993: 485, 1998: 35). Cooperation is thus a ‘means for governments to restructure the pattern of economic policy externalities [...] to their mutual benefit’ (Moravcsik, 1998: 35). Integration has more chance where the interests of dominant domestic groups, especially producers, exporters and multinational investors, converge (Moravcsik, 1993: 487-89, 1998: 35-50, 473). But pressures from those groups ‘alone do not explain government policy’ (Moravcsik, 1998: 36). Especially, ‘where societal pressure

is ambiguous or divided, governments acquire a range of discretion' (Moravcsik, 1993: 484). Furthermore governments use 'international agreements to force adjustment on domestic producers in the interests of overall economic growth and efficiency – a "two-level game"' (Moravcsik, 1993: 491, 1998: 36-7). In conclusion, national preferences are formed by the interaction between states and society. Therefore 'domestic analysis is a precondition of systemic analysis, not a supplement to it' (Moravcsik, 1991: 55).

The second step is intergovernmental analysis of interstate negotiation. Given the national preferences, the distributional outcomes of international bargaining between states are determined by the preferences and bargaining power (defined as an asymmetrical interdependence) of states, and not by the intervention of supranational institutions and entrepreneurs as suggested by supranational bargaining theory (Moravcsik, 1993: 496-507, 1998: 60-67). Intergovernmental bargaining theory is based on three assumptions (Moravcsik, 1998: 60-62). First, negotiations happen within a voluntary 'noncoercive system of unanimous voting.' Next, 'the transaction costs of generating information and ideas are low' and information is available to each actor; and last, the relative bargaining power shaped by the pattern of policy interdependence determines the distribution of benefits. There are three determinants of interstate bargaining power (Moravcsik, 1993: 499-507, 1998: 63-65). First, the availability of unilateral policy alternatives and the credibility of threats of non-agreement: agreement among national governments is only likely if each prefers cooperation to its best policy alternative. When a superior unilateral alternative exists for any state, a unilateral threat to veto or exit from an agreement forms the most important source of bargaining power (Moravcsik, 1993: 499-502, 1998: 63-64). Second, alternative coalitions and the threat of exclusion: the existence of attractive options to form alternative coalitions strengthens the bargaining power of potential coalition members in comparison with those threatened with exclusion (Moravcsik, 1993: 502-4, 1998: 64). Third, the potential for compromise and issue linkages: the issue linkages and side-payments in a package deal is one of the constants of EU negotiations. Linkages take place when the preference intensity of governments varies across different issues (Moravcsik, 1993: 504-6, 1998: 65). Generally speaking, bargaining power depends on 'the intensity of preference at the margin.' (1993: 504). As a consequence, agreements tend toward the 'lowest common denominator' (Moravcsik, 1993: 501) and outcomes are 'Pareto-efficient' (Moravcsik, 1998: 7).

The final step concerns, given substantial agreement, the choice for international institutions. Moravcsik claims that commitment to the ideology of European Federalism and the need for centralized technocratic government (neofunctionalism) could not explain when and why European governments delegate or pool decision-making power in international institutions. In his early study (1993: 507-17) Moravcsik argued that states choose supranational institutions in order to reduce transactions costs and strengthen the state itself in a two-level-game by providing control over domestic affairs. In his later book (1998: 9, 73-76) Moravcsik explained the choices to 'pool and delegate sovereignty to international institutions [...] as efforts by governments to constrain and control one another [...] [and] to enhance the credibility of commitments.' Pooling and delegation of decision-making power to supranational institutions thus resolve 'incomplete contracting problems' (Moravcsik, 1998: 485).

### **2.3.3 Conclusion: similarities, differences and problems of integration theories**

Theorising about European integration is dominated by the discussion between the non-state centric neofunctionalist tradition, on the one hand, and the state-centric intergovernmentalist tradition, on the other hand. A comparison between them shows some important similarities, differences and problems.<sup>5</sup>

There are important similarities between both traditions. Firstly, intergovernmentalism is explicitly, while the neofunctionalist tradition is implicitly based on the rational actor model.

Both assume that European integration is fundamentally driven by the instrumental self-interest of actors defined in terms of economic interests. Secondly, both traditions use the distinction between “low” and “high” politics in order to substantiate that it is easier to integrate low politics (economic and welfare policies) than high politics (foreign policy and security). Thirdly, in the area of low politics, interest groups, especially producers play an (important) role. Integration is advanced when there is a convergence of interests of powerful pressure groups. Fourthly, states go along with integration when socio-economic pressure is strong enough, because otherwise they would impede their own prosperity and undermine themselves. Finally, interdependence forms a basic assumption and the starting point of institutional integration in both traditions.

There are, however, also significant differences between the neofunctionalist and intergovernmentalist traditions. First of all, the traditions define their dependent variable, namely the concept of integration, differently. The neofunctionalist tradition defines integration as a society-based process to form a political community. ‘Political integration is the process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities toward a new centre, whose institutions possess or demand jurisdiction over the pre-existing national states. The end result of a process of political integration is a new political community, superimposed over the pre-existing ones’ (Haas 1958, 1968: 16; see also Lindberg, 1963: 6; Sweet and Sandholtz, 1998: 9). The intergovernmentalist tradition, by contrast, defines integration as policy co-ordination between states in different areas (Hoffman, 1964, 1966; Moravcsik, 1993, 1998). ‘Integration can be seen as a process in which they [governments] define a series of underlying objectives or preferences, bargain to substantive agreements concerning co-operation, and finally select appropriate international institutions in which to embed them’ (Moravcsik, 1998: 5). Secondly, the neofunctionalist tradition stresses the non-state-based character of integration that is fundamentally driven by the logic of functional self-sustaining processes. In contrast, the intergovernmentalist tradition stresses the state-based character of integration and explains European integration as the result of interstate bargains. As a result, thirdly, intergovernmentalism regards national governments as the principal agents driving or preventing progress in European integration. Pressure groups have only a secondary role. They have an impact especially on low politics through domestic politics. The neofunctionalist tradition, however, considers pressure groups and supranational organs as the crucial actors of integration. States have to go along with this process, otherwise they undermine themselves. Therefore, states only play a secondary role. Fourthly, in neofunctionalism state power is constrained by internal factors (interest based politics); in contrast, in intergovernmentalism state power is constrained not only by domestic politics, but also and especially by external factors, or more generally, the international environment. Fifthly, intergovernmentalism assumes that despite proceeding integration, nothing essential changes in European politics. In contrast, neofunctionalists expect that integration produces a new political arena where politics will differ from purely intergovernmental politics; this difference will have an impact on subsequent policy processes and outcomes.

It is interesting to observe that (liberal) intergovernmentalist and neofunctionalist traditions do not see the respective other as a theory of European integration. According to Sweet and Sandholtz (1998: 26), intergovernmentalism is not a theory of integration, but a theory of bargaining in the specific institutional context of the EU. On the other hand, Moravcsik (1993: 477-8) does not consider neofunctionalism as a general theory, but rather as an ideal-type, a “pre-theory” of regional integration.

There seem to be three problems inhibiting the two traditions. The first problem concerns lack of compatibility and often also lack of clarity of their dependent and independent variables. Because both traditions define the dependent variable differently and stress different aspects of integration (the society or state based character of integration), they emphasize the

role of different actors in the process of European integration. The neofunctionalist tradition defines integration as a formation of political community, as a result of which it studies the process of integration focussing on society and stresses the role of pressure groups and supranational organs. It studies transnational activities and attitudes of these actors in different policy areas and the development of supranational institutions. These remain outside the big bargains. If pressure groups have an interest in these fields, they play an important role (transport, agriculture, telecommunication etc.) (see Sweet and Sandholtz, 1998). This process requires rules, regulation and co-ordination. States respond to this demand. But this is only one side of the coin. The state-centric intergovernmentalist tradition studies the other side of the coin, namely the big bargains between national governments, and therefore focuses on states, because it defines integration as policy-coordination between nation states. This tradition examines the big bargains between states, especially the framework treaties, strategic policies and system-level institutions. All of these provide the framework and basis for transnational activities. It is clear that only states are able to make these kinds of agreements on the international level. In conclusion, the divergent definitions of integration make it difficult to compare the theories, because they explain different sorts of integration.

The second problem concerns the varying roles and influence of actors. These theories all assume that actors have the same role and influence in different fields and at different levels. They do not take into consideration the varying roles of actors on the different dimensions of integration.

The third problem concerns their failure to explain enlargement. As a result of their definitions of integration, both traditions focus on different aspects of the internal dynamics of European integration and do not explain another important dimension of integration, namely enlargement. Some studies have attempted to explain enlargement by employing existing theories (see e.g. Miles et al., 1995; Balázs, 1998). They readily admit, however, that existing theories are not really suitable for explaining enlargement and accordingly should be adapted. Starting from economic externalities, the main incentive of actors for integration in both traditions, we can say something about the motivation of states to cooperate with (new) others. The central question in this context, however, is why does the EU as an institutional system want to expand its own size?

#### **2.4 EXPLAINING EUROPEAN GOVERNANCE: Theories of comparative politics and public policy**

One way of classifying the theories of policy-making in de EU is according to their view of the EU, what it is and how it can best be studied in order to explain policy-output. Initially, the EU was seen as an international organization and therefore mainly studied by IR-scholars. RI theories considered the EU either as an international organization or as a 'would-be polity'. As the EU has developed into an 'internal political arena' several other approaches emerged from CP/PP, based on existing traditions of rational choice, pluralism, and institutionalism. Scholars of CP/PP consider the EU as a partial polity, as a political system and accordingly argue that politics in the EU can be explained by using tools of comparative politics, like domestic political systems (Hooghe and Marks, 2001:184; see also Hix, 1998, 2005; Richardson, 1996b, 2006b). Some scholars argue, however, that the dividing line between IR and CP is wrong to begin with, because none of the approaches taken separately is able to explain policy-output within the EU (Hurrell and Menon, 1996: 387; see also Cram, 1996; Risse-Kappen, 1996; Caporaso, 1997). These researchers stress the need for a synthesis between IR and CP. Indeed, there is no meta-theoretical disagreement between IR and CP. The mainstreams in both sub-disciplines are based on similar assumptions: agency-based (rational choice) and structure-based (institutionalism) (Hix, 1996, 1998). In the literature, theories are usually classified according to their main source

of explanations (or independent variable) (Hix, 1994, 1998; Caporaso and Keeler, 1995; Rhodes and Mazey, 1995; Church, 1996; Diez and Wiener, 2004b; Wiener and Diez, 2004; Bache and George, 2006; Rosamond, 2007, 2010). Accordingly, we can, for the moment, distinguish between actor-based approaches and institutional approaches.<sup>6</sup>

## **2.4.1 Actor based approaches: Pluralist perspectives**

### **2.4.1.1 Multi-level governance**

The multi-level governance (MLG) model (Marks et al., 1996a, 1996b; Hooghe and Marks, 2001, see also Bache and Flinders, 2004a, 2004b) argues that European integration has resulted in a multi-level polity, in which authority and decision-making influence are not monopolized by states but ‘shared across multiple levels of government – subnational, national, and supranational’ (Marks et al., 1996a: 342; Hooghe and Marks, 2001: 2-3). While accepting the important role of national governments in EU policy-making, MLG stresses that the number of significant actors within the EU polity has multiplied and individual governments are not in control of the process. Therefore state-centric approach like intergovernmentalism has only limited explanatory power.

According to MLG European integration has weakened the state, leading to a loss of control over the EU decision-making process and diluting sovereignty of individual state (Marks et al., 1996a: 341-346; Hooghe and Marks, 2001: 4-12). Firstly, States do not monopolize decision-making competencies, but share them with other actors at different levels (Marks et al., 1996a; 346, 1996b; Hooghe and Marks, 2001: 6-12). Supranational institutions exert independent influence in EU policy-making that cannot be derived from their role as agents of states. EU policy-making is characterized by ‘mutual dependence, complementary functions and overlapping competencies’ and the interaction of these political actors across different levels of government (Marks et al., 1996a: 372, 1996b: 41). The complex interplay among the Council, Commission and Parliament within a legal order often leads to outcomes that are second choice for all participants (Marks et al., 1996a: 372).

Secondly, because of the collective decision-making among states in the EU the individual states lose control of the outcomes of policy-making (Marks et al., 1996a: 346; Hooghe and Marks, 2001: 4-6). One of the important constraints on the ability of national governments to control the outcomes (and to maintain sovereignty) is the decision rule of qualified majority voting in the Council of Ministers in many policy fields like internal market, trade and agriculture (Marks et al., 1996a: 346, 350; Hooghe and Marks, 2001: 4). Consequently, even if individual states want to maintain sovereignty, they are often not able to do so. Besides limits on individual state executive control, there are also ‘limits on collective state executive control’ (Marks, et. al., 1996a: 352-56; Hooghe and Marks, 2001: 6-12). Whereas national governments control the big decisions (Treaties), they are less dominant in the areas of day-to-day policy-making. In addition, the ability of states (principles) to control supranational agents is constrained by the ‘multiplicity of principles, the mistrust that exists among them, impediments to coherent principal action, informational asymmetries between principals and agents, and by the unintended consequences of institutional change’ (Marks et al., 1996: 353-4; Hooghe and Marks, 2001: 8-10).

Finally, national political systems are not separated from each other, but interconnected in various ways and states no longer serve as the exclusive nexus between domestic politics and international relations (Marks et al., 1996a: 346-7; Hooghe and Marks, 2001: 4). Although states are an integral and powerful part of the EU, they do not monopolize the links between domestic and European arenas, but they are ‘one among a variety of actors contesting decisions that are made at a variety of levels.’ Subnational actors operate not only in national but also in supranational arenas, which creates transnational associations in the process. MLG rejects the

separation between domestic and international politics, which lies at the heart of the state-centric model.

#### **2.4.1.2 Policy-network**

As applied at the national level the concept of policy-networks refers to the resource-dependent relationship between governments and interests groups (George and Bache, 2001: 23). When applying it to the analysis of the EU policy-making a policy network is defined as a (more or less) structured cluster of public and private actors who have interests in a given EU policy sector and are 'dependent on each other for scarce resources, such as information, expertise or legitimacy. [As a result] they have incentives to share these resources, bargain and agree on how to "shape" policy in the interests of their sector' (Peterson and Bomberg, 1999: 8; Peterson, 1995: 76)

The 'policy-networks' approach describes the EU as a 'polity in its own right.' The EU is a multi-level, multi-system of governance in which decision making is not only intergovernmental but also interinstitutional bargaining, and not hierarchical but horizontal (Peterson and Bomberg, 1999: 8-9; Peterson, 2004: 126; Richardson, 1996b: 3-5, 2006b: 4-9). For the EU member states 'at least two policy-making systems now co-habit – domestic and EU policy systems' (Richardson 1996b: 3, 27; 2006b: 5). The national state is not only an autonomous policy-making system, but also a 'totally interdependent participant in transnational policy processes' (Richardson, 2006b: 4-5).

EU decision-making is governed by different dynamics at different levels of analysis. Different kinds of theories are appropriate for the analysis of decision making at different levels and fields (Peterson, 1995: 83-85, 2004: 121-122; Peterson and Bomberg, 1999: 9; Richardson, 1996b: 5, 16, 2006b: 7, 20). EU policies are not only the result of interstate bargaining, but they are the outcomes of a complex process involving 'different types of actors – institutional and non-institutional, governmental and non-governmental' (Richardson, 1996b: 5, 2006b: 9). Because of this complexity it seems reasonable to apply 'some combination of network, institutional and intergovernmental bargaining models' (Richardson, 1996b: 5, 16, 20, 2006b: 7, 20, 25).

Peterson has identified three levels of analysis in the EU (Peterson 1995: 71-75, 84; Peterson and Bomberg, 1999: 5, 9, 10-30). The highest is the 'super-systemic level' where 'history-making' decisions, like institutional and constitutional changes, are taken by national governments in the European Council or at Intergovernmental Conferences (IGC). Here the bargaining mode is intergovernmental and can be best analysed by using intergovernmental models. When legislating, the EU 'operates as a political system in which powers are shared between institutions (as opposed to an international organisation in which power is monopolised by states)' (Peterson and Bomberg, 1999: 16). The second level is then the 'systemic level' where 'policy-setting' decisions in the fields of common policies (like the internal market) are taken by European institutions: Council, Committee of Permanent Representatives (COREPER), European Commission and European Parliament (under 'co-decision'). Here the bargaining mode is interinstitutional and can be analysed by institutional models, like new institutionalism. The third level is the 'sub-systemic' (meso, sectoral) level where 'policy-shaping' decisions are taken, which do not decide EU policy, but rather policy options and policy details. At this level the bargaining mode is resource exchange, and policy networks are a useful tool for studying how policy options are formulated in bargaining between the Commission, Council working groups, national civil servants, EP committees, and private actors.

EU policy-making is often sectoral policy making and in different policy sectors there are different sorts of policy networks (Peterson 1995: 69-70; Richardson, 2006b: 7). The types of policy networks can vary from close and stable relationships ('policy communities') to loose



and unstable ‘issue networks’ (Peterson and Bomberg, 1999: 23; Richardson, 1996b: 6-11, 2006b: 9-14). Furthermore the ‘politics of expertise’ are important in the context of loose networks, high uncertainty and the technical nature of EU governance (Richardson, 1996b: 20, 2006b: 25; Peterson and Bolmerg, 1999: 23). Hence the concepts of ‘epistemic communities’ and ‘advocacy coalitions’ appear to help us to understand policy processes in the EU. Advocacy coalitions consist of people from various organisations ‘who share a set of normative and causal beliefs and who often act in concert’ (Sabatier, 1988: 133, quoted in Richardson, 2006b: 22). Epistemic communities are network of professionals with recognised expertise providing information and ideas necessary for policy making (Haas, 1992: 3, quoted in Richardson, 2006b: 17). Advocacy coalitions have political objectives, while epistemic coalitions are often motivated by technocratic considerations (Peterson and Bolmerg, 1999: 24).

#### **2.4.1.3 Collective (post-sovereign) governance**

Helen Wallace and William Wallace (2000, 2005) argue that the EU has become a collective political system in which not only states but also EU institutions and pressure groups play a significant role. The EU level and national level are not separated but part of each other. Hence the relevant institutions are national institutions, subnational institutions and EU institutions (H. Wallace, 2000a: 3, 6-8, 27-28, 2005: 49). There are different modes of policy making within the EU in which actors exert varying influence. Policy outcomes within the EU can only be explained by taking the interests of all actors into consideration.

The EU is collective, post sovereign governance, a collective political system, a ‘partial polity’, not an intergovernmental regime (W. Wallace, 2000: 530, 541-42, 2005: 483, 491). EU politics is multi-level, multi-layered and multifunctional. The politics of the EU are normal domestic politics and policy-making like any other (H., Wallace, 2000a: 9, 2000c: 66). Relevant political institutions consist of EU-institutions, national institutions and infranational institutions (H. Wallace, 2000a: 3, 6-8, 27-28, 2005: 49). Within the EU political system the EU institutions and national institutions are partners of each other: the EU institutions are ‘in a real sense the property of member states’, and ‘the institutions in the member states are also fundamental elements in the EU institutional architecture and EU policy process’ (H. Wallace, 2005: 77). ‘Within the EU, [...] authority, political accountability, budgetary capacity, and administrative capability all remain primarily with the component states. But these component states share authority and administrative capability over a significant range of policy domains’ (W. Wallace, 2000: 530, 2005: 491-2). As the EU serve the interests of all member states, it has become a system of collective governance, with a ‘post-sovereign’ policy process (W. Wallace, 2000: 531-2, 2005: 492-3).

The EU has a well-established political process based on ‘extensive procedural rules and standard operating procedures’, shaping the behaviour of all actors from ministers and officials to judges, parliamentarians and lobbyists (W. Wallace, 2000: 524, 2005: 484). Because of the ‘intensive interactions of transnational and transgovernmental networks’ the EU system has become a ‘collective system of governance, resting on overlapping elites’ (W. Wallace, 2000: 529-30, 2005: 491). However, the EU remains a ‘partial polity, without many of the features of a fully developed democratic political system’ (W. Wallace, 2000: 533, 2005: 494). Its legitimacy rests on ‘output-oriented legitimacy’, while lacking ‘input-oriented legitimacy’ (W. Wallace, 2000: 533, 2005: 494, quoted from Scharpf, 1999; see also H. Wallace, 2000b: 63). The EU is ‘a post-sovereign political system in which the outcomes agreed justify the continuing collective input’ (W. Wallace, 2000: 533, 2005: 495).

Because of the ‘different demands of distinctive issue areas, the different actors and institutions drawn in’, there is no single pattern of policy-making (W. Wallace, 2000: 523-24; H. Wallace, 2010: 90). There are different modes of policy-making emerging in different policy-domains, where actors play varying roles. Agricultural policy-making is for example

different from environmental policy-making (H. Wallace, 2005: 77-89, 2010: 90-103; W. Wallace, 2005: 486-7). Hence it is difficult to study the EU policy process by a single theoretical model (W. Wallace, 2000: 524). ‘States [...] remain central to the EU policy process, but they are no longer the only significant actors - and are not always the predominant actors. Their actions are constrained by institutional frameworks, and moderated by the intervention of institutionally autonomous supranational actors such as the Commission, the EJC and the EP’, as well as by transnational and national other actors (W. Wallace, 2000: 532-33, 2005: 493-4). Furthermore, EU policy making should be seen in constant interaction with both national and wider international policy making (W. Wallace, 2005: 497-99; H. Wallace, 2010: 91).

#### **2.4.2 Institutional Approaches: (new) institutionalism**

Institutionalism focuses on institutions rather than actor-behaviour (behaviourism) in order to explain policy-output. New institutional theories analyse policy outcomes by focusing on how institutions channel, constrain and shape political behaviour. The core assumption of this approach is that *institutions matter* (Bulmer, 1994, 1998). Institutions structure political actions and outcomes, rather than simply being a neutral arena for political activity and rational competition among actors (Aspinwall and Schneider, 2000: 3; March & Olsen 1984; Thelen & Steinmo, 1992). Therefore, it is not possible to understand the strategies and actions of EU-supranational organs and member states without taking into account the role that institutions play in the policy making process of the EU (Kerremans, 1996: 218-9; Armstrong and Bulmer, 1998; Pierson, 1998).

While old institutionalism concentrated on the role of constitutional/legal institutions and formal organizations – formal decision rules and actors such as parliaments, executives, and judicial courts - in the process of European integration and decision-making within the EU (e.g., Stein, 1981; Weiler, 1982; Burley and Mattli, 1993), new institutionalism takes into account also informal rules and values embedded within institutions (Bulmer, 1998; Kerremans, 1996). New-institutionalism is divided into three major variants –rational choice institutionalism, historical institutionalism and sociological institutionalism (Hall & Taylor, 1996: 936, Rosamond, 2000: 114; Aspinwall and Schneider, 2000: 3; Pollack, 2004, 2005). All these institutionalisms stress the role that institutions play in the determination of political outcomes. However, they differ in the definition of institutions, and they ‘have alternative accounts of how institutions actually matter.’

##### **2.4.2.1 Rational choice institutionalism**

Rational choice institutionalism stresses particularly the constraints that institutional structures impose upon the actions of self-interested rational actors. Rational choice institutionalists tend to define institutions in terms of formal legalistic entities and formal and informal rules and procedures that ‘regulate and shape human interactions’ and modify an essentially rational choice model of politics (Aspinwall and Schneider, 2000: 12; Pollack, 1996: 430-1, 2003: 3-8, 2006). The existence of institutions is explained by reference to the functions of institutions they perform for the actors in order to realize their self-interested goals (Hall and Taylor, 1996: 945; Pollack, 1996: 433, 2003: 6). Rational choice institutionalism sees politics as a strategic arena in which actors seek to maximize their own gains. It is assumed that actors have fixed preferences (exogenous) and act in a strategic manner so as to maximize the attainment of these preferences (Aspinwall and Schneider, 2000: 11; Rosamond, 2000: 116; Hall and Taylor, 1996: 944-45). Examination of these preferences is insufficient to explain the outcomes, which are determined, in part, by institutions, because the institutions define or constrain the strategies adopted by the actors to pursue their interests and structure strategic interaction between actors. ‘Institutions structure such interactions, by affecting the range and sequence of alternatives on the choice-agenda or by providing information and enforcement mechanisms that reduce

uncertainty about the corresponding behaviour of others and allow “gains from exchange”, thereby leading actors toward particular calculations and potentially better social outcomes’ (Hall and Taylor, 1996: 945). Consistent with historical institutionalists, but in contrast to sociological institutionalists, rationalists perceive institutions primarily as an ‘intervening rather than an independent variable’ (Aspinwall and Schneider, 2000: 12).

Rational choice institutionalism has been applied to almost all aspects of European Union politics, namely legislative (Council and the EP), executive (Council and the Commission) and judicial politics (EU-law and European Court of Justice-ECJ), as well as Europeanization in the member states and public opinion towards European integration (Pollack, 2006; Hix, 2005). Scharpf (1988) analysed in ‘Joint Decision Trap’ the impact of decision making rules on the outcomes, which tend to be sub-optimal because of the distinctive ‘decision logic’ in the EU, which is a function of decision rules of intergovernmentalism and unanimous voting. ‘From an institutional rational choice perspective, the variations in the rules of the EU legislative process produce variations in policy outcomes’ (Hix, 1999: 237, 2005: 268). Scholars have also examined the legislative organization of the EP, party-politics and coalition formation in the EP and voting behaviour of its members (Hix, 2001, 2005; McElroy, 2006). The nature of EU judicial politics and the role of EU-law and the ECJ in EU politics have also increasingly become the subject of debate (see for example, Garrett, 1995; Garrett, Kelemen and Schulz, 1998; Conant, 2006). Garret and Tsebelis argued that the legislative process (policy outcomes) in Europe can only be understood through proper institutional analysis of the interactions among the Council of Ministers, the European Commission and the European Parliament, and in particular the sequencing of decisions in different procedures used in the EU: assent, consultation, cooperation, and co-decision (Garret and Tsebelis, 1996; Tsebelis and Garrett, 2001; Tsebelis et.al., 2001). Rational choice institutionalists have also examined, by applying ‘principal-agent theory’, the conditions under which the member states delegate power to the supranational organs and the conditions under which supranational actors could exert an independent influence upon the policy process (Pollack, 1996, 1997, 2003; see also Tallberg, 2000, Franchino, 2007).

#### *Interaction between institutions and actors*

The interaction theory of Hix (1994, 1998, 1999, 2005) is also a variant of rational choice institutionalism, but Hix clearly defines the EU as a normal political system. Hix argues that the EU is neither an international organization as suggested by IR theories nor a unique political system (non-hierarchical, regulatory and deliberative governance with a hybrid mix of state and non-state actors) as suggested by new governance agenda, but has developed an internal political arena and become a normal political system in which decision-making can be analysed by the basics of modern political science: the interaction between institutions and the preferences of actors (Hix, 1994: 1, 11, 1998: 38-39, 1999: 2-14). Since the EU politics is not inherently different from any democratic political system, in order to understand how the EU works, we can use the general theories of political science.

According to Hix, the EU may not be a state in the Marxian or Weberian sense, as it does not have the ‘monopoly on the legitimate use of coercion’, but it is a political system in the sense that government and politics matter (Hix, 1998: 41, 1999: 4, 2005:4). The EU certainly possesses all the classic characteristics of a political system (Hix, 1998: 41-42, 1999: 2-4, 2005: 3-5). First, the EU has the formal rules for collective decision-making with executive, legislative and judicial powers, the “government” of the EU’. Second, the EU produces significant policy outputs with enormous indirect redistributive impact. As a result, third, citizens make demands on the system and try to influence the policy output, ‘politics’ of the EU. Finally, there is continual ‘feedback’ between the policy outputs from the EU system and new citizen demands on the system. The EU is a ‘quasi-federal “regulatory state”’ in which

legitimacy is based on ‘classic democratic competition over inputs’ (Hix, 1998: 38, 43). Its political system is ‘decentralized [...] and based on the voluntary commitment of the member states and its citizens’ (Hix, 1999: 5, 2005: 5). Further it depends on ‘sub-organizations (the existing national-states) to administer coercion and other forms of state power’ (Hix, 1999: 5, 1998: 41, 2005: 5).

Since the EU is a modern political system with legislative, executive and judicial institutions, Hix argues, we should use ‘the tools, methods and cross-systemic theories from the general study of governments, politics and policy-making’ in order to understand how the EU works (1998: 46, 1999: 2, 14, 2005: 2). Key is interaction between actors and institutions. ‘Preferences x institutions = outcomes’ (Hix, 1999: 9-13, 2005: 9-14). This means: ‘If *preferences change*, outcomes will change, even if *institutions remain constant*; and if *institutions change*, outcomes will change, even if *preferences remain constant*’ (Hix, 1999: 13, 2005: 13). Hix observes that there are different actors in the EU political system competing with each other in order to influence the outputs: ‘national governments, the supranational institutions, political parties at the national and European level, bureaucrats in the national and EU administrations, interests groups, and individual voters. To explain how the EU works, we must understand the interests of all these actors, their strategic relations *vis-à-vis* each other, the institutional constraints on their behaviour, their optimal policy strategies, and the institutional reforms they will seek to better secure their goals.’ (Hix, 1999: 13-14, 2005: 14).

#### **2.4.2.2 Historical institutionalism**

Historical institutionalism uses a wider definition of institutions and a longer time horizon, as well as it ascribes more importance to institutions than rational choice institutionalism (Thelen and Steinmo, 1992: 7-19; Bulmer, 1994: 356; Bulmer, 1998: 370; Armstrong and Bulmer, 1998: 52-53; Pierson, 1998). Historical institutionalism tends to define institutions not only in terms of formal and informal rules and procedures but also in terms of their normative and cultural dimensions. While rational choice institutionalism focuses on the constraining/modifying influence of institutions on rational actors’ strategies, historical institutionalism stress that institutions also shape actors goals, as well as mediate their relations of conflict and cooperation. Not only strategic bargaining between the actors but also ‘agency rationality [...] and preference formation are conditioned by institutional context’ (Aspinwall and Schneider, 2000: 18). The evolution of institutions and policies becomes ‘path dependent’ as actors define their preferences endogenously on the basis of what has happened in the past (Bulmer, 1994; Pierson, 1998). Historical institutionalism focuses thus on how ‘prior institutional commitments condition further action, limit the scope of what is possible, and cause agents to redefine their interests’ (Aspinwall and Schneider, 2000: 16). Historical institutionalism offers thus an explanation based on intermediating factors: Institutions structure political situations and have their own impact on political outcomes.

Within historical institutionalism it is possible to distinguish between two variants. The first variant of historical institutionalism (Pierson, 1998) starts from rational choices of actors but stresses unintended consequences of their decisions and focuses on path-dependency which constrains governmental control on institutional and policy development within the European Union. According to Pierson, intergovernmentalism and neofunctionalism cannot explain the evolution and nature of collective European governance. Although member states still play a central part in policy development within the European Union ‘they do so in a context that they do not (even collectively) fully control’ (Pierson, 1998: 58). While states take a decision to maximize their own interests, there are the lags between decisions and long-term consequences and gaps in member-state government control. Pierson emphasizes four factors that explain the emergence of gaps (Pierson, 1998: 34-43): autonomous actions of European organizations because of partial autonomy of supranational organs; the restricted (short-term) time-horizons

of national decision-makers due to electoral considerations (the gap between short-term interests and long-term consequences); the large potential for unanticipated and unintended consequences because of complex social processes and issue density; and the likelihood of shift in government preferences over time as a result of new information and change in government. Once gaps have emerged they cannot reliably be closed. Three factors explain why gaps might be hard to close (Pierson, 1998: 43-47): the resistance of supranational actors based on their political resources; institutional barriers to reform among which unanimity rules; and 'sunk costs' (commitments) and the rising price of exit from existing arrangements ('lock-in'). Early choices have thus unintended consequences. 'Initial actions push individual behaviour onto paths that are hard to reverse' (Pierson, 1998: 47). Member state preferences are conditioned and shaped by what they have already agreed to within Europe. Thus institutional dynamics carry the integration process beyond national wishes because of 'path dependency', or the fact that once a historical choice is made, it both restricts and facilitates others. Previous decision can induce changes in national preferences, which promote further integration. Alternatively, international institutions may alter the terms under which governments negotiate new bargains.

The other variant focuses on how the institutions in the long term affect not only actors' strategies but also preferences and interactions (Bulmer, 1994, 1998; Armstrong and Bulmer, 1998). According to Bulmer and Armstrong the EU is a polity, a multi-level, multi-tiered system of governance, from the super-systemic decisions at intergovernmental meetings to meso-level decisions within a specific policy area (Bulmer, 1994: 351-55, 1998: 366-67; Armstrong and Bulmer, 1998: 61).

This historical institutionalism has three distinctive aspects (Bulmer, 1998: 368-369, 375-76; Armstrong and Bulmer, 1998: 50-51, 60-61). First, formal and informal institutions are not neutral arenas but structure actors' political behaviour. Second, 'the values and norms embedded within institutions are ascribed explanatory value' (Bulmer, 1998: 376). Institutions means not only formal (constitutional-legal) institutions (formal roles or legal powers of executives, parliaments), but also informal institutions and conventions; the norms and symbols, beliefs, paradigms, codes, cultures and knowledge embedded in them; and policy instruments and procedures that govern exchanges between actors (Bulmer, 1994: 355, 1998: 369-370). Third is 'historical focus: past choices restrict subsequent policy action' (Bulmer, 1998: 376). Historical institutionalism emphasizes the cumulative nature of policy-making, meaning that initial policy choices may restrict or facilitate subsequent evolution so that a kind of path-dependency influences the course of policy.

Bulmer considers politics as comprising three separate components: politics, polity and policy (Bulmer, 1998: 370). 'The preassumption is that the polity structures the inputs of social, economic and political forces and has a consequential impact on the policy outcome' (Bulmer, 1998: 369; Armstrong and Bulmer, 1998: 52). Institutions are not neutral arenas within which political forces pursue their interests (Bulmer, 1998: 370). Institutions have a life of their own and thus make a difference, mediating conflicts (political forces) and shaping policies. The EU institutions, for example, do not give equal access to all actors who want to influence the policy process. Furthermore the supranational organs of the EU are often more than simple arbiters in the policy-making process, and have become key players in their own right (Bulmer, 1998: 370, Armstrong and Bulmer, 1998: 57).

#### **2.4.2.3 Sociological institutionalism and constructivism**

While historical institutionalism defines the concept and the role of institutions more broadly than rational choice institutionalism, sociological institutionalism (a variant of constructivism) considers institutions and their functions even more widely and deeply than historical institutionalism. Sociological institutionalism –and constructivism– are based on the

assumption that ‘human agents do not exist independently from their social environment and its collectively shared systems of meaning (“culture” in a broad sense)’ (Risse, 2004: 160; see also Wiener, 2006: 38). The EU cannot be considered as ‘external’ to actors, but actors are ‘deeply embedded in and affected by the social institutions in which they act’ (Risse, 2004: 163). Sociological institutionalism focuses then on the ways actors’ behaviour is ‘conditioned at a deeper, cultural level’ and therefore emphasizes the cognitive dimensions of institutions. The sociological institutionalists tend to define institutions not only in terms of just formal and informal rules or norms, but also in terms of ‘the symbol systems, cognitive scripts, and moral templates that provide the “frames of meaning” guiding human action’ (Hall and Taylor, 1996: 947; see also Jachtenfuchs, 1995: 116-119; Aspinwall and Schneider, 2000: 29; Risse, 2004: 160-163; Wiener, 2006: 36-39). Therefore culture and institutions become virtually synonymous in sociological institutionalism. This culturalist approach to institutions gives a major and independent role to ideas, norms, symbols, values etc. through which actors interpret and understand the world and guide their actions.

Sociological institutionalism treats institutions not as an intervening variable, as in the case of rational choice and historical institutionalism, but as a main independent variable causing political outcomes (Aspinwall and Schneider, 2000: 7, 9, 19; Hall and Taylor, 1996: 948; Jachtenfuchs, 1995: 116-119; Checkel, 1999: 547, 2006: 58-59; Risse, 2004: 161-63). Institutions provide the terms through which meaning is given in social life (Hall and Taylor, 1996: 948). Therefore institutions do not simply affect the strategies and goals of actors, but also constitute their basic preferences, identities and interests. In addition sociological institutionalists also highlight the interactive and *mutual-constitutive* character of the relationships between institutions and actors (Hall and Taylor, 1996: 948; Checkel, 1999: 547; Christiansen, et.al., 1999: 534-35; Risse, 2004: 161-164; Wiener, 2006: 39). Institutions (for example the EU) constitute actors by providing their identities, interests and preferences, since institutions perform a ‘symbolic guidance function’ which gives actors’ a sense of who they are and what they want. Actors constitute institutions through social interaction within which they also (re)define their identities and interests. Hence, in contrast to rational choice institutionalism, identities and interests are here endogenous to the process of interaction. ‘Interests as well as the contexts of action are socially constructed –given meaning to actors– by institutional “scripts”’ (Rosamond, 2000: 119). European integration has, as a process, a ‘*transformative* impact on the European state system and its constituent unit’ (Christiansen, et.al., 1999: 529). In this process not only European integration but also actors’ identity, interests and behaviour have been changing. ‘Actor-centred constructivism’ argues that to understand policy-making we should not only study how ideas and beliefs of actors are constructed but also how actors use these ideas to achieve their goals (Saurugger, 2013).

Scholars from constructivists approach focus on the role of ideas, beliefs, norms, identities, socialization, language and discourse in understanding European integration and governance. They have examined, for example, the impact of EU identity (Sedelmeier, 2005), the causal effects of norms (Lewis, 2005) and the enlargement of the EU and NATO (Schimmelfennig, 2003).

#### **2.4.3 Conclusions: similarities, differences and problems of CP/PP theories**

The CP/PP theories generally argue that the EU is no more an international organization, but a political system in which policy outcomes can only be explained by taking account of not only states but also other actors and institutions. Decision making in the EU is not only intergovernmental bargaining, but also interinstitutional.

The pluralist perspectives, such as MLG, policy network theory and collective governance theory, highlight the multi level character of the EU political system in which authority and decision making influence are shared by multiple levels of governments and

actors - subnational, national and supranational. The EU level and national level are not separated but part of each other. Hence the relevant institutions are national institutions, subnational institutions and EU institutions. EU decision-making is governed by different dynamics at different levels where actors have varying influence. There are also different modes of policy making within the EU in which actors exert varying influence. MLG argues that policy-making in the EU is characterized by ‘mutual dependence, complementary functions and overlapping competencies’, as a result of which individual states have lost the control of policy making in the EU. Because of the technical, complex and sectoral character of EU policy making policy network theory focuses on research dependent interaction between various public and private actors, defined as policy networks, like epistemic communities, policy communities, issue networks and advocacy coalitions, in order to understand how policy options are formulated especially at sub-systemic level before policies are set. Collective governance theory emphasizes the intensive interaction between transnational and transgovernmental networks in the EU system, in which the actions of national governments are not only constrained by institutional frameworks but also moderated by the intervention of the autonomous roles of supranational organs as well as transnational and other national actors.

Institutionalism focuses on institutions rather than actor-behaviour in order to explain policy-output in the EU system. The core assumption of this approach is that institutions matter. Institutions are not simply a neutral arena for political activity of competing political actors, but rather structure actors’ behaviour and political outcomes. Therefore, it is not possible to understand the strategies and (inter)actions of actors without taking into consideration the role institutions play in the EU policy making process. The different variants of new institutional theories (rational choice, historical and sociological institutionalism) analyse policy outcomes by focusing on how institutions channel, constrain and shape political behaviour. All these institutionalisms stress the role that institutions play in the determination of political outcomes. However, they differ in the definition of institutions, and they have different accounts of how institutions actually matter. Rational choice institutionalism focuses on how formal legal entities, rules and procedures constrain self-interested rational behaviour of actors. Historical institutionalism includes also values and norms (normative aspects) in institutions and focuses on how prior choices and institutional commitments condition not only (strategic inter)action of actors but also their rationality and preference formation through path dependency, which takes integration beyond the prior choices of member states. Sociological institutionalism emphasizes the cognitive dimensions of institutions (‘shared systems of meaning’) and focuses on how actor’ preferences, identities and interests are constituted at a cultural level, as a result of which it considers institutions, in contrast to rational choice and historical institutionalism, as an independent rather than intervening variable, actually causing political outcomes. From this perspective the EU has a transformative impact on actors’ identities, interests and preferences, which is in turn constitutive for further integration.

There seem to be three important problems concerning CP/PP theories for studying the EU. Firstly, the CP/PP theories examined above have rarely defined their dependent variable, which can be governance, policy (-making) or decision (-making) (see for an exception Peterson and Bomberg, 1999). Some scholars claim that ‘despite the omnipresence of “governance” in the study of the EU, governance is still ambiguous and under-specified as a concept, let alone as a theory’ (Kohler-Koch and Rittberger, 2006: 42-43; see also Benz, 2009: 27). Secondly, a related problem is that the link between integration and governance has also not been clarified, and governance is considered as a separate phenomenon from integration (see on this Chapter 3, Section 3.2). Thirdly, actors’ behaviour and thus their motivations have not been theoretically explained in the context of their domestic and international environment. As a result these theories offer an analytical tool for studying EU policy making, but are ultimately not able to explain it (see Peterson and Bomberg, 1999: 10).

## 2.5 CONCLUSIONS: IR, RI, CP/PP and the RESEARCH QUESTION of this study

The IR, RI and CP theories discussed in this chapter deal with different central questions, seek to explain different dependent variables, and use different levels of analyses from which they try to explain the behaviour of the units of analysis. As a result they make contesting assessments of the influence of the central actors on European integration and governance.

The theories of *international relations* (IR) seek to explain European cooperation. Cooperation is defined as voluntary policy adjustment by states in order to manage their differences and achieve mutually beneficial outcome (Grieco, 1990:22; Keohane, 1984: 51-52). These theories stress the influence of states, because they consider states as the major actors of international politics, acting on the basis of self-interests defined by themselves. States are the principal actors in world affairs, since they are the rule makers in international politics. These theories offer a systemic analysis of states' behaviour, which means that they emphasize the causal powers of the structure of the international system in explaining state behaviour. However, they differ significantly in describing the nature of international structure and the properties of states, which make cooperation either difficult (neorealism) or more probable and desirable (neoliberal institutionalism and constructivism). The rationalist IR theories consider the European Union (EU) as an international organization in which states seek to achieve their own self-interested goals by rational strategic (inter)action. From this perspective supranational organizations and transnational actors do not have any independent power and influence on European integration. However, according to neoliberal institutionalism (Keohane, 1984, 1993) institutions play an important role, not as legislative agents, but for setting the rules of the game.

The discussion among regional *integration* theorists (RI) has been dominated by the question what explains European integration in terms of the influences and interests of various actors. Surprisingly, however, there has hardly been a debate on the definition and operationalisation of integration as the key dependent variable. In fact, different mainstream integration theories define the concept of integration differently. As a result, they study diverse aspects of European integration and stress the role, weight and impact of different actors. The non-state-centric neofunctionalist tradition focuses on society and stresses the role of pressure groups and supranational organs, whereas the state-centric intergovernmentalist tradition focuses on states and stresses the role of national governments. Furthermore, neither takes into account the fact that actors are likely to play different roles on the different dimensions of integration. Moreover, they tend to focus solely on the internal dynamics of integration and have not been formulated to explain enlargement as one of the crucial other aspects of integration (see for example Haas, 1958, 1968; Lindberg, 1963; Hoffman, 1964, 1966; Sweet and Sandholtz, 1998; Moravcsik, 1991, 1993, 1998).

The CP/PP theories seek to explain policy-making in the EU. They are not interested in the question why and how the EU political system has developed, but how it works. The CP/PP theories argue that the EU is no more an international organization, but a political system consisting of many actors and institutions at the EU-level, the national-level and the subnational level. As a result, the policy outcomes in the EU can only be explained by taking account of not only states but also subnational, supranational and transnational actors and institutions. It is increasingly accepted that the EU is a multi-level system of governance and that patterns of policy-making differ according to different fields, levels and points in time. Accordingly, the roles of actors vary. Any approach to the EU has to take into consideration the varying roles of actors at different levels, in different policy fields and times (see Peterson, 1995, 2004; Peterson and Bomberg, 1999; Marks et al., 1996a; Hooghe and Marks 2001; Bulmer, 1994, 1998; Richardson, 1996b, 2006b; Hix, 1999, 2005; Nugent, 1995, 2010; H. Wallace, 2000c, 2005, 2010).

The theoretical discussion, both among theorists of integration and between these and theorists of cooperation and governance, can be reduced to the issue of which actor plays which



role at what level with what impact on European integration and governance? The leading question of this research is then the following: *how and to what extent can European integration and policy-making within the EU be explained by the influence of nation states, supranational organs of the EU and interest groups?*

A proper answer to this question requires adequate solutions for several problems. First, a clear definition of the dependent variable is needed that should cover *all aspects* of integration, as it is defined differently by the IR (cooperation), RI (integration) and CP/PP (governance) theories.

Second, a clear definition of the EU is required, because it was *initially* described in various ways by the existing theories. What is the EU and how can it be studied in order to explain European integration and policy-output? IR scholars have seen the EU as an international organization or regime and studied it as such. However, scholars of CP/PP argue that the EU has become more than an international organization as it has developed an ‘internal political arena’, as a result of which IR approaches are of limited use when studying the ‘internal’ politics of the EU (Hix, 1994: 1, 11, 1998; Hooghe and Marks, 2001: 184; see also Peterson and Bomberg, 1999; Richardson, 1996b, 2006b; W. Wallace, 2000, 2005, see further, Section 2.4). IR may be valid for the analysis of European ‘integration’, while CP approaches seem more appropriate for the study of EU ‘politics’ (Hix, 1994: 22-23, 1996: 802, 2005). Others stress that the distinction between IR and CP should not be overstated: European integration and politics cannot be understood separately and public policy cannot be explained without reference to international factors and relations. These theorists argue in favour of a convergence or synthesis between IR and CP approaches. ‘Especially in a world characterized by increasing links between domestic and international affairs, it is unrealistic to hope that approaches drawn from one sub-field can be adequate to the task of explaining policy output’ (Hurrell and Menon, 1996: 387; see also Cram, 1996; Risse-Kappen, 1996; Caporaso, 1997). Some scholars suggest explaining different kinds of decisions in the EU by different theories (Peterson and Bomberg, 1999; Richardson, 2006b, see Section 2.4.1.2). Zahariadis (2013) argues for positive-sum pluralism in order to improve policy studies, as the different frameworks can be not only competing but also complementary and useful to answer different kinds of questions (in different areas). Furthermore, Young (2010) proposes analysing different phases of the EU’s policy-making process (agenda setting, policy formulation, decision-making, implementation, and evaluation) by different theories from IR and CP.

The third and related problem that needs to be addressed is the *link* between international politics and domestic politics in studying European integration and governance. To what extent and in which way can European integration be explained by the imperatives of international politics; to what extent and in which way does European integration respond to the demands of domestic politics? Put in another way, how are domestic and international politics related to each other in the context of the EU? The IR theories have long neglected domestic politics and explained European cooperation by certain features of the structure of international politics (see Section 2.2). In explaining European integration the RI theories have focused on domestic politics and taken international politics into consideration only to a limited extent (economic interdependence) (see Section, 2. 3). The CP/PP theories study the EU as a domestic political arena and do not take into account the motivations of actors’ stemming from the international environment (see Section 2.4). But domestic and international politics are not separated from each other, especially in the case of the EU, which responds both to the imperatives of the international environment and to the demands of domestic politics.<sup>7</sup>

The following chapter will discuss possible solutions to these three problems by presenting a multidimensional approach to European integration and governance. Using this approach, the main hypotheses on the influences of the central actors on European integration and governance to be examined in this dissertation will be formulated.

## **CHAPTER 3**

### **A MULTIDIMENSIONAL APPROACH TO EUROPEAN INTEGRATION AND GOVERNANCE**

#### **3.1 INTRODUCTION**

In the previous chapter, I have reviewed relevant theories of international relations (IR), regional integration theories (RI) and governance theories (CP/PP) and focused on their development, similarities, differences and problems which have resulted in the formulation of the research question. In this chapter I will formulate an answer to this question by developing a multidimensional approach to European integration and governance.

As the theories of IR, RI and CP/PP define the dependent variable differently (cooperation, integration, governance) and partly as a result of this ascribe contesting influence to the central actors, first of all, Section 3.2 discusses the different definitions of the dependent variable given by the existing theories and their consequences for studies of the EU and defines the dependent variable integration in terms of its dimensions, namely enlargement, institutional development and (socioeconomic) policy cooperation.

A second problem in studying the EU in order to explain political outputs and identify the factors affecting the influence of actors on European integration is the different identifications of the EU by those theories, namely disagreement about ‘the nature of beast’ or what this EU is in which actors meet and interact. Is the EU an ‘international organization’ as suggested by the IR theories? Is it an ‘international regime’ or a ‘would-be polity’ as considered by the RI theories? Is it a unique system of governance (alternately described as a ‘regulatory state’, a ‘loose federation’ or a system of ‘multi-level governance’ etc.) or a ‘normal political system’ as described by the CP/PP theories? Section 3.3, examines what the EU system is by analysing why and how the EU is a multi level political system in order to identify what kinds of decisions (on the different dimensions of integration) are taken in which way.

The third problem, namely the treatment of relations between domestic politics and international politics within the context of the European Union, is examined in Section 3.4. This section elaborates the influence of the central actors on European integration and governance by focusing on the varying intensity of interest of actors on the different dimensions of integration (salience of issues), varying patterns of decision making in the EU on those dimensions and varying power/abilities of actors to exercise influence on those dimensions at the EU level (Subsection 3.4.2) and at the national level (Subsection 3.4.4) together with the role of domestic politics in European integration (internal dynamic). After defining the dependent variable integration in terms of its dimensions (Subsection 3.2.2), identifying the patterns of decision making in the EU system (Subsection 3.4.1), and relating the different dimensions of integration to the different patterns of decision making in the EU (Subsection 3.4.2), in Subsection 3.4.3 the main thesis and hypotheses about the influence of the central actors on different dimensions of integration and governance are formulated, which will be tested by empirical research. Subsection 3.4.5 clarifies the core assumptions made by this study about the actors. Subsection 3.4.6 examines the external dynamic of integration, namely the role of international politics in European integration and the impact of integration on the anarchy in the EU political system. Finally, Section 3.5 provides a brief summary of the theoretical framework.

Here I would like to emphasize my intentions and limitations. This study offers no alternative to the theories of IR, RI and CP/PP in their own areas. The theories of IR, RI and

CP/PP have their own merits in explaining and understanding some part of reality, including European politics, under certain conditions. However, as Popper (2001: 3-22, 2002: 9-10) argues, (political) science develops by critical discussion and the testing of existing theories. New problems arise out of critical evaluation of the theories. When these theories are applied to European politics and approached from the perspective of the influence of key players on EU decision-making, I observe certain problems that need a solution. In this chapter I will formulate my answers to these problems and in the following chapters I will test the hypotheses deduced from the influence-model developed in this chapter and from the existing theories discussed in Chapter 2. In doing so, I hope to give my own contribution to the study of European integration and governance.

### **3.2. THE PROBLEM OF different DEPENDENT VARIABLES: CONCEPTUAL INTEGRATION**

#### **3.2.1 Dependent variables in different theories**

As we have seen there are many and different kinds of theories making contesting assessments of the influence of central actors on European integration (see Chapter 2). Despite the fact that these theories are considered to be competitive with each other in explaining European integration, it is difficult to compare them, because it seems they seek to explain different dependent variables. The IR theories study the likelihood with which and the conditions under which nation states cooperate with each other (see Section 2.2). These questions have never been a subject matter for the RI theories, which have instead focused on explaining European integration in terms of the influence and interests of various actors (see Section 2.3). The question here is how and why did European integration evolve. Neither cooperation between states nor the development of European integration are the subject matter of the CP/PP theories. They deal with the question how to study EU governance or the policy-making in the EU, given the fact that the EU is a novel sort of political system. They are not interested in the question why and how the EU political system has developed, but in how it works (see Section 2.4). Although there is some overlap between these theories, they have different images of their dependent variable.

I have found two articles in the literature addressing this issue. Puchala, in *Of Blind Men, Elephants and International Integration* (1972), used the metaphor of the blind men and the elephant to point to the fact that different theories seemed to explain different aspects of the integration process (elephantine). Peterson (2001) argued that EU studies were not developing truly competing/rival theories as they ‘aim to explain distinctly different pieces of the EU puzzle. [...] The result is somewhat phoney debates between compatible theories masquerading as rivals, and between “comparative politics” and “international relations” approaches’ (Peterson, 2001: 289). Other than this general similarity, this study treats the issue in a different way; as we have seen in Chapter 2, IR theories study European cooperation, RI theories European integration and CP/PP theories European governance, which they define differently. Although these theories assign contesting influence to the central actors in their explanation of European integration and governance partly because they define their dependent variable differently, in fact, generally speaking, they try to explain the same thing, namely (the outcomes of) decision-making in the EU.

*IR theories* seek to explain European cooperation, which does not include all aspects of integration. Cooperation is defined as voluntary policy adjustment by states in order to manage their differences and achieve mutually beneficial outcomes (Grieco, 1990: 22; Keohane, 1984, 2005: 51-54). These theories stress the influence of states, because they consider states as the major actors of international politics. The IR theories consider the EU as an international

organization in which states seek to achieve their own self-interested goals by rational strategic (inter)action. These theories have contributed significantly to understanding European cooperation by studying the conditions under which European states came to cooperate with each other after the Second World War, especially in the beginning years of European integration. But the concept of cooperation does not cover other aspects of European integration. There is not only policy adjustment between European states but development of a political system, collective governance with common policies in different fields. The EU has become more than an international organization and international regime, namely a political system (see Section 3.3) in which not only states but also supranational actors such as the European Commission, the European Parliament and the European Court of Justice and transnational actors play a significant role and have independent power and influence. Furthermore the IR theories do not take into consideration the varying patterns of decision making within the EU at different levels and in different fields, as well as varying influence of actors on the different dimensions of integration (see Sections 3.3. and 3.4).

The *CP/PP theories* have been studying the governance of the EU and policy-making in the EU. Governance is (rarely) defined by them ‘as the imposition of overall direction or control on the allocation of valued resources’ (Peterson and Bomberg, 1999:5; Peterson, 2004: 117) or as ‘binding decision making in the public sphere’ (Marks and Hooge, 2004:15). These theories of European governance have significantly contributed to the understanding of the EU political system: how it works, how decisions are made and how policy-making takes place within the EU. Thanks to the contributions of these theories we know that the EU is more than an international organization and regime, namely a multi-level system of governance in which the patterns of decision making vary (see Section 2.4). As we have seen these theories stress the influence of different actors and institutions on decision-making in different fields and at different levels within the EU. However, the CP/PP theories have never clearly defined and studied the concept of integration. They offer analytical tools in studying the policy-making within the EU, but they do not explain European integration, because, among other gaps, they offer no mechanism of integration and actors’ (states’) behaviour is not theoretically explained as taking place in their international environment.

The mainstream *regional integration theories* center on the explanandum of integration, but define it differently. The state-centric (liberal) intergovernmentalist tradition defines integration as policy co-ordination between states designed to manage international interdependence (Hoffman, 1964, 1966; Moravcsik, 1993, 1998). Moravcsik (1998: 5) writes: ‘Integration can be seen as a process in which they [governments] define a series of underlying objectives or preferences, bargain to substantive agreements concerning co-operation, and finally select appropriate international institutions in which to embed them’. Consequently this tradition especially examines the big bargains between states, in particular the framework treaties and strategic policies, and therefore stress the influence of states. The treaties constitute the framework of integration and provide the basis for transnational activities. But this is only one side of the coin. It is clear that only states are able to make these kinds of agreements at the international level. Hence the definition of integration determines not only the research design, but also the role of agents, in this case particularly the influence of nation state actors.

The non-state centric, neofunctionalist tradition studies the other side of the coin, namely transnational activities and the (changing) behaviour of the non-state actors, as it defines integration as a process of formation of political community: ‘Political integration is the process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities toward a new centre, whose institutions possess or demand jurisdiction over the pre-existing national states. The end result of a process of political integration is a new political community, superimposed over the pre-existing ones.’ (Haas 1958, 1968: 16) Accordingly, Haas has studied whether the relevant actors’ behaviour has changed. Lindberg

(1963: 6) defined integration in a similar way as a process but without reference to an end point. Likewise Sweet and Sandholtz (1998: 9) consider integration as ‘the process by which the horizontal and vertical linkages between social, economic, and political actors emerge and evolve. Vertical linkages are the stable relationships, or patterned interactions, between actors organised at the EC level and actors organised at or below the member-state level. Horizontal linkages are the stable relationships, or patterned interaction, between actors organised in one member-state with actors organised in another. We understand these linkages to be “institutionalized” to the extent that they are constructed and sustained by EC rules’. As a result, this tradition studies the process of integration by focusing on the transnational activities and (changing) attitudes of pressure groups and supranational organs in different policy areas. These typically remain outside the big bargains. Consequently it stresses the role of pressure groups and supranational organs in explaining European integration.

In sum, the two traditions define the concept of integration differently. As a result they study divergent aspects of integration and emphasise the influence of different actors in explaining European integration. Although they have contributed significantly to the understanding of European integration in their own ways, their definitions of integration do not cover all dimensions of integration, in particular enlargement, and do not take into consideration the varying influence of actors on the different dimensions of integration. The divergent definitions of integration make it difficult to compare these theories.

### **3.2.2 A multidimensional definition of integration and its relation with governance**

As said, the dependent variables as defined by the IR (cooperation), RI (integration) and CP/PP (governance) theories do not identify nor cover the nature, extent and different aspects of European integration. Moreover, they cannot help us understand the varying behaviour and influence of the central actors on the different dimensions of integration. What we need is a definition of integration capable of covering the existing reality of the development of the EU with its different aspects.

Integration can be defined in terms of its dimensions, as it is treated by the key actors, like the Member States, the supranational organs and interest groups (see for instance European Commission, 1968, 1969b; European Parliament, 1972; European Council, 1971, 1972). Also, in the EU literature some scholars studied integration in terms of dimensions (see for example Nugent, 1992; Laurent and Maresceau, 1998; McGeever, 1999; Schimmelfennig and Rittberger, 2006). But the theories of the European politics, whether IR, RI or CP/PP, have not taken into consideration the different dimensions of integration and the varying influence of the key actors on these dimensions when defining their dependent variable even though they studied these dimensions in their empirical research (see for example Moravcsik, 1998; Haas, 1958/1968).

Generally speaking integration means to become a part of a unity, or to form a unity from different parts. What we observe in Europe is that European integration has been producing a growing political system with certain institutions/organs and rules of decision making and common policies in different fields. Furthermore non-member states have been joining the EU. Accordingly, integration can be defined in terms of two basic dimensions: enlargement (or widening) and deepening. Deepening can be described on the basis of two aspects: institutional development and growing policy-cooperation in different fields. Therefore, we can define integration on the basis of three dimensions: enlargement, institutional development and policy-cooperation in different areas, such as the internal market, social policy, the environment, and justice and internal affairs. Enlargement means that the EU decides to include more member states (countries that have applied for EU-membership) so that the size of the Union expands. Institutional development can be defined as the establishment and evolution of the formal and informal rules of the game and organisations in different fields and

at different levels. Policy cooperation refers to the extent to which the goals, means and instruments of policy making in a (sub)field are coordinated and adjusted (in a given period).

This multidimensional definition of integration has some advantages in comparison to the definitions of the neofunctionalist and intergovernmentalist traditions. Firstly, it takes all key dimensions of integration into consideration. Secondly, it is easier to operationalize. Thirdly, it is neutral with regard to the independent variables, that is to say it does not pre-determine the factors that are of interest in explaining integration. Fourthly, it makes it possible to compare European integration to other regional integration processes on separate dimensions in order to see to what extent European integration is *sui generis*. Finally, it acknowledges that the different dimensions of integration affect each other. For example, enlargement has consequences for institutional development, not only in terms of the rules of the game, but also in terms of the distribution of power between actors. Enlargement also influences the substance of policy in different fields. Changing institutional settings affects the substance of policy.

European integration takes place at two levels: the European level and the national level. What happens at the EU level are enlargement, institutional development and policy-cooperation. At the national level we see institutional adjustment to the EU level, policy adjustment and implementation of EU policy, and development of identity in relation to Europe at individual, group and state levels. Therefore one can add two more aspects to the three dimensions of integration mentioned above. The first is the development of European identity, which is mostly studied by scholars from the constructivist school. The second is the Europeanization of nation states in terms of policy adjustment and institutional adjustment to the EU. I consider these dimensions as results of the three dimensions at the EU level. Since this study focuses on the outcomes of European integration at the EU level, I shall not examine the latter two dimensions here. In recent years European integration is increasingly discussed in terms of 'bottom-up' and 'top-down' Europeanization. Top-down Europeanization means that the EU affects the policies, politics and polity in the member states (see for example Cowles, et.al., 2001; Featherstone and Radaelli, 2003; Graziano and Vink, 2007; Ladrech, 2010). Bottom-up Europeanization refers to the fact that the member states and other domestic actors shape EU policies, EU politics and the EU polity (see Chapter 2). This study clearly focuses on bottom-up Europeanization.

After defining the concept of integration in terms of its dimensions, it seems useful to define the related concepts such as governance, policy, and decision-making, and to clarify the links between these concepts. Kohler-Koch and Rittberger (2006: 42-43) noted that 'despite the omnipresence of "governance" in the study of the EU, governance is still ambiguous and under-specified as a concept, let alone as a theory'. Defining governance as binding decision making assumes the existence of institutions, standardized procedures, and actors involved in order to make such a decision and implement it, which leads to a definition of governance in terms of these arrangements (Bromley, 2001: 6; Tömmel, 2009: 12-14). Whereas governing (by government) refers to the actions of 'state or public authorities in order to intervene in the economic and social sphere, governance refers to providing common goods or establishing public order as a result of the interactions between various categories of actors [public, private or social actors] and the coordination of their behaviour. Governance is based on a system of rule(s), shaping and coordinating the behaviour of actors.' (Tömmel, 2009: 12) This can be seen in different governance theories that explain the political outcomes in the EU by the influence of not only states but also supranational organs and interest groups. Since this study aims at testing the hypotheses of CP/PP theories regarding the influence of actors on the EU decision making as well, it chooses a relatively narrow definition of governance and considers it, following the governance theories, as authoritative decision-making and implementation in the EU.

The concepts of (public) policy and decision-making have also been rarely defined by these theories (see for an exception Peterson and Bomberg, 1999). Whereas there are various definitions of (public) policy in the literature, there seems to be an agreement on what a decision is. Decision-making concerns a choice between alternatives. Decisions are ‘choices or solutions that end some uncertainty or reduce contention’ (Peterson and Bomberg, 1999: 4). A decision is often defined as the choice of an alternative between competing ones, also, but not necessary always, between different policy options (see Easton, 1953: 130; Anderson, 1979: 3, 9; Braam, 1988: 156; Peterson and Bomberg, 1999: 4; Howlett, et.al., 2009: 139). A single decision is often not synonymous with a policy, but a policy consists of several decisions. ‘All policies are a product of decisions about what to do, how to do it and how to decide what to do. Decisions are the building blocks of policies.’ (Peterson and Bomberg, 1999: 4) Policy is then defined as a ‘web of decisions and actions that allocate values’ (Easton, 1953: 130) (See the further elaboration of public policy in Section 3.4.3.3).

Integration and governance are not the same thing. However, they are not disconnected from each other but strongly linked. Integration takes place by successive decision (and policy) making and implementation on the dimensions of institutional development, enlargement and policy-cooperation, as a result of which Europe integrates by governance. Accordingly it seems to be wrong to make a hard distinction between integration and governance and consequently between integration and governance theories.

Having defined the dependent variable integration in terms of its dimensions, namely policy-cooperation, institutional development and enlargement, we can specify the leading question of this thesis posed in the previous chapter by asking sub-questions.

The leading question of this thesis as formulated in the previous chapter is: *How and to what extent can European integration and governance be explained by the influence of nation states, supranational organs of the EU and interest groups?* This leading question will be answered by answering the following sub-questions:

1. *How and to what extent can European integration and governance on the dimension of (socioeconomic) policy cooperation be explained by the influence of nation states, supranational organs of the EU and interest groups?* (See Chapter 6)

2. *How and to what extent can European integration and governance on the dimension of institutional development be explained by the influence of nation states, supranational organs of the EU and interest groups?* (See Chapter 7)

3. *How and to what extent can European integration and governance on the dimension of enlargement be explained by the influence of nation states, supranational organs of the EU and interest groups?* (See Chapter 8)

The question is now how we can theoretically identify the influences of the central actors on the different dimensions of integration. To answer this question requires an analysis of the EU system. As we have seen in previous chapter, the various definition of the EU (what is the EU?) by different theories is one of the important reasons why those theories ascribe contesting influence to the actors in explaining European integration and governance.

### **3.3. The EU AS A MULTI LEVEL POLITICAL SYSTEM**

#### **3.3.1. What is the EU in different theories?**

One of the most important problems in studying the EU is the question what it actually is. As it provides the framework in which and through which actors meet, it predetermines to an important extent the positions, roles and influence of actors, and it conditions how actors (inter)act. Throughout the history of discussion on European integration a wide variety of labels have been used in order to describe the EU: ‘International organization’ (Keohane, 1993; Grieco, 1993b);

'regime' (Moravcsik, 1993; Keohane, 1984); 'would-be polity' (Lindberg and Scheingold, 1970); 'confederalism' (Taylor, 1975; Forsyth, 1981; W. Wallace, 1982); 'loose federation' (W. Wallace, 1996); 'neofederalism' (Pinder, 1986; Burgess, 1989); 'regulatory state' (Majone, 1996); 'network' (Keohane and Hoffman, 1991); 'confederal consociation' (Chrysochoou, 1995); 'multilevel governance' (Marks et al., 1996a; Bulmer, 1998; Hooghe and Marks, 2001); 'supranational governance' (Sweet and Sandholtz, 1998); 'transnational political system' (Moravcsik, 1998); '(emerging) polity' (Christiansen et al., 1999; Jachtenfuchs, 2006); 'deliberative supranationalism' (Erikson, 2005c); 'organized synarchy' (Chrysochoou, 2009); and 'political system' (Peterson, 1995; Peterson and Bomberg, 1998; Hix, 1999, 2005; W. Wallace, 2000, 2005). However, growing agreement appears to have been developing within and between the different kinds of theories that the EU is an (emerging) polity, a political system.

Originally the *IR theories* considered the EU as an international organization and regime. International regimes are defined as 'sets of implicit or explicit principles, norms, rules and decision-making procedures around which actors' expectations converge in a given area of international relations' (Krasner, 1983: 2; quoted in Keohane, 1984: 57; see also Grieco, 1990: 22). The IR theories view international regimes as intended instruments to improve the efficiency of interstate bargaining. However, some later studies recognize that the EU is more than an international regime. For example, neoliberalist Keohane and intergovernmentalist Hoffman argue that the EU is a combination of network politics, supranationalism and intergovernmentalism (Keohane and Hoffmann, 1991). Keohane (2002) describes the EU as 'pooled sovereignty'. Constructivism considers the EU as a polity (Christiansen et al., 1999). (but see, Grieco 1995, 1996).

The neofunctionalist school of the non-state centric tradition within the *RI theories* has been treating the EU as an (emerging) political system, a 'would-be' polity, since it defines the concept of integration as a process of political community formation (Haas, 1958, 1968; Lindberg 1966; Lindberg and Scheingold, 1970). The transaction based theory considers the EU as a system of supranational governance (Sweet and Sandholtz, 1998). The theory of domestic politics of the state-centric tradition treats the EU as a multilevel political system (Puchala, 1975; Bulmer, 1983). The state-centric intergovernmentalist tradition originally viewed the EU as an intergovernmental regime designed to manage economic interdependence between national states, because it defined integration as a policy coordination between national governments (Moravcsik, 1993: 480). In his later work, however, Moravcsik has defined the EU as a 'multileveled, transnational political system' (Moravcsik, 1998: 1). The complex institutions of the EU resemble, according to Moravcsik, those of a modern nation-state as much as those of a conventional international regime. 'The EC's complex institutions include a semi-autonomous legal system, parliament, and bureaucracy as well as detailed norms, principles, rules, and practices governing direct relations among national governments. These institutions resemble those of a modern nation-state as much as those of a conventional international regime. Today the EC is a unique, multileveled, transnational political system.' (Moravcsik, 1998: 1)

The *CP theories* study the EU as a multiple polity, as a political system. According to MLG from an actor-based pluralist perspective the EU is a multi-level polity within which policy-making influence are shared across multiple levels of government –subnational, national and supranational (Marks et al., 1996a: 342; Hooghe and Marks, 2001). Policy-network analysis views the EU as a multi-level, multi-system of governance in which decision making is not only intergovernmental but also interinstitutional bargaining (Peterson and Bomberg, 1999: 8-9; Peterson, 1995, 2004; Richardson, 1996b: 3-4; 2006b: 4-9). The theory of Collective governance considers the EU as a multi-level, multi-layered collective political system, consisting of many actors and institutions at the EU-level, national-level and subnational level (H. Wallace: 2000a: 3, 6-8, 27-28; W. Wallace, 2000: 530, 2005: 483-496). The three major variants of new institutionalism - rational choice, historical and sociological institutionalism-



study the EU in varying degrees as a political system, since they focus on the polity and the core assumption of this approach is that institutions matter, at least as an intervening variable between political input and output. Rational choice institutionalism emphasizes the role of European institutions in understanding the policy output in the EU (Tsebelis and Garrett, 2001; Pollack, 1997, 2003); and Hix (1998, 1999, 2005) argues that the EU is a normal political system in which decision-making can be analyzed by the interaction between different actors and institutions. According to historical institutionalism the EU is a multi-level, multi-tiered system of governance, from the super-systemic decisions at intergovernmental conferences to meso-level decisions within a specific policy area (Bulmer, 1994: 351-54, 1998: 367; Armstrong and Bulmer, 1998: 61; Pierson, 1998: 58). Sociological institutionalism or constructivism considers the EU an emerging European polity (Jachtenfuchs, 1995; Rise, 2004: 163; Wiener, 2006).

We can conclude that there is growing agreement between and within the theories of IR, RI and CP/PP that European integration has been producing an evolving political system with certain organizations, institutions, rules, procedures and patterns of decision-making and policy-making.

### **3.3.2 The EU as a multi level political system**

#### **3.3.2.1 What is a political system and why a political system?**

Heywood defines a political system as ‘a network of relationships through which government generates “outputs” (policies) in response to “inputs” (demands or support) from the general public’ (Heywood, 1997: 24). But outputs without binding character and implementation are worth almost nothing. Probably this is the reason why David Easton’s definition of a political system has survived. According to Easton, the political system is ‘that system of interactions in any society through which binding or authoritative allocations [of values] are made and implemented’ (Easton, 1965: 50, 57). Following Easton’s definitions of political systems Hix observes that the EU has all essential characteristics of democratic political systems (1998: 41-43, 1999: 2-5, 2005: 2-5). Likewise, Wessels (1997: 275-284) shows that the EU possesses all indicators of an evolving political system. These ‘characteristics’ and ‘indicators’ are very similar. The EU is a political system, because the EU has well-established organs/organizations and formal and informal rules of collective decision-making; which produce significant binding outputs regarding authoritative allocations of values; on which citizens try to exert influence; and there is continued feedback between outputs and inputs (compare with international regime, defined above).

Firstly, the EU has formal organizations and formal (and informal) rules of collective decision-making. The EU possesses a clearly-defined and stable set of institutions for collective decision-making and formal and (informal) rules that govern relations between and within these institutions (Hix, 1998: 41, 1999: 2-3, 2005: 2-3; H. Wallace, 2000a; W. Wallace, 2005: 484, 491; Marks et al., 1996a; Hooghe and Marks, 2001; Peterson and Bomberg, 1999; Peterson and Shackleton, 2006; see further Section 2.4). After being established in the 1950s, the basic decision-making bodies of the EU –the Council, the Commission, the Parliament, and the European Court of Justice- have all been given a wider range of, respectively, executive, legislative and judicial powers by successive treaty reforms, the Single European Act in 1986, the Maastricht Treaty in 1992, the Amsterdam Treaty in 1997, the Nice Treaty in 2001 and the Lisbon Treaty (in force since December 2009). Executive, legislative and judicial powers are exercised ‘jointly’ by these EU institutions. Furthermore, ‘these institutional reforms have produced a highly-evolved system of rules and procedures governing how these powers are exercised by the EU institutions’ (Hix, 1999: 3, 2005: 3). Hence, the EU has a well-established political process based on the ‘extensive procedural rules and standard operating procedures’,

shaping the behaviour of all actors from ministers and officials to judges, parliamentarians and lobbyists (W. Wallace, 2000: 524, 2005: 484). The evolution of the EU institutions since the 1950s (with transfer of competencies to the European level) and increasing differentiation of procedures within the policy cycle is the clearest indicator for a long-term integration trend (Wessels, 1997: 280).

Secondly, the EU has highly significant binding outputs, which have less direct but enormous indirect redistributive impact in the EU. 'The EU is increasingly involved in the allocation of social and political values throughout Europe.' (Hix, 1998: 42, 1999: 3, 2005: 3-4) The binding output of the EU in terms of policy, law, rules and budgetary decisions has grown to the levels of many Member States who have increasingly opened their legal space to EU inputs (Wessels, 1997: 275-78). This considerable growth of binding output is seen as the essential feature of the EU system. The EU deals with virtually all areas of public policy covered by west European states (Hix, 1999: 3, 2005: 3; Wessels, 1997: 278). In addition, 'EU law is supreme over national law' (Hix, 1999: 3, 2005: 4; Jachtenfuchs, 2006: 163).

Thirdly, since the EU institutions have received powers of governance, a rising number of groups make demands on the system and seek to influence the output in order to promote or protect their own interests and values ('politics' of the EU) (Hix, 1999: 3, 1998: 42, 2005: 3; Wessels, 1997: 282-4; Hooghe and Marks, 2001; Greenwood, 1997, 2007; Richardson, 2006c). Whereas the governments of the member states are still the most powerful actors, they do not have a monopoly on channeling political demands. In the EU 'widening and deepening channels of access and influence' have developed for different kinds of public and private actors, from individual citizens, corporations and office-holders, to business associations, trade unions and other social and economic groups, like environmental, human rights and women's lobbies (Hix, 1998: 42, 1999: 3-9, 2005: 3-9; Wessels, 1997: 282; W. Wallace, 2000, 2005; Richardson, 1996b, 2006b; Greenwood, 1997, 2007; see further, Section 2.3).

Finally, there is continual 'feedback' between the political outputs from the EU system and new demands of different actors on the system (Hix, 1999: 4, 9, 2005: 9). Therefore, the political process of the multi level EU political system is a lasting characteristic of political life in Europe. The EU dimension of policy-making has become part of the daily work of various actors, such as ministers, national officials, heads of government and lobbyists (Wallace W., 2000: 524, 2005: 484). 'The real essence of EU politics are the constant interaction within and between the EU institutions in Brussels, between national governments and Brussels, within the various departments in national governments, in bilateral meetings between governments, and between private interests and governmental officials in Brussels and at the national level. As a result, unlike other international organizations, EU business is conducted in multiple settings on virtually every day of the year.' (Hix, 1999: 4, 2005: 4)

### **3.3.2.2 What kind of political system?**

One of the most distinguishing characteristics of the EU political system is that the EU is a multi level, multi layered system of governance consisting of the EU level, the national level and the subnational level (Puchala, 1975: 519; Peterson and Bomberg, 1999: 5, Peterson, 2004: 126; Richardson 1996b, 2006b: 5; Marks et al., 1996a: 346-7; Hooghe and Marks, 2001; H. Wallace, 2000c: 66, 2005; W. Wallace, 2005; Bache and Flinders, 2004a; Hix, 2006; Jachtenfuchs, 2006; Kohler-Koch and Rittberger, 2009: 7-11; see further Section 2.4). "Multi-level" referred to the increased interdependence of governments operating at different levels, while "governance" signaled the growing interdependence between governments and non-governmental actors at various territorial levels' (Bache and Flinders, 2004a: 3). Within the EU 'authority and policy-making influence are shared across multiple levels' (Marks et al., 1996a: 342; Hooghe and Marks, 2001: 2; see also W. Wallace, 2000: 530-31, 2005: 491-494; Hix, 2006: 142-5; Chrysochoou, 2009: 131-9; Kohler-Koch and Rittberger, 2009: 7-8). These different levels are

not separated from each other, but part of each other. The national state is not only an autonomous policy-making unity, but also an interdependent participant in transnational policy processes (Richardson, 2006b: 4-5; H. Wallace, 2000a: 27-8, 2005: 77; W. Wallace, 2000: 530, 2005; Hix, 2006; Chryssochoou, 2009: 131-9). National states remain both sovereign actors in certain fields such as justice and home affairs and foreign affairs, and have been developing co-sovereignty in other fields especially in the fields of common policies like the internal market and environmental policy. As a result, the national systems have become an intrinsic part of the EU political system. Therefore, the relevant political institutions consist of EU-institutions, national institutions and infranational institutions (H. Wallace, 2000a: 6-8, 27-28, 2005: 49). Because the national political systems are an intrinsic part of the multi level EU political system, the institutions in the member states are essential components in the EU institutional structure and partners in the EU decision-making process. In addition, as the 'EU is part of, and not separate, from the politics and policy processes of the member states,' the EU institutions are 'in a real sense the property of member states' (H. Wallace, 2000a: 3, 27-28, 2005: 77), 'an additional and complementary layer of national politics' (Chryssochoou, 2009: 140).

The EU possesses a well-established political structure and process based on the 'extensive procedural rules and standard operating procedures,' which shape the behaviour of all public and private actors from ministers and officials to judges, parliamentarians and lobbyists (W. Wallace, 2000: 524, 2005: 484; Hix, 1999: 2-5, 2005: 3-9). Furthermore, the political system of the EU is decentralized and based on the 'voluntary commitment of the member states and its citizens' (Hix, 1999: 5, 2005: 5). It depends thus on 'collective consent' to implement European law and regulations through national administrations. 'Within the EU, [...] authority, political accountability, budgetary capacity, and administrative capability all remain primarily with the component states. But these component states *share* authority and administrative capability over a significant range of policy domains' (W. Wallace, 2000: 530, 2005: 491-2). This is also called 'co-governance' and 'co-sovereignty' (Chryssochoou, 2009: 136). Therefore the EU is also seen as a 'supranational policy-making state' (Richardson, 2012: 7-21).

Within the political system of the EU different institutions and actors (national, subnational, supranational and transnational) interact with each other in order to influence the policy-output. 'Policy-making in the EU is characterized by mutual dependence, complementary functions, overlapping competencies and the interaction of these political actors across those levels' (Marks et al., 1996a: 372; Hooghe and Marks, 2001; see also Pierson, 1998; Bulmer and Amstorg, 1998; Peterson and Bomberg, 1999; Peterson, 2004; Hix, 1999, 2005, 2006; H. Wallace, 2000a, 2005; W. Wallace, 2000, 2005; Richardson, 2006b; see further Section 2.4). Hence, policy outcomes within the EU can only be explained by taking into account not only the interests of states, but also those of supranational and transnational actors. Although the Member States continue to be central to the EU decision-making process, they are no longer the only significant actors. As Marks et al., (1996a) and Hooghe and Marks (2001) argue, the member states do not have a monopoly over decision-making competencies in the fields of common policies, but share them with other actors such as the supranational organs. In addition, because of the collective decision-making among the member states in the EU and the absence of veto-power, namely the decision rule of (qualified) majority voting in the Council of Ministers for a variety of issues, the individual states lose control of the outcomes of policy-making. Furthermore, since the national states are an intrinsic part of the multi level EU political system and national political systems are not separated from each other but interrelated in various ways, states no longer serve as the exclusive nexus between national politics and European politics. In conclusion, states' actions are not only constrained by institutional structure (see new institutionalism, Section 2.4.2), but also 'moderated by the intervention of institutionally autonomous supranational actors,' namely the Commission, the

European Parliament and the European Court of Justice, as well as by transnational and subnational actors (interests groups) (W. Wallace, 2000: 532, 2005: 494; Marks et al., 1996a: 342-46; Hooghe and Marks, 2001; Hix, 1999: 9-13, 2005: 9-14; Pierson, 1998: 35-37, 43-45; Bulmer, 1998: 370; Armstrong and Bulmer, 1998: 57; Richardson, 1996b: 5, 2006b: 4-9; Peterson and Bomberg, 1999: 5-30; Peterson, 2004).

### **3.4 INFLUENCE OF ACTORS ON EU DECISION-MAKING: a multidimensional model**

We have seen that there is (growing) agreement between the different kinds of theories that the EU is a multi level system of governance with different actors and institutions, such as national governments, supranational European organs, subnational actors and transnational actors. National systems have become an intrinsic part of the European political system. Consequently, the EU political system consists of (at least) two levels: the national level and the EU level. Accordingly, we should trace the influence of actors at these levels.

In a political system like the EU the influence of the central actors varies according to the patterns of decision making, the dimensions of integration and the intensity of interests (salience of the issues for the actors), and actors' power to exercise influence. Firstly, the patterns of decision making, considered as institutional structure or rules of the game in different fields, not only determine which actors to what extent participate in the decision-making but also how they do this. This in turn provides possibilities and opportunities for actors to exert influence on the decision-making.

Secondly, the influence of actors also varies according to the dimensions of integration and the intensity of interests, considered as levels of salience actors attach to the issues concerned, which motives actors' behavior. Intensity of interest refers to (and can be seen in) the extent to which actors develop preferences, mobilize their resources and come in action to influence decision-making in order to achieve their goals. Actors do not have the same intensity of interests and preferences on the different dimensions of integration. It is then plausible to assume that actors have more incentives to try to exert (more) influence when they think that their (vital) interests are at stake and the intensity of their interests is consequently high. For example, for an agricultural pressure group the intensity of interests is higher in the case of agricultural policy than in the case of institutional change regarding rules of the game between the member states. Whereas enlargement and institutional change are for the member states salient issues ('high politics'), socioeconomic policy cooperation is 'low politics' for them, while it is 'common policies' for the supranational organs and 'salient issues' for the pressure groups.

Thirdly, the influence of actors on different dimensions of integration also depends on actor's power to exercise influence when it is possible to do it. Generally speaking power is the ability to get what one wants (Giddens, 1984: 257), or more specifically, 'the ability to affect others to get the outcomes one wants' (Nye, 2011:11). Influence is the extent to which one has really gotten what one wanted. Since the EU decision-making is based on the interaction between various actors, political power can be defined as the ability of an actor, based on its resources and skills in using these resources, to exert influence on (the outcomes of) EU decision-making by affecting the behavior of other actors. Political influence is the effect that an actor has, by using this ability, on the outcomes of decision-making in accordance with its goals. Political influence means thus the achievement of a policy goal of a power wielder because of its own intervention. As a result political influence presupposes a causal link between an actor's intervention (exercising power) on the hand and a desired outcome (effect=influence, goal achievement) on the other. The concepts of power and influence will be examined in detail in Chapter 4.

### 3.4.1 Patterns of decision-making in the EU Political System

In order to trace the influence of the central actors on the different dimensions of European integration the first relevant question is what the patterns of decision-making are within the EU. This is because the patterns of decision-making define both which actors can take part in the decision-making and how they do so. The IR theories stress the influence of states because they assume states as the central actors in the world affairs. They are not interested in the patterns of decision making in the EU and they do not provide any model to study it (see Section 2.2). The RI theories are also not interested in the pattern of decision making in the EU. The state centric intergovernmentalist tradition emphasizes the influence of states because it defines integration as policy coordination between states (see Sections 2.3.2, 2.3.3) The non-state centric neofunctionalist tradition underlines the influence of interests groups and supranational organs, since it defines integration as a political community formation (see Sections 2.3.1, 2.3.3). It has been a welcome contribution of the CP/PP theories that they see the EU as a multi-level system of governance in which patterns of decision-making differ according to different fields and levels (W. Wallace, 2000: 523-24, 2005; H. Wallace, 2000a: 28-35, 2005; Peterson, 1995: 70-75, 2004; Peterson and Bomberg, 1999: 5; Richardson, 1996b: 16-20, 2006b: 4-9, 25; Marks et al., 1996a: 346, 372; Bulmer, 1998: 367; Armstrong and Bulmer, 1998: 61; Mazey, 1996; Pierson, 1998; Rhodes and Mazey, 1995; Hooghe and Marks, 2001). At different levels and in different fields there are different rules and actors have varying powers. As a consequence, actors have different roles and varying impact on decision-making in different fields.

What are then the patterns of decisions making within the EU? In order to answer this question, I adopt an amended version of Peterson's (1995) three level model of EU decision making. Peterson (and Bomberg) identifies in the multi level system of governance of the EU three levels of analysis for studying EU decision making (Peterson 1995: 71-75, 84; Peterson and Bomberg, 1999: 5, 10-30). Decision-making in the EU is 'governed by different dynamics -or "decisive variables"- at different levels of analysis' (Peterson, 1995: 83; Peterson and Bomberg, 1999: 5). The first or highest level is the 'super-systemic level', where history-making decisions, like treaty revisions and strategic agenda-setting, are taken by national governments in the European Council or at IGCs. Here the bargaining mode is intergovernmental that 'reflect[s] distinctly political rationality: the desire of national governments to remain in power' (Peterson, 1995: 72). The second level is the 'systemic level', where 'policy-setting' decisions (choice between alternative courses of action) with regard to the EU-policy fields are taken by the European institutions: The Commission, the Council, the COREPER, and the European Parliament (under 'co-decision'). 'When the EU legislates, it operates as a political system in which powers are shared between institutions (as opposed to an international organisation in which power is monopolized by states)' (Peterson and Bomberg, 1999: 16). Here the bargaining mode is interinstitutional that reflects both political and technocratic rationality. The third level is the 'sub-systemic' (meso, sectoral) level, where 'policy-shaping' decisions are taken, which do not decide EU policy, but rather policy options and policy details. At this level the bargaining mode is resource exchange between public and private actors, such as the Commission Directorates General, the Council working groups, the national civil servants, the EP committees, and non-governmental organization (NGO)'s. 'Technocratic rationality, based on specialized or technical knowledge, often dominates at the meso-level' (Peterson, 1995: 74).

Although I agree with Peterson that policy-shaping is a separate phase in the development of a policy, I do not see it as taking place on a separate level from policy-setting (policy-decision). I see it rather as a part and the preparatory phase of policy-setting (second-level), because policy-shaping tells us almost nothing about a policy without policy-setting, i.e. policy-decision. Therefore it is plausible to see policy-shaping as taking place not on a separate level, but as a component part of the second level (policy-setting).

More importantly, Peterson focuses on the EU level, but he neglects the national level of the EU political system. As we have seen, the national level is an intrinsic part of the political system of the EU (see Section 3.3.2). According to Peterson, it is a plausible assumption that ‘the impact of domestic politics is most powerful at the super-systemic and systemic levels, where political rationality usually prevails. At the meso-level, where technocratic rationality tends to reign, domestic political outcomes have less direct effects on decision-making.’ (Peterson, 1995: 85) Here Peterson only makes an assumption about the impact of domestic politics on decision-making at the EU level, but he says nothing about the influence of the central national actors on decision-making at the national level, as well as about other functions of the national level and the interaction between the two levels.

What happens then at the national level and what is the relation/interaction between the EU level and the national level? Firstly, national actors formulate their preferences (output) through domestic politics in interaction with the EU level (see below Section 3.4.4). Output at national level thus becomes input at the EU level. Secondly, outputs of the EU level are implemented at the national level (implementation). Thirdly, national institutions adjust to the institutional development at the EU level. All these lead to the Europeanization of the national level. Finally, the influence of national political actors on national preferences concerning European integration vary according to the patterns of decision making at national level (elitist, pluralist, corporatist), the dimensions of integration and intensity of interests and the power of actors to exercise influence (see Section 3.4.4.3).

### **3.4.2 Patterns of decision-making and dimensions of integration: The EU-level**

How can we study integration and policy-making on the different dimensions of integration? In Subsection 3.2.2 we have defined integration in terms of its dimension, namely enlargement, institutional development and policy-cooperation. We have seen in Section 3.3 that the EU is a multi level political system. In Section 3.4.1 we have observed that the patterns of decision making within the EU vary according to different levels and fields. We can now formulate an answer to the question how to study integration and policy-making on these dimensions by linking the different dimensions of integration to the different patterns of decision-making within the EU.

As mentioned in Section 3.4.1 the EU makes a decision, ‘after a process of bargaining’, where ‘the bargaining mode characterizes decision-making at different levels of analysis’ (Peterson and Bomberg, 1999: 28-29). First, at the super-systemic level where history-making decisions are taken on dimensions of enlargement and institutional development, the bargaining is intergovernmental. These decisions are taken by national governments in the European Council or at IGCs. Second, when the EU sets policy (dimension of policy cooperation in the fields of common policies) we are dealing with the systemic level, where bargaining is not only between governments but also between the governments, the supranational organs of the EU and interests groups. Finally, policy shaping takes place at the sub-systemic level (as a component part of systemic level), where choices are shaped in crucial ways by decisions taken in sub-systemic policy-networks (Commission Directorates Generals, Council working groups, EP committees, NGO’s). When ‘history-making decisions’ are taken, for example about institutional change within the European Council or at IGCs, national preferences are far less constrained by the institutional architecture of the EU than when the Union legislates according to the ‘Community method’ in the fields of different policy arenas. ‘The EU’s institutional architecture “loads” the decision-making process in favour of certain outcomes when policies are set’ (Peterson, 1995: 84).

As said above, integration can only be understood by examining both big decisions (history-making decisions) and everyday issues (day-to-day policy-making in terms of different policy arenas). What, then, is the relation/interaction between the big decisions of governments

and the day-to-day decisions of institutions? It is clear that only states are able to bargain about history-making decisions (EU-treaties, enlargement, institutional development). Surely, intergovernmental big-decisions constitute the basis and the framework in which transnational activities (such as rising levels of trade, investment, communications, associations, development of Euro-groups and networks) can develop. Intergovernmental bargains also shape day-to-day policy arenas in the European polity by defining the rules of the game for each policy area (Bache and Flinders, 2004b: 201-2). On the other hand, the activities of non-governmental actors require rules and regulation from member states and supranational organs of the EU. *Without these activities there is no need for transnational rules and regulation, while these rules of the game stimulate more transnational activities.* ‘By altering the environment in which the dominant actors (member states) take critical history-making decisions, the activities of the institutions and other interests at the day-to-day level have also had a major impact upon the integration process’ (Cram, 1997: 176; see also W. Wallace, 2000: 526, on the role of socio-economic actors and supranational organs in neofunctionalism). As a result, European integration cannot be reduced to and understood by the role and influence of only states (intergovernmentalism), or only non-state actors (neofunctionalism). Therefore I suggest, in contrast to the intergovernmentalist and neofunctionalist traditions, that rather than solely states or solely non-states actors, it is the interaction between states, non-governmental actors and the supranational organs that is decisive for European integration.

### **3.4.3 Main thesis and hypotheses**

Now I can formulate the main thesis and hypotheses of this research. As said above, the policy outcomes within the EU can only be understood by taking into account not only the interests of states, but also those of supranational and transnational actors. Hence, the outcomes of decision-making and European integration on different dimensions can be explained by the complex interaction between the national states, interest groups and the supranational organs in a given institutional context (patterns of decision-making) in the international environment. As the patterns of decision making (structure) vary according to different dimensions, actors have different intensity of interests (salience of issue) and varying power on different dimensions, thus their roles and influence vary according to the dimensions of integration. Generally speaking, decisions regarding the dimensions of enlargement and institutional change, which are salience issues (‘high politics’) for the Member States, are taken at the super-systemic level where the bargaining mode is intergovernmental, and therefore the member states play a major role and have the most influence on these dimensions. At the systemic level (policy-setting), where the bargaining mode is interinstitutional, states share the influence to varying extent with the supranational organs and with interests groups because at this level decisions are taken on the common policies (dimension of socioeconomic policy cooperation) which are often salience issues for these actors and they have more power to exert influence on decision-making in these fields. Accordingly, actors have varying influence on the different dimensions of European integration and governance (see figure 3.1, multidimensional influence model).

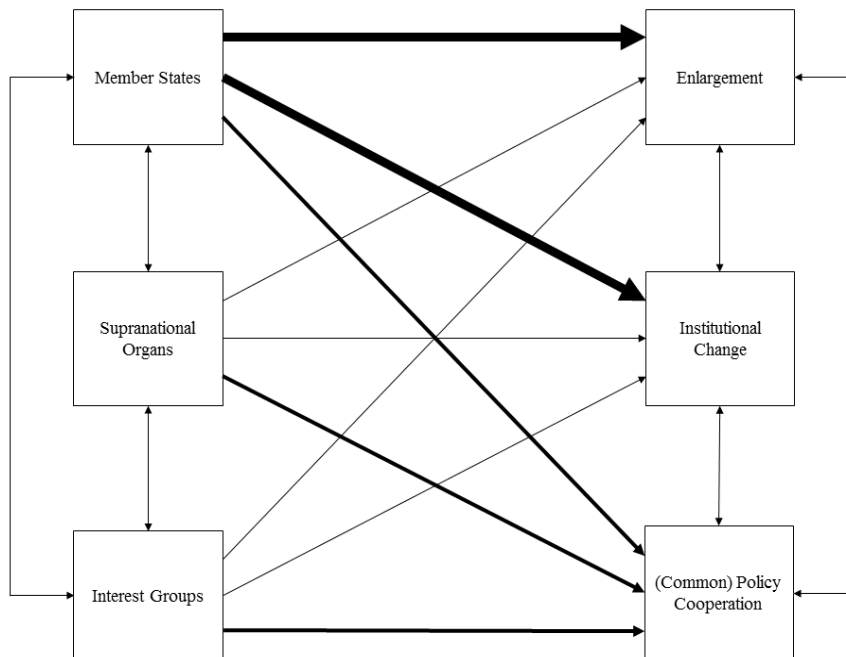
From this thesis, I will deduce the hypotheses with regard to the different dimensions of integration: enlargement, institutional development and policy-cooperation.

#### **3.4.3.1 Enlargement**

Enlargement means that the EU decides to include more member states, countries that have applied for EU-membership, so that the size of the Union expands. The more countries become members of the EU, the more integration. Consequently, enlargement is an important feature of the development of the EU. Since its founding in 1957, the EU has realized four main enlargement rounds. The first ‘northern’ group –the UK, Denmark and Ireland - became members in 1973; a Mediterranean group joined in the 1980s –Greece in 1981 and Spain and

Portugal in 1986; the second ‘northern’ wave –Austria, Finland and Sweden- acceded in 1995; in the fourth wave Central and Eastern European countries Latvia, Lithuania, Estonia, Hungary, Slovakia, Poland, Czech Republic, Slovenia plus Cyprus and Malta became members in 2004, followed by Romania and Bulgaria in 2007; currently candidates are Turkey, Macedonia, Montenegro, Serbia, Albania; potential candidates the remaining countries of the western Balkans.

Figure 3.1 Multidimensional influence model for EU decision-making



Enlargement has an impact on the other dimensions of integration, because it has consequences for the distribution of the power within the community, for the operation of the EU decision-making institutions and for the rules of the game (institutional development) as well as for the substance of (key) policies such as Common Agricultural Policy (CAP) and Structural Policy.

The existing theories of IR, RI and CP/PP do not say much about enlargement, due to the fact that they do not take enlargement into consideration as a (separate) dimension of European integration. The RI theories focus on the internal (economic) dynamics of the development of European integration, but neglect enlargement. The CP/PP theories can tell us how enlargement policy comes about, but they cannot explain policy output, namely enlargement itself. The reason for this is that they have no theoretical explanation for the motivations of states in the international politics. Starting from security externalities (IR theories) or economic externalities (RI theories), or domestic problem solving (CP/PP theories) we can say something about why non-member countries want to become members of the EU or also why members states want to deepen relations with some non-members. But the real question is why does a group of states (EU) expand to include another state or group of states (e.g. European Free Trade Association-EFTA- or Eastern Europe)?



The IR theories generally discuss under which conditions nation states cooperate with each other, but do not tell us why the EU wants to expand. Schimmelfenning & Sedelmeier (2005: 10-16), however, suggest some hypotheses on the basis of rationalist and constructivist IR theories in order to explain enlargement. As neoliberalism assumes that states care mainly their own absolute gains and losses, they are hypothesized to prefer enlargement when they obtain net welfare benefits from enlargement. In contrast, as neorealism assumes that states act on the basis of their relative (not absolute) gains and losses in terms of security and power, they prefer enlargement if they obtain relatively more power and security than other alternatives. Contrary to the rationalist approaches, constructivism argues that not economic, political and military material benefits but cultural and ideational factors, that is to say the extent to which the community and external actor share a collective identity and fundamental beliefs, determine the prospect of enlargement. So in order to explain the enlargement of the EU neoliberalism emphasizes the role of absolute welfare, neorealism relative geopolitical benefits in terms of power and security, and constructivism cultural factors like collective identity and liberal democratic norms.

What are then the motivations of the EU (-states) for enlargement? I suggest that cultural factors as suggested by constructivism must not be viewed as motivations of the EU to expand even as they serve as conditions for candidate countries to become members. Enlargement serves stability, security and peace in Europe, which in turn creates conditions for the economic well-being of the continent. This implies that both the neoliberal argument of welfare and the neorealist argument of security and power may play a role in enlargement. Enlargement sometimes brings economic benefits, but sometimes also economic costs, at least in the short term. It seems that a hard dualism between economic and security externalities is incorrect. Economic and security externalities cannot be understood well if analysed separately, because states not only pursue different goals but these goals (economics and geopolitics) also depend on each other, influence each other. For the member states of the EU the membership of applicant countries is not necessary to obtain substantial economic benefits, because they can also obtain much of these benefits by other ways, for example by free trade zones or custom unions. It is then plausible to assume that enlargement is at bottom motivated by geopolitical considerations in terms of security, stability and peace, which is however recognized as constitutive for the economic well-being of the continent as well, and serves to expand the internal market and create a wider economic bloc in the world, which in turn also increases the political power of the EU (see Section 3.4.5.2).

Enlargement is 'high-politics' for the member states and depends on history-making decisions (super systemic level) where states play the major role. The role of the supranational EU organs is defined by the rules of the game. The Commission is in charge of the preparation and carrying out of the enlargement decision process and the EP approves new candidates. Pressure groups can lobby for or against enlargement. They can also try to influence state behaviour through public opinion. But ultimately, the member states are decisive on this point.

Hypothesis: *Enlargement is dominated by the Member States and mainly motivated by geopolitical considerations such as security, stability, peace and power* (see Chapter 8).

### **3.4.3.2 Institutional development**

European integration has been producing a growing political system. One of the important aspects of this process is institutional development, which can be defined as the establishment and evolution of the (supranational) decision-making and implementation organs and formal and informal rules of the game at different levels and in different fields. The more areas come under common institutions, the more majority voting at the Council and the more delegation of authority to the supranational organs, the more integration. After being established in the 1950s, the EU's institutional structure has evolved further by the successive treaty reforms, like the

Single European Act in 1986, the Maastricht Treaty in 1992, the Amsterdam Treaty in 1997, Nice Treaty in 2001 and Lisbon in 2007. Since the different levels of the EU's multilevel political system (subnational, national and supranational) are not separate from but form part of each other, the relevant political institutions consist of the EU-institutions, the national institutions and the subnational institutions (see Section 3.3.2). At the EU level we can make a distinction between constitutional development and institutional development in different policy arenas.

The motivations of all actors in the field of institutional development are to gain more institutional power, representation and participation, besides functionality and efficiency (see Section 3.4.5.2). Since the EU is more than an international regime, namely a multi level political system in which different actors share authority and policy-making influence, institutional development cannot be explained only by its functionality (reducing transaction costs) as suggested by the IR theories, or by solving imperfect contracting problems as supposed by the RI theories. Equally important explanations are to obtain more power, representation and participation, as well as political and administrative efficiency. As in all modern political systems politics in the EU is 'dominated by the questions of representation and participation, the distribution and allocation of resources, and political and administrative efficiency' (Hix, 1994: 1). EU politics is thus about who gets what and how. Consequently, generally speaking, the Member States tend to retain their power by preferring unanimity and intergovernmentalism, but for the sake of functionality, administrative and political efficiency and representation they will at times agree to share their powers with other actors. The supranational organs seek to obtain more powers by preferring supranational solutions. Pressure groups try to acquire more institutional power to influence policy output in order to protect or promote their interests in EU policy-making.

Since institutional development is 'high-politics' for the member states and depends on history-making decisions taken at the super-systemic level where the bargaining mode is intergovernmental, states are dominant actor on this dimension. Most of the *constitutional* changes in the EU take place at the IGCs where the member states play the most important role. However, they share their influence to some extent with the supranational EU organs, particularly with the ECJ, which interprets the Treaties in a binding way. As to institutional development in different *policy areas* (the organization and rules of the game in different fields, such as internal market, environment, social policy) the states still play the major role. The supranational EU organs have some (institutional) power in the areas of common policies. The influence of pressure groups especially increases when their interests are directly affected. The Single European Act, for instance, consists of two components: institutional change at constitutional level (majority voting and expanding co-decision power of the EP) and changes at the level of policy area (market liberalization, the single market). Although the member states are dominant actors in institutional development at the constitutional level, pressure groups (e.g. business groups) have had more influence on market liberalization. Supranational EU organs are more interested in expanding their institutional ground and in development of 'community solutions.'

*Hypothesis: Institutional development is dominated by the Member States; and it is not only motivated by its functionality (reducing transaction costs and solving imperfect contracting problems), but also by obtaining more power, representation and participation as well as political and administrative efficiency (see Chapter 7).*

### **3.4.3.3 Socio-economic policy-cooperation**

There is no agreement in the literature on the meaning of (public) policy. On the one hand public policy is broadly defined by Thomas Dye as 'anything a government chooses to do or not to do' (Dye, 1972: 2) Although this definition has its merits, this study focuses on what

governments do and as a result chooses a narrower definition of public policy. Public policy is then defined as a ‘web of decisions and actions that allocate values’ (Easton, 1953: 130). As defined in Subsection 3.2.2 a decision is the choice of an alternative between competing alternatives, and a policy consists of various decisions about what to do and how to do it in order to deal with a problem. Policy making may then be defined as defining goals and the means to achieve those goals in a process of applied problem solving. ‘Policies are intentional government actions containing both some articulated goal or goals [...] and some means to achieve them’ (Howlett, et.al., 2009: 4). When we combine the concepts of decision, goals and means in the definition of (public) policy, then public policy is ‘a set of interrelated decisions taken by a political actor or group of actors concerning the selection of goals and the means of achieving them within a specified situation where these decisions should, in principle, be within the power of these actors to achieve’ (Jenkins, 1993: 34; see also Hoogerwerf, 1989: 20, 1992:13; Anderson, 1979: 3).

Policy cooperation refers to the extent to which the goals and means of a policy in a (sub) field are coordinated (in a given period) in order to (manage interdependence and) achieve mutually beneficial outcomes. This usually assumes concentrating the Union’s effort to facilitate greater coherence for existing policies, such as the CAP, internal market and environment, and developing new policy areas for the Union to govern. As said, the EU now deals with almost all policy arenas, approaching the usual scope covered by west European states (see Section 3.3.2). The EU system ‘extends the policy resources available to the member states’ (H. Wallace, 2000a: 27-28, 2005: 77). This study focuses on socioeconomic policy cooperation, especially the internal market as a core area of European integration in order to identify the relative influence of different actors. The motivation of all actors in the field of socio-economic policy cooperation is the quest for wealth and (domestic) problem-solving rather than geopolitical interests. This is certainly true after many years of integration which have led to the establishment of the European single market and a multi level EU political system (see Section 3.4.5.2)

There are different classifications of policy modes in the literature, depending on participating actors, decision making rules and the legal character of decisional outcomes. Hix (1999: 8-9, 2005: 8-9) distinguishes two basic policy modes, which produce five types of policy outputs in the political system of the EU. Firstly, regulatory (single market, environment, social) and redistributive (CAP, cohesion) policies are adopted through the supranational mode of policy making. Within this category, the patterns of, for example, agricultural policymaking again differ from environment policymaking in terms of participating actors, institutions and procedures. Secondly, most macroeconomic, citizenship-related (Justice and Home Affairs-JHA) and foreign policies are mainly adopted through intergovernmental policy-making.

Some scholars consider this dichotomy too simple and warn against sharp dichotomies between intergovernmentalism and supranationalism. Nugent (2010: 294-298), for example, distinguishes four policy making modes: The Community method, intensive transgovernmentalism, open coordination and centralized decision making. Similarly, Helen Wallace (2005: 28-35, 2010: 77-89) make a distinction between five policy modes: The Community method, the EU regulatory model, the EU distributional model, policy coordination, and intensive transgovernmentalism. These (ideal type) policy modes say something about the roles of actors in the policy-making process, but noting about the influence of actors on the outcomes of the process. They are thus not explanatory models for policy.

The following summary of modes is based on H. Wallace (2005, 2010) and Nugent (2010). The Community method is used for making EU legislation (law making) in the field of common policies like the internal market and CAP, where the Commission acts as initiator, the Council is final decision maker by QMV, the EP is co-decision maker or consulted, the Court has final

jurisdiction over all EU legislation, and there is cooption of interests groups in the policy process (CAP, trade policy). It is also called supranational policy making.

The EU regulatory mode produces regulation and has been applied to the establishment and governance of the internal market (as well as e.g. industrial policy and social policy). The Commission is defender of regulatory objectives, the Council agrees on minimum standards and harmonization, the EP has an impact in the case of cooperation or co-decision, the ECJ ensures that the rules are applied reasonably, and there are opportunities for interests groups to exert influence on market rules. This mode seems to be a dominant mode in the EU (Pollack et.al., 2010: 485).

The (re)distributional mode is applied especially to structure and cohesion policy and the EU budget. The Commission is deviser of programs in cooperation with local and regional authorities, the Council agrees on a (re)distributive budget, there is participation and influence of subnational (local and regional) authorities (Committee of the Regions), and there is pressure from the Members of the European Parliament (MEP) based on territorial politics in the regions.

In the modes of intensive transgovernmentalism the European Council or the Council of Ministers are key actors and sole decision makers, mainly by unanimous approval (veto-right), the Commission and the EP are on the margins with weak participation and exclusion of the EJC, policy activities focus on cooperation between governments rather than law-making, such as in common foreign and security policy (CFSP), JHA, and treaty revision. The term transgovernmentalism is preferred to the term intergovernmentalism to point to the more intensive cooperation between EU members than is common in international organizations.

The open method of (policy) coordination (OMC) is applied in the areas falling within the competence of the Member States, such as employment, education, or social protection. The member states define by unanimity the policy goals and guidelines for the Union, including appropriate indicators and benchmarks, which should be achieved by voluntary action, not by legal obligation. The member states show in their national action plans how they will seek to achieve these goals and report to the Commission or the Council on their 'progress in achieving their goals and meeting guidelines'. The Commission plays an important role in monitoring OMC activities. The OMC is the best known method of a so-called 'new' or 'soft' mode of governance which is characterized by 'voluntary and informal means of cooperation' and produces not legislation, but 'recommendations, advice on best practice, and guidelines' (Warleigh-Lack and Drachenberg, 2010: 211).

These modes are considered ideal types. In EU practice scholars observe mixed and hybrid modes of policy making within and across different issue areas. Not only these modes have been changing but also within and across different policy areas/fields varying combinations ('hybridization') of these modes emerge (Wallace H, 2010: 90-91; Pollack et. al., 2010: 484-486). Therefore EU governance is conceptualized as 'innovative governance' (Tömmel and Verdun, 2009) or 'experimental governance' (Sabel and Zeitlin, 2010). These trends in EU policy making (new and soft modes and combinations) are considered to be both a response to changing needs, policy environments and functional demands and a result of the unwillingness of Member States to pursue closer and further integration. Member states recognize the need for policy cooperation in (new) areas but do not prefer to make binding laws and to transfer competencies to the supranational organs of the EU, such as the Commission, the Parliament and the ECJ (Pollack, et.al., 2010: 486, 501; Nugent, 2010: 294-298; Warleigh-Lack and Drachenberg, 2010: 211, 217-218; Tömmel, 2009: 12). This intensified intergovernmental policy coordination is also called 'deliberative intergovernmentalism' (Pueter, 2012).

Since the IR and RI theories do not take into consideration the varying patterns of policy making within the EU they do not help us to understand the varying roles and influence of the actors in different policy fields. In contrast, the CP/PP theories highlight the different modes of policy making in different fields within the EU. Decisions on common socio-economic policies

are taken at the systemic level where bargaining takes place not only between governments but also between governments and supranational EU organs and interest groups. In addition, for member states socioeconomic policy cooperation is ‘low politics’, while it is ‘common policies’ for the supranational organs and ‘salient issues’ for interest groups. Consequently, as far as the common policies are concerned (redistributive and regulatory policies and partly macroeconomic policies) the national governments share their influence to varying degree with the supranational organs and interest groups. Interest groups exercise influence not only on national governments but also on supranational organs of the EU. Compared with enlargement and institutional development, interest groups can exert more influence on (socio-economic) policy cooperation. Their influence increases when their interests are more strongly affected by policy decisions, such as in the case of internal market or CAP, and when they have (more) power to influence policy-making. The role and influence of actors may also vary in different stages or phases of policy development such as policy shaping, agenda setting, policy formulation, decision making, policy implementation, and policy evaluation.

Hypothesis: *Socioeconomic policy cooperation is mainly motivated by domestic problem solving and wealth, and the Member States share their influence to a significant extent with supranational organs and interest groups (see Chapter 6).*

### **3.4.4 Patterns of decision making and dimensions of integration: the national level**

It is increasingly recognized by the different kinds of theories that the national level should be included in the analysis of European integration. None of the theories, however, provides a comprehensive model showing the influence of the actors on preference formation concerning the different dimensions of integration at national level. This study suggests that the influence of actors on preference formation at national level varies according to the patterns of decision making at national level, the dimensions of integration and intensity of interests (salience of the issues for the actors), and the power of actors to exercise influence.

#### **3.4.4.1 Domestic politics in different theories**

There appears to be a growing agreement between the different kinds of theories to involve domestic politics in order to understand European integration. Domestic politics has long been neglected by the IR theories because of their focus on the international system in explaining states’ behavior. But the need to involve domestic politics in the analysis has been acknowledged by neoliberalism (Keohane, 1993: 294-95, 2005: xiii). ‘Without a theory of interests, which requires analysis of domestic politics, no theory of international relations can be fully adequate. [...]. A major task [...] is to link domestic politics with international relations in a theoretically meaningful and analytically rigorous way.’ (Keohane, 1993: 294) Constructivists treat domestic politics as one of the constitutive elements of a state’s identity which in turn inform its interests and preferences (Wendt, 1999; see Section, 2.2.3). The RI theories consider domestic politics as the basis of European integration, because they offer a unit-level analysis of actors’ behavior. The domestic politics approach of the state-centric tradition argues that European integration is an instrument in order to solve domestic problems (see Section 2.3.2.2). The intergovernmentalist tradition studies the national level as the political area where national preferences are formulated through domestic politics (Moravcsik, 1993, 1998, see Section 2.3.2.3). The non-state centric neofunctionalist tradition considers the national level as part of the European ‘would-be’ polity (Haas, 1958; Lindberg and Scheingold, 1970: 88, 91, see Section 2.3.1). The national level is also seen by most of the CP/PP theories as a component of the EU political system (see Section 2.4).

Although some theories focus on domestic politics in order to explain national preferences, generally speaking, the existing theories do not take into consideration the varying interests and motivations as well as the influence of the actors in explaining preferences on the different dimensions of European integration at national level, in spite of the fact that they

increasingly treat the EU as a political system. Since the IR theories consider states as the central actors of the anarchic international political environment, they stress the influence of states and geopolitical interests (neorealism and institutional realism) and economic interests (neoliberalism) in explaining European cooperation. These rationalist traditions assume that preferences are exogenously determined and actors have pre-existing, fixed sets of preferences. They are not interested in where such preferences come from, only in how actors pursue them strategically. On the contrary, constructivism considers preferences as endogenous to interaction, as a result of which preferences can change in interaction (Wendt, 1999; see Section 2.2.3). As the RI theories offer a unit-level analysis of actors' behaviour, they analyse national preferences through domestic politics, where they stress economic interests in explaining actors' behaviour towards European integration, but ascribe different influence to actors. The non-state-centric tradition emphasizes the influence of socio-economic actors and their economic interests in explaining actors' behaviour with regard to European integration (see Section 2.3.1). In this view states must follow these interests, because otherwise they hinder the pursuit of prosperity and thus undermine their own existence. The state-centric intergovernmentalist tradition agrees with the influence of the socio-economic actors in the fields of low-politics (economy), but also underlines the autonomous role and influence of the states (see Section 2.3.2). Most of the CP theories consider the national level as part of the EU political system and generally speaking involve it in the analysis of the policy-making within the EU (Section, 2.4).

#### **3.4.4.2 MDA: Domestic politics and integration: internal dynamic**

As we have seen, this study considers domestic/national politics as an intrinsic part of the multi level EU political system (see Section 3.3.2). First, national actors formulate their preferences (output) through domestic politics in interaction with the EU level. The outputs at national level thus become inputs at the EU level. Second, the outputs of the EU level (policy) are implemented at national level (implementation). Third, at national level institutional adjustment takes places to institutional development at the EU level. All of these lead to the Europeanization of the national level.

Preferences of actors are not formulated in an isolated national arena, but in a domestic field open to other domestic arenas and interacting with the EU level. Since the national level is an intrinsic part of the EU political system, domestic politics cannot be seen as a political arena isolated from the EU level. As the EU has become a political system, it is difficult to understand preference formation at national level without taking into consideration the EU level. The existing theories, however, do not take into account the fact that preferences at national level are formulated in interaction with the EU level.

Since the EU is a multi level political system and the national states are an intrinsic part of it, it seems plausible that the motivations and preferences of actors at the national level concerning European integration also vary with the different dimensions of integration (see Sections 3.4.2, 3.4.3). First, in the case of enlargement geopolitical considerations such as security, stability and peace in Europe are more important. Second, the motivation of all actors in the field of institutional development is to obtain more (institutional) power, i.e. representation and participation, besides functionality and efficiency. Third, socio-economic policy cooperation is motivated by domestic problem-solving and wealth, which provides an *internal dynamic* for European integration, as suggested by the RI theories and CP/PP theories. With increasing interdependence and globalisation the European nation state has become an 'inadequate policy-area' (H. Wallace, 2000: 44-49; Milvard, 1992). Interdependence undermines the effectiveness of national policy-options and increases the costs of unilateral solutions. European integration provides opportunities for the solution of policy problems beyond the nation state. Integration by means of policy cooperation is then an instrument to

solve domestic problems in different policy sectors such as agriculture, internal market, environment etc. ‘After all, in some senses what the EU system does is to extend the policy resources available to the member states’ (H. Wallace, 2000a: 27-28, 2005: 77). It seems that the European nation states have lost at least a part of classical policy instruments like individual/autonomous rule-making, which can be considered as indicating a weakening of the nation state. But at the same time they use the EU-level as an instrument in order to realize their policy-goals, which can be seen as a strengthening of the nation state (winners for, losers against integration).

#### **3.4.4.3 MDA: varying influences of actors on national preferences**

The existing theories do not offer a model capable of identifying the varying influence of the central actors on the different dimensions of European integration at national level.

This study suggests that the influence of actors on the formulation of national preferences would vary according to the patterns of decision making at national level, the dimensions of integration and the intensity of interests, and the powers of actors to exercise influence.

First of all, the patterns of decision-making at national level (elitist, pluralist, corporatist) determine not only which actors participate in the decision making but also how they do so. If the pattern of decision making is elitist, then the contribution of the interest groups to the decision-making tend to be minimal, because of the tendency of the state’s elite to decide alone. When the pattern of decision making is pluralist, many actors may participate in the decision-making in order to influence it on the basis of their abilities. In this case the interest groups may exert more influence than in the elitist model. The interest groups may have maximum influence on national preferences if the pattern of decision making is corporatist, because of the fact that in this case their access to the decision-making is guaranteed and there is a tradition of cooperation between state and interest groups with regard to policy-making.

Secondly, the influence of actors on national preferences also varies according to the dimensions of integration and intensity of interests (saliency of the dimensions for actors). As discussed above (see Section 3.4) it seems plausible that actors seek to wield more influence when they think their vital interests are at stake that motivates actors’ behaviour. The higher the intensity of interests, the more important an issue for actors, the more actors do their best to exert influence on policy-making. Generally speaking, compared to interest groups, the intensity of a state’s interest is higher on the dimensions of institutional development and enlargement (history-making decisions at the EU level) than on the dimension of socio-economic policy cooperation. In contrast, for pressure groups the intensity of interests is higher on the dimension of socio-economic policies than for institutional development and enlargement.

Thirdly, the influence of actors on national preferences also depends on the power of the actors defined as ability of actors to exercise influence when they have opportunity to do so. The concept of power will be elaborated in detail in Chapter 4.

In sum, the influence of interest groups on national preference formation is thus minimal when the pattern of decision-making is elitists, the intensity of interests is low (enlargement and institutional development) and they have little power to exert influence. It is maximal, when the pattern of decision-making is corporatist, intensity of interests is high (policy-cooperation) and they have more power to affect governments. The influence of the state is maximal when the pattern of decision making is elitists and the intensity of interests is high (institutional development and enlargement). The influence of states is relative less when the pattern of decision making is pluralist or corporatist, the intensity of interests of interest groups higher (policy-cooperation) and interest groups have more power exercise (more) influence. In these cases states share their influence with the interest groups involved.

### **3.4.5 Properties of actors: some assumptions**

In Section 3.3.2 I have described the EU as a multi level political system, which has certain assumptions about the international politics and the role of actors therein. In this and the following sections I will make clear these assumptions. The MDA supposes that state is still a central but not only significant actor within the EU political system. Survival is the most important goal of states, but should be reconsidered. And actors' rationality is bounded.

#### **3.4.5.1 Actors' bounded rationality**

A common assumption in different kinds of theories (excepting constructivist approaches) is that political actors are rational. I assume further that this rationality is bounded, because actors do not have the capacity to gather and process all information necessary to analyse and order all possible alternative options in order to choose the best option (the complexity of the external world and cognitive limitations of actors) (Simon, 1982). In addition, actors do not have all instruments needed to follow the most favourable option. Therefore actors chose the satisfactory option (Simon, 1972) of which the expected utility is maximal (subjective expected utility). Within these limitations actors formulate their preferences as policy-decisions about what they want. Furthermore, actors act in a rational way in order to achieve their goals by pursuing the strategy which seems most likely to help obtain their objectives. Actors' rationality is also conditioned and regulated by the (formal and informal institutional) context within which they act. Actors do not formulate their preferences and choose their strategies in isolation and in a vacuum, but in interaction with each other in a given (formal and informal institutional) context, both at the national level and at the EU level.<sup>1</sup> As we have seen, the national level and the EU level are not separate but part of and open to each other. This means, among other things, that preferences may change in interaction. It follows that actors choose European integration when they think they have no better alternative option. As a result, the outcomes of European integration are determined by the interaction between competing actors and institutions in the European political arena (at the EU level and the national level).

#### **3.4.5.2 The nature of the nation state and the national interest**

The state is the central actor in national domestic politics, EU politics and (wider) international politics, because it has legal sovereignty, monopoly over the legitimately use of violence, and authority to make rules in the national system, the EU political system, and the international system. That states are central actors in the national, European and international politics is still important, but not enough to understand European integration, the EU political system and thus the policy-output of the EU, especially in the fields of common policies, because states do not have decision-making monopoly but share it with supranational and (trans)national actors. Although states remain central to the EU decision-making process, they are no longer the only but only one among the significant actors. Their actions are not only constrained by institutional structure, but also modified by the intervention of institutionally autonomous supranational actors, as well as by interest groups. It follows that policy outcomes within the EU can only be explained by taking into account not only the interests of states, but also those of supranational actors and interest groups (see Sections 3.3.2, 3.4.1).

Furthermore, I assume that while a state is internally divided, it is externally a unitary actor. A state is internally divided because it consists of not only different groups in society but also various departments of government with varying and sometime contesting interests and views. Although within a state various sub-actors compete with each other in order to influence preference formation, a state externally acts 'as if' it were a unitary actor in European politics and international politics in the sense that at a given time on a given issue a state pursues only one policy. It is difficult to imagine (and not usual) that a state officially pursues two different policies at the same time on a given issue in the European or international arena.



It is common in almost all kind of theories that actors act on the basis of their self interests defined by themselves, which motivate their actions. The theories differ in defining and granting importance to various interests/motivations. As far as states are concerned, the IR theories, especially neorealism, stress geopolitical interests (survival, security, power), because they explain state behaviour by the structure of the international system, which is anarchic and compels a logic of self-help. Neoliberalism adds economic concerns to geopolitical interests (see Section 2.2). The RI theories emphasize economic interests as the most important motivations of actors for European integration, because they offer a domestic-level of analysis. A state must pursue the prosperity of its citizens which is easier to obtain by integration in an interdependent world economy (see Section 2.3). The CP/PP theories underline the importance of domestic problem solving as the motivation for European level policy (see Section 2.4). But some authors argue that these interests can be (to some extent) complementary (see, Keohane, 1984, 2005; Wendt, 1999).

This study assumes that, generally speaking, the most important objective/main goal of a state in international politics is survival. States, first of all, want to survive so as to achieve their other goals as well. In order to survive a state must adapt itself to a changing environment, not only an *external*, but also an *internal* environment (cf. Waltz, 1979). But the concept survival is too abstract to understand states' behaviour in a given situation. It is therefore useful to describe survival in terms of its necessary elements: security, power, wealth and identity. As Jacob Viner argues, these components are in the long run complementary: security is a precondition for wealth, and wealth for security: '1) Wealth is an absolutely essential means to power, whether for security or for aggression; 2) power is essential or valuable as a means to the acquisition or retention of wealth; 3) wealth and power are each proper ultimate ends of national policy; 4) there is a long-run harmony between these ends, although in particular circumstances it may be necessary for a time to make economic sacrifices in the interests of military security and therefore also of long-run prosperity' (Viner, 1948: 10, quoted in: Keohane, 1984, 2005: 23; Keohane, 2005: x; see also Wendt, 1999: 234-38). Identity is a constitutive feature of all organisations without which actors can not distinguish themselves from others.

The relevant question with regard to European integration is how these components of survival do relate to the different dimensions of integration? Since the EU is a multi level political system and the national states are an intrinsic part of it, it is plausible to assume that the motivations of (all) actors concerning European integration vary with the different dimensions of integration. Of course it is not easy to distinguish different motivations/interests from each other, because not only do actors pursue different goals, but also these goals depend on each other. The main issue here is the relative importance of these motivations with regard to the different dimensions of European integration. Firstly, enlargement is mainly motivated by geopolitical considerations such as security, stability, and peace in Europe, and obtaining greater power in world politics (external dynamic of integration, see Sections 3.4.3.1 and 3.4.6). Secondly, in the case of institutional development there are different interests/motivations (see Section 3.4.3.2). One is functionality, not only in terms of reducing transaction costs (IR theories) or resolving imperfect contracting problems (RI theories) but also in terms of improving political and administrative efficiency (CP/PP theories). The other interest is to obtain as much more power as possible in order to affect decision-making and to achieve one's goals. Hence institutional development can be better understood by taking into consideration both the struggle for power between the actors, and functionality, efficiency and representation (systemic dynamic) as driving forces. Third, socio-economic policy cooperation is primarily motivated by economic goals and domestic problem solving (internal dynamic of integration, Section 3.4.4). The EU system extends policy resources to the member states to achieve these ends (H. Wallace, 2000a: 27-28, 2005: 77).

Furthermore these varying interests/motivations on different dimensions of European integration interact with each other: enlargement helps to generate security, stability and peace in Europe, which in turn creates conditions for domestic problem solving and economic gain. In turn, increasing wealth contributes to stability, peace and the growth of European power in the world. Enlargement and increasing policy cooperation force actors to establish more effective institutions in order to govern a larger European political arena. Well-functioning effective institutions help solve domestic problems, produce wealth and push European integration further.

### **3.4.6 International politics and integration: external dynamic**

The purpose of this study is not to examine why and how the EU political system has been developing, but to assess the influence of central actors on the different dimensions of European integration. In previous sections I have described the EU as a multi level political system consisting of the EU level and the national level, which has led us towards certain assumptions about the role of international politics in European integration. This section will make these assumptions clear. What is the influence of international politics on actors' behaviour with regard to integration? And how did this influence evolve as a result of the development of European integration and the EU's multi level political system?

#### **3.4.6.1 International politics in different theories**

Within the existing theoretical traditions only the IR theories focus on international politics in attempting to understand actors' behaviour toward European integration. Generally speaking the CP/PP theories are not interested in the role of the structure of international system in studying EU governance (see Section 2.4). They consider the EU as a (growing) political system, as a 'polity in its own right', and study the policy-making within it. This is a significant contribution to the study of the EU. However, the CP/PP theories do not theoretically explain actors' behaviour in the EU. Furthermore they do not study the varying motivations and influence of the actors on the different dimensions of European integration.

The political structure of the international system (anarchy and distribution of power) and its social structure (shared ideas), as defined by the IR theories, do not play any (significant) role in the RI theories which offer a unit-level analysis of actors' behaviour. Within state-centric approaches only intergovernmentalist Hoffman (1966) used the concept of an international context, not in terms of anarchy, but in terms of competition between states (see Section 2.3.2.1). Liberal intergovernmentalism (Section 2.3.2.3) and the non-state centric (neofunctionalists) tradition (Section 2.3.1) stress the role of economic structure, i.e. economic interdependence in understanding European integration. Although economic interdependence provides one of the most important mechanisms in the development of European integration, it cannot explain varying motivations and influence of the actors on the different dimensions of integration. In addition, economic interdependence might develop as a result of a political choice. Furthermore, the behaviour of the actors in international politics cannot be explained only by (studying) domestic politics. In order to survive actors have to take into consideration the international environment in which they exist and act.

There are the systemic IR theories that offer an 'outside in' analysis and explain states' behaviour by certain characteristics of the international structure. The rationalist tradition focuses on the political structure of the international system: neorealism stresses the role of anarchy and the distribution of power (see Section 2.2.1). Neoliberalism adds to these aspects institutions and complex interdependence (see Section 2.2.2). Constructivism, in contrast, focuses on the social structure (shared ideas) of international politics in explaining states' behaviour (see Section 2.2.3).

### 3.4.6.2 MDA: Integration at the nexus of internal and external dynamics

The material features of international structure as defined by the rationalist tradition within the IR theories, such as anarchy and the distribution of power, constrain but do not determine actors' behaviour. How actors react to the international environment depends also on domestic politics, because in order to survive states adapt themselves not only to the external, but also to the internal environment. It follows that actor preferences are formed by the interaction between international and domestic politics. From this perspective the geopolitical motivations in understanding European integration as suggested by the IR theories and economic/commercial motivations as proposed by the RI theories are not competitive, but complementary. Accordingly, we can assume that the direction of future relationships (integration) has been given by the imperatives of historical and geopolitical context, but how, to what extent and at what speed further integration will occur is to a large extent defined by the needs of domestic politics. States thus choose integration when they think they have no better options in order to solve their external and internal problems.

The IR theories stress the primacy of high politics in explaining post-war cooperation: preoccupations with security, the struggle for power and geopolitical stabilization (the need to manage the instability of Europe) are the most important motivations of cooperation: France's desire to gain security against Germany, the perceived need to incorporate Germany into Western Europe so as to prevent a resurgence of war and its attendant devastation, and Germany's desire for rehabilitation (the "German problem") (Wegs, 1984:150, 154; Keohane and Hooffmann, 1991: 4-6; Nugent, 1995: 15-18, 2010: 9-13). Recognizing the weakness of the individual nations of Europe against the new superpowers (United States and Soviet Union) and interests in maintaining their great power status in the world through unity (the voice of Europe) (Nugent, 1995: 17, 2010: 11); perceived retreat from communism (Soviet Union) (Wegs, 1984: 156; Keohane and Hooffmann, 1991: 4-5; McCormick, 2008: 50; Nugent, 2010: 11). By its political, economic and military interventions and assistance the USA did exert integrationists pressures, because the USA saw European integration as essential to its own economic and security interests in order to fend off a perceived Communist threat (Wegs, 1984: 71; Keohane and Hooffmann, 1991: 4-5; McCormick, 2008: 47-49; Nugent, 2010: 11). All these factors were important imperatives in organizing post-war cooperation in Europe. However, from this perspective it is difficult to understand the failure of the European Defence Community (EDC, 1952) and the European Political Community (EPC, 1953) and the economic character and rationality of the ECSC and EEC as well as the success of the latter attempts that have led to the further development of European integration in terms of a growing political system.

An explanation of the economic rationality of EEC has been provided by the RI theories which highlight economic and commercial interests in understanding European integration (see Section 2.3). According to Milvard (1992), the post-war European integration was a means through which certain sorts of policy programmes could be delivered to important domestic constituencies, which was essential for the long-run survival of the nation-state as the primary agent of governance. Moravcsik (1998) stresses commercial interests, especially export promotion, as the most important motivation of integration against the background of increasing interdependence. It is not surprising that during the negotiations between states economic/commercial motivations were 'more salient than geopolitical factors' (Moravcsik, 1998: 135), because the EEC was an economic organisation. The Foreign Ministers at Messina in June 1955 agreed to a Benelux proposal 'to work for the establishment of a united Europe by the development of common institutions, the progressive fusion of national economies, the creation of a common market, and the progressive harmonization of their social policies' (Messina Resolution, in Weigall and Stirk, 1992: 94, quoted in: McCormick, 2008: 53). The treaty of Rome contained besides economic objectives, like the goal 'to ensure the economic

and social progress of their countries and common action to eliminate the barriers which divide Europe', also political objectives: 'to preserve and strengthen peace and liberty' and 'to lay the foundations of an ever closer union among the peoples of Europe'. Of course the development of the EEC itself in terms of economic interdependence (trade, common market, foreign investment, etc.) profoundly changed geopolitical considerations in Europe. The fact that the states had chosen a quasi-constitutional institutional structure, instead of other alternatives, such as a free trade area (FTA), or the status quo, i.e. trade and monetary liberalization through the Organization for European Economic Cooperation (OEEC) and General Agreement on Tariffs and Trade (GATT) (Moravcsik, 1998: 86-7), indicates that they were aware of this reality. Hence, the economic explanation of European integration, as proposed by the RI theories, as well has only limited explanatory power.

Since the establishment of the EEC European integration has been developing by the joining of new members to the EU (enlargement), by deepening of policy cooperation in various policy areas, and by institutional development through successive treaty reforms. Before the EEC (actually since the last quarter of the nineteenth century) national economies in Europe were isolated and there was hardly any economic interdependence (Nugent, 1995: 14, 2010: 8-9; McCormick, 2008: 55). Interdependence developed more than ever as a result of the EEC. Due to the increasing interdependence, policy cooperation now covers almost all aspects of national policies. Furthermore, 'the pressure of American and East Asian competition has been a constant external reference-point for European policy-makers over the past two decades' (W, Wallace, 2000: 540; see also Nugent, 1995: 22, 2010: 14). Hence the 'development of common European policies partly responds to external challenges, and the perception of European élites that common approaches to global negotiations maximize their ability to promote their interests and protect their values' (W, Wallace, 2000: 523-4; see also Pollack, et.al., 2010: 488-90). Moreover, enlargement contributes not only to stability, peace and security in Europe, but also makes the EU a larger economic bloc in the world. In order to govern the growing interdependence and widening of the union the EU has adapted its institutional structure several times, as a result of which it has become a multi level political system (see Section 3.3.2). All of these developments create pressure in favour of further integration.

### **3.4.6.3 Anarchy in the EU political system: transformation of the European political arena**

Today's European politics, after many years of the development of European integration, is not only less anarchic, but also more institutionalised as well as characterised by complex interdependence, all of which helps to shape actors' behaviour. As we have seen, European integration has been producing a growing multi level political system which has consequences for the extent of anarchy, for the state system in Europe, for the motivations and behaviour of states, and for the role and influence of actors in the EU. The more integration, the less anarchy, as suggested to varying extent and in different ways by constructivism in IR, by the non-state centric tradition in RI theory, and by (especially new institutionalism in) CP/PP theories.

The EU has become more than an international organization and international regime, as proposed by the CP/PP theories and the non-state centric RI theories. The EU is not only a single market with a common currency but it has also developed an internal political arena, a multi level political system in which not only the member states but also the supranational actors such as the European Commission, the European Parliament and the European Court of Justice, and transnational actors play a significant role. The EU now possesses stable decision-making rules and procedures; significant binding policy output; channels of access; independent power of supranational actors; European law superiority to national laws; and because of QMV the member states have lost their veto-right in important fields, such as the internal market, agriculture and the environment. As a result, the member states have become an intrinsic part of the EU political system. Accordingly, the politics in the EU political arena qualitatively differ

from purely intergovernmental politics. This suggests a growing role of the EU system for understanding actors' behaviour compared to anarchy. The complex interdependence and the institutional structure of the EU shape the behaviour of all public and private actors from ministers and officials to judges, parliamentarians and lobbyists (see Section 3.3.2).

Hence the achievement of European integration as a political system has consequences for the structure of the European state system, for the extent of anarchy, for the role and influence of actors and for the motivations and behaviour of nation states, at least for the behaviour of European states towards each other. The relevant features of the anarchy for explaining states' behavior can be found only to diminishing extent in the EU. Firstly, the use or threat of use of violence between the EU-states may be theoretically possible, but are not probable within the EU. Secondly, the EU still does not have a collective government in terms of a state, but it has collective governance in terms of a political system as agreed by different kinds of theories (see Section 3.3.1). We can then conclude that the more integration, the less anarchy. This does not mean, however, the end of a struggle for power, but only that it takes place in a different context (EU), by means of different instruments, and most importantly without the use or threat of use of violence and outcome of war. As a result, the member states define their identity and interests differently, as proposed to varying degree by constructivism and non-state centric RI theories. Consequently, as we have seen, within the EU political system the motivations and influences of actors vary according to the different dimensions of integration (see Sections 3.4.3 and 3.4.4).

### 3.5 SUMMARY

In this chapter I have developed a multidimensional approach (MDA) to European integration in order to identify varying motivations and influence of the central actors on the different dimensions of European integration. The MDA defines integration in terms of its dimensions: enlargement, institutional development and (socio-economic) policy cooperation. Since these dimensions interact with each other, European integration responds both to domestic demands (internal dynamic) and to the demands of the international environment (external dynamic). According to the MDA European integration has been producing a growing (partial) polity, a multi level political system consisting of the EU level, the national level, and the subnational level. These levels are not separated from each other, but they are intrinsic parts of each other. Although the member states stay central to the European political process they are not the only significant actors, because they do not have a power-monopoly but share power with supranational and (trans)national actors. Their actions are not only constrained by institutional structure, but also modified by the intervention of institutionally autonomous supranational actors, as well as by interest groups. It follows that political outcomes within the EU can only be explained by taking into account not only the interests of states, but also those of the supranational actors and interest groups.

The MDA suggests that the influence of the central actors on European integration varies, both at the EU level and at the national level, according to the patterns of decision making, the dimensions of integration and the intensity of interests (salience of the issues for the actors), and the power of actors defined as abilities of actors to exercise influence on decision-making. As far as the EU level is concerned, enlargement and institutional development are 'high-politics' and history-making decisions taken at the super-systemic level, where the bargaining mode is intergovernmental and therefore states play a dominant role. However, they share their influence to some extent with the supranational European organs. The pressure groups do not have any significant influence at this level. While socioeconomic policy cooperation is 'low-politics' for member states, it is 'common policy' for supranational organs and 'salient issues' for interests groups. In addition, common socio economic policy-

cooperation in different policy fields is based on policy-setting decisions taken at the systemic-level, where bargaining is not only between governments but also between governments, the supranational actors and interest groups. Hence states share their influence to varying degrees with the supranational actors and interest groups. Compared to the dimensions of enlargement and institutional development the interest groups exert more influence on the dimension of policy-cooperation where the intensity of their interests is higher and they have more power to exercise influence. Generally speaking, at the national level, the interest groups exert more influence to the extent that the pattern of decisions making is corporatist, the intensity of interests is higher (socio-economic policy-cooperation) and they have more power to affect governments.

Motivations of actors vary according to the different dimensions of integration as well. Enlargement is mainly motivated by geopolitical considerations such as security, stability and peace. Institutional development can be better understood by the struggle for power between the actors, besides the quest for functionality, political and administrative efficiency, and representation and participation. Socio-economic policy cooperation is primarily driven by domestic problem solving and economic goals.

Table 3.1 Theories, dependent variables and influence of actors

<b>THEORIES</b>	<b>DEPENDENT VARIABLE</b>	<b>MAIN ACTORS (at EU-level)</b>
<b>IR THEORIES</b> 1. Neorealism 2. Neoliberal institutionalism 3. Constructivism	<b>Cooperation</b> Defined as policy adjustment to achieve beneficial outcomes	<b>States</b>
<b>RI THEORIES</b> I. State-Centric 1. Intergovernmentalism 2. Domestic Politics, Two-level game 3. Liberal intergovernmentalism II. Non-State-Centric 1. Neofunctionalism 2. Elite-bargain 3. Transaction-based theory	Defined as policy-coordination between states to manage interdependence <b>Integration</b> Defined as political community formation	I. <b>States</b> (Interest groups in domestic politics on low politics) II. <b>Supranational organs + interest groups</b> (national, transnational)
<b>CP/PP THEORIES</b> I. Pluralist: MLG, Collective Governance, Policy Network II. Institutional (old, new, rational, historical, sociological)	<b>Governance Policy-making</b> Defined as binding decision making in the public sphere	I. <b>States+ Supranational organs + Interest groups</b> II. <b>institutions</b> : formal, informal, norms, values, beliefs, culture <b>and actors</b> (states, supranational organs, interest groups)
<b>MULTIDIMENSIONAL APPROACH</b>	<b>Integration &amp; Governance</b> Defined on the basis of 3 dimensions 1. Institutional development 2. Enlargement 3. (Socio-economic) Policy-cooperation	1. <b>States</b> (functionality, efficiency and power) 2. <b>States</b> (geopolitical interest) 3. <b>States, Supranational organs, interest groups</b> (domestic problem solving, wealth)

## **PART II: METHOD**

### **METHOD OF INFLUENCE ANALYSIS AND RESEARCH DESIGN**



## CHAPTER 4

### POWER AND METHOD OF INFLUENCE ANALYSIS

#### 4.1 INTRODUCTION

In the previous chapter, the EU was described as a growing political system in which actors interact with each other, i.e. exercise influence on each other to help determine the outcome of decision-making in accordance with their preferences. As seen in Chapter 2 different theories ascribe contesting influence to the central actors in explaining European integration. However, the conceptual model as discussed in Chapter 3 argues that European integration has different dimensions on which the central actors may exercise varying influences, due partly to the varying institutional power of actors on those dimensions. Thus, explaining European integration requires elaborations on the core concepts of Political Science (and International Relations), namely power and influence. This chapter conceptualizes and operationalizes these central concepts and introduces the method of influence analysis by which the influence of central actors on European integration will be assessed.

Power and influence, like many other important words, have many meanings and are thus disputed concepts in Political Science. Based on a discussion about the different distinctions made in the literature in defining power and influence, these central concepts are elaborated on in Section 4.2. In this study power is considered as a ‘multi-layered’ concept. Contrary to the approach considering power and influence to be synonyms, in Subsection 4.2.1.1 power is defined as the ability (capacity, capability) (first layer) to exercise influence, and influence as the realisation of an effect that conforms to the desires of the power wielder. In contrast to the power as resources approach, here power is conceptualised as a relational phenomenon (second layer) and influence as a causal relationship (Subsection 4.2.1.2). The distinction between conscious and explicit/manifest influence on the one side and unconscious and implicit/anticipated influence on the other side is discussed in Subsection 4.2.1.3, allowing for the identification of the causal links or mechanisms between power holder and power subject. Subsection 4.2.1.4 explores the distinction between subjective interests and objective interests, as well as between positive influence and negative influence. The third layer of power, namely power as a structural phenomenon, is dealt with in Section 4.2.2 by discussing the distinction between agency (voluntarism) and structure (determinism) and taking the position that actors and structures interact with each other (Subsection 4.2.1.1). Finally, Section 4.2.3 elaborates on the scope and domain of power within the context of this study.

One of the most problematic aspects of studies on European integration is methodology. Generally speaking, there are no clear methods used by the proponents of those theories discussed in Chapter 2 in order to determine the influence of actors, although the method is decisive in ascertaining which information is needed, how this information is ordered, and how this information can be analysed and interpreted in order to trace the influence of actors. Section 4.3 discusses several methods of influence analysis designed to measure the influence of actors, which is clearly related to the different conceptual definitions of the concepts of power and influence. This study’s choice to employ the ‘intensive process analysis’ is justified in Subsection 4.3.7 both on the basis of considerations of the validity and reliability of these methods, and in light of the research question and object of this study.

Since power is conceptualized as a relational phenomenon and influence as a causal relationship, the main measurement problem, namely causality (power causes influence), is discussed in Section 4.4. After defining the concept of causality in Subsection 4.4.1, Subsection

4.4.2 examines the conditional characteristics of causality in an influence relationship. An appropriate causal design in (non-experimental) influence research should meet these conditional characteristics, which is achieved by applying the method of difference developed by J.S. Mill, as measuring the effect of a cause requires comparing the situation with and without the occurrence of the cause (Subsection 4.4.3).

Section 4.5 presents the rules and operating procedure of the method of ‘intensive process analysis’, which is based on Mill’s method of difference, in order to assess the influence of actors on the outcomes of decision making in the EU. Finally, Section 4.6 deals with some critical comments on the intensive process analysis.

## **4.2 POWER AND INFLUENCE: DEFINITIONS**

Despite the significant differences between the various approaches in defining power and influence in the power literature (see below), there are some overlapping or common elements of power. Debnam (1984) tries to find the common core elements of power by comparing different definitions of power provided by prominent political scientists. From fifteen elements used in different definitions he concluded that four elements constitute the core elements of power: actors (actor: 6 definitions); outcomes (outcome: 6 definitions); intentions (intention: 5 definitions); and actions (action: 4 definition). This implies that actors undertake intended actions (therefore exercising power) to achieve preferred outcomes (demonstrating their influence). According to Baldwin (1993:16) ‘the most common conception of power in social science treats power relations as a type of causal relationship in which the power wielder affects the behaviour, attitudes, beliefs, or propensity to act of another actor’ (See, for example, Lasswell and Kaplan, 1950; Simon, 1953; March, 1955; Dahl, 1957, 1968; Lukes, 1974, 2005; Nagel, 1975; Rothgeb, 1993; Nye, 2008, 2009, 2011). Moreover, power is always exercised in the context of the relative capabilities of actors in a given context. Therefore power can also be seen as a ‘multilayered concept’ with ‘three interconnected layers’ (Goverde and Tatenhove, 2000: 106-107; see also Giddens, 1984): power as capacity (first layer), power as a relational phenomenon (second layer) and power as a structural phenomenon (third layer). On the basis of these common elements and the different distinctions made in the literature in defining power and influence, this section defines the concepts of power and influence within the context of this study, namely, decision-making in the EU political system.

### **4.2.1 Power versus influence**

#### **4.2.1.1 Power as ability, influence as effect**

Generally speaking power is the ability to get what we want (*first layer*). It is ‘the capacity to achieve outcomes’ (Giddens, 1984: 257), or more specifically: ‘the ability to affect others to get the outcomes one wants’ (Nye, 2011: 11). This almost always happens in relation to other actors in a society, i.e. in an economic, social, cultural, historical, political and institutional context, which refers to the relational and structural components of power (second and third layers). This study examines the influence of central actors on the outcomes of the EU decision-making, which are a result of interaction between various actors in the EU political system. Accordingly, I consider power, in keeping with Kuypers (1973: 86), Cox and Jacobson (1973: 3-4), Keohane and Nye (1977: 11), Baldwin (1993: 16), Lukes (2005: 65, 68-74) and Nye (2008: 94, 2009: 160, 2011: 10-13) as more or less the ability (capability) of an actor to bring other actor(s) to think or to do something which he otherwise would not have thought or done in order to get what the actor wants. Influence is the effect that the presence or exercising of power of one actor has on the thinking and doing of another actor. Power is thus ability of actor A to change the behaviour, attitude, beliefs, thinking or doing of actor B; the realization of a

single effect in terms of a change in B's behaviour in accordance with the desires of A on the basis of this ability is influence.

This ability is based on the resources an actor possesses on the one hand and the skills to use these resources adequately on the other hand (cf. Dahl, 1963: 15-17, 1984: 31-33; Dahl & Stinebrickner, 2003: 34-35). Resources can be both material and non-material. A relevant resource is a means which enables actor A to exercise influence on actor B. Resources include military resources, economic, political, technological, organizational, juridical, institutional resources, and resources such as policy position, information, networks, friendship; anything that enables an actor to exercise influence on another actor(s) in a concrete situation. Since this study describes the EU as a political system, it is plausible to assume that military powers and the threat of force are much less important to the exercise of influence in the EU political system than is generally assumed by IR theories. Instead of military power, the other bases of power, such as institutional power, economic power, network, availability of policy alternatives and alternative coalitions etc. are much more important to obtain what one wants. This indicates, in terms of the ways of exercising power as described by Rothgeb (1993), the importance of exchange and persuasion in the EU political system. Coercion is also important, not by means of military force, but instead by means of alternative policy options and coalitions and threat to exclude and non-agreement.

However, having power resources is not a sufficient condition to exercise influence in terms of achieving a desired goal, as is often assumed in the existing theories of IR, RI and CP/PP. 'Power means capability; it is the aggregate of political resources that are available to an actor [...]. Power may be converted into influence, but it is not necessarily so converted either at all or to its full extent. Although those who possess the greatest power may also exercise the greatest influence, this not logically necessary' (Cox and Jacobson, 1973: 4; see also Lukes, 2005: 69-74, 109). Having resources refers only to potential power that is still to be converted into actual power, resulting in the influence to achieve preferred outcomes. Therefore actors must have the skills to choose (a combination of) adequate resources and an effective way of using them in a concrete situation to be able to exercise influence in order to achieve a wanted goal.<sup>1</sup> 'When an actor seeks to influence the behaviour of others, it should conceptualize resources as issue-specific. That is, each type of behaviour that one wishes to affect should be treated as requiring a different type of resources (...) Thus, no single resource should be regarded as useful for all attempts to wield power. No "ultimate" resource exists that will allow an actor to do whatever it wants.' (Rothgeb, 1993: 43; see also Nye, 2008, 2009, 2011). I suggest further that different (types of) actors may be sensitive to different kinds of resources. Accordingly, resources should be conceptualized not only as issue-specific but also as actor-specific. Furthermore, exercising influence also requires that actors are able to use the resources in an effective way. For example, having knowledge about an issue (power resources) is not enough to convince other actors to think or to do something, i. e. exercising influence. One has to have skill to use this knowledge in an effective way to cause other actors to think or to do something as wanted by power-holder. Thus, power as ability refers to resources, skills and actions which enable the exercise of influence. Influence is the realization of a single effect on the other actors consistent with the desires of power holder and results in favourable decision-making outcomes.

Another implication of the context, namely, the EU as a political system, is that the concepts of power and influence should be defined in relation with decision making in the EU political system. This study examines the influence of central actors on different dimensions of European integration and governance, i.e. on the outcomes of EU decision-making process. Hence, this study defines political power as the ability of an actor to influence (policy) outcomes in the EU decision-making system, and political influence as the effect that an actor has, by using this ability, on the outcomes in accordance with its preferences/goals. Influence is

therefore the realization of a single effect on the outcome of EU decision making by affecting the behaviour of other actors. In terms of counterfactual, it means that actor's political goal would not have been attained or would have been attained to a lesser extent if the actor had not been present or intervened. Furthermore, the achievement of one's goal means not only the realization of a desired outcome, but also the prevention of an undesired outcome.

It is then obvious that the exercise of power by an actor is aimed at increasing the utility of the power holder by influencing an outcome (by influencing other actors in order to achieve a desired outcome). This is called 'ego-oriented power', in contrast to 'other-oriented power', which means that the exercise of power by the power holder is aimed at decreasing utility of others and not interested in the outcome (Riker, 1964: 344). This study is thus interested in both actors and outcomes, because a desired outcome is reached by influencing the behaviour of other participating actors in the decision-making process in the EU. Furthermore this study considers *power to* (do something, ability to achieve an outcome, *outcome power*) and *power over* (someone, ability to produce change in the behaviour of another, *social power*) not as two distinct concepts of power, as some scholars suggest, but as two different aspects of a 'single and unified concept' of power, because an actor in political decision-making can achieve a desired outcome (outcome power) by affecting the behaviour of other participating actors (social power) (Pansardi, 2012).

#### **4.2.1.2 Power as a relational phenomenon, influence as a causal relationship**

In contrast to the 'power as resources' approach in which power is equated to the resources actors possess, in this study power is considered as a relational phenomenon and therefore the concepts of power and influence are related to the actors themselves (Baldwin, 2002). An actor can be powerful or have the power to another actor, and therefore it can exercise influence. It means that power and influence are relational concepts (*second layer*), referring to the fact that power is 'always exercised in the context of the relative capabilities of actors in interaction' (Goverde and Tatenhove, 2000: 106; see also Lasswell and Kaplan, 1950: 75-77; Huberts, 1988: 20-22; Huberts and Kleinnijenhuis, 1994: 19-20; Nye, 2011:11-17; Courpasson et.al., 2012: 1-8). Power is always relational and inequality in control over resources is the basis of power relations. Further, in a power relationship, influence is a causal relationship in which the power wielder affects the beliefs, attitudes or behaviour of another actor. Influence is thus 'something that emerges in the political process, not something "given" or calculable at any time' (Cox and Jacobson (1973: 3-4). The consideration of power as a relational phenomenon and influence as a causal relationship is in agreement with the theoretical model, according to which the outcomes of decision-making in the EU is determined by the interaction between various actors (see Chapter 3). Accordingly, in this study power is defined as an ability to exercise influence on political outcomes in the EU decision-making system (by affecting the behaviour of other actors), and influence as an effect on outcomes in accordance with the preferences of power wielder (by changing the choices of other actors). Note that goal-achievement does not necessarily mean political influence, as an actor might achieve its goal because of the intervention of other actors. It is therefore obvious that political influence means the achievement of a policy goal of the power wielder because of its own influence attempt. As a result, political influence presupposes a causal link between an actor's intervention on one hand and a desired outcome on the other.

This definition of influence as an 'observable effect on decision-making' by exercising power to get others to change/modify their initial preferences (*first face of power*), which is similar to agency or the behavioural model (Dahl, 1957, 1958, 1961), has been criticised by many because it does not take into consideration other faces of power (other ways of exercising of power). Bachrach and Baratz (1962, 1963) for example, argued that exercising power expresses itself not only in decision-making but also in non-decision-making. They

conceptualize power in terms of two faces: one face of power is decision-making, which neglects the other face of power, namely non-decision-making, i.e. the control of political agenda (agenda setting/framing). It refers to the ability to exclude potential issues from the political agenda and therefore from decision-making. In keeping with Bachrach and Baratz this study argues that political influence expresses itself also in excluding some issues from political decision-making (*second face of power*). As a result, political agendas are biased and selective. The second face of power, non-decision-making definitely exists in the EU political system as well. However, the processes of agenda-setting are not the primary objects of this research. This study examines agenda setting only with respect to the selected decisions, not non-decisions. The domain of this study is decision-making in the EU political system, and not non-decision-making. Therefore the concept of power has been defined as the ability to exercise influence, and influence as the realisation of a single effect on the outcomes of decision-making. Although this study acknowledges the selective nature of agenda-setting at the theoretical level, it is not covered by the empirical research.

In this definition power is related to actors. Actor A has power to or exercises power on actor B in order to bring actor B to do or not to do something. However, not only actor A but also factor X can induce actor B to do or not to do the same thing. Since we have defined the concept of influence as a realisation of an effect, this effect can be caused both by actors and factors. To put it another way, actors and factors can exercise influence and thus can cause the same effects (Huberts and Kleinnijenhuis, 1994: 18). Factors can contain changing economic conditions, oil crises, changing geopolitical situations such as the decline of Soviet-Union, to name a few examples. Although actors and factors can exercise influence, only actors can have power, that is to say the ability that actors can use in order to get what they one want. This study attempts to measure the influence of central actors on the outcomes of EU decision-making, not the influence of different factors.

#### **4.2.1.3 Conscious, intended, explicit vs. unconscious, implicit, anticipated influence**

Defining power as ability to exert influence, and influence as an effect that the presence or the exercise of power by one actor (A) has on the thinking and/or doing of another actor (B) also implies that actor A can exert power on actor B in two ways. One way is that actor A undertakes an action, i.e. attempts to exert influence on actor B by (adequately) using its power resources. In this case A takes a conscious, intended and usually, but not necessarily always, visible action to exercise influence on B. This is also called intended, manifest or explicit influence (Russell, 1938/1957: 35; Nagel, 1975: 29-30; Wrong, 1979: 2-6; Dahl, 1984: 24-26; Dahl & Stinebricker, 2003: 44).

In the second case, A exercises influence on B not by its action but only by its presence, because of anticipation by actor B of the future reaction of actor A. This is called ‘the rule of the anticipated reaction’ (Friedrich, 1946: 589, 1967: chapter 11). In this case although the power holder (actor A) does not take any action to exert influence, the power subject (actor B) anticipates to the possible future reaction of the power holder by responding to the demands of the power holder, because ‘usually, of course, B expects A to reward him for conforming to A’s wishes and/or to punish him for deviating from them.’ (Nagel, 1975: 16; see also Dahl, 1968: 413). Actor B may thus modify its behaviour only due to the fact that A exists (anticipation), whereas actor A might not have had the anticipated intention. ‘The mere expectation on the part of actor B that A will react may do the job... – though undoubtedly, B’s expectations may be wrong (Westerheijden, 1987: 41). In this case, the power holder (A) exercises influence on the power subject (B) without being aware of it. This kind of influence is described as unconscious, unintended, implicit and anticipated influence (Nagel, 1975: 16; Dahl, 1984: 24-26; Huberts, 1994: 39; Dahl & Stinebricker, 2003: 44-45).<sup>2</sup>

It is thus recognized that beside conscious, intended and manifest/explicit influence unconscious, unintended, implicit and anticipated influence exists as well. However, this study focuses primarily on explicit influence, and only to a limited extent on anticipated influence, purely for methodological and pragmatic reasons. There is still no well-known method of measuring anticipated influence (Huberts, 1998: 58, 1994: 54). It may be easier to measure an anticipated influence in the case of simple influence relations between a few actors, but it becomes more and more difficult in the case of a complex decision-making system like the EU, in which many actors participate at different levels of decision-making and interact with each other in order to influence the outcome in accordance with their preferences. The suggestions of some scholars for measuring anticipated influence seem to me either insufficiently valid or not useful within the context of this study (Huberts, 1988; Peters, 1999; Arts and Verschuren, 1999). This will be further elaborated on in Section 4.5.2.

#### **4.2.1.4 Subjective interest and positive influence**

The domain of this study is also limited to subjective interests and positive influence. Objective interest and negative influence are excluded from this research. Subjective interest refers to the interests and goals as defined by the actors' selves (preferences). Objective interest, as defined by Lukes, refers to the 'real' interests of actors, which means that behavioural or structural power may be exercised to shape actors' perceptions, beliefs and preferences in such way that they accept their positions in the existing order of things in a manner that is favourable for the power holder and acts against the real interests of the power subjects (Lukes, 1974: 21-25, 2005: 26-28, 144-151). At the conceptual level, as Dahl and Stinebricker (2003: 14-18) argue, defining influence in relation to real or objective interests makes it dependent on controversial theoretical assumptions, because it then requires a theory of human interests (see also Nagel, 1975: 27-29, 108-110). Within the context of this study, at the practical level, the actors participating in the EU decision-making system such as member states, supranational organs and pressure groups have a high level of organisation in terms of education, information, knowledge, administration, analytical capacity etc., which makes the assumption plausible that they are able to define their (subjective) interests well. Therefore, this study examines the influence of actors according to the preferences and goals as defined by the actors' selves.

Positive influence means that the effects caused by exertion of power serve the (subjective) interests and goals of power holder. It means that the exercise of power by an actor causes an effect in accordance with its preferences. It is possible that the attempt of actor A to influence actor B can result in a negative effect, meaning that it bring actor B to take a decision against the interests or preferences of actor A. This kind of influence is referred to as a negative influence (Dahl, 1957: 205; Dahl & Stinebricker, 2003: 14; Van Schendelen 1990: 121). This study examines subjective interest and positive influence, i.e. those influences that are consistent with the subjective goals/preferences of power wielder. From now on influence will always refer to causal relations in which effects are in accordance with the subjective interests/preferences of power holder and thus positive. It is then obvious that the conceptualization of power and influence in this study combines the external perspective –of an observer - (the causal relation between A's power and B's modified behaviour) with the internal perspective - of an agent - (the intentions of power holder A) (Murphy, 2011).

#### **4.2.2 Actor versus structure**

Above, power has been defined as an ability and a relational phenomenon to exert influence, and influence as an effect. However, power is not only an ability and relational phenomenon, but also a structural phenomenon (*third layer*) (Lukes, 1974, 2005; Clegg, 1989; Giddens, 1984; Goverde and Tatenhove, 2000). Power is not only exercised in relationships between actors but also in an economic, social, cultural, political and institutional context which is referred to

as the structural component of power. 'Power as a structural phenomenon refers to the fact that power cannot only be considered in terms of what agents do or do not do. Power is shaped by and in turn shapes the [institutionally and] socially structured and culturally patterned behaviour of groups and the practices of institutions' (Goverde and Tatenhove, 2000: 107; Lukes, 1974: 22, 2005: 26).

Another criticism of defining influence in terms of effect on decision-making comes from this structural perspective. Lukes (1974, 2005) does not agree with the one-dimensional (decision, Dahl) and two-dimensional (decision and non-decision, Bachrach and Baratz) behavioural approaches of power, because they focus on agent power and only see observable conflict of subjective interests, neglecting the structural dimension of power (*third face of power*) and objective interests. Power can also be exercised through institutional mechanisms and social arrangements that keep potential issues and latent conflicts out of politics by shaping actors' perceptions, beliefs and preferences. Lukes does not mean, as some scholars suggest, that structure determines actors' behaviour. He only argues that power can be exercised not only on decision and non-decision as behaviourist suggests, but also on the 'wants, beliefs, perceptions and preferences' of actors, which in turn affect their behaviour with regard to (political) decision-making.<sup>3</sup> Furthermore, not only the actors but also the structure in a given society exercises influence. As Lukes (1974: 21-22, 2005: 26) argues 'the bias of the system is not sustained simply by a series of individually chosen acts [as behaviourist suggests], but also, most importantly, by the socially structured and culturally patterned behaviour of groups and practices of institutions, which may indeed be manifested by individuals' inaction.'

It should be obvious that such a mechanism exists and that power also has a structural dimension. As explained in Section 3.4, this study argues that the influence of actors on European integration and governance also depends on structural factors such as the patterns of decision-making (rules of the game) that determine which actor participates in which way in the decision-making. Although this study recognizes the influence of structural factors, the object of this study is not the influence of structural power, but the influence of agent power *given* the structure. Accordingly, the influence analysis in this study is limited to the relationship between actor A and political-outcome X. Therefore it focuses on the influence of actors on political outcomes given the structures (material, institutional, cultural) to answer the question: to what extent have actors A and B exercised influence on the outcomes of EU decision-making?

A different structural (for some post-structural) understanding of power has been offered from the constructivist perspective, developed by Foucault (see for example 1980, 1986), which is also called the *fourth face of power* (Digeser, 1992; Mattern, 2008; Haugaard, 2012). The fourth face of power does not focus on the action of actors, but on the social construction of actors (as social subjects) through social practices and discursive processes (Digeser, 1992; Mattern, 2008; Haugaard, 2012). Power is then diffusely expressed through the social practices and discursive processes in a society (in the family, at school, at the factory, in the army, in politics, etc.) that create social meaning and produce actors in terms of 'who they are, what they believe, and how they should behave'. All practices of subjects 'are planted in a social context governed by various rules and discourses forged by relations of power' (Diseger, 1992 : 981-2). Therefore Foucault (1980, 1986) called this conception of power 'productive power' or 'disciplinary power'. The fourth face of power is then everywhere and always present. This understanding of power directs the inquiry towards the mechanisms of social practices and discourses through which actors are constructed. Although I believe this kind of research would deliver interesting insights into how actors are constructed and what kind of actors are produced, this study examines the action of actors (the influence of actors on the outcomes of political decision-making), not the construction of actors, and therefore the fourth face of power has been excluded from this research.

#### 4.2.2.1 Interaction between structure and actor

This study assumes that structures and actors do not exist and operate independently from each other, but that they interact with each other. Against the dualism between agent (voluntarism) and structure (determinism) Giddens (1984) suggests that agent and structure should be reconceptualized as a unity rather than an opposition of terms. In his 'structuration theory' he qualifies this unity as the 'duality of structure' (Giddens, 1984: 25-26). According to Giddens, human beings are capable of achieving outcomes in social and political practices. They are knowledgeable, creative and constitutive beings that produce structures, which in turn serve as the conditions for the reproduction of human agency in a continuing process. 'Structure is not "external" to individuals.' (Giddens, 1984: 25) Actors are not only constrained but also enabled by the structure, defined 'as recursively organized sets of rules and resources' in a given society, to achieve what they want (Giddens, 1984: 25). But the extent to which they can do this is co-determined by the rules and the distribution of allocative and authoritative resources in that society. In turn, through their action agents can change these rules and distributions of resources (Giddens, 1984: 25-26). However, these resources are mostly unequally divided and not equally accessible to all actors. This means that 'the asymmetrical division of resources (structural phenomenon) reveals itself in relations of autonomy and dependency between actors (relational phenomenon). Power is exercised in the context of the relative capabilities of parties.' (Goverde and Tatenhove, 2000: 105).

It is thus assumed that actors have the ability to achieve their goals, but their influence also depends on the structure in terms of the distribution of resources and the rules of game, in this case the EU political system. Hence, actors are both enabled and constrained by given rules and distributions of resources. However, the empirical domain of this study is not the influence of structure but the influence of agents, given the structure. In addition, actors' attempts to change the rules of game (=institutional development, structural change) are defined as one of the dimensions of European integration and are therefore examined in this research.

#### 4.2.3. Scope and domain

Despite the differences in the definition of power and influence there seems to be an agreement in the literature that the effect of exercising of power (=influence) should be specified by defining the scope and domain. As Nagel (1975: 14) points out, 'anyone who employs a causal concept of power *must* specify domain and scope' (see also Lasswell & Kaplan, 1950: 73-77; Dahl, 1968: 407-409, 1984: 27-28; Rothgeb, 1993: 40-43; Baldwin, 2002: 178-179; Dahl & Stinebricker, 2003: 19-20).

The scope of A's power refers to the aspect of B's behaviour (or type of behaviour) affected by A. The scope is then the behaviour, attitude, belief or choice of B which is influenced by A. The question is then: which aspect of B's behaviour is influenced by A? To put another way, over which or what does actor A have influence? In the context of this study the scope of A's power is to influence B's decision as much in accordance with the preferences of actor A as possible. More specifically, the aim of the exercising of power by actor A is to change the choice B makes on a specific decision selected with respect to the different dimensions of European integration as much in agreement with the preferences of actor A as possible.

The scope in terms of aspects of B's behaviour affected by A also suggests the possibility that an actor's power and influence may vary from one issue to another (Baldwin, 2002: 178). It means that an actor, for example, a pressure group, may have more influence on socioeconomic issues than on institutional change or enlargement in the field of European integration. This is one of the most important problems in influence analyses of European integration. The different theories discussed in Chapter 2 have not specified the scope of the power of the central actors and do not take into consideration the varying influence of actors on



different dimensions of European integration and governance. The scope of power of the central actors in this study refers to (varying influence of the central actors on) the different dimensions of European integration and governance, namely enlargement, institutional change and socioeconomic policy cooperation, as discussed in Chapter 3. More specifically the scope refers to the case studies and the specific decisions in each case study selected to test the main hypothesis of the thesis. The scope of the effect/influence in this study is the proposition that the central actors have the same influence on the sub-decisions in each dimension of integration, but varying influence on the different dimensions of European integration and governance (main cases).

The domain of an actor's power consists of the other actors over whom power is exercised. It refers to the number of actors subject to the influence of the power holder. The other actors can be individuals, groups, organizations, nations, states or other over whom an actor has influence. The question is: how big are the other actors, or how many other actors (Bs) are there? (Baldwin, 2002: 178). The number of power subjects of a power holder can vary from 1 to N. This implies that an actor A may have great deal of influence on actors B and C, while having little influence on actors X and Z.

This study examines the influence of central actors on European integration and governance, i.e. on the decision-making in the EU, which is a result of the interaction between different actors as discussed in Chapter 3. In the context of this study all actors participating in EU decision-making at the EU level belong to each other's domain. They are the member states, the supranational organs like the European Commission and the European Parliament, and interest groups like the ERT, the UNICE and the ETUC. Since this study examines the influence of actors on the different dimensions of European integration and governance, like socioeconomic policy cooperation, institutional change and enlargement, the domain of actors can vary from one dimension to another or, in each dimension, from one decision (sub-cases) to another. Depending on the decision under investigation the number of member states, for example, varies from 6 (association agreement between the European Community and Turkey in 1964) to 15 (European Council decision on Turkey at the Helsinki summit in 1999). In addition, there were supranational organs and interest groups trying to exercise influence. This study is interested both in a 'dyadic' influence relation between two actors, for example the interest group ERT seeking to influence the European Council (decision-maker), and in 'n-adic' influence relations between all participating actors, as the influence analysis concerns more than two participating actors, namely member states, supranational organs and interest groups (Riker, 1964: 344).

#### **4.3 ASSESSMENT OF POLITICAL INFLUENCE: DIFFERENT RESEARCH SCHOOLS**

Power and influence are disputed concepts not only with regard to conceptual definitions as discussed in previous section, but also with regard to operational definitions, i.e. measurement of power and influence, which will be discussed in this section. These two aspects of the debate are closely connected to each other in the sense that different methods of measuring power and influence are based on different conceptual definitions of power and influence.

Generally speaking, scholars classify three classical approaches used to examine political power and influence in a community: reputation, position and decision-making methods (Dahl, 1963: 51-3; Helmers, et.al., 1975; 69-73; Westerheijden, 1987: 44-45; Arts, 1998). However, some students of power distinguish more variants; for example, Van Schendelen (1976, 1990) lists six methods, Huberts and Kleinnijenhuis (1994), ten methods. Dür (2008a) distinguishes three methods to measure the influence of interest groups on the EU decision-making. But most of those methods are either qualitative or quantitative elaborations of the three classical schools (Arts, 1998: 75). This section briefly discusses the main

approaches to assess political influence: Reputation method, position method, network method, decision method and (intensive) process analysis (process tracing). These methods are presented on the basis of their general outline, empirical application, advantages and disadvantages, as well as validity and reliability, according to which it will be determined whether or not they are suitable for answering the research question. Accordingly, arguments will be presented to justify the final choice of the intensive process analysis.

#### **4.3.1 Reputation method**

One of the older methods used to measure influence is the reputation method. The core assumption of the reputation method is that reputation equals power. Its proponents argue that what matters in social relations is not how much power actors really have, but the actors' mutual perceptions of each other's power (Hunter, 1953; Westerheijden, 1987). Actors choose 'behavioural alternatives' not on the basis of the actual power of others, but 'according to their expectations of others' behaviour (Westerheijden, 1987: 41). If people see somebody as influential, then they treat him as such. But if someone has the reputation of being powerless, he will be considered powerless by others.

A well-known application of this method is found in Hunter's (1953) *Community Power Structure*. By using the reputation method Hunter studied the 'power structure' in Atlanta and identified a local power elite, a small economic and financial elite who ruled the city. Hunter asked the respondents, selected out of local leaders who were representative of civic organizations, politics, business and professional people from a political community-'Regional City', to assess the political influence of leaders in that community. This was done by means of interviews or written questionnaires and the results were judged by a panel. Hunter operationalised influence as the number of times that an individual was called as influential by the panel judges (14). Some scholars applied a (less developed) version of reputation method to the EU decision-making, through a self-assessment of interest groups' influence on the EU decision-making (e.g., Dür and Bièvre, 2007).

An advantage of this method is that it is relatively easy to collect data and to study it. It seems also to be a valid instrument for measuring the influence reputation of actors. However, the validity and reliability of the reputation method seem to be problematical, because these assessments tell us only about the reputation of actors, but do not necessarily tell us much about the actual influence of actors on political decisions. Regarding validity, therefore, the critics of the reputation method argue that the method measures perceptions of power in terms of reputation instead of real power (Dahl, 1961; Clegg, 1989: 50; Arts, 1998). As regards reliability, some scholars argue that the respondents involved in reputation research often have good reasons to give biased answers (Huberts, 1988: 31). In addition, different constellations of panel judges may lead to different results.

#### **4.3.2 Position method**

The position method supposes that political influence is based on the positions actors have in a decision-making system (Mills, 1956; see also Dahl, 1963; Arts, 1998). The method assumes a causal and linear relationship between the (in)formal positions actors have in a policy-making process, the power of actors in the process and their influence on the outcomes of the process. It therefore presumes that actual power is identical to formal power, which is equated to influence. Different (in)formal positions in a decision-making system provide participants with varying competencies and unequal access to resources and authorities, which provides different opportunities to exercise influence on the outcomes. It is believed therefore that political influence can be calculated from such dispositional power.

One of the classic examples of the application of the position method is *The Power Elite* by C. Wright Mills (1956). Mills identified a 'power elite' at the top of politics, business and

army in America. The power elite was composed of the people who ruled the big corporations, ran the machinery of the state and directed the military establishment; as a result of which they occupied the strategic positions to make (or fail to make) decisions which had major consequences for a larger number of people. The power elite were a product of the 'institutional landscape' because power was institutionalised. This method considers power as an attribute of institutional positions and thus operationalises influence as the occupation of a (pivotal) formal position in a hierarchy.

While IR theories and intergovernmentalist RI theories do not ascribe any significant weight to the (in)formal position of actors in the decision-making system of the EU, the non-state-centric neofunctionalist tradition and the CP/PP theories assume that within the EU political system not only states, but also supranational and transnational actors have significant (informal) positional power to help determine the outcomes of decision-making processes. The importance of different EU legislative procedures and the role of actors therein in order to understand outcomes have been widely discussed, especially by CP/PP theories (see for example, Tsebelis and Garrett, 2000, 2001; Crombez, 2000; Steunenberg, 1997, 2002). These procedural models assume that decision-making rules and formal procedures structure political behaviour and outcomes by focusing on which actors are allowed to play (players), the decision-making rights of these players, and the sequence of play (Steunenberg and Selck, 2006: 55). However, empirical research to support different claims remains limited (but see for example, Köning and Pöter, 2001; Köning and Proksch, 2006; Selck and Steunenberg, 2004; Steunenberg and Selck, 2006).

While the reliability of the position method is strong, its validity is weak. The advantage of the position method is that its reliability is robust, because it is relatively easier to achieve agreement on what the most important positions are in a decision-making system (Dahl, 1963: 52). However, the validity of the method is problematic: Although the (in)formal position of an actor in a decision-making system is an important power base, it still says little about the real power and influence of an actor on the outcomes (Cox & Jacobson, 1973: 24; Van Schendelen, 1990: 125). Additionally, there is still the question of which issues, which positions are relevant, and at which time. In conclusion, the critics argue that this method measures a possible power base, but not the actual power and influence of actors on the outcomes.

### **4.3.3 Network method**

The network method is closely associated with the position method. While the position method suggests that the influences of actors depend on the position of actors in a network, the network method assumes that the influences of actors can be explained not only by the positions actors have, but also by the relationship between different positions. The interactions and communications between actors in a network are the object of measurement (Van Schendelen, 1990: 125).

Mokken and Stokman (1978/79) employed this method to analyse the structure of corporate-governmental networks in the Netherlands by studying personal interlocks (interlocking memberships/ directorships, i.e. double functions) between the board of directors of 86 large corporations and financial institutions in 27 industrial sectors and state-governmental agencies in 28 policy sectors. They found 688 interlocks between boards of directors of these corporations, the state, and the government institutions generated by 191 persons. These persons connected 80 of the 86 corporations directly with the state by means of one or more interlocks, which allowed them direct access to the decision-making process in (semi-)governmental policy areas of direct relevance to help determine the outcomes of this process, i.e. to exercise influence. The influence was thus operationalised as the number and intensity of interlocks (access).

As we have seen in Section 2.4.1.2, the concept ‘policy network’ has been used to analyse decision-making in the EU. However, the analysis has not focused on the actual influence of different actors, but on potential influence in terms of how decisions are negotiated within EU networks in order to understand outcomes (see Peterson and Bomberg, 1999; Richardson, 1996b, 2006b).

The reliability of the method is considered strong, since it is relatively easy to identify the network-relationship, i.e. the relations between different actors and/or institutions in a network. However, it is not as strong as that of the formal position method because of the difficulty in determining which positions should be incorporated in the analysis. More problematic is the validity of the method. The critics argue that the existence and intensity of a network in terms of relationships between different actors may be a power resource but it does not necessarily tell us much about the actual power and influence of actors.

#### **4.3.4 Decision-making method**

The decision-making method (Dahl, 1961, 1963) determines the influence of actors who participated in a decision-making process by comparing actors’ policy preferences with the outcomes of the decision-making process. The method examines the extent to which the interventions of participants were successful in the decision-making process. It therefore measures the influence of actors in specific issue areas on the basis of the contribution of the actors to the decision-making outcomes. Most of the influence is ascribed to the actor who has achieved most of his goals. It is therefore considered as an ‘input-output analysis’ (Van Schendelen, 1990: 126). Data are generally collected by means of interviews with decision-makers, analysis of policy documents, and direct observation of the decision-making process.

A classic example of the application of this method is Dahl’s *Who Governs?* (1961). Dahl examined the balance of power in New Haven in America. He studied New Haven’s decision-making process on important local issues in order to identify the extent to which actors had achieved their goals. The relative influence of participants was measured according to the extent to which the participants had obtained what they had wanted: the extent to which their own proposals were adopted and the extent to which they successfully vetoed the proposals of others. Dahl concluded that different actors exercised influence on different decisions, indicating a pluralistic distribution of influence in the community.

RI theories have used different versions of the decision-making method in order to explain the outcomes of decision-making in the EU. They compare the preferences of actors with the outcomes of the decision-making process and ascribe more influence to those actors who have achieved the majority of their goals. Liberal intergovernmentalist Moravcsik (1998), for example, combined a version of process-tracing with the decision-making method, which he called ‘historical record’. Sandholtz and Zysman, (1989) from the non-state-centric neofunctionalist tradition also employed this method. Some scholars applied (a version of) this method to the study of interest groups influence on the EU decision-making process (for example, Mahoney, 2007; Dür, 2008b).

The validity of the decision-making method seems more problematic than the reliability. The virtue of the decision-making method is that it studies the actual behaviour of actors and focuses on actual influence rather than potential influence. As the policy preferences of participants and the outcomes of the decision-making process are relatively easier to observe, the reliability of the method is less problematic (but see Van Schendelen, 1990: 126). Most criticism of the decision-making method concerns the validity of the method. Dahl’s method focuses on observable conflict and decision-making (first face of power), but it neglects agenda-setting and non-decision-making (second face of power, Barach and Baratz, 1962, 1963) and the structural component of power (third face of power, Lukes, 1974) (see Sections 4.2.1.2 and 4.2.2). Critics also argue that the decision-making method fails to distinguish between goal-

achievement and influence. After all, an actor can achieve its goal without the exercise of influence because of the successful intervention of a third actor. Correlation between an actor's preferences and goal-achievement does not necessarily mean causation.

*Decision-making models-* Thomson et.al., (2006) applied different decision-making models to the same data set in order to predict the outcomes of decision-making in the EU and compare the relative performance of different models. Data consists of 66 proposals of the Commission, with a total 162 issues in different policy areas. All models are based on rational choice institutionalism. Procedural models stress the importance of formal legislative procedures in explaining decision outcomes (Steunenberg and Sleek, 2006). Bargaining models focus on different strategies of informal negotiations and bargaining, such as the cooperative exchange model (decision-making by mutually beneficial exchange) and the non-cooperative challenge model (decision-making by power strategies), before decisions are formally adopted (Arregui, Stokman and Thomson, 2006). Mixed model, a procedural exchange model (König and Proksch, 2006), combines elements of both procedural models (consultation and co-decision; unanimity and QMV) and bargaining models (preferences, saliencies and resources). Although the differences between the predictive powers of models are very small, the compromise model (Achen, 2006a) and exchange model seem to predict outcomes better than other models, with typically absolute errors of about 23 points on a 100-point scale, indicating that bargaining and compromise are central to EU decision making (Achen, 2006b: 293, 297)

Although the reliability of the measurement of influence through the use of decision-making models is considered strong, the decision-makings models have not been developed to measure the actual influence of actors on decision-making, because they neglect the causal link between the intervention of an actor on one side and goal-achievement on the other side, which raises questions about the validity of the decision-making models.

#### **4.3.5 Intensive process analysis**

Intensive process analysis (IPA) is an improved process-tracing method to study the influence of actors on the outcomes of a decision-making process. Process-tracing 'attempts to identify the intervening causal process – the causal chain and causal mechanism – between an independent variable (or variables) and the outcome of the dependent variable' (George and Bennett, 2005: 206; see also Bennett, 2010: 208-209). Process-tracing (sometimes in combination with other methods) has often been applied to the EU decision making process (Cowles, 1995; Moravcsik, 1998; Dür and De Bièvre, 2007; Michalowitz, 2007; Dølvik and Ødegard, 2012). Most of these studies focus on the influence of one of the participating actors, for example interest groups, which makes it difficult to assess the relative influence of this actor on decision-making in comparison with other participating actors. When applying process-tracing to the EU decision-making process, scholars examine the degree to which the preferences of actors are reflected in the outcomes of decision-making which is explained by: the access of actors to decision-makers, their influence attempts and decision-makers' responses to these attempts. While this is important information in tracing the influence of actors, it is not enough to identify the influence of actors on decision-making; because in a complex decision-making process like that of the EU, tracing can be done in different ways (with different possible outcomes) in the absence of clearly defined rules as to how to trace the process, how to identify actors who have exercised influence, how to eliminate actors without influence and how to assess the degree of influence of different actors. As a result, applying process-tracing in a decision-making process without these rules leads to or increases the reliability and validity problem. As IPA has already developed these rules I consider IPA as an improved process-tracing method to assess the influence of actors on the outcomes of the decision-making process.

Intensive process analysis, as developed by (Huberts, 1988, 1994), examines the influence of participating actors on a single decision (-making) on the basis of an accurate reconstruction of the decision-making process. What happened precisely? What did the actors want? Which action did they take and when? At what time and under what conditions did a change take place in the position of the decision-maker?

For each decision (-making process) longitudinal data are collected with regard to all relevant actors, about their preferences, standpoints, interests, demands, activities, access to and influence attempts on each other. The influence of actors on decision-making is assessed on the basis of the following indicators: preferences of actors and the extent to which actors have achieved their goals; access to decision-makers and (frequency of) attempts to exercise influence; the moment at which the decision-maker changed their position and made a decision; the time-lag between the attempts of actors to exert influence and the making of a decision by the decision-maker. Actor A has more influence when: the more actor A has achieved his goals; the more actor A has access to actor B (decision-maker) and the more actor A attempts to exert influence on B; the shorter the time lag is between A's attempt and B's change; the more B's change reflects A's interests (goal-achievement).

The advantages of intensive process analysis are: the assessment of the influence of actors on the basis of the careful reconstruction of the decision-making process, and the availability of rules established in advance according to which researchers can assess the influence of actors. However, the method has problems with regard to reliability and validity as well. The reconstruction of the decision-making process is a complex and labour-intensive process in which a selection of events and actions is necessary, which has consequences for reliability (Peters, 1999: 68). As far as validity is concerned, the method studies only visible and observable aspects of power and influence, namely the influence of actors on decision or non-decision. Lukes' third dimension of power, structural power and influence, is not the subject matter of this method.

#### **4.3.6 (Why) Choice for intensive process analysis**

There are different factors which play an important role in the choice of method of influence analysis (Huberts and Kleinnijenhuis, 1994: 34; Van Schendelen, 1990: 127-28). One of the factors affecting the choice of method is the object of the study. This study is about decisions, not non-decisions and latent conflicts. Another factor is the research question. The question of this research is: to what extent can the outcomes of the EU decision-making process be explained by the influence of nation states, EU's supranational organs and interest groups? Since the intensive process analysis has been primarily developed to trace and assess the influence of the actors on the outcomes of decision-making processes, this study chooses to use the intensive process analysis in order to identify the influence of central actors on European integration and governance. In addition, in contrast to other methods, the intensive process analysis has clear rules in order to trace and assess the influence of actors, which makes it more objective, valid, and reliable.

Although the decision-making method analyses the decision-making process and tries to identify the influence of actors on the basis of their effects on decision-making, as we have seen, it fails to distinguish between goal-achievement and exercising influence. The position method is not useful due to the fact that (in)formal positions of actors in a decision-making system tell us very little about the real influence of the actors on the outcomes of the decision-making process. The same is true for the network method. The combination of decision-making models and the network method is also not helpful because they have been not developed to measure the actual influence of actors. Finally, the reputation method is not convenient since it assesses the reputation of actors, which does not tell us much about the actual influence of actors on political decisions. These methods are thus not sufficient for measuring actual/real

influence of actors on the outcomes of decision-making, because they measure influence indirectly, by means of reputation, resources or goal-achievement. As a result, measuring the influence of actors on outcomes requires a careful study of the influence process that should demonstrate the relation between the exercise of power by actors on one side and the effect of it on outcomes on the other side. The intensive process analysis focuses precisely on the relationship between the attempt of an actor to exert influence and the effect of it on decision-making, in order to assess the actual influence of actors on decision-making. After discussing the main measurement problem, namely causality, the intensive process analysis will be elaborated on in Section 4.5.

#### **4.4 THE MAIN MEASUREMENT PROBLEM: CAUSALITY**

##### **4.4.1 The concept of causality**

The concept of causality refers to the relationship between events in terms of cause and effect, which means that one event is the cause and another the effect; a change in one event (cause) produces a change in another event (effect) (Gadenne, 2001; Bunge, 1963; Mackie, 1974; Hume, 1777/1975, 1748/1978; Tacq, 1984; Hage and Meeker, 1988). A causes B means that A makes B happen, or a change in A produces a change in B. There is also causality if one event prevents another from happening, i.e. if A prevents B happening. Causes thus explain and predict effects.

In Section 4.2, power has been defined as the ability of an actor to exercise influence, and influence as the realisation of a single effect on the decision of another actor in accordance with the preferences of power holder and, as a result of which, on the political outcomes in the EU decision-making system. Power is considered as a relational phenomenon and influence as a causal relationship. Research on influence is then a research on the relationship between cause (power) and effect (influence) - causality. It concerns the relationship between an actor (cause) and a political decision (result). The question is to what extent has a decision of action of actor B been caused by the intervention of actor A?

To put it another way: ‘How closely are causes connected to their effects?’ There is no agreement in the literature on the conditions of causality. A cause may be a necessary condition for its effect, a sufficient condition or both a necessary and sufficient condition. One of the most important starting points of this discussion is the concept of causality as defined by David Hume, who argued that causality can not be observed but only inferred by the observer. According to Hume, in his *Treatise of Human Nature* (1748/1978, text revised by P.H. Nidditch: 75-89; 173-175), the relation between cause and effect has the following characteristics: 1) contiguity or locality principle: causes and their effects must be contiguous in space and time. 2) Succession in time: a cause precedes its effect in time. 3) Constant conjunction: causes are always followed by their effects in a constant fashion (regularity theory), which also means that a cause sufficient is for its effect. 4) Counterfactual statements: Hume (1777/1975: 76) has also defined causality in terms of counterfactual statements (counterfactual dependence): If the cause had not been, the effect would never have existed (necessary condition).

Hume defined causality thus in terms of necessary and sufficient conditions, namely A is a necessary and sufficient condition for B. It means that B never occurs without cause A (therefore being necessary) and that cause A always produces the same result B (therefore being sufficient). It should be clear that such a rigid interpretation of causality is not applicable in research on political influence (Dahl, 1968: 410-411; Van Schendelen, 1990: 123; Peters, 1999: 69). It cannot be proved that a certain attempt to exercise influence always and under every condition has same effect on the decision-maker. Blalock argued that defining cause in terms of necessary and sufficient conditions leads to great practical difficulties in research: ‘In real-

life situations we seldom encounter instances where B is present if and only if A is also present.’ (Blalock, 1964: 30).

Consequently there are some criticisms of Hume’s concept of causality ((Blalock, 1964; Mackie, 1974; Tacq, 1984; Hage and Meeker, 1988: 1-10, 199; Gadenne, 2001: 1562-3). First, it fails to distinguish between spurious causes and genuine/true causes. Co-variation between A and B can be caused by a third factor, C. Second, there can be multi-causes instead of a mono-cause of the same effect. It means that an effect can have not only one cause as suggested by Hume, but that the same effect can be caused by different causes. ‘Most contemporary social scientists instead hold that different causes can have the very same effect.’ (Gadenne, 2001: 1563). Third, causal statements are frequently interpreted, especially in the social sciences, ‘as *ceteris paribus* statements: other things being equal, A produces B.’ (Gadenne, 2001: 1563). *Ceteris paribus* refers only to those factors causally relevant for B. This implies, fourth, that conjoining of cause and effect happens in certain circumstances and background conditions in a given causal field, as argued by Mackie (1965, 1974). Causality usually involves a complex set of circumstances where the causes often consist of a set of factors, which are ‘severally necessary and jointly sufficient for the effect’ (Mackie, 1974: 37). A complex set of causes/conditions thus combined creates the effect. Mackie has therefore defined a cause as a ‘necessary [condition] in the circumstances’ but it does not need to be a sufficient condition, which is provided by circumstances or background conditions (possibly causal factors) in a given casual field. A cause is then identified as one of a set of conditions, an ‘Insufficient but Necessary part of a condition which is itself Unnecessary but Sufficient for the result (=INUS condition)’ (Mackie, 1965: 245, 1974: 62). In sum, A causes B in circumstance C (possibly causal factors) in relation to the causal field F.

Following Mackie this study defines causality as a ‘necessary condition (necessity) in the circumstances.’ Considering a cause as an INUS condition is useful for this study because political outcomes in EU decision-making are assumed to be a result of interaction between various actors, where the intervention of one actor A may be necessary, but almost always not sufficient for the outcomes. The outcomes of decision-making in the EU are caused not only by one actor A, but by combination of different actors. Influence analysis attempts to examine the relative influence of participating actors on the outcomes of decision-making in the EU. One actor A is thus an INUS condition for an outcome X in the circumstances, i.e., in combination with other actors (possibly causal factors) in the context of the EU political system (causal field). Mackie traces the INUS condition by applying Mill’s method of difference, which I will elaborate upon in Section 4.4.3. But first, I will discuss the conditional characteristics of causality in an influence relationship.

#### **4.4.2 Conditional characteristics of causality in influence relationship**

Research on influence is research on the relationship between cause and effect -causality.

It is widely accepted in the literature of causality that a cause brings about a change in its effect. In the case of an influence relationship, a change in A’s behaviour causes a change in B’s behaviour. A change in A’s behaviour (exercising power=cause) causes a change in B’s behaviour in terms of a modified decision in accordance with the preferences of A (effect =influence). The conditional characteristics of causality in an influence relationship can be inferred from this definition as the following: co-variation (of causes and effects), temporal sequence and time lag, asymmetry, causal link/mechanism and true causation instead of spurious causation (cf. Simon, 1953; March, 1955: 434-38; Dahl, 1957: 204, 1968: 410; Nagel, 1975: 35-53; Hage and Meeker, 1988: 9-10, 13-20; Gadenne, 2001: 1562-65)

Causality in an influence relationship assumes, first, that a cause (A) and its effects (B) co-vary. Co-variation of A and B implies that there is change in the behaviour of both A and B. In the context of this study, a change in A’s behaviour in terms of an attempt to exercise power



causes a change in B's behaviour in accordance with the desires of A, resulting in a modified decision made by B in conformance with the preferences of A. Thus, in this study a change in A's behaviour means exercising power (influence attempt-action) and a change in B's behaviour is a (modified) decision in conformance with A's preferences.

Second, causality requires a temporal sequence and time lag between a cause and its effect. Whereas spatial contiguity as suggested by Hume is not considered necessary for causation, temporal contiguity is widely recognized (Dahl, 1957: 204; Nagel, 1975: 46; Gadenne, 2001: 1562). Temporal sequence means that a cause precedes its effect, or an effect cannot precede its cause (This does not exclude the possibility of simultaneous causation). It is generally agreed upon that 'the action of the cause comes first in time... the one that occurs second can never be the cause of the one that occurred first.' (Hage and Meeker, 1988: 13). In the context of influence relationships it means that a change in the behaviour of A (cause) precedes a change in the behaviour of B (effect). A's influence attempt precedes B's response. A necessary condition of influence relationship is then that a time lag exists, however small, between the actions of actor A in terms of the influence attempt (exercising power) and the response of actor B to A's action (effect). It means that if we identify a change in the behaviour of A in terms of an influence attempt by actor A on the decision-maker B, before a decision has been made by B which is in accordance with the preferences of A, it implies the influence of A on the decision made by B.

Third, causality assumes an asymmetrical relationship between a cause and its effect. It means that the statement A causes B excludes the possibility that B causes A. As a result we can explain B by referring to A and not the other way around. A change in the behaviour of A causes a change in the behaviour of B. Accordingly we can measure the influence of A on B by observing how a change in the behaviour of A alters the behaviour of B. In an influence relationship, a change in the behaviour of A in terms of exercising power causes a change in the behaviour of B in terms of modifying its decision in accordance with the preferences of A. B's decision can then be explained by referring to A's power, but A's action (exercising power) cannot be explained by B's decision. Anticipated influence is also asymmetrical, although it is brought about not by action of A but by the combination of the presence of A and the anticipation of B to the future reaction of A. In the EU decision-making process various actors may undertake influence attempts to exercise influence on each other. This implies that there may be asymmetrical relations operating in the opposite direction, for example from B to A. In this sense, it is then plausible to assume that an influence relationship in the EU may be reciprocal. This does not violate the principles of temporal sequence and asymmetry, because we do not presume/assume that they take place simultaneously (Hage and Meeker, 1988: 17; Simon, 1953: 504-5). It is assumed that in each case exercising influence takes place in successive time periods, in which we can make separate observations of these influence attempts.

Fourth, in the case of an influence relationship causality requires a casual link or mechanism between a cause and its effect. If there is no 'connection' between A and B, we cannot say [that] a power relation exists (Dahl, 1957: 204). As discussed in Section 4.2.1 A can exert influence on B in two ways or by means of two mechanisms. One is that A takes action by exercising power, i.e. successfully attempts to get B to do something that B would not otherwise do. Another link is B's anticipation, meaning that A exercises influence on B not by its action but only by its presence, because B anticipates the future reaction of A. This study focuses primarily on the relationship between A's influence attempt (exercising power) and a change in B's decision (effect). Anticipation will be studied to a limited extent as it is discussed in Sections 4.2.1.3 and 4.5.2.

Finally, causality also requires true causation between A and B instead of spurious causation, so as to distinguish cause from correlation. True causation means that a change in

the behaviour of A causes a change in the behaviour of B. This excludes the possibility that a change in the behaviour of B has been caused by a third actor or factors. Spurious causation refers to a situation in which a change in the behaviour of A and B or the co-variation of A and B is caused by a third actor, C (common causation). It can be the case that the co-variation in the behaviours of A and B develops either indirectly via another actor D (A--> D-->B) or is conditional on another actor E (E-->A-->B). This study seeks to deal with spurious causation by an appropriate causal design in this non-experimental research, which is based on the method of difference, which takes into account the influence relationship between all actors participating in the decision-making of the EU at the EU level.

#### **4.4.3 Causal design in (non-experimental) influence research: method of difference**

There are two reasons why a causal link in an influence relationship can never be identified with 100% certainty (Dahl, 1968: 410-411; Van Schendelen, 1990: 123-124). The first is that an influence relationship assumes per definition a time lag, no matter how short, between the exercise of power by actor A and the effect of this attempt on actor B. Within this time lag the conditions can change, as a result of which a researcher can never adduce that the effect on B has been caused by A. The conclusions have to be based on 'ceteris paribus-clausule'. The second reason is that researcher can never discover what actor B would have done without influence of actor A, because this has not happened. The researcher can only suppose it. As a result, influence can never be demonstrated with 100% certainty.

However it is possible to make a demonstration of influence plausible (Huberts, 1988: 29-30; Peters, 1999: 70-71). The question is how? The most important problem is how to measure the causality between A's influence attempt and B's decision. How can we identify that a change in the behaviour of A in terms of power exertion causes a change in the behaviour of B in terms of a modified decision in accordance with the preferences of A? 'Under what conditions is it justified to conclude that certain results of observations confirm a causal statement? This is one of the major questions in the methodology of the social and behavioural sciences' (Gadenne, 2001:1564). Therefore most scholars relate the problem of measurability of influence to the problem of causality. An appropriate method of influence analysis should meet the conditional characteristics of causality as discussed above, such as co-variation, temporal sequence, asymmetry, causal link/mechanism and the exclusion of spurious causation. The latter is especially important because a third actor C, instead of A, could cause the change in B's behaviour. It is therefore required that spurious causation has to be eliminated by means of an appropriate empirical design. As measuring the effect of a cause requires comparing the situation with and without the occurrence of the cause, 'this is optimally done by comparing cases that differ only with respect to A (J.S. Mill's Method of Difference).' (Gadenne, 2001: 1564). Despite some criticism, Mill's method of difference is still considered the basis of all casual design and research (Mackie, 1974: 68-70; Hage and Meeker, 1988: 45-50; Tacq, 1984: 64-65; Gadenne, 2001: 1564; but see Blalock, 1964: 13-14). In an experimental research this is done by the random assignment of individuals to an experimental and a control group, where the experimental group is exposed to A, whereas the control group is not. Although the experimental method has limited value in the research on influence, Mill's method of difference can also be applied in non-experimental influence research in order to establish causality between the influence attempt of actor A and the decision of actor B.

In his *A System of Logic* Mill (1872/1973) explained different methods of experimental inquiry in order to trace casual relationships. Mill calls them eliminative methods because 'all these methods work by eliminating rival candidates for the role of cause.' One of those methods is the method of difference, which is based on the systematic comparison of situations and time (point in time). In order to demonstrate the causal relationship between a cause and its effect

we compare two instances resembling one another in every other aspect, but differing in the presence or absence of the phenomenon we want to study (Mill, 1973: 391).

Mackie (1965, 1974) applied Mill's method of difference in order to trace the causal relationship in terms of INUS condition ('Insufficient but Necessary part of an Unnecessary but Sufficient condition'), as discussed in Section 4.4.1. According to Mackie, in each method of eliminative induction the account is based on an assumption, an observation and a conclusion (Mackie, 1965: 255, 1974: 68-70). To achieve any positive causal conclusion by a process of elimination, we must assume that the effect has some cause and the number of possibly relevant causal factors is restricted. Besides this assumption, we need a difference observation based on the method of difference, as determining the cause of an effect requires comparing the cases with and without the occurrence of the cause (see Table 4.1).

Table 4.1 Mackie's applying of method of difference of Mill

Instances/cases	Possible causes					Effects
	A	B	C	D	E	P
Case I	p	p	a	a	p	p
Case II	a	p	a	a	p	a
Conclusion	A INUS condition of P					
	p: present, a: absent					

The observation (Table 4.1) that A causes P is based on Mill's method of difference (Mackie, 1974: 70). An instance in which P occurs (case I) is compared to another instance in which P does not occur (case II). Since one of the possibly relevant factors A is present in case I and absent in case II, but each of the other possibly relevant factors (B, C, D, E) is either present in both I and II or absent both from I and II, then A is INUS condition of P. This comparison between cases I and II also shows how Mill's method of difference meets the conditions of causality, such as co-variation, asymmetry, temporal sequence and the exclusion of spurious causation.

Mackie has relaxed the conditions of causality in Mill's method of difference. First, there are at least two ways of making a causal statement in which some approximation to the difference observation is achieved (Mackie, 1974: 71-2): One is the standard controlled experiment with an experimental case and a control case. The other is the 'before-and-after observation' (comparing case I and case II) in order to see the result of a change. Here case II serves as a control case and case I as an experimental case. In the case of singular causal judgement, we can formulate a causal judgement by means of 'imaginative analogizing'.

Secondly, it is not necessary that the cases I and II only have one point of difference (or agreement) (Mackie, 1974: 72). A cluster of factors can also be causal factors which are also called as INUS-condition by Mackie (insufficient but necessary part of a set, which is unnecessary but sufficient for the result). Suppose that two possibly relevant causes A and B had been present in case I, but absent in case II. This observation still serves to show that the cluster of factors (A, B) contains something that is an INUS condition which could produce the effect P. Any distinction of factors helps us to proceed by 'the progressive localization of a cause' (Mackie, 1974: 73).

Thirdly, we do not need know all precise differences and agreements between cases I and II, but except A there should be no other ‘likely-to-be-causally-relevant difference’ between these two cases (Mackie, 1974: 71). It is then not necessary to investigate all possible differences and agreements, but sufficient to study only possible relevant factors/causes, laying in ‘spatio-temporal neighbourhood.’

This relaxation of causality by Mackie in terms of ‘before-and-after-observation,’ ‘no other likely-to-be-causally-relevant differences,’ ‘spatio-temporal neighbourhood,’ ‘clusters of actors as causes (INUS condition), makes it possible for a researcher to assess the influence of different actors in a decision-making process. Within a decision-making process not only is before-and-after observation possible, but different phases of a decision-making process can also be compared with each other so as to meet the conditional characteristics of influence relationship discussed in Section 4.4.2 by creating different cases (=different phases of decision making process) as shown in Section 4.5.3. So we are able to apply Mill’s method of difference in a decision making process in order to determine the influence of participating actors. The researchers need only to study those actors participating/involved in the decision-making process as possible causes of decisions. The intensive process analysis (Huberts, 1988, 1994; see also Peters, 1999) has been drawn on these elaborations. I will now explain the rules and operating procedure of the intensive process analysis in order to assess the influence of actors on decisions in a political system.

#### **4.5 INTENSIVE PROCESS ANALYSIS: RULES AND OPERATING PROCEDURE**

##### **4.5.1 Influence in a decision-making process**

Analysis of influence in a decision-making process requires clarity of causal field, outcomes/decisions, causal factors/actors and rules in order to discriminate between actors with or without influence (Huberts, 1994: 44).

The analysis of the influence of actors in a decision-making process is a causal analysis: analysing the extent of causation of a decision or non-decision by actors involved in the decision-making process. Firstly, it means, among other things, that the exercise of influence always happens in a given structure/context, i.e. causal field. It can be an organisation, a national political system or an international system. The context/structure of this study is the EU political system. It means that the rules of decision-making and the competencies of actors within the EU political system are considered as given. Secondly, since the influence analysis is a causal analysis between causes (actors) and outcomes (decisions), it should be clear which outcomes (decisions or non-decisions) are to be studied. On the basis of the research question and the theoretical framework, this study has chosen certain political decisions on different dimensions of European integration to examine the influence of actors on them, which will be discussed in Chapter 5. Thirdly, and equally important, is identifying possible causal factors, which are considered to be the actors involved in the decision-making process. The assumption is that the outcome (=decision) is produced by a combination of actors, striving for that outcome in the pursuit of their interests. In the EU decision-making system, they are member states, the supranational organs of the EU and interest groups at the EU level. Finally, there should be clear rules and procedures in order to determine the extent to which each actor has exercised influence on the final decisions. I will now explain these rules step by step.

##### **4.5.2 Reconstruction of decision-making**

The intensive process analysis has been primarily designed to trace and identify the influence of actors in a decision-making process that ends with a decision. The assessment of the influence of actors is based on as complete a reconstruction of the decision-making process as

possible. In the reconstruction all actors involved in the decision-making process, their preferences and their actions (attempts to influence) should be recorded. The more precise the reconstruction of decision-making is, the more plausible the assessment of the influence of the actors is.

Firstly, the reconstruction begins with the final decision. The content of the final decision and (possible) alternative options should be noted down in the reconstruction. Secondly, all actors concerned with decision-making should be registered. In a political decision-making process various actors with different and often contesting interests try to influence decision-making in order to achieve their goals in pursuit of their interests. The influence analysis focuses on discriminating between the contributions of different actors to decision-making. Therefore, thirdly, the contribution of all actors should be clear. In the reconstruction, the standpoint of actors, their preferences, goals, and demands should be recorded. In order to assess their influence, finally, their actions and attempts to exercise influence, especially on the decision-maker, should be noted down in the reconstruction. Equally important is that all doings of the decision-makers (who have the competencies to make a decision) should be reproduced in the reconstruction. This is important because changes in the positions of the decision-makers refer to the possible influence of actors involved.

#### *Decision-maker(s)*

The final decision in a political-administrative decision-making process is always made by those actors with decision-making competency, i.e. a clearly identifiable decision-maker. It is plausible to assume that the actors trying to have influence on the outcomes of the decision-making process attempt to exert influence on the decision-maker, either directly or indirectly. Of course this does not exclude the possibility that all actors participating in the decision-making process try to exert influence on each other so as to achieve their desired goals. The highest decision-making authority in the EU system is the European Council, also called the European Summit. It occupies a position at the top of the EU's institutional system, takes a central political leadership role, provides general political guidelines and strategic policy direction for the EU, makes major political decisions on the overall direction of European integration, monitors the work of sectoral Councils and 'engages in trouble-shooting' (Hayes-Renshaw and Wallace, 1997: 164, 2006: 170-75; see also Nugent, 1995: 166-171; McCormick, 2008: 89; Petersen and Bomberg, 1999: 33-34). While the European Council is the highest decision-making authority in the EU system, the Council of Ministers is the main legislative body and decision-making institution (Nugent, 1995: 125-126, 2010; Hayes-Renshaw and Wallace, 1997: 16-23, 2006: 15-25; Peterson and Bomberg, 1999: 34-38; McCormick, 2008: 79-82; H. Wallace, 2000a: 19-20). However, since the SEA, the EP has been given increasing power over legislation and has become a co-legislator in the fields of common policies. In other policy domains such as agriculture, JHA and CFSP, the Council remains the decision-maker of last resort.<sup>4</sup>

#### *Auto-causation*

It is possible that in a decision-making process, decision-maker(s) can autonomously take a decision without the influence of other actors, the so called 'auto-causation' (Huberts, 1988: 46, 1994: 45). In this case we do not need to make an influence analysis. The question is then, how can we determine auto-causation? If the decision-makers do not alter their position during the decision-making process, it equates to auto-causation. Otherwise, if the decision-makers change their position during the decision-making process, it likely refers to either the influence of other actors or debut of new decision-maker, i.e. 'person-change'. In the EU decision-making system, political decisions are not made by one person (for example one minister) but separately or together by several decision-making bodies. Auto-causation would mean that the Council of

Ministers or the European Council - as the main decision making bodies in the EU - make decisions without the influence of other actors. However, as the Council of Ministers or the European Council are composed of the representatives of the member states who seek to influence each other in order to achieve their desired goals, the decisions of the Council are thus caused by the member states. In this sense, there is no auto-causation in the EU decision-making with respect to the political decisions examined in this study.

### *Anticipation*

As discussed in Section 4.2.1 an actor, A, can exercise influence on another actor, B, without any attempt to exert influence but only by its presence, when actor B anticipates the demands of actor A. According to Huberts (1988: 58, 1994: 54) anticipation should not be confused with the considerations inherent in each decision made by actors who anticipate possible reactions from environment. There is only influence by anticipation when a decision-maker takes the interest of an actor into greater account, while this actor was not present in the decision-making process. There seems to be an agreement that goal-achievement without undertaking any influence attempts indicates influence by anticipation (Huberts, 1994: 54; Peters, 1999: 73-74; Arts & Verschuren, 1999: 419). The question is: how to measure anticipated influence?

At theoretical level there seems to be three ways of measuring influence by anticipation. First, the decision-maker may recognize, say in an interview, influence by anticipation. However, this option has problems with both feasibility and validity. It is often not easy to get access to the decision-maker, especially in the case of decisions made a long time ago, such as those in this study. Moreover, when access is possible, decision-makers often have good reasons not to tell the truth. Another way is to carefully study considerations of the decision-maker in order to identify influence by anticipation as suggested by Huberts (1994: 54) and Peters (1999: 73-74). I wonder whether these kind of considerations are always available and provide enough of a basis to identify influence by anticipation. Third, Arts & Verschuren (1999: 419) argued that the 'EAR instrument', an assessment method of influence originally developed by Arts (1999) in his dissertation offers a technique to measure anticipated influence. According to them, A has exercised influence on B by B's anticipation if: A's assessment of his own influence is negative ('ego-perception'-E); B's assessment of A's influence is positive ('alter-perception'-A); and the analysis of the researcher (R) shows that A achieved his goal, but 'this goal achievement cannot be ascribed to A's own intervention'. It should also be demonstrated, however, that A's goal-achievement has not been caused by the intervention of another actor, C. Nevertheless, while this instrument may be useful in some cases, it is unfortunately not applicable in this research because an interview with the players is not feasible, as the decisions under investigation were made a long time ago and the research is mainly based on written documents. As a result this study focuses primarily on the explicit exercise of influence by exercising power. However, in the case of a combination of goal-achievement and an absence of influence attempts, this study will try to trace influence by anticipation through seeking to study the considerations of the decision-maker, and to show that the goal-achievement was not caused by the intervention of another actor, C.

### **4.5.3 Elimination of actors without influence: rules and procedure**

The dynamic of decision-making process offers mechanisms to eliminate actors who have not exercised influence on decision-making. The decision-making process can be separated longitudinally in different periods (Huberts, 1988: 45, 1994: 46). In this way different cases (phases of the decision-making process) are created in order to be able to apply Mill's method of difference. Compare the Table 4.1 (Mill's method of difference) to Table 4.2 below (a fictional decision-making process). This section explains the rules and procedures of intensive process analysis, which is designed to eliminate actors who did not have any influence on

decision-making and identify those actors who have exercised influence on decision-making. This will be done by use of a fictional decision-making process. Table 4.2 shows the development and reconstruction of this decision-making process in the form of a table.

Table 4.2 Fictional decision-making process

Time	t <sub>1</sub>	t <sub>2</sub>	t <sub>3</sub>	t <sub>4</sub>	t <sub>5</sub>	t <sub>6</sub>	t <sub>7</sub>	t <sub>8</sub>
Players								
Decision-maker	x	x	x	x	x	z	z	z
Actor A	x	x	x	x	z	z	z	z
Actor B	x	x	x	z	z	z	z	z
Actor C	-	y	y	y	y	y	z	z
Actor D	-	-	z	z	z	z	z	z
Actor E	-	-	x	x	x	x	x	x
Actor F	-	-	-	y	y	y	y	y

The decision-making process develops from the moment t<sub>1</sub>, the starting point, to the moment t<sub>8</sub>, by which the decision-maker has made the final decision. While the researcher is selective in the choice of the moments (t<sub>1-8</sub>), they are in fact given by the changes of positions of the decision-maker, because it brings us to the exercise of influence by other players. The decision-maker chose the alternative z over alternatives x and y. This choice is consistent with the choice at the moment t<sub>6</sub>. In the period before t<sub>6</sub> the decision-maker took the position x. Apart from the decision-maker, there were 6 other actors participating in the decision-making process, actors A, B, C, D, E and F. The positions of these actors during the decision-making process, the moments from t<sub>1</sub> to t<sub>8</sub>, are also reflected in the table. Some of the actors had no clear position at certain moments of the process.

### ***1. Preferences and goal achievement: before-after comparison***

In previous sections power was defined as an ability to exercise influence, and influence as the realisation of an effect on the outcome of decision-making in accordance with the preferences of power wielder (goal achievement). Preferences refer to the desired outcomes with regard to the decision in question. Goal achievement means the extent to which preferences/goals of an actor are reflected in the outcome, i.e. final decision.

Which actors have actually exercised influence and how can we identify them? The first rule to identify the actors who have influence and the actors who have not is to determine whether or not the preferences of the actors can be found in the final decision made by the decision-makers. Therefore, the final decision is compared to the preferences of actors. No influence is ascribed to those actors whose preferences have in no way been reflected in the final decision, therefore they are eliminated. In our fictional decision-making process, as presented in Table 4.2, the decision-maker has chosen the option z against the options x and y. There can be no influence ascribed to actors E (with preference x) and F (with preference y), because their preferences have not been reflected in the final decision.

After the elimination of actors who did not get what they wanted and therefore had no influence, the next step is to distinguish between those actors who have succeeded in influencing decision-making and those who were not successful in exerting influence. The achievement of (some part of) their goals, as we have seen, is not equal to having influence (see

Section 4.3). How can we identify whether the actors who have achieved (some part of) their goals actually exercised influence, and to what extent?

## **2. Time**

The moment at which actors take and/or change their position is the next criterion. Therefore time is a crucial factor in the analysis of the influence of actors. ‘When the position of an actor changes according to same pattern as that of decision-maker and the change of position of the actor happens before such a change of the position of the decision-maker then it refers to the influence of the actor’ (Huberts, 1988: 65, 1994: 47). This rule is obviously based on certain conditional characteristics of causality as discussed in Section 4.4.2, namely co-variation, temporal sequence and asymmetry between the changing position of an actor and the decision-maker. Therefore the moment at which the decision-maker changes his/her position indicates possible influence by other actors. Hence it is important to find at which moment the decision-maker has made his/her actual choice (beyond the formal choice) and to record it in the reconstruction.

### *2.1. Time: comparing timing of making decision and timing of taking position*

The first rule with regard to the factor ‘time’ is that no influence is ascribed to those actors taking their position after the decision-maker has made his actual (not formal) and final choice. For, in this case the cause (the taking of a position by an actor) has occurred after the occurrence of an effect (decision). As a result, there is no required temporal sequence and asymmetry between the cause and its effect (see Section 4.4.2). In our fictional decision-making in Table 4.2 the decision-maker made definitive decision at time  $t_6$  and chose option z. As actor C chosen the option z at time  $t_7$ , thus after decision maker, we ascribe no influence to actor C.

### *2.2. Time: time lag*

The question is now how to determine the influence of those actors who preferred option z before the decision-maker made their final choice? We must now discriminate between actors A, B and D. Therefore we apply the second rule of the factor ‘time’, namely time lag: the actor taking or changing his/her position closest to the moment at which the decision-maker made the definitive choice is attributed (more) influence (but under the condition of a causal link in terms of access and influence attempts, see further below). The shorter the time-lag between an actors’ attempt to take his/her position and the decision of decision-maker, the larger the influence of the actor. The logic of this rule is that less influence is attributed to the actor who tried to influence the decision-maker for a long time without success than to the actor who succeeded directly after his/her initial attempt at exercising influence. This is because the effect (decision) occurred just after the influence attempt of this actor, which conforms to Mill’s method of difference. In our fictional decision-making in Table 4.2 the most influence is ascribed to actor A. At the moment  $t_5$  actor A preferred option z. At the next moment,  $t_6$ , the decision-maker also changed his/her position from x to z. Actor B and actor D preferred option z for a long time, but the decision-maker did not change his/her position and remained with option x. However, just after actor A chose option z, the decision-maker also chose option z. As a result, for the moment it is concluded that actor A has (exercised) the most influence.

### *2.3. Decision-maker in doubt*

However, actual decision-making processes are often more complex. For example, it is possible that there is a time lag between an attempt of an actor to exercise influence and the effect of this attempt on the decision-maker. As a result, a change in the position of the decision-maker might not happen immediately after the attempt of this actor to exert influence, but take some time because the decision-maker has doubts, or hesitates to take a definitive position, or defers



making a definitive choice. It is therefore very important for the researcher to trace and record the actual standpoint of the decision-maker during the decision-making process carefully, where he/she should focus on the actual turning point in the development of the decision-making process.

Table 4.3 Fictional decision-making process: decision-maker in doubt

Time	t <sub>1</sub>	t <sub>2</sub>	t <sub>3</sub>	t <sub>4</sub>	t <sub>5</sub>	t <sub>6</sub>	t <sub>7</sub>	t <sub>8</sub>
Decision-maker	x	x	x	x	x /z	z	z	z
Actor A	x	x	x	x	z	z	z	z
Actor B	x	x	x	z	z	z	z	z

Consider for example the fictional decision-making process in Table 4.3. The decision-maker made a definitive choice of option z at time t<sub>6</sub>. At first sight, we would attribute influence only to actor A, because, according to the time rule, at time t<sub>5</sub>, shortly before the decision-maker took a definitive position, he preferred option z. However, on further consideration, we can see that the decision-maker was made to doubt his original choice (in the Table: x/z) at time t<sub>5</sub> by actor B who pleaded for option z at time t<sub>4</sub>. In this case, the choice of the decision-maker of z at time t<sub>6</sub> is also the result of delayed impact of player B's attempt at time t<sub>4</sub>. The decision-maker's doubt disappeared when player A took the position z at time t<sub>5</sub>. Accordingly, the influence should be shared between actor A and B, since actor B caused the decision-maker's doubt and actor A finished the work.

#### 2.4. Decision-maker waiting

Another possible situation arising in a complex decision-making process is that the decision-maker waits for reactions and advice of other actors before taking a position on the issue in question. This is the case in the fictional decision-making process in Table 4.4. The decision-maker decided to wait until time t<sub>6</sub> to take a position. The fact that she did not react to the influence attempts of actors A and B does not mean that they exercised no influence. A careful analysis of the considerations of the decision-maker before t<sub>6</sub> is necessary to assess the influence of actors involved in the decision-making process.

Table 4.4 Fictional decision-making process: decision-maker waiting

Time	t <sub>1</sub>	t <sub>2</sub>	t <sub>3</sub>	t <sub>4</sub>	t <sub>5</sub>	t <sub>6</sub>	t <sub>7</sub>	t <sub>8</sub>
Decision-maker	-	-	-	-	-	z	z	z
Actor A	-	-	z	z	z	z	z	z
Actor B	x	x	x	z	z	z	z	z
Actor C	y	y	y	y	z	z	z	z

### 3. Access and attempt to influence

Until now I have explained the role of preferences and time in order to trace the influence of actors. The assumption was that taking a position is sufficient for the exercise of influence. However, having a position is not sufficient to exercise influence and is not equal to making an

attempt to exert influence. In reality, actors first formulate their preferences and then take action to achieve their goals. Access and influence attempts are thus the causal links or mechanisms of causality between the actor exercising power and the actor making a decision. The purpose of this action is clearly to induce the decision-maker to make a decision, which is more in agreement with the preferences of power-wielder. An influence attempt can be then defined as an action of an actor by (adequately choosing and effectively) using its power resources so as to achieve (some part of) its goals by realising its preference on a decision in question. In keeping with Huberts (1988), this study argues that actors can, in their influence attempts to realise their goals, use one of the following strategies: argumentation, persuasion, demonstration, litigation and contestation. In addition, as discussed in Section 4.2.1.1, in the EU political system exchange (issue linkages) and threats of non-agreement and exclusion are useful strategies as well.

Exercising influence is also characterised by having contact with or access to the decision-maker. An actor can formulate its preferences, but without access to the decision-maker its standpoint cannot be known by the decision-maker. The factor ‘access’ is especially useful to discriminate between those actors who have same preferences around the same time. We can measure access on the basis of two elements in order to assess the influence of actors: the manner of contact (direct or indirect) and the frequency of contact (incidental or regular) (Huberts, 1994: 49). Manner of contact refers to direct or indirect access to the decision-makers, which is relevant for the impact of the influence attempt. An actor can have indirect access to the decision-maker, for example via media, to clarify its preferences to the decision-maker. An actor can also get direct access to the decision-maker by sending mail or by having a meeting and a talk with the decision-maker whereby it can explain its position. Besides the way of contact, the frequency of contact with the decision-maker is important. An actor can have the opportunity to get regular access to the decision-maker, while other actors can get incidental access to the decision-maker. The rule of access can be then formulated as following: we attribute more influence to the actor who has the most direct and the most regular/frequent access to the decision-maker than the actor who takes the same position at the same time but gets less or little access. The condition is of course that this happens before the decision-maker takes a position and makes a definitive decision.

Table 4.5 Fictional decision-making process: access and attempt on influence

Time	t <sub>1</sub>	t <sub>2</sub>	t <sub>3</sub>	t <sub>4</sub>	t <sub>5</sub>	t <sub>6</sub>	t <sub>7</sub>	t <sub>8</sub>
Decision-maker	-	y	y	y	y	z	z	z
Actor A	-	z	z	z	z	z	z*	z
Actor B	x*	x	x	x*	z	z	z	z
Actor C	y*	y*	y*	y*	z*	z*	z*	z*

Explanation : y : option y

y\* : option y plus direct contact before decision

Table 4.5 shows the role of access in a decision making process. The decision-maker has chosen option z. The informal choice was made at t<sub>6</sub>. We ascribe more influence to actor C, because actor C had regular contact with the decision-maker during the decision-making process and took the position z at time t<sub>5</sub>, just before the decision-maker made a final choice of z at time t<sub>6</sub>. We attribute less influence to actor B in spite of the fact that actor B took the position z at time t<sub>5</sub> as well, because actor B had incidental contact with the decision-maker in

order to propagate option x. We assign no influence to actor A, although actor A has achieved her goal (option z), because actor A propagated option z for a long time and had contact with the authority at time  $t_7$ , after the decision-maker had chosen the option z. But, if actor A had access to the authority before  $t_6$ , for example at time  $t_4$  and  $t_5$ , we would have assigned influence to actor A.

### *Indirect influence*

So far I have assumed that actors directly exert influence on decision-maker. Another possibility is that actors can consciously or unconsciously have influence on the decision-maker indirectly, for example via media and other actors. An actor can choose to exercise influence on another actor in order to have influence on the decision-maker, when it thinks that it is able to exert more influence on the other actor who in turn has the ability to exercise more influence on the decision-maker. Another way of exercising indirect influence is via media. An actor can also make its preferences known via media to the authority in order to have an influence on decision-making.

The possibility of indirect influence produces two problems for researcher (Peters, 1999: 80). First: how can we trace indirect influence? And second: how should the influence be shared between the ‘initiator’ who exercises influence on the other actor and the ‘intermediary’, who in turn exerts influence on the decision-maker? In Table 4.6 some part of our fictional decision-making process (Table 4.2) is reproduced. At that time we concluded that actor A had exerted the most influence, because actor A took the position z at time  $t_5$  just before the decision-maker made a final choice (from x to z) at time  $t_6$ . Actors B and D expressed a preference for option z for a long time, but without a direct impact on the decision-maker.

If we closely look at Table 4.6, which is part of our fictional decision-making process – Table 4.2, then we can see that it is not enough to say that actor A is the most influential actor. It is clear that actor A changed its position during the decision-making process (at time  $t_5$ ) too, which indicates the possible influence of other actors on actor A. Table 4.6 also shows that actors B and D may have influence on actor A, because they had option z at time  $t_4$  before A changed her standpoint from x to z at time  $t_5$ . Furthermore we cannot exclude a chain of influence: D-B-A- decision-maker. Therefore, the researcher must explore the possible contacts between actors D, B and A in order to examine whether actors B and D might have exerted influence on actor A; and whether actor B may have been influenced by actor D.

Table 4.6 Fictional decision-making process: indirect influence

Time	$t_1$	$t_2$	$t_3$	$t_4$	$t_5$	$t_6$	$t_7$	$t_8$
Actors								
Decision-maker	x	x	x	x	x	z	z	z
Actor A	x	x	x	x	z	z	z	z
Actor B	x	x	x	z	z	z	z	z
Actor D	-	-	z	z	z	z	z	z

In order to trace indirect influence we should conduct another influence analysis between the relevant actors involved in the decision-making process. The question is which actor has exerted influence on the actor who seems, in the first instance, to have more influence on the decision-maker. But first we should check whether the actor having more influence on the decision-maker has autonomously changed its standpoint. If it is not the case, then the

influence analysis should be applied again in order to identify which actor has exerted influence on this actor.

### ***Goal achievement nuanced***

Above we assumed that no influence is to be ascribed to those actors who have not achieved their goals. In our fictional decision-making process in Table 4.2, the actors E and F have no influence, because they preferred the options x and y respectively, but the final decision became z.

But actual decision-making processes are generally more complex. In most decision-making processes there are more than two or three alternatives, which have consequences for the influence analysis. In the first place, an actor can have influence despite the fact that it has not achieved its original goal directly, but it has succeeded in preventing the most disadvantageous alternative. Furthermore, in the EU decision-making process the final decisions are often a compromise between different alternatives, meaning that the final decisions consist of elements of different options.

Consider the fictional decision-making process in Table 4.7. In the first instance, it seems that actors A and B did not exert any influence, because they preferred the options y and x respectively, but the decision-maker has chosen the option z. However, appearances are deceptive. On further consideration we can ascribe influence to actors A and B for two reasons. Firstly, at time  $t_6$  actor A brought the decision-maker from x to z. Although actor A prefers the option y, the final decision z is closer to option y than x. In this case actor A has succeeded in preventing the more disadvantageous decision x, and in fact the decision-maker has partly met the interests of actor A. Thus, an actor can exercise influence even if the final decision is different than its choice. Secondly, it is also possible that the final decision z is a compromise between the options y of A and x of B, which is often the case in the EU decision-making system. In this case we should attribute influence to both actors A and B, to the extent that their preferences are reflected in the final decision.

Table 4.7 Fictional decision-making process: goal-achievement nuanced

Time	$t_1$	$t_2$	$t_3$	$t_4$	$t_5$	$t_6$	$t_7$	$t_8$
Players								
Decision-maker	x	x	x	x	x	z	z	z
Actor A	-	-	-	y	y	y	y	y
Actor B	x	x	x	x	x	x	x	x

### ***No change***

So far we have assumed that the decision-maker changes his/her position during the decision making process. Then, we can trace the influence of the actors on the decision-making by relating the positional change of the decision-maker to the influence attempts of actors involved in the decision-making. However, it is difficult to assess the influence of the actors if the decision-maker does not alter his/her position. In this case we cannot relate the influence attempts of actors to the positional change of the decision-maker.

Table 4.8 shows a fictional decision-making process in which the decision-maker has not changed his/her position (z) during the decision-making process. We can easily identify the actors who did not exercise any influence. They are actors A, B and E who have not achieved their goals. It seems plausible to ascribe influence to actor D, because it regularly had access to the decision-maker and preferred option z and thus has achieved its goal. We do not know

anything that happened before time  $t_1$ . If we wish to analyse the influence of different actors more clearly, then it is necessary to study the period before  $t_1$  as well.

Table 4.8: Fictional decision-making process: no change

Time	$t_1$	$t_2$	$t_3$	$t_4$	$t_5$	$t_6$	$t_7$	$t_8$
Players								
Decision-maker	Z	Z	Z	Z	Z	Z	Z	Z
Actor A	Z*	Z	Z	Y	Y	Y	Y	Y
Actor B	X	X	X	X	X	X	X	X
Actor D	Z	Z	Z	Z*	Z	Z	Z*	Z
Actor E	Z	Z	X*	X	X	X*	X	X

#### 4.5.4 Assessment of the extent of influence

So far I have explained the rules used to eliminate actors who have not exerted influence on decision-making. On the basis of preferences, goal achievement, the factor 'time', access and influence attempts we can discriminate the actors who have exercised influence on the decisions and those who have not. Above we have also seen that it is possible that actors can partly achieve their goals and thus share influence with other actors. It is then not enough to determine which actors have influence, but also necessary to assess to what extent each actor has influence.

The question is now: how can we assess the extent of influence exercised by the actors identified by applying the rules of intensive process analysis? This is not an easy question. As Dahl (1968: 407) noted: 'how to compare and measure different magnitudes of power poses a major unsolved problem' but we 'should accept the assumption of practically every political theorist for several thousand years, that it is possible to speak meaningfully of different amounts of power.' Huberts (1988: 89-90) and Peters (1999: 82) who applied the intensive process analysis at a national level also used an ordinal scale, meaning that there is an ordering in terms of amount of influence, for example some and considerable influence, but there is no fixed distance between the different points on the scale. However, they did not clarify which criteria were used to determine whether an actor has some influence or considerable influence. Using an ordinal scale to assess the actual influence of actors does not answer the question of how we can determine the extent to which actors have exercised influence. It is precisely at this point that the intensive process analysis has been criticised: According to Arts (2000: 472) 'it remains totally unclear which criteria have been used to ascribe a certain extent of influence to actors.'

The criticism is partly true, partly not. It is partly untrue, because the rules used to discriminate between actors with and without influence are also used to assess the extent of the influence of actors. Actors are eliminated on the basis of goal achievement, time lag, access and attempt on influence. The intensive process analysis assesses the influence of actors on the basis of same criteria: the more goal achievement, the more influence; the shorter time lag, the more influence; the more access (direct and regularly), the more influence. Nevertheless, the criticism is partly true, because this explanation is not precise enough. It leaves scope for the (subjective) interpretation of researcher, since it does not determine when an actor has some influence, when it has considerable influence etc. But it offers a good basis to solve this problem.

The question is how we can define the extent of influence on an ordinal scale (some, considerable etc.) based on the rules of the intensive process analysis. This study suggests defining the extent of influence based on the combination of the rules of the intensive process analysis (goal achievement, time lag and access/attempt), and through comparison between different degrees on the scale (some, considerable etc.). The question is how to combine and

compare? The general rule for assessing the extent of influence is: the more goal achievement, the shorter time-lag, the more access, the more influence.

This study also uses an ordinal scale: no influence [0], slight influence, some influence, considerable influence, much influence, very much influence, total influence [100].

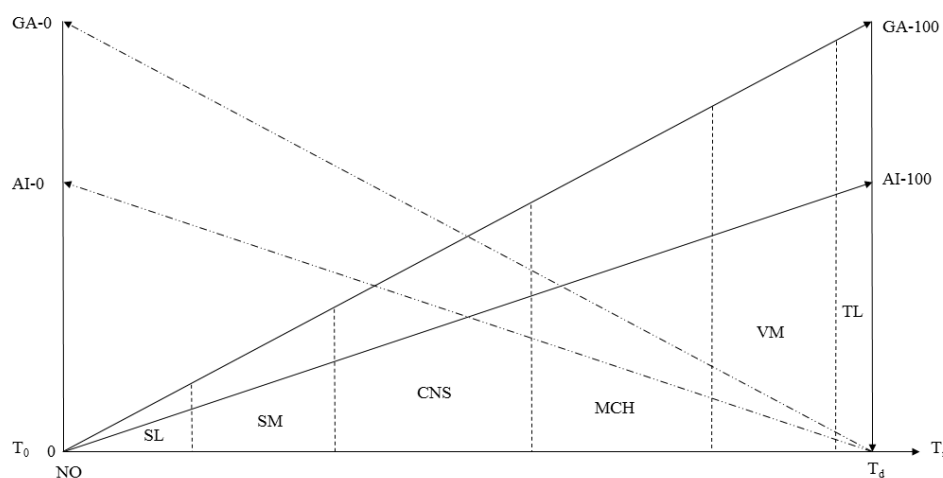
Figure 4.1 Ordinal influence scale

0.....							100
no	slight	some	considerable	much	very much	total	
influence	influence	influence	influence	influence	influence	influence	

It seems plausible to start the study of the extent of influence from total influence and no influence, the beginning and end point of ordinal scale (see below figure 2: extent of influence). *No influence*: an actor has no influence if it has not achieved any of its goals in terms of not only its preferences, but also preventing a disadvantaged option. This is point 0.

*Total influence*: an actor has total influence if it has achieved its goals totally, and thus does not share influence with other actors, with (probably) the shortest time lag and the most access and attempts of influence. This is point 100. *Very much influence*: an actor has very much influence if it has achieved more than 80% of its goals (80-99%) with a shorter time-lag and more access than the actor having much, considerable, some or slight influence. *Much influence*: an actor has much influence if it has achieved more than half of its goals (between 50-79%) with a shorter time-lag and more access than the actor having considerable, some or slight influence. *Considerable influence*: an actor has considerable influence if it has achieved its goal between some influence and much influence, i.e. from a quarter to half goal achievement (25-49%) with a shorter time lag and more access than the actors having some or slight influence, but a larger time lag and less access than the actors having much influence. *Some influence*: an actor has some influence if it has achieved only some part of its goal (11-24%) with a shorter time lag and more access than the actor having slight influence, but a larger time lag and less access than the actor having considerable, much or very much influence. *Slight influence*: an actor has slight influence if it has achieved only a slight part of his goals (1-10%) with a larger time lag and less access than the actors having some, considerable, much or very much influence (see Figure 2).

Figure 4. 2 Extent of influence of actors



GA (0-100): Goal achievement: the more goal achievement, the more influence

AI (0-100): Access and attempt to influence: the more access, the more influence

$T_0$ - $T_n$ : Time-lag: the shorter time lag, the more influence

$T_d$ : The moment at which the decision has been taken.

GA-0 and AI-0 shows the extent of influence in the case of more goal-achievement and access, but a larger time lag; and less goal achievement with a shorter time lag and less access.

NO: no influence

SL: Slight influence

SM: Some influence

CNS: Considerable influence

MCH: Much influence

VM: Very much influence

TL: Total influence

#### 4.5.5 Summary: intensive process analysis

The intensive process analysis has been designed to trace the influence of actors on the outcomes of a decision-making process, namely the decision (or no decision). The unit of analysis is a political decision-making process. Therefore the analysis starts with the reconstruction of a political decision-making process that ends with a political decision. Accordingly the final decision and possible alternative options should be recorded in the reconstruction. Since the purpose of the analysis is to examine the causation of a decision by the actors involved in the decision-making process, all actors contributing to the decision-making process should be recorded in the reconstruction, with their preferences, actions and the timing of them. The more precise the reconstruction of the decision-making process is, the more plausible the assessment of influence. After determining that the decision has not been made through auto-causation, the influence analysis is applied. A chronological table, such as that used in our fictional decision-making process, makes it easier to conduct influence analysis.

According to the intensive process analysis, actors involved in the decision-making process are eliminated or qualified to ascribe influence on the basis of the following rules: goal-

achievement, time-lag, access and attempts to exercising influence, and policy (or position) change. The method assumes that the chance that actor A indeed caused the policy change of decision-maker increases if: the policy change of decision-maker is in A's interest (goal-achievement); A had access to decision-maker; the time lag between A's attempt and the policy change of decision-maker is shorter.

We eliminate all actors whose goals have in no way been reflected in the final decision. Only those actors whose goals have been met are qualified to ascribe influence. It is possible that an actor has partly achieved its goals, especially in a complex decision-making process like the EU where the final decision is often a compromise between different standpoints. These actors are also qualified to ascribe influence.

Among the actors who have achieved their goals at least in part, we can make further eliminations by using the factor 'time'. Actors taking their positions after the decision-maker has made a definitive choice should be eliminated. The shorter the time lag between an actor's attempt to exert influence and a policy-change of the decision-maker, the greater chance that the actor has exerted (more) influence on the decision. The shorter the time lag between the influence attempt of an actor and the final decision of the decision-maker is, the larger the influence of the actor is if the actor's preferences are reflected in the final decision. It is very important to focus carefully on the moment at which the decision-maker has made a definitive choice, since the actual decision (-moment) need not coincide with the formal decision (-moment).

After eliminating some of the actors on the criteria 'goal achievement' and 'time', we can further discriminate between the remainder on the basis of the criterion 'access that actors get to the decision-maker': the more frequent and direct access to the decision-maker, the more influence.

It is also important to analyse the possible mutual influence between actors to trace indirect influence in order to assess the relative influence of actors. The analysis of influence between actors is also based on the same criteria of 'goal-achievement', 'time' and 'access' and does not differ from the analysis of influence between actors and the decision-maker. If there is a coalition between some of the actors it is possible to discriminate between the coalition partners by applying influence analysis to the formulation of the position of the coalition.

We assess the extent of influence (relative influence) of actors on the basis of a combination of the criteria 'goal achievement', 'time-lag', 'access/attempts', together with comparison of the influence of different actors: Generally speaking, the more goal achievement, the shorter time lag, the more frequent and direct access, the more influence. The results of influence analysis should be presented in terms of actors' scores (extent of influence) on the ordinal scale: no influence, slight influence, some influence, considerable influence, much influence, very much influence and total influence.

#### **4.6 SOME CRITICAL COMMENTS ON INTENSIVE PROCESS ANALYSIS**

In this section answers are formulated to some critical comments given by scholars on the intensive process analysis, in order to make the position of this study clear.

Firstly, one of the comments on the intensive process analysis is that the method focuses on the influence of actors and neglects the influence of structure. It is true that the method studies the influence of actors, but it does not neglect the influence of structure. The method assumes that power is always exercised within a given structure where actor and structure interact with each other. Since the method deals with the question of which actor exerts influence, and to what extent (and not with the question why it is so) it is designed to examine the influence of actors and not the influence of structure. As argued in Section 4.2, it is assumed that power also has a structural component and the influence of actors varies according to the



pattern of decision-making within the EU, i.e. the decision-making structure of the EU (Chapter 3). However, the purpose of this study is not to examine the influence of structure, but the influence of actors given the structure.

Secondly, Arts (2000: 471-472) argued that internal validity of intensive process analysis is problematic for three reasons. First, since political decision-making processes are strategic settings and actors play a strategic game, actors formulate their preferences in a strategic way and therefore it is not easy to identify the real/true preferences of actors. This seems true, but if all actors behave strategically and thus their preferences contain a certain amount of strategic elements, it seems plausible to assume that in the end those strategic aspects neutralize each other to a significant degree. A second comment with regard to the internal validity of the intensive process analysis is that 'a *correlation* of preference development of participants on the one hand and of decision-makers on the other does not necessarily imply causation' (Arts, 2000: 472). This is true and this is precisely the reason why the intensive process analysis has introduced certain other criteria to identify the influence of actors, namely 'goal achievement', the factor 'time', 'access and attempts to influence', which constitute a causal link between the actor exercising influence and the modified decision made by the decision-maker. These rules make the influence analysis (more) plausible. Third, while the method uses certain rules to discriminate between actors who have exercised influence on decisions and those who have not, it 'remains totally unclear which criteria have been used to ascribe a certain extent of influence to actors.' (Arts, 2000: 472). This problem was discussed in Section 4.5.4 where I formulated the following solution: We assess the extent of influence (relative influence) of actors both on the basis of a combination of the criteria 'goal-achievement', 'time lag', 'access/influence attempts' and the comparison of the influence of different actors. Generally speaking, the more goal achievement, the shorter the time lag, the more frequent and direct access, the more influence.

Thirdly, another comment is that the intensive process analysis attaches too much importance to 'the latest hard push' and therefore neglects repeated attempts of some actors to exercise influence that would push the decision-maker forward with small steps in the direction of final decision. Since the intensive process analysis is based on as precise a reconstruction of the decision-making process as possible, in principle those small changes in the position of decision-makers (as a result of repeated attempts on influence) should be recorded in the reconstruction of decision-making, which makes it possible to estimate the real value of those repeated small pushes (Peters, 1999: 84).

Finally, Luitwieler (2009: 86-87) argues that intensive process analysis cannot be applied in 'a *collective* and *unanimous* decision-making process' (by 15 Member States) like the EU (Nice) Treaty negotiation. First, the intensive process analysis is in principle applicable in each political administrative decision-making process, because each decision-making process can be divided into different phases (creating different cases), which makes it possible to trace the cause of an effect (decision), according to Mill's method of difference on which the intensive process analysis is based as discussed in Section 4.4.3, and to identify the influence of participating actors by applying the rules of intensive process analysis. Second, a fruitful application of the intensive process analysis is not dependent on the preference change or policy change of single decision-maker and absence of the entrance of new decision-maker (personnel) as argued by Luitwieler. In the EU decision-making process there are various moments at which actors and collective decision-making bodies like the European Council take a position or change their positions (not necessarily preferences and policies) which make it possible to apply Mill's method of difference and thus the intensive process analysis. Furthermore, the Council decision-making process is organized and managed by the Council Presidency; participating member states wish to achieve their own preferences as much as possible and therefore try to exert influence on each other; decision-making develops by bargaining and negotiations on the

basis of proposals of the Commission and/or the proposal of the Presidency to which other actors react and thus seek to exercise influence; as a result of this, the proposals are adapted many times (comparable with policy change) to the (contesting) demands of participating actors so as to become acceptable to all the participating actors, resulting in a final decision. Accordingly, influence analysis is applicable not only on the relations between other participating actors (for example interest groups, the Commission) and the decision-making bodies (for example the European Council), but also within the Council on the relations between the member states.

## CHAPTER 5

### RESEARCH DESIGN

#### 5.1 INTRODUCTION

In this chapter I will explain and justify the research design of this study. A research design is considered as a 'logical plan' that shows how the research question will be answered, by linking the research question (problem) to the data to be gathered and the conclusions (answers) to be drawn (Yin, 2003:19-20, 2009: 26-27). A research design includes a clear statement of the research problem, the conceptual framework in terms of theories used and hypothesis to be tested, the unit of analysis suitable for the research, and determines which data (measurement or observations) are needed, how this information will be collected and how the data will be analysed and interpreted in order to formulate some solutions to the questions to be answered (Singleton and Straits, 1999: 91; Johnson, et.al., 2008: 122-23; King et.al., 1994:12-33, 118).

The research design of a study consists of two parts: conceptual design and technical design (Verschuren and Doorewaard, 2000). The conceptual design refers to the formulation of research goals, research questions, theoretical and methodological frameworks of research, and the definition and elaboration of central concepts. Since these topics have been outlined in the previous chapters, this chapter will focus on the technical design of the research. The technical design refers to the research strategy and research materials (data) used in order to answer the research questions. Section 5.2 will discuss the research strategy, i.e. comparative or multiple case study. Section 5.3 reveals the data (sources) of this study. Section 5.4 will deal with the validity and reliability of the research. Section 5.5 provides conclusions.

#### 5.2 RESEARCH STRATEGY

A research strategy is a 'way of collecting and analyzing empirical evidence' (Yin, 1994: 3) The following basic strategies are generally distinguished in scientific literature: experiment, case study, survey, historical/archival analysis and bureau research (Yin, 2003, 2009; Singleton and Straits, 1999; Hart et.al., 2001; Swanborn, 1987; Johnson et.al., 2008). Each strategy has some advantages and disadvantages and can be employed 'for all three purposes- descriptive, explanatory, and exploratory' (Yin, 1994:3-4; 2003:3). They can be used separately or in combination with each other. Research strategy should not be confused with research techniques (Huberts and de Vries, 1995: 60; Hart et.al., 2001:135). A research strategy can use different research techniques. A research strategy deals with the questions what, how and why something is examined. The next question is which instruments or techniques (such as interviews, observations, statistical analysis) are adequate to conduct the research.

The choice of research strategy depends on the goal of the research (research objective), the type of research question being asked and the theoretical framework used. On the basis of these factors, this study has chosen comparative (or multiple) case study as the research strategy. Generally speaking, case studies are the preferred strategy 'when "how" and "why" questions are being posed, when the investigator has little control over events, and when the focus is on a contemporary phenomenon within real-life context' (Yin, 1994: 1, 8-9, 2003: 1, 9, 2009: 8-9; see also, Swanborn, 1996: 38-44). Case studies are also appropriate in developing and testing (competing) theories (George and Bennett, 2005: 74-9 and Chapter 6: 109-124). This study meets these criteria. This study will examine the political influence of central actors on European integration and governance and test (competing) theories by comparing them with

the outcomes of the study. The political influence of the central actors on European integration and governance will be studied in the context of decision-making in the EU. The decision-making processes (cases) are the unit of analysis. The analysis focuses on the political influence of the central actors on the decisions (outcomes of the decision-making process) in the EU. Below I will explain and justify the research strategy in more detail.

## **5.2.1 A comparative case study (a multiple case study)**

### **5.2.1.1 What is a case? ‘Casing as a research operation’**

A case can be defined as ‘an instance of a class of events’ (George and Bennett, 2005: 17). The term ‘class of events’ refers to a phenomenon of scientific interest, such as types of political systems, kinds of nation states, regional integrations etc. European integration is, for example, an historical instance of many different classes of events: common market, international institutions, international cooperation, enlargement, collective governance etc. A researcher’s choice of which class of events to study and which theories to employ determines what data are relevant for studying cases. This research studies the influence of actors on different dimensions of European integration, such as institutional development, policy cooperation and enlargement (class of events). We may choose thus an (or some) instance of these classes of events, such as Turkey on the dimension of enlargement and internal market on the dimension of policy-cooperation.

More specifically a case is defined ‘as one instance of the unit of analysis employed in a given study’ (Collier et.al., 2010: 182). The unit of analysis in this study is, for example, the EU decision-making process with all participating actors and certain outcomes (decisions). The political decisions (sub-cases) selected, for example in the case of Turkey, constitute instances of the unit of analysis. Since this study examines the political influence of actors on the outcomes of EU decision-making, I will collect information about the preferences and actions of participating actors regarding the selected decisions (-making processes) with all participating actors.

‘Casing’ is considered as a ‘research operation’ (Ragin, 1992a, 1992b), in the light of the research question, research goal, theoretical framework and empirical reality. This study examines the influence of central actors on European integration and governance, defined on the basis of its dimensions, namely institutional development, enlargement and policy cooperation (class of events). These dimensions are cases as specific theoretical constructs (Ragin, 1992a: 8-10). For each dimension one empirical case is chosen, such as Turkey on enlargement, the SEA on institutional change and the internal market on socioeconomic policy cooperation. These are empirical but general cases (Ragin, 1992a: 8-11). Moreover, these general cases are specified by selection of sub-cases in each case, for example, in the case of Turkey there are four policy decisions (instances of the unit of analysis) examined. These sub-cases are then empirical and specific (Ragin, 1992a: 9-10). Therefore the cases are both theoretical and empirical, and both general and specific (Ragin, 1992a). Since this research combines theoretical and empirical analysis, it entails multiple uses of cases (Ragin, 1992a: 1, 1992b: 225). Making something into a case or ‘casing’ is thus a ‘research operation’, a methodological step in linking evidence and ideas, data and theory (Ragin, 1992b: 217-218). Social scientists ‘use theory to make sense of evidence and use evidence to sharpen and refine theory.’ In this way they ‘produce theoretically structured descriptions of the empirical world that are both meaningful and useful’ (Ragin, 1992b: 224-225).

As King, Keohane and Vebra (1994: 217-218) argue: ‘we do not in fact study whole phenomena such as France, the French revolution, the 1992 American election, or Iraq’s decision to invade Kuwait. Rather, we abstract aspects of those phenomena –sets of explanatory and dependent variables- that are specified by our theories; we identify units to which these

variables apply; and we make observations of our variables, on the units.(..)The material we use to evaluate our theories consists, therefore, of a set of observations of units with respect to relevant variables.'

From this perspective King et. al. (1994: 217) define the concept single case as 'single observation' considered 'as one measure of one dependent variable on one unit', following Eckstein who defines a case 'technically as a phenomenon for which we report and interpret only a single measure on any pertinent variable' (Eckstein, 1975: 85). A single case study 'may contain many potential observations that are relevant to the theory being evaluated' (King et al., 1994: 208). In particular, process analysis can disaggregate a single case into a larger number of independent observations (King, et al., 1994: 226-228). In his research into European integration Moravcsik has 'disaggregated [each case] into hundreds of fine-grained, more precisely measurable, "process-level" observations' (Moravcsik, 1998: 79). So defined, a case is a 'structured set of (...) observations' (Moravcsik, 1998: 79). This definition is also useful in this study because this is one of the ways to increase the number of observations in order to avoid the 'fundamental problem of causal inference' (see below section 'problems of case studies'). In the reconstruction of each political decision (sub-cases) I will observe the standpoint and actions of all actors (at different times) during the decision-making process. This increases the number of observations and makes 'within-case comparison' possible. Therefore the (sub-) cases in this research are not only both theoretical and empirical and generic and specific, but they also consist of a 'structured set of observations.'

#### **5.2.1.2 What is a case study?**

There is no agreement in the literature on the definition of a case study. It seems therefore useful to define case study based on common features in a prototypical case study as given by VanWynsberghe and Khan (2007: 83-84; see also, Gerring, 2007: 94). A case study is small N study; it is an intensive study of a unit of analysis (holistic, thick); and 'provides a detailed description of a specific temporal and special boundary' (boundedness); a case is studied in its natural environment with little control over it; it provides contextual detail in studying unit of analysis; It 'can...transform a reader's understanding of a phenomenon by extending the reader's experience' (extendability); researchers can generate working hypotheses and learn new things during research in a case study; and a case study uses multiple sources of data (data triangulation).

On the basis of these features and the definition of a case given above we can consider a case study as an intensive study of a single case (an instance of the unit of analysis) in its natural environment in order to understand or explain it, and/or to generalize to a larger class of similar cases (population) (cf. Gering, 2004: 342, 2007: 95). Case study is thus a research strategy used to describe, analyse and explain a phenomenon (in a given temporal and spatial boundary) intensively in its real-life context by using different sources of data (Huberts and de Vries, 1995 :60; Swanborn, 1996: 22; Yin, 2003: 13, 2009: 18).). A case study is conducted within the context of a phenomenon investigated, whereas in experiments the context is 'controlled' and in surveys the study of context is very 'limited' (Yin, 1994:13, 2009:18).

Not everybody agrees with this definition of case study. Van der Vleuten (2001: 74-75), for example, criticizes this definition of case study because she believes that the researcher self-determines whether or not something belongs to the context of phenomenon investigated. According to her, the researcher marks out the phenomenon on the basis of his/her theoretical framework. It is true that the researcher themselves determines, on the basis of his/her theoretical framework, whether or not something belongs to the context of phenomenon investigated, because it is impossible to describe the outside world without a conceptual lens. However, this does not change the fact that the phenomenon is studied in its context. This is the reason why

case study is especially useful when we believe that contextual conditions are relevant to understand the phenomenon under investigations.

### 5.2.1.3 Single versus multiple case study

Case study research has two variants: single case study (N=1) and multiple case studies (N>1) Swanborn (1996: 23; Yin, 2003:14, 2009: 19-20, 46-64). The so-called comparative case method in political science is a distinctive form of multiple-case studies.

There are different justifications for a single case study. One of them is that the case 'represents an *extreme* or *unique case*.' (Yin, 1994: 39, 2009: 47-48; Huberts and de Vries, 1995: 62), or 'deviant case' (Goerge and Bennett, 2005; Collier, et.al, 2010: 146). The purpose of the research is to describe, understand or explain this unique case. Another rationale for a single case study is 'the *revelatory case*' (Yin, 1994: 40, 2009:48-49). This is the case when a researcher has an opportunity to study a phenomenon 'previously inaccessible to scientific investigation.' Third, a single case may be the '*representative* or *typical*' case, which is therefore studied in order to 'capture the circumstances and conditions of an everyday or commonplace situation' (Yin, 2009: 48). Fourth, one may choose a single case study when the case 'represents the *critical case* (crucial case) in testing a well-formulated candidate theory' (Yin, 2003: 40, 2009: 47; Huberts and de Vries,1995: 62; Eckstein, 1975: 80; George and Bennett, 2005: 75). Eckstein (1975) argues that for the falsification of a candidate theory a case study is sufficient, especially in the case of 'most-likely' observation, but not for verification. According to Eckstein there are two conditions for a single case study test: One is that the theory makes precise predictions, it specifies clearly the propositions and the conditions under which the propositions are to be true (Eckstein (1975; see also King et.al., 1994: 209; Yin, 2003: 40, 2009: 47). Second, the case so has been chosen that it 'seems on a priori grounds unlikely to accord with theoretical predictions – a "least-likely" observation' (King et.al., 1994: 209; Eckstein, 1975: 119).

However, these two conditions may be necessary for testing a theory but not sufficient, for three reasons (King et.al., 1994: 210-11). First (alternative explanations), on the basis of a single observation only one explanatory variable can be tested, but 'very few explanations depend upon only one causal variable.' Therefore we need more cases/observations, otherwise we have an 'indeterminate research design'. Second (measurement error), due to a measurement error we might reject a true hypothesis, and in a single observation it is not possible to use some form of standard correction. Third (random error), on the basis of a single observation it is not possible to decide 'whether the observation confirms or disconfirms a theory or is the result of some unknown factor' because of the possibility of random error (King et.al., 1994: 210-211).

One of the ways to overcome these problems is to increase the number of cases (see further below: problems of case study). When the same study contains more than one case, the study has to use a multiple-case design, called comparative case studies in political science. Theory testing on the basis of multiple cases is generally considered more robust (Yin, 1994: 45; King et.al., 1994: 212-217).

This research project is definitely a multiple-case study. The goal of this study is to determine the influence of the central actors on the different dimensions of European integration and governance, that is to say enlargement, institutional change and socio-economic policy cooperation. According to the theoretical model, developed in Chapter 3, the central actors have a varying influence on the different dimensions of European integration and governance. By means of a comparative case study it is possible to test the hypothesis and to answer the research question. Consequently, on each dimension of European integration and governance one case is studied, namely enlargement (Turkey), institutional change (institutional reforms in the SEA) and socio-economic policy cooperation (internal market and new common policies in the SEA).

Furthermore, in each case different sub-cases are examined, for example four political decisions in the case of Turkey (see further Section 5.2.2)

The question is: how can we select the cases to be examined? The intention and pretensions of the researcher are crucial for the choice of the cases. A researcher may have a theoretical goal, an empirical goal or both theoretical and empirical goals (Huberts and de Vries, 1995: 63). Since the development and testing of theory is the primary goal of this research, the theory guides the selections of cases. A case is not a sample. Each case should serve a specific purpose within the research design. Consequently, the cases should be selected on the basis of 'replication logic' instead of 'sampling logic' (Yin, 2003: 47-53, 2009: 53-60). Sampling logic, used mostly in survey research, assumes that (the data from) a number of respondents represents (the data from) a larger pool of respondents. In contrast, according to replication logic, in a multiple case study with a theoretical goal each case should provide the opportunity to investigate whether or not, and under which conditions, a phenomenon occurs. This study stresses, however, this does not mean that cases are not representative of population (see below). 'The replication logic is analogous to that used in multiple experiments.' (Yin, 2003: 47, 2009: 54). On the basis of theoretical considerations a researcher must choose each case carefully so that 'it either (a) predicts similar results (a *literal replication*) or (b) produces contrasting results but for predictable reasons (a *theoretical replication*)' (Yin, 2003: 47, 2009: 54). Therefore the theoretical framework must be rich and create sufficiently precise hypotheses. It has to formulate the conditions under which a particular phenomenon is likely to occur (a literal replication) as well as the conditions under which it is not likely to occur (a theoretical replication) (Yin, 2003: 47-48, 2009: 54). The theoretical model as developed in Chapter 3 predicts, under clearly defined conditions (pattern of decision-making, intensity of interests and actors' power), similar results (literal replication) in each dimensions (sub-cases) of European integration, because the central actors have similar influence on the same dimension of integration; but contrasting results (theoretical replication) between different dimensions of integration, as the central actors have varying influence on the different dimensions of European integration, especially enlargement and institutional development on one side, which are dominated by states, and (socioeconomic) policy cooperation on the other side, where states share their influence with interests groups and the supranational organs of the EU.

The primary goal of this research is analytical generalization to theory and to some extent (statistical) generalization to population. According to Yin (1994: 31, 2003: 32-33, 2009: 38-39) the outcomes of a case study are not to be generalized to 'populations or universes' ('statistical generalisation'), but used to test empirical validity of theoretical statements ('analytical generalisation'). Huberts and de Vries argue that Yin underestimates the possibility of statistical generalisation on the basis of a case study. They believe it is possible to generalize to a population on the basis of case studies, provided that the relationship between the cases and population is clear (Huberts and Vries, 1995: 65). Similarly, George and Bennett (2005: 110-124) argue that the findings of case studies can be generalized to similar types of cases ('contingent generalization') or across types. The primary goal of this study is to test the theoretical hypothesis, and thus analytical generalisation. On the other side I have selected in each case similar (same type) political-decisions as sub-cases. This means that statistical generalisation is only possible to the same kind of political decisions within each case.

#### **5.2.1.4 Problems of case study**

Once the case study (as a qualitative study) was approached and criticised from the perspective of quantitative (statistical) study. However, it has been increasingly recognized that the case study as a research strategy has its own strengths to answer certain kinds of questions and contributes to scientific knowledge. Nevertheless, one of the critiques of case study from a

quantitative perspective still remains relevant. The central problem in a case study is the fact that the 'number of units/cases are smaller than the number of variables' (Swanborn, 1996: 91). As a result, a researcher can apply various theories or models to the data (collected from the case under investigation), from which it is not easy to select the best one. This problem has been discussed in terms of 'degrees of freedom' and 'degrees of information' (Campbell, 1975; Swanborn, 1996), 'informative content' (Popper, 2001: 19) and 'indeterminate research design'-'more inferences than observations') (King, et.al., 1994: 118-122).

A theory becomes more informative when it excludes more possible situations of the reality ('observable occurrences', 'empirical propositions', 'potential falsifier') (Popper, 2001: 19-20; see also Swanborn, 1996: 92). It is easier to apply a theory to a single case. As the number of cases increases, it becomes more difficult to apply the same theory, because the theory must exclude more aspects/situations of the reality. It means we cannot improve a theory via complicating it through the addition of a new parameter or condition in each case. 'An equation like  $Y=cX^2 + bX + a$  excludes less than an equation like  $Y= bX + a$ , as a result of which it is less informative' (Swanborn, 1996: 92). Equally, the theory that all fish are black has far greater informative content than the theory that there are no blue fish, because it rules out not only blue fish, but also red, grey and white fish (Popper, 2001: 19-20).

The concept 'degree of freedom' (of data) runs parallel with the concept of 'informative content' (of a theory) (Swanborn, 1996: 93). As the number of observations (for example the number of cases) increases, then the data has more 'degrees of freedom'. It means there are more possible situations in which a theory does not fit. If the data has a lesser degree of freedom, the theory can never be very informative. But if the data has a greater degree of freedom and we still find a theory which fits the data very well, then it is a very informative theory or a theory with a high informative content (Popper: 2001: 19-20).

The most important criticism of the use of case study is that the degree of freedom is too limited. It would be very easy to formulate a theory matching one case very well (Campbell, 1975; Swanborn, 1996: 93; see also King, et.al., 1994: 118-122, 209-217). On the other hand, George and Bennett (2005: 28-30) argue that the degree of freedom, which they defined as the number of observations/cases minus the number of estimated parameters/variables, is relevant only for statistical studies and not for case studies, because 'each qualitative variable has many different attributes that might be measured' (thus with much information) and 'within a single case there are many possible process-tracing observations along the hypothesized causal paths between independent and dependent variables.' It seems that George and Bennett are right in the sense that case studies generalize in the first place to theory and not to population. However, a theory becomes more informative as it excludes more aspects of reality (empirical propositions) and applies to more cases. Hence generalization to theory does not decrease the importance of generalization to population. It is in this sense that the degree of freedom is still relevant for case studies. Another problem in a single case study is that it is impossible to distinguish systematic error from accidental error (King, et.al., 1994: 210-211; Swanborn, 1996: 94).

In the literature there are different solutions for these problems, based on the increase of the degree of freedom: increasing the number of cases, increasing the number of sub-units/cases, increasing the number of observations, increasing the number of predictions, using different methods/techniques of gathering of data, using different researchers (Swanborn, 1996: 94-109; King et.al., 1994: 210-228).

This study has used most of these instruments in order to increase the degree of freedom of the data. First of all, the research strategy of this study is a multiple/comparative case study. For each dimension of European integration one case will be examined: enlargement (Turkey), institutional change (institutional reform in the Single European Act) and socio-economic policy cooperation (internal market and new common policies in the SEA). Second, in each



case different sub-cases (3-5) will be investigated in order to increase the number of cases and the number of observations so as to produce more information. Third, the number of observations will also be increased by the longitudinal design of research and by the use of intensive process analysis in examining the influence of central actors on the decision-making in the EU. The longitudinal design makes it possible to collect data from many different moments, which increases the degree of freedom of the data. According to the intensive process analysis, the decision-making process of each decision (sub-case) must be reconstructed as precisely as possible in order to identify the influence of the central actors on the outcomes of decision-making. Fourth, this study has a clear theoretical framework that describes both the dependent variable (European integration) and independent variables (the role of central actors on different dimensions of integration) precisely. As a result, it provides precise predictions (varying role of different actors on different dimensions of integration). Furthermore, the hypothesis that can be drawn from competing mainstream theories will also be tested. Yin (2003: 116-120, 2009: 136-140) argues that working with competing theories within a case study is ideal ('pattern-matching for rival explanations'), because the internal validity of the study increases to the extent that the rival explanations have been excluded, which is also called 'strong inference' (Eckstein, 1975: 125). The less alternative explanations seem to come out right, the more independent predictions seem to be true, the stronger a causal interpretation is (Swanborn, 1996: 103-4). Fifth, the number of observations has also been increased by using different methods of data collection ('triangulation'), for example: analysis of official documents, interviews, archive-research and secondary literature.

### **5.2.2. The unit of analysis and selection of (sub) cases: the EU decision-making process**

The unit of analysis is an important part of a research design, which is 'related to the fundamental problem of defining what the "case" is' (Yin, 2003: 22, 2009: 29). Unit of analysis refers to those elements (factors or actors) to which the hypothesis will be applied (Johnson et.al., 2008: 77). Generally speaking, the choice of the unit of analysis ('and therefore the case') is based on and results from the initial research questions and theoretical framework (Yin, 2003: 22-26, 2009: 30-31; Ragin et.al., 1996: 752). The primary goal of this study is to examine the influence of the central actors on European integration and governance. As said, on the basis of the research question, research goal and theoretical framework, I have chosen comparative case study as the research strategy. The political influence of the central actors on European integration and governance must be studied in the context of decision-making in the EU. Accordingly, the EU decision-making process (with political outcomes=decisions) with all participating actors is the unit of analysis. The analysis focuses on the influence of central actors on the outcomes of the decision-making process at the EU-level.

The research question, research goal and the theoretical framework of this study guide the choice of cases. This research seeks to examine the influence of central actors on European integration. The concept of integration has been defined in Chapter 3 on the basis of the three dimensions of European integration, i.e. enlargement, institutional development and social-economic policy cooperation. According to the theoretical model developed in Chapter 3, the central actors have varying influence on the different dimensions of European integration. By way of comparative research, it is possible to formulate an answer to the question: which actor plays what role in which dimension of European integration and policy making in the EU? As a result, for each dimension of integration one case will be investigated.

On the basis of which criteria should the cases be selected in order to protect against selection bias (selecting those cases that are favorable for the theoretical model)? In statistical studies, the standard protection against selection bias (or systematic error) is random selection. In qualitative research with small-n studies, however, random selection may not only be unfeasible but also can be more likely to result in bias than intentional selection, because the

limited availability of cases increases the chance of selection bias; therefore, random selection is not appropriate for small-n studies (King et.al, 1994: 124-27). Selection must then be done intentionally, in accordance with our ‘research objectives and strategy.’ (King et.al., 1994: 139). Selection on the basis of (variation in) the independent variable causes no bias problem (‘no inference problem’) because it cannot predetermine the outcomes of the study, as it is not related to the degree of variance in the dependent variable (King et.al., 1994: 137-140). However, this is often not realistic for qualitative research, including this research as it focuses on the influence of central actors on outcomes of the EU decision-making process. Depending on the research objective, the selection on the basis of dependent variables (with some variation) may happen on the basis of ‘most-likely’ or ‘least-likely’ cases (Eckstein, 1975: 118-119; see also King et.al., 1994: 209; George and Bennett, 2005: 23, 120-23; Rogowski, 2010: 90). A most-likely case is one that is strongly expected to confirm the predictions of a particular theory. In contrast, a least-likely case is one that is strongly expected not to confirm (=contradict) the propositions of the theory. ‘The “least-likely” case seems especially tailored to confirmation, the “most-likely” case to invalidation’ (Eckstein, 1975: 119).

As the development and testing of theories is the primary goal of this research, it follows that in order to avoid selection bias, we should devise ‘hard confirmatory tests’ (Waltz, 1979: 124, 127), or ‘tough tests’ (George and Bennett, 2005: 121) and therefore select ‘least likely’ cases. This means that those cases should be chosen that tend to falsify rather than confirm the theory. If the theory appears to be correct despite ‘least-likely’ observation, it is assumed the theory has survived a difficult test and can therefore be applied with greater confidence to other cases (King et.al., 1994: 209; George and Bennett, 2005: 121-122)

On the basis of these considerations, Turkey is the case chosen for the enlargement dimension, the institutional reform in the SEA for institutional development and the internal market in the SEA for socioeconomic policy cooperation. According to the theoretical model, as developed in Chapter 3, states play a dominant role in the dimensions of enlargement (Turkey) and institutional development (SEA) and share their influence significantly with other actors on the dimension of socio-economic policy cooperation (internal market and new common policies). Turkey is a ‘least-likely’ case for the dimension of enlargement because Turkey is so controversial in the EU that all actors, not only states (as the theory suggests) but also the supranational organs and pressure groups, have taken a position and tried to influence decision-making, in contrast to for example the United Kingdom and Eastern Europe. In addition, because Turkey has had such a long association agreement with the EC/EU (since 1963) and because Turkey’s application for EU membership was rejected twice (in 1989 and 1997), but accepted in 1999 when Turkey became a candidate member, Turkey seems a perfect case to study the timing and character of integration in the dimension of enlargement.

The SEA, which consists of both institutional reform and socioeconomic policy cooperation (internal market and new common policies), is a ‘least-likely’ case, because it was agreed at the IGC that is formally intergovernmental, therefore the supranational organs and interests groups did not have any procedural power and seem to have no say, but according to the theory they would exert significant influence on the dimension of socioeconomic policy cooperation. Furthermore, the SEA is also very controversial in the literature, as far as the influence of actors is concerned. For some scholars, states played a dominant role in the case of the SEA (IR theories, state-centric RI theories/ intergovernmentalist tradition), for other scholars pressure groups and the supranational organs played a decisive role (society-centric RI theories/neofunctionalist tradition and some of the CP theories). While these theories do not distinguish between the different dimensions of integration, the SEA consists of two important parts (i.e. dimensions of integration), namely institutional reform and socio-economic policy cooperation. This study predicts that states would be dominant on the dimensions of institutional reform, but share their influence with supranational organs and pressure groups on

the dimension of socioeconomic policy cooperation. As such, the SEA offers an excellent opportunity to study the influence of the central actors on two different dimensions of integration at the same time. Moreover, the SEA is responsible for a sudden acceleration of the European integration, leading to the treaties of Maastricht and Amsterdam and the establishment of the European Monetary Union. Since the cases have been chosen according to 'least-likely' observation, it is assumed that the conclusions of this study would not have changed if I had chosen another case, for example England or Eastern Europe instead of Turkey, for the dimension of enlargement; the Treaty of Maastricht instead of SEA for the dimension of institutional development; and agricultural policy instead of internal market for the dimension of socio-economic policy cooperation.

The question is now how to study these cases? According to the intensive process analysis (see Chapter 4), we must study concrete decisions in order to determine the influence of central actors on different dimensions of integration. On the basis of the principle 'the more cases, the more information' (Swanborn, 1996: 56) it is useful to examine as many decisions/sub-cases as possible, given the available time and money. Hence, in each case different decisions/sub-cases (4-5) will be investigated in order to increase the number of cases and the number of observations so as to produce more information, which means increasing the degree of freedom of data.

The next question is what kinds of decisions are to be studied? A decision is defined as the choice of an alternative between competing alternatives (see Sections 3.2.2 and 3.4.3.3), which is the outcome and for the time being the end of a decision-making process. It is assumed to be best to select the same kinds of decisions, because such similarity makes it easier to draw more general conclusions (analytical and statistical generalization). As in any other political system there are different kinds of decisions in the EU political system, such as policy decisions, implementing decisions, administrative decisions. Not all actors are involved in making all kind of decisions. However, almost all actors participate in the making of policy decisions. Since policy decisions are political choices, they are almost always controversial, which motivates actors to formulate their preferences and to take a position on the decision to be made. This makes easier to analyse influence-relationships. It is assumed that actual influence-relationships become more visible around controversial policy decisions (political choices) in a policy field. Furthermore, these political decisions should be important in the sense that they determine the character of integration. It also means that these political/policy decisions have drastic redistributive consequences for the actors in terms of rules of game, power, finance, wealth etc.

On the basis of these considerations, this study will reconstruct the following policy decisions: with regard to Turkey (enlargement) four decisions are examined: First, the association agreement (1959-1963/4) that created the framework of development for the relationship between the European Community and Turkey after the Second World War, where three (sub-)decisions are studied, namely the nature/framework of the agreement, the commercial protocol and the financial protocol. Second, the establishment of a customs union between the EU and Turkey (1995/6) as the latest phase of the association agreement, which required a new political decision in the context of changing international environment, which indicates further deepening of the relationship between the EU and Turkey. Third, the rejection of the Turkish candidature by the EU at the Luxemburg European Council (1997), which led to a dramatic decline and break in the relationship. Fourth, the acceptance of the Turkish candidature by the EU at the Helsinki Council (1999) that determined the further development and deepening of the relationship between the EU and Turkey. Since this study examines the influence of central actors on EU decision-making it is considered neither necessary nor feasible in light of the criteria mentioned above to investigate the accession negotiations after Helsinki 1999. I study six decisions on the dimension of enlargement (Turkey), three decisions on dimension of institutional change and seven decisions on the dimension of socioeconomic

policy cooperation. It is thus a total sixteen decisions, approaching nearly the border between the qualitative and quantitative studies. In addition, the influence analysis is based on as full as possible a reconstruction of the decision-making process which is very labour intensive and time-consuming. Therefore, in the light of the research question, more cases are not necessary and feasible. As to the institutional reforms in the Single European Act (institutional change, 1986) three aspects are examined: extending the use of qualified majority voting (QMV) in the Council, increasing the power of Parliament by expanding its legislative role in the decision-making process and strengthening the Commission's management power. As regards the internal market, four sub-decisions are analysed: the principal agreement on the internal market, the definition of internal market with a deadline, and the harmonization of standards. Furthermore, the (new) common policies in the SEA like monetary policy, social policy, cohesion and research and technology are examined as well.

### **5.2.3. Level of analysis: EU-Level**

In Chapter 3 I defined the EU as a (growing) political system; a multi-level, multi-layered system of governance, which consists of at least two levels: the national level and the EU level. Within the political system of the EU, different actors (national, sub-national, supranational and transnational) interact with each other in order to influence the policy output. Accordingly, we should trace the influence of actors at these levels, but the scope of this study is limited to the EU level, because of both theoretical and practical reasons.

One of the reasons for limiting this study to the EU level is theoretical. There is a growing agreement between the competing theories that national preferences are formulated through domestic democratic politics. Not only RI and CP/PP theories but also IR theories, which have neglected domestic politics for a long time, involve domestic politics in the analysis of international politics. These theories are not really clear about the role and influence of the central actors on the formulation of national preferences at the national level, and there is little discussion about the influence of those actors at national level. The discussion focuses on the role and influence of the central actors at the EU level. IR theories and state-centric RI theories emphasise the influence of national states, while non-state-centric RI theories and some CP/PP theories stress the role and influence of interest groups and supranational agencies. On the other side, the theoretical model (MDA) of this study suggests that the central actors have varying influence on the different dimensions of European integration. This study aims to solve this theoretical and empirical problem at the EU level.

The other reason to restrict this study to the EU level is pragmatic/practical. In order to identify the influence of the central actors on the different dimensions of European integration, this study employs the method of intensive process analysis, which is based on as precise a reconstruction of the decision-making process as possible. This is a very labour-intensive work which takes a very long time (Huberts, 1988; Peters, 1999). The EU now has 28 member states. It means that studying all national levels is not feasible within the limitations of this study.

What are than consequences of this choice for the research? The outcomes of this research are only valid at the EU level. On the basis of this research I cannot make any statement on the influence of the central actors at the national level. In addition, this study cannot examine the influence of pressure groups on European integration via their influence on national preferences at the national level. However, since national pressure groups from different states have been also organized as a pressure groups at the EU level, such as business groups like the UNICE or the ERT, and labour movements such as the ETUC, it is possible to study their influence on EU decision-making by studying the EU decision-making process at the EU level.

### 5.3 DATA

To be able to formulate an answer to the research question on the basis of multiple-case study, this study collects and analyses the data about the units of analysis, i.e. relevant EU decision-making processes with all participating actors, their preferences, goals, activities, access and influence attempts on each other. Moravcsik notes that ‘nearly all studies of EC policy-making (...) rely almost exclusively on evidence drawn from secondary and soft primary sources to support controversial attributions of cause or motivation. Political scientists and policy analysts working on the EC continue to rely on one another’s secondary work, government rhetoric, or journalistic commentary’ (Moravcsik, 1998: 81). It is then important that this research makes an effort to use ‘hard’ primary sources such as official policy statements of governments, advice of member-states to the Commission, the documents of the European Council, the European Commission and European parliament, and also others advice of various organisations as well as interviews. Accordingly, the main sources for this study are official documents of the EU and archival materials. The less important sources for this study are relevant literature, the media and interviews.

Generally speaking, the reconstruction of a decision-making process consists of the following steps: First, reconstructions start with a rough overview of events around a political decision by using general official documents like ‘General Reports on the activities of the European Union’ and ‘Bulletin of the European Communities’ as well as secondary literature. Next, the rough reconstruction has been improved and refined on the basis of official documents, in which the development of decision-making can be observed. Third, the reconstruction has been further refined by research in various archives where, in the case of decisions falling within the 30 years rule, a complete reconstruction of the decision-making process was possible. Fourth, people selected on the basis of reconstruction so far were interviewed in order to obtain some last small pieces of information or to check some of the information gathered. In most cases these steps have been repeated (in varying sequences) and data from one source has been checked by data from other sources (data triangulation). Besides using of multiple sources of evidence, a case study database -a formal assembly of evidence- has been created for each case under investigation in order to increase the quality of data collection and case study (Yin, 1994: 78, 2003: 97-107; see also King et. al., 1994: 23-27).

#### *Documents*

The most important sources for this study were formal and informal policy documents of the Member States, the European Commission, the European Parliament, the Council of European Union and different interests groups at the EU level. These documents give information, among other things, about the development of policy process, political context and background information, actors’ preferences, goals and positions, the activities of actors, and bargaining and negotiation between actors. The following documents were regularly consulted by the researcher:

- General Reports on the Activities of the European Union
- Bulletin of the European Communities/Union
- Bulletin of the European Communities Supplements
- Official Journals of the European Communities/Union
- COM documents
- SEC documents
- Conclusions of Presidency (of European Council)
- COREPER documents
- Reports of various commissions to the European Commission or to the European Council
- European Parliaments Reports

- Minutes of the meetings of the EC/EU-Turkey Association Council
- Minutes of the European Council concerning the negotiations between the EC and Turkey on association agreement of 1963
- Original documents regarding the position of the Member States about the Single European Act

### *Archives*

An essential part of research is the consultation of the archives of different organisations in order to refine the reconstruction of the decision-making processes selected. The archives of the following organisations were consulted once and more:

- Archive of the European Commission in Brussels
- Archive of the Council of the European Union in Brussels
- Archive of the UNICE (Union of Industrial and Employers' Confederations of Europe, the voice of business in Europe)
- Archive of the TUSIAD's EU Office (Turkish Business and Industry Association EU Office)
- Archive of the ETUC/CES (European Trade Union Confederation)
- Archives of the Minister of Foreign Affairs of the Netherlands

Some of the documents relevant for this research fall within the 30 year rule and are therefore accessible during the research. Other documents relevant to my research fall outside the 30 year rule and are therefore not accessible under the rules and regulations pertaining to the opening of the historical records of the European Commission to the public. There was the possibility of requesting access to documents less than 30 years old through the transparency policy. In this way I have also consulted (not all but) many documents.

### *Interviews*

The purpose of interviews in this research was to obtain the information which was not available for the researcher, or to check information collected in other ways. The respondents were selected on the basis of the reconstructions of the decision-making processes. It was not possible to contact some people, because they were out of office. In addition, not all respondents were prepared to be interviewed for various reasons.

### *Secondary literature*

The secondary literature was used for several purposes. At the beginning of reconstruction of a decision-making process the relevant literature was consulted in order to make a rough reconstruction on the basis of events relevant for the decision. In this way I could also observe how the influences of different actors have been assessed by different theories, and on what basis.

### *Media*

The Europe-Daily Bulletin, which is also referred to by the name of its publisher, Agence Europe (Europe Agence Internationale-Bulletin Quotidien Europe) was the most important source in the field of media. It is a pink newsletter published six times a week with about 20 pages per issue. Agence Europe provides the most extensive (journalistic) coverage of events in the EU, including meetings of the Commission, the Parliament, COREPER, Council, and many of the most important Court cases. A comparison between the information from the Europe-Daily Bulletin and information from archives on issues within the 30 year rule showed that the Europe-Daily Bulletin is a very good information source, well informed, which provides exactly the same information given (later) by official documents. Hence Agence

Europe is a very important source of background information, and information on the policy positions of actors and the opinions and activities of actors. As result, I have regularly consulted Agence Europe, especially on those issues falling outside the 30 year rule, as official documents were not (yet) accessible. Daily press in Turkish, Dutch and English languages were also consulted. However, I have used only facts, not the opinions or judgments of journalists, for example an interview with Turkish minister of foreign affairs in a Turkish newspaper, or letters between Turkish prime minister and German prime minister published in a newspaper. But these kinds of information have been checked against information from other sources as much as possible.

#### 5.4 VALIDITY AND RELIABILITY

There are four criteria to judge the quality of a case study, like other research strategies: 1. construct validity; 2. internal validity; 3. external validity; 4. reliability (Yin, 2003: 33-39, 2009: 40-45; Johnson et.al., 2008).

*Construct validity* is defined as ‘establishing correct operational measures for the concept being studied’ (Yin, 1994:33, 2009:40-42; Johnson, et.al., 2008: 97). It refers to the extent that operational definitions measure the theoretical concepts being studied. Does one measure what one intends to measure with this operational definition? Construct validity is thus considered as ‘the goodness of fit between an operational definition and the concept it is purported to measure’ (Singleton and Straits, 1999: 114, 129). It refers to the link between the research questions posed and data gathered. Does the researcher collect those data required according to her theory and methodology in order to answer the research questions? I believe this has been done in this study, at least with regard to central theoretical and methodological concepts. This research intends to assess the influence of the central actors on EU decision-making. Firstly, the relevant concepts like integration, governance, (policy-) decision, political influence, the unit of analysis, et cetera, have been clearly defined and operationalized in Chapters 3, 4 and 5. A reliable operational scheme in terms of the method of influence analysis and research strategy was designed in those chapters for the influence (=causal) analysis and this has been applied to all cases. Secondly, data have been collected according to this scheme and ‘multiple sources of evidence’ were used (data triangulation). Thirdly, a ‘chain of evidence (data)’ was established and some procedures were repeated. These are tactics aimed at improving construct validity (Yin, 1994: 34-35, 2003: 34-36, 97-106). However, ‘subjective’ elements remain, particularly where information remained incomplete (Arts, 1998: 319).

The second criterion, *internal validity*, refers to the establishing of a correct causal relationship in a research, meaning that ‘the research procedure demonstrated a true cause-and-effect relationship that was not created by spurious factors.’ (Johnson et.al., 2008: 133; see also Yin, 2003: 34, 2009: 40). As Huberts (1988: 91) mentions, the weak point of an influence analysis by using intensive process analysis lies in the assumption that decisions are caused by actions of political actors acting in their interests. If one accepts this starting point, then this study has fewer problems with regard to internal validity. Since all actors at the EU level are involved in the analysis, we can exclude the possibility that the decisions were caused by actors who were not observed. Arts (2000: 472) argues that the internal validity of intensive process analysis is problematic, because ‘*correlation* of preference development of participants on the one hand and of decision-makers on the other does not necessarily imply *causation*.’ It is true that correlation of preferences does not necessarily equate to causation. However, the intensive process analysis assesses the influence of players not only on the basis of a correlation of preferences, i.e. factor timing and preferences, but also on the basis of the intervention of actors (attempt to exert influence), i.e. access to decision-maker and goal achievement (see further Sections 4.5 en 4.6).

After all, as argued in Section 4.4, we can never show causality conclusively. The ‘fundamental problem of causal inference’ remains. ‘... no matter how perfect the research design, no matter how much data we collect..., no matter how diligent the research assistants, and no matter how much experimental control we have, we will never know a causal inference for certain’ (King et.al.,1994: 79). Therefore some scholars use the modifier ‘approximately’ when referring to validity. Accordingly, internal validity refers to the ‘approximate validity with which we infer that a relationship between two variables is causal or that the absence of a relationship implies the absence of cause.’ (Cook and Campbell, 2004: 48). Furthermore this study is going to apply ‘pattern matching’ in order to test the internal validity of this research (Campbell, 1975; Eckstein, 1975; Yin, 2003). Pattern matching means to compare an empirically founded pattern with a theoretically predicted one. If the patterns coincide, it is considered to strengthen the internal validity of case study. In addition, the rival theories of IR, RI and CP/PP will be tested as well. It is assumed that the more rival theories are rejected, the stronger the internal validity of the study (Eckstein, 1975; Yin, 2003: 113).

The third criterion, *external validity*, refers to the ‘establishing of the domain to which a study’s findings can be generalized’ (Yin, 1994: 33, 2009: 40; Johnson et.al., 2008: 135). Yin makes a distinction between statistical generalization from sample to populations and analytical generalization from experiments or cases to theoretical propositions (Yin, 1994: 30-36, 2009: 43-44). According to Yin, case studies can be generalized to theoretical propositions and not to populations or universes. The assumption therefore is that a limited number of cases studied cannot represent populations from which they were selected, in contrast to a sample that represents the population from which it was selected and therefore can be statistically generalized to that population. The goal of this research is to contribute to theory development in European integration and governance by testing rival theories, and to generalize to theory (analytical generalization) as a result. However, as argued above in Section 5.2.1.3, some statistical generalizations may cautiously be formulated on the basis of multiple case studies, if the relationship between cases and population is clear. To the extent that the units (sub-cases) studied resemble the domain and the outcomes are homogeneous, the generalization to population is more valid (Swanborn, 1996: 69-70; Huberts and de Vries, 1995:65). Statistical generalization about the influence of central actors on European integration is then possible only to similar types of political decisions studied in this research.

The last criterion, *reliability*, refers to the extent that the same case study can be repeated (by another investigator) with the same results (Yin, 2003: 34, 2009: 40, 45). ‘Do repeated applications of the operational definition under similar conditions yield consistent results?’(Singleton and Straits, 1999: 114). The more consistent the results of repeated applications are, the higher the reliability; on the other hand, the less consistent the results of different applications are, the lower the reliability (Johnson et.al., 2008: 94-5; Singleton and Straits, 1999: 129). It implies that a later investigator, following the same procedures as described by an earlier investigator, should produce same findings and conclusions. I have tried to increase the reliability of this study by giving a detailed account of research design and method, by storing all documents consulted, by making reports of all interviews, by creating a database (and ‘a chain of evidence’) concerning the reconstruction of the decision-making of each case. Therefore, anyone who wishes to do a secondary analysis is able to. I believe that another researcher will produce (very) similar outcomes on the basis of available/same information.

## 5.5 CONCLUSIONS

This study includes all components of an appropriate (case study) research design (Yin, 2003: 21-33, 2009: 27-40; King, et. al., 1994: 12-33). First, a clear research question has been formulated on the basis of a comprehensive review of the existing theories of IR, RI, and CP/PP



concerning the (contradictory) influence of the central actors on European integration and governance (Chapter 2).

Second, a theoretical framework, which is a crucial element ('blueprint') in a case study, not only for data collection but also for generalizing the results of the case study ('analytical generalization'), in terms of an influence model has been developed with clear propositions about the varying influence of the central actors on different dimensions of European integration and governance (Chapter 3), and the relevant concepts of integration, governance, (policy) decision, power, political influence etc, have been defined and operationalized (conceptual design) (Chapters 3 and 4).

Third, the unit of analysis (the EU decision-making process with its decisions and all participating actors) and the research strategy (comparative case study) has been defined, as well as the (sub-) cases to be studied, which have been selected on the basis of the research question, the theoretical framework and the research goal, and according to the criteria 'least-likely' or 'hard cases' that tend not to confirm but to falsify the theory in order to avoid selection bias (technical design, Chapter 5).

A complete research design should tell us not only what data are to be collected but also how the data should be analysed and interpreted. Therefore, a research design should provide, fourth, 'the logic linking the data to the propositions', and fifth, 'the criteria for interpreting the findings', which have been the least well developed and most difficult aspects of case studies (Yin, 2003: 26-27, 109). This study's solution for these issues is both plausible and strong enough, because the theory and the data are going to be linked by the method of influence analysis and 'pattern matching' (Campbell, 1975; Waltz, 1979; Yin, 2003), indicating an agreement between the theoretical framework and the methodology of the research. Although the theoretical framework (dependent variable, independent variable and the relationship between them) indicates what kind of data are needed in order to answer the research question (by focusing attention on certain data and ignoring other data), the data collection and analysis are going to be guided by the method of influence analysis that provides the criteria for which data should be collected, how it should be ordered and how it should be analysed in order to determine the influence of the central actors on the different dimensions of European integration and governance. This makes the data collection, analysis and assessment of the influence of actors more objective, as a result of which this study is more robust.

The findings of the research (empirical pattern) will be then compared with the theoretical pattern in order to test the hypotheses and accordingly to generalize at theoretical level ('analytical generalization') (Yin, 2003: 116, 2009: 38-39, 136-140; Waltz, 1979: 124) and to similar cases (generalization to population). If the theoretical and empirical patterns coincide, the results tend to strengthen internal validity of the study. Finally, the findings of the study will be interpreted by means of 'pattern matching for rival explanations', meaning that the findings of the research (empirical pattern) will be matched with the contesting propositions of IR, RI, CP/PP theories and the propositions of the MDA to identify to what extent the empirical results of this study back or contradict those propositions, so as to show their strong and weak points. It is assumed that the more cases support the same theory and reject alternative/rival theories, the stronger the internal validity (causal interpretation) of the study is, which is also called 'strong inference' (Eckstein, 1975: 125; see also Swanborn, 1996: 103-4; Yin, 2003: 33, 113, 116-120, 2009: 136-141).

It is therefore believed that this research, at least reasonably, meets the four quality criteria of case study: construct validity, internal validity, external validity and reliability.

## **PART III: EMPIRICAL RESEARCH**

**INTO INFLUENCE OF ACTORS ON  
DIFFERENT DIMENSIONS OF  
EUROPEAN INTEGRATION  
AND GOVERNANCE**

## CHAPTER 6

### **SOCIO-ECONOMIC POLICY COOPERATION: The INTERNAL MARKET and new COMMON POLICIES in the SEA**

#### **6.1 INTRODUCTION**

In this and the following chapters I will analyse the influence of central actors like the Member States, the supranational organs of the EU and interest groups on the Single European Act (SEA). The Single European Act was a mixed treaty. The Member States of the European Community signed the SEA in 1986 in order to progressively establish a fully integrated internal market that accompanied the Europeanization of new policy areas and institutional reform. Accordingly, the SEA consists of two different dimensions of integration, namely institutional development and socioeconomic policy cooperation, on which the central actors may exercise varying influence.<sup>1</sup>

This new impulse toward European integration took place in the context of economic stagnation and malaise. After years of growth in 1960s and the completion of the customs union in 1968, European economies experienced crises in 1970 and early 1980s, characterised by declining growth, rising inflation and soaring unemployment. This was accompanied by reduced profitability, insufficient investment and considerable increases in public spending and social charges. All of these led to the diminished competitiveness of Europe against Japan and the USA (UNICE, 1984b).

Having understood that protectionism did not offer an adequate solution, and with scope of action at the national level was too limited to respond to the rising competition from Japan and the USA, European countries sought a solution through concerted action at the Community level. One answer was the achievement of a large European internal market and the creation of economies of scale by promoting the free movement of goods, services, capital and persons through removing the political, economic, and legal barriers to trade. 'By expanding trade markets and stimulating competition, integration of the European economies fosters the optimum allocation of resources and of the factors of production and enables businesses to strengthen their comparative advantage, achieve economies of scale and become more specialized' (European Commission, 1984f: 2). This was precisely the objective of the internal market initiative. Furthermore, a number of new policy areas were formally incorporated into the EEC Treaty, such as environment, research and technological development (R&TD), monetary policy, social policy and economic-social cohesion. As a result, one part of the SEA consists of policy cooperation in different fields.

The market liberalisation and extension of common policies accompanied institutional reforms that changed the decision-making structures to improve the Community decision-making process in order to manage the internal market and new common policies. As an important modification of the power structure of the EC, the institutional reform contained (an extension of) qualified majority voting at the Council, extending (increasing the) power of the EP with cooperation (for ten Treaty articles) and assent procedures (for two Treaty articles) and strengthening of Commission's management power. As a result, the SEA became the most important amendment to the Treaty of Rome until 1986 since the latter was adopted in 1957 and was the source of the sudden acceleration of European integration.

Scholars have disagreed about the origins of the SEA and about the extent of influence exercised by different actors in bringing about the SEA. Within RI theories, the neofunctionalist tradition argues that the decisive sources of the single market initiative lie in the lobbying of

multinational business groups and supranational entrepreneurs like the European Parliament and the Commission. The Member States only reacted to the demands of these groups (see Section 2.3.1.1; Cowles, 1995). In contrast, the intergovernmentalist tradition emphasizes the influence of member states, arguing that outcomes reflect the convergence of national interests and confirm intergovernmental bargaining theory. The influence of supranational and transnational entrepreneurs was secondary (see Section 2.3.2.3; Moravcsik, 1998).

This chapter analyses the influence of these actors on socio-economic policy cooperation in the SEA. The chapter is designed as following: First, Section 2 identifies the content of the SEA in terms of dimensions of integration (institutional change and policy cooperation). Second, Section 6.3 describes the development of decision-making in the SEA, a reconstruction of the decision-making process. Section 6.3.1 identifies the origins of the SEA in the two stage plan for the establishment of Economic and Monetary Union (EMU) from 1969. Section 6.3.2 questions the common view that integration stagnated in 1970s and shows that integration was going on in different dimensions to a varying extent. Section 6.3.3 examines the relaunching of internal market in 1980s, which led to holding Intergovernmental Conference (IGC) to amend the Treaty (of Rome). Section 6.3.4 studies the development of decision-making during the IGC. Having reconstructed the decision-making process, third, the influence analyses are made by applying the rules of the intensive process analysis in order to determine the influence of the central actors on the socio-economic policy cooperation in the SEA. Section 6.4 analyses the influence of actors on the internal market and Section 6.5 on the new common policies. Finally, Section 6.6 provides a summary and conclusions with the assessment of the influence of the central actors on socioeconomic policy cooperation in the SEA.

## **6.2 DEVELOPMENT OF DECISION MAKING ON the SEA**

### **6.2.1 The origin of the SEA: Economic and Monetary Union**

Scholars have disagreed on the origins of the SEA. Most of the studies focus on the analysis of 1980s (1980/1-1985) for understanding of the SEA (Moravcsik, 1998; Cowles, 1995; Sandholtz and Zsyman, 1989). According to Moravcsik, before 1983 no internal market initiative was seriously considered by the three major governments (United Kingdom, France and Germany) and no consensus about the reform existed before 1984 (Moravcsik, 1998: 348, footnote: 84). Cowles (1995: 503) argues that before 1982 the Council failed to take a decisive decision despite the calls of various organizations. Only a few studies imply that the roots of the SEA can be traced back into the 1970s in the Economic and Monetary Union (EMU), a project adopted but not fully implemented (Cameron, 1992).

The original goal of a common market was set in the Treaty of Rome, something which in 1957 was optimistically scheduled to be in place by 1970, after the completion of the customs union. According to the Treaty of Rome (Article 8), the common market should be progressively established during a transitional period of twelve years divided into three stages of four years. At the annual joint meeting between the Community institutions (Council, Commission, Parliament) on 28 November 1966, one of the fundamental questions was whether or not common political will existed to achieve the economic union. According to the Council President, M. Luns, this will existed (European Commission, 1967a: 26). So the SEA, under the name of the EMU, came on the agenda after the completion of the customs union in 1968. Like the SEA, the EMU contained the establishment of an internal market and institutional reforms.

After the completion of the customs union the Commission and the EP immediately began to advocate the achievement of economic and political union as the new objectives of the

Community. The Commission described the creation of single market comparable to an internal market as the basic primary task (European Commission, 1967b: 5-14; 1969a: 13-17; see also European Commission, 1970a: 3). This meant, first, the establishment and operation of the single market considered, like the SEA, as free movement of goods, services, capital, and persons and harmonization in the commercial, fiscal, social, agricultural and other fields, as well as monetary union. Second, in order to achieve political union the Commission suggested institutional reform such as majority rule in the Council of Ministers, greater legislative powers to the EP and implementing powers to the Commission (European Commission, 1968). The EP demanded, in a resolution adopted on 3 November 1969 just before the Hague summit, further integration of Europe in terms of policy cooperation in different fields, transition to a common market and institutional reform including the direct election of the EP members and the provision of more power to the EP (European Parliament, 1969).

The Hague summit on 1-2 December 1969, on the initiative of French government, made a commitment to an economic and monetary union. The heads of Government affirmed the agreement that the integration process should result in a Community of stability and growth. In order to achieve this goal, the Community should be consolidated by establishing an Economic and Monetary Union, for which a plan in stages would be worked out during 1970 (European Council, 1969).

The problems of establishing an economic and monetary union by stages were discussed in detail in 1970 in and between various bodies: the EP, the Commission, the Economic and Social Committee (ESC) and the Council (European Commission, 1971a: 72). The Commission proposed to the Council a draft resolution on the establishment by stages of economic and monetary union (European Commission, 1970b: 15-25). The EP pleaded in a resolution on 4 December 1970 for the completion of the economic and monetary union and the strengthening of the Parliament's powers (European Commission, 1971b: 93-94). The ESC appealed governments, at its 91<sup>st</sup> plenary session on 19 December 1970, to 'give economic union the necessary priorities and to agree to the transfers of power which must be made if it is to be achieved.' (European Commission, 1971b: 116). The European Confederation of Free Trade Unions (ECFTU)<sup>2</sup> supported the economic and monetary union, provided that the union function as an instrument for social development, justice and full employment. Therefore, the strengthening and democratisation of the decision-making structure in the Community, through institutionalised consultation with the labour movement, among other things, was needed (ECFTU 1969, 1972).

In order to realize a satisfactory growth rate, full employment and stability within the Community, on 22 March 1971 the Representatives of the Governments of the Member States adopted a resolution on the establishment by stages of an economic and monetary union in accordance with a phased plan in the course of the next ten years, beginning in 1971 and ending in 1981 (European Council, 1971; European Communities, 1971). This resolution was based on the report of the Werner Group set up by the Council on 6 March 1970 (see for the report, Werner Working Party, 1970; European Communities, 1970). According to the resolution, the Community should carry out those measures that would lead to an internal market, monetary union and institutional reform to manage the economic and monetary union by the end of this process. The internal market meant free movement of persons, goods, services and capital within the Community with common currency (monetary union). The economic and monetary union implied that the main economic policy decisions would be taken at the Community level, and therefore the necessary powers would be transferred from the national to the Community level (like SEA) (European Council, 1971: 21). The Council adopted a precise action program for the first phase between 1971-1973. The first stage of the EMU, lasting three years, should be completed by the end of 1973. The Council would adopt measures, before the end of first three-years phase, leading to the complete achievement of the EMU after transition to the

second phase. The Member States agreed at the Conference in Paris (on 19-20 October 1972) to make the required decisions during 1973 to allow the transition to the second stage of the Economic and Monetary Union on 1 January 1974 (European Council, 1972: 16-17). The second stage would begin on 1 January 1974 and end on 31 December 1976, in view of its complete realization by 31 December 1980 at the latest.

### **6.2.2 1970s: Integration stagnated?**

It is a common view that integration stagnated in 1970s and early 1980s. I wonder if integration stagnated in those years. Whether integration stagnated depends on the definition of integration and the point of view from which one looks at European integration. Those who have a one-dimensional definition of integration, for example socio-economic policy cooperation, are not able to see the development of integration in other dimensions, like enlargement and institutional development. If we look at integration as multidimensional phenomenon then we can see that in 1970s and early 1980s integration certainly did not stagnate on the dimension of enlargement. Integration was going on, to a lesser extent, on the dimensions of institutional development and socioeconomic policy cooperation.

#### ***Enlargement***

Enlargement was one of the most important aspects of the development of European integration. The Community realized two waves of enlargement in these years. The first enlargement occurred in 1972 with the accession of Denmark, Ireland and the United Kingdom (Miles, 1995; Croft. et.al., 1999; Baun, 1999). These countries applied for membership in 1967, negotiations started in 1970, took 19 months and they became members of EU by 1 January 1973. Although Norway also negotiated entry, it did not join because the accession agreement was rejected in a popular referendum in this country (Miles, 1995: 24). In the second round of enlargement, Mediterranean countries like Greece, Spain and Portugal became the member of the Community in 1980s (Miles, 1995; Croft. et.al., 1999; Baun, 1999). Greece applied for membership in 1975, after a negotiation of 34 months Greece joined the Community on 1 January 1981. Portugal and Spain applied for membership in 1977, negotiations took 34 and 80 months respectively and they became members of the Community on 1 January 1986. (Miles, 1995: 24).

#### ***Institutional development***

While the EP and the Commission insisted on institutional reforms in terms of increasing legislative powers of the EP and management power of the Commission, and the Member States recognized it within the framework of the EMU, with the stagnation of the transition to the second stage of the Economic and Monetary union in 1974 the discussion on institutional reform was restricted to the improvement of the functioning of the existing institutional structures of the Community. The Council of Foreign Ministers approved the practical suggestions of the report of Three Wise Men (European Commission, 1980b: 58; see for proposals Committee of Wise Men, 1979). The most visible institutional reform in 1970s was the decision of the European Council on the direct election of the EP by universal suffrage in June 1979 for the first time. After the agreement on the direct election of the EP at the Paris summit (9-10 December 1974), the representatives of the Member States signed the Act for the election of representatives to the EP in Brussels on 20 September 1976 (European Commission, 1977a: 11).

#### ***Socio-economic policy cooperation: stagnation of EMU but ongoing silent integration***

On the dimension of socioeconomic policy cooperation, the development of the EMU stagnated. However, on this dimension there was an ongoing integration as well. The custom

union was completed with the six Member States, and later with twelve. Many (technical) barriers to trade (NTB) were removed (silent integration). Steps were taken to coordinate policies on different fields, such as environment, education, research and technology.

After the implementation of the first stage of the EMU in the beginning of 1970, the second stage was postponed because of the economic crisis that emerged with the oil crisis which changed the framework for economic development in the Member States. With the withdrawal of the French Franc from the Community's monetary agreement, the transition to the second stage of the EMU was put on ice. The policies were 'becoming national again', according to the Commission, because of the 'doubts ...over the role of Europe as a means to overcome... short and... long-term difficulties and to safeguard the future of people' in the Community (European Commission, 1974: 5).

Nevertheless, at the Paris Summit Conference of 9-10 December 1974 at the invitation of the French President, the heads of government reaffirmed their commitment to the EMU and their determination to make further progress in this direction (European Council, 1974: 9). To this end they agreed, at the Hague European Council (29-30 November 1976), on an overall view of the European Union and EMU and on the way of achieving it as described by Tindemans' report, based on comprehensive consultations with various actors within the Community. According to Tindemans' report, sent on 29 December 1975 to the heads of government, the adverse international economic and financial circumstances were not the only cause of the stagnation of the EMU. 'The failure is also the result of two other causes: a failure of political will, and inadequate understanding both of what an Economic and Monetary Union is meant to be and of the conditions necessary for the creation and operation of such a Union.' (Tindemans, 1976: 19). Tindemans reviewed the place of the EMU in the Community by defining the EMU as part of the EU and formulated a new way of achieving it. The EU recognized the interdependence of the economic prosperity of the Member States and accepted the consequences of this, namely common policy in different fields. The achievement of the EMU would form the basis for the establishment of the European Union. Therefore a growing economic convergence was necessary, which required common economic and monetary policies, industry and agricultural policies, and also energy and research, as well as social and regional policies. In order to achieve these tasks the EU would be given institutions with the necessary powers to determine a common political view, efficiently and legitimately. The EU would be built gradually in a long-term process, progressively and pragmatically on the foundations laid by the existing Treaties. The EU implied a united front to the outside world. The construction of Europe was the only all-inclusive answer to the challenge of the loss of weight and power of the Member States in the world and to regain some control.

After initial attempts to pursue their own independent policies and to take protectionist measures against the crisis, the Member States recognized the reality of economic interdependence, gradually changed their approach and attempted to deal with the crisis together, as the problems to be tackled were beyond the capacity of the Member States acting alone (European Commission, 1975a; European Commission, 1975b). The Tripartite Conference (on 27 June 1977) of the governments, the Commission, the trade unions (ETUC), and the employers (UNICE) about growth, stability and employment concluded that 'the protectionist option is an illusion for the Community- it is not a way of protecting or advancing our standards of living' (European Commission, 1977b: 7). In order to achieve monetary (exchange rate) stability and lasting growth in the Community the European Council in Paris (12-13 March 1979) brought the European Monetary System (EMS) into operation (European Council, 1978: 9-10).

The stagnation of the development of the EMU did not mean the stagnation of economic integration as a whole. 'There have been continued efforts to achieve "silent integration", through the Community's activities in various sectors and to consolidate what has already been

achieved.’ (European Commission, 1984a: 20). One of the indications of ongoing silent integration was that the customs union was extended to three new members from 1 July 1977 (European Commission, 1977c: 14-15). Although the customs union was still not fully complete (not all areas of customs law were yet covered by the Community rules), the customs duties in intra-Community trade disappeared and a common tariff was applied by the Nine in trade with other countries. Another indication of economic integration and an important contribution to the attainment of a single market was the removal of technical barriers to trade in industrial products. The Council adopted one hundred (100) directives concerning the elimination of technical barriers (on the classification, packaging and labelling of dangerous substances) to trade in industrial products between June 1967 and June 1978.<sup>3</sup> A judgment of the Court of Justice on 20 February 1979 in the *Cassis de Dijon* case (120/78) also contributed to the dismantling of technical barriers in intra-Community trade by promulgating ‘mutual recognition’, meaning that any product legally manufactured and sold in a Member State had to in principle be admitted to the market of any other Member State (European Commission, 1980a: 13-15). Finally, in those years steps were taken for coordinating policies in new areas such as environment, research and technology and energy.

### **6.2.3 Relaunching the internal market and the Community**

#### **6.2.3.1 Revitalization of the community: from may mandate to draft treaty on the EU**

The discussions on how to reform the Community’s policies and institutions intensified in the early 1980. After reaching a temporary arrangement concerning the United Kingdom’s contribution to the Community budget (30 May 1980), the Council called on the Commission to produce proposals for the development of Community policies known as the ‘May mandate.’ The Commission’s report on the May mandate provided food for further discussion. The process continued with initiatives from the Parliament that resulted in the draft Treaty on the EU, the French memorandum, the German and Italian initiative (Gencher-Colombo initiative=European Act), and the signing of the solemn declaration.<sup>4</sup>

In its report on the May mandate the Commission proposed a master plan to revitalize the Community (European Commission, 1981a). It suggested course of action in many areas, which would satisfy three priorities: resolve the budget problems, reform common agricultural policy and revitalize common policies in the fields of monetary stability, economies of scale and modern European industry, new technologies and competition policy. The Commission noted that a single integrated market was fundamental for the future development of the Community against its American and Japanese competitors. The Commission proposed further, in a communication to the Council and the Parliament on 14 October 1981, to reform the institutions of the Community in terms of majority voting in the Council and strengthening Parliament’s power in order to reinforce existing policies and develop new ones (European Commission, 1981d: 56-57; 1982b: 5-12).

There were also initiatives from the Member States to revitalize the Community. The French government proposed, in a memorandum sent to the Member States and the Community institutions on 13 October 1981, that the common policies should be further developed (French Government, 1981). The memorandum proposed measures in different policy fields, such as economy, employment, agriculture, energy, industry, competition, research and innovation. The memorandum noted that ‘the Community should continue setting up the common market by gradually removing technical barriers, progressively opening public contracts to competition and approximating national laws.’ The memorandum considered institutional reforms unnecessary. According to the memorandum, the success of each of the European nations depended on the success of the Community. Without European integration Europe could not become a powerful factor of stability, growth, and peace in an uncertain and dangerous world.



In November 1981, Germany and Italy presented a draft of a European Act and a draft declaration on economic integration to the other Member States, the Parliament and the Commission (German Government and Italian Government, 1981).<sup>5</sup> This Bonn-Rome (Genscher-Colombia) initiative on the European Act called to revitalize the Community by strengthening political and security cooperation as a way of progressing towards the European Union, but also included proposals for internal market reform. The draft emphasized, in contrast to the French memorandum, the political objective of European unification and institutional framework with a more effective decision-making structure. The achievement of the EU required further progress in the economic integration of Europe in terms of a 'functioning internal market, an adjustment of the common agricultural policy and an improvement in the budgetary structure' (German Government and Italian Government, 1981: 91).

The discussion on the draft European act resulted in the signing of the Solemn Declaration on the European Union by the Heads of State and Government at the Stuttgart European Council on 17-19 June 1983, on the basis of the report of the Foreign Ministers. The declaration included the objectives of the EU, the institutions with their functions and powers, and the policies in different fields, like economic policy, monetary policy, commercial policy, CAP, industrial policy, regional and social policy, foreign policy, cultural cooperation and internal market (European Council, 1983b). The Declaration reaffirmed the desire to reinforce economic, political and security cooperation between the Member States. The heads of governments emphasized their determination to 'transform the whole complex of relations between their States into a European Union.' (European Council, 1983b: 25). The declaration also called for the completion of the internal market in accordance with the Treaties, in particular the removal of the remaining obstacles to the free movement of goods, capital and services. The most important concrete outcome of the Stuttgart summit was the agreement to 'take broad action to ensure the relaunch of the European Community', focusing especially on three related problems, namely the Community financing and budget, the British rebate, and enlargement (the entry of Spain and Portugal) (European Council, 1983c: 19). The Council also stressed that the 'completion of the internal market must remain a priority aim' (European Council, 1983d: 21).

In the early of 1980s the EP was very active in giving new impetus to European integration. Parliamentarians issued reports and resolutions supporting two programs, namely maximalist and minimalist (European Commission, 1981c: 66-68, 1982a: 25; see also Moravcsik, 1998: 357-8). Minimalists (Kangaroo Group since 1981) preferred the policy of 'small steps' and improvements within the compass of the existing Treaties. Minimalists initiated the resolutions on Parliament's right of initiative and its role in the legislative process, and were working with national leaders to liberalize the internal market. The minimalists launched a public campaign in 1983 in favor of abolishing different barriers and stressed the 'costs of non-Europe' in a Parliament report (Albert-Ball report) in August 1983 (Albert and Ball, 1984). Maximalists were federalists known as the 'Crocodile group' since 1980 who aimed at 'reshaping policies and relations between institutions and demanding revision of the Treaties'. This group, under the leadership of Alterio Spinelli, took initiative in the Parliament to set up a Committee on Institutional Affairs to prepare the draft treaty establishing the EU.

The Parliament adopted on 14 February 1984 by an overwhelming majority (238 to 32 with 34 abstentions) the draft Treaty establishing the European Union (European Parliament, 1984). The draft Treaty was a work of two years, and comprehensive. It included the objectives, the legal structure and the institutions of the Union with distribution of powers, the economy and internal market, the monetary system, the finances of the Union, budget, policies in different fields such as agriculture, transport, industry, research, energy, social policy and international relations of the Union. According to the draft Treaty, the necessary revival of European integration should include a further development of existing policies, the introduction

of new policies and the establishment of new institutional balance (European Parliament, 1984: 8). The Council and the EP should jointly exercise legislative power on the basis of the Commission's proposals or of their own initiative. The Council should vote in general by a simple majority. The Union should have exclusive competence to complete, safeguard and develop the free movement of persons and goods (within a period of two years), services (five years), and capital (ten years) within its territory; it should have exclusive competence for trade between Member States (European Parliament, 1984:18). The Union of European Federalists (UEF) and European Union Deutschland called, in a resolution on 10 December 1984, the National Parliaments to ratify the draft Treaty on the European Union (Agence Europe, 1984: 3).

### **6.2.3.2 Revitalization of the internal market: (new) actors, analysis and initiations**

The Council discussed almost continuously the completion of the internal market since the completion of the Common Market in 1968. In contrast to the period of 1970s, in the 1980s not only the EU's supranational organs but also interest groups (especially business groups) were very active and continually insisted on the completion of the internal market and therefore played a crucial role. This process was characterized not only by the participation of new actors, but also by the changing analysis of situation made by different actors like the UNICE, the ERT, the Commission, the EP and the Member States. In this new analysis the unified internal market was not only considered as a community response to the problems of growth, stability and prosperity, but also as a mean of survival, as an essential factor in competition against Japan and the USA.

The Commission underlined, in its May Mandate report (24 June 1981) to the Council, that the Community was falling behind the other major industrial powers. Therefore, it suggested that a single integrated market was essential since this 'allows firms to benefit from outlets on a continental scale and to invest with the same degree of security as their American or Japanese competitors' (European Commission, 1981a: 9-10). Furthermore, the Commission proposed, in a communication to the Council on 26 October 1981, a strategy to develop European industry against Japanese and American strategies (European Commission, 1981b). According to the Commission, one of the main obstacles to industrial investment and competitiveness in the Community was the national structure of industrial enterprises and the scope of and contradictions between national industrial policies. Faced with the American and Japanese strategies, Europe had to create a genuine European industrial dimension and encourage the formation and development of companies operating on a European scale and therefore asked for the completion of the internal market.

The UNICE, the federations of national business at the EU-level and spokesman for European industry, supported the Commission's strategy, because it corresponded to a real need and was in line with the strategy of the UNICE. According to the UNICE, the problems of European industry had become acute and needed a Community response (UNICE, 1982). The proposals of the UNICE (June 1982) for a Community industrial strategy were based on the completion and consolidation of a true internal market, offering companies a unified operating base of continental dimension to reinforce the competitive capacity of European industry. In connection with the meeting of Ministers for industry in Venice on 10 June 1980, the UNICE stated that European industry needed a large unified internal market free of all barriers, because it was a precondition for the development of competitive European industries (UNICE, 1980). The unified internal market meant the elimination of fiscal, technical and legal barriers and freedom of movement for all factors of production (persons, good, services, capital). It also required the harmonisation of fiscal arrangements and company law, and a competition policy aimed at promoting integration, and the gradual and effective throwing open of public contracts (UNICE, 1980; see also UNICE, 1982).

Although the ETUC contested the Commission's recovery strategy, because it was based only wage reduction and export-led growth, it demanded that governments and the supranational organs take measures for economic recovery, including government intervention, job creation and reducing working time (ETUC, 1982a, 1981). The ETUC considered European level cooperation necessary to solve Europe's economic and social problems, as European economies were so interdependent it was very difficult for any country to take sustained recovery measures by itself (ETUC, 1980b, 1982). Furthermore, the ETUC demanded the humanisation of the health and safety of working conditions. Protection standards of all countries in Western Europe should approach the standards of the most advanced country.

Despite the demands of the supranational organs and interest groups for the completion of the internal market, the proposals to develop the internal market were still blocked in the Council, according to the Commission in its annual report on the EU in July 1982 (European Commission, 1983a: 22). Because of the failure to progress towards a unified internal market at the top, in early the 1980s the Commission took initiative to organize European level collaborations at the bottom between business and labour organisations on the one hand and among the leading companies on the other hand. The Commission organised various meeting between the Commission, the UNICE and the ETUC to discuss a recovery program and to get support for its plan. This provided the interest groups with the opportunity to exert influence on the Commission's program. Furthermore, the Commission brought together twelve major European firms in the fields of information technologies and microelectronics in order to discuss technical standards and emerging technologies.<sup>6</sup> From this initiative billion-dollar mega-projects emerged at the European level, like the ESPRIT programme (the European Strategic Programme for Research and Development in Information Technology) and the RACE program (Research for Advanced Communications-technologies in Europe), which were adopted by the Council in late 1982 and 1983 (European Commission, 1984a: 81; Cameron, 1992: 49-50; Sandholtz and Zysman, 1989: 113-114).

Representatives of business groups kept pressing the Member States for the completion of the internal market. The UNICE concluded that in order to increase the competitiveness of European business the effective use of the economies of scale was necessary, which could only be achieved by the unification of the internal market (UNICE, 1983a). But the Council meeting on 1 February 1983 only produced some 'useful guidelines' aimed at eliminating restrictive trade practices (European Commission, 1983b: 14-15). Hence the UNICE declared (on 24 February 1983) that the Council of 1 March 'should result in something tangible...to speed up the achievement of a genuine Community internal market.' The Council of 1 March signified its agreement on a directive aimed at preventing barriers to the free movement of goods (European Commission, 1983c: 25). The President of UNICE again explained the demands of the business community for the unification of the internal market to the President-in-Office of the European Council on 21 March 1983. The European Council reviewed, at its meeting in Brussels on 21-22 March 1983, the progress on internal market proposals to remove barriers to trade and financial services and stressed the need for decisions before June in all the priority areas (European Council, 1983a: 19). The European Council in Stuttgart (17-19 June 1983) called on the Council of Ministers to 'make every effort to settle as many of the outstanding internal market matters as possible' (European Council, 1983d: 21). The completion of the internal market, according the Council, 'must remain a priority aim...work must therefore continue...on the removal of the various forms of distortion of competition... including trade barriers' (European Council, 1983d: 21).

Another business organisation pushing for the completion of internal market was the European Round Table of Industrialists (ERT). The ERT was created by leading businessmen and the Commission to promote the internal market.<sup>7</sup> The ERT published reports, lobbied in favour of the internal market in private meetings with leading government officials, addressed

the European public through the media and developed specific projects to demonstrate its solution to national governments.<sup>8</sup> According to the ERT, the solution of European problems was possible only by creating economies of scale and becoming more competitive in the international marketplace. Therefore, as the ERT charter stated, ‘a halt to market fragmentation within Europe and the creation of unified European markets is [sic] essential’ (ERT, 1983: 2). In the memorandum ‘Foundations for the Future of European Industry’, addressed on 10 June 1983 to the Commissioner Etienne Davignon, the ERT emphasized the importance of a unified European market for industrialists and the need for political action to achieve it as follows: ‘We cannot remove unaided the many obstacles in Europe which cause waste of valuable resources, and explain, in part, the weakening position of European firms in world markets’ (ERT, 1983: 2). According to the ERT separated national markets with separated national policies and separated industrial structures prevented many firms from reaching the scale necessary to resist pressure from non-European competitors. ‘The European market must serve as the unified “home” base necessary to allow European firms to develop as powerful competitors in world markets’ (ERT, 1983: 2). The non-unified market resulted in three major obstacles to European industrial growth: ‘(1) the highly unfavourable risk/return relationships for productive investments; (2) the European regulatory environment characterized by a proliferation of uncoordinated standards; and (3) fiscal, legal and political obstacles to the creation of transnational industrial structures’ (Cowles, 1995: 507; see also Moravcsik, 1998: 355).

It was in this context mentioned above that German, French and British governments separately declared in September 1983 in their memorandums that they favoured the completion of the internal market. They did not speak of a ‘genuine internal market’ yet. The British government, in its memorandum of September 1983, proposed the liberalization of financial services (especially insurance), transport (especially air transport), the simplification of frontier controls, mutual recognition of professional qualifications, a joint policy to stimulate European high-technology industries, and the elimination of non-tariff barriers through European standardization (Moravcsik, 1998: 325). Germany, in a memorandum on ESPRIT, suggested ‘a long list of measures to liberalize the internal market’ (Moravcsik, 1998: 330). According to the French government, in its memorandum titled ‘A New Step for Europe: A Common Space of Industry and Research’ and sent to fellow EC members, the fragmented European market was the cause of the decline of European industry (Cowles, 1995: 510-12). The memorandum proposed, among other things, cooperation in research, developing European standards, opening public procurement markets, stimulating alliances and cooperation among European firms and launching European infrastructure projects that would support exchanges among companies.<sup>9</sup>

However, the memorandums did not contain concrete measures on the internal market, as European businesses wanted. The failure of the European Council to take necessary decisions on the internal market created a certain feeling of scepticism (‘feeling of disillusion’ and even ‘mistrust’) in industrial business circles. In a declaration on the unified market before the European Council meeting in Luxembourg in October 1983, the President of UNICE, Guide Carli, called Europe to reason (UNICE, 1983b). European industry urged the European Council to take the necessary decisions to create a unified European market enabling European enterprises to compete effectively in world markets. Besides the simplification of border formalities, this included the development of European standards and the opening up of public contracts at European level, the access of enterprises to a unified financial market, the adjustment and harmonisation of the fiscal systems, and a legislative framework at Community level to promote European level cooperation and enterprises.

The Luxembourg European Council on 26 October 1983 did not meet these demands, but adopted a new approach to the removal of technical barriers to trade, namely the standardization of products. The new approach entailed the elimination of unnecessary national

standards, the mutual recognition of certificates of conformity, the introduction of common rules governing the operation of the certificate-issuing bodies and the introduction of EEC standards in certain cases (European Commission, 1983d: 20). Furthermore, the Council of Ministers approved a regulation simplifying frontier formalities in intra-Community trade, at its meeting on 25 November. But the European Council failed, in Athens on 4 December 1983, to reach an agreement on the British contribution to the Community budget, budgetary and financial discipline, and the reform of common agricultural policy, which blocked decisions on the revitalization of the Community and the accession of Spain and Portugal (European Commission, 1983e: 7-9).

Having been disappointed with the results of Athens European Council, the Presidents of the national business federations, organised at the UNICE, set out in a declaration on 7 February 1984 concrete measures which European industry wished to see adopted at Community level (UNICE, 1984a). The representatives of European industry suggested that the Community had to make a new start with a new European 'Political Pact'. Above all, they demanded to establish an internal market in all various aspects, including the abolition of certain formalities at frontiers, progress in the area of standardisation, the liberalisation of public contracts, freedom to provide services (insurance), and a legal and fiscal framework aiming to facilitate cooperation at the Community level.

Also, the ETUC recognized the importance of the internal market and action at the European level in order to solve the economic and social problems of Europe, but this should be accompanied by creating a social Europe (ETUC, 1984a). Since all European economies were very closely linked to each other, no country would manage to solve a crisis on its own and therefore common policies were required (ETUC, 1984c, 1984d, 1984e). This required common strategies at European level in the fields of economic policies, monetary policies, industrial policies, trade policies, social policies, policies for improving working conditions (ETUC, 1984e). However, creating a free internal market for industry within Europe had to be accompanied by, and often had to be preceded by, measures to create a socially-united Europe (ETUC, 1984a). In order to achieve these goals, the working methods of institutions had to be improved and democratised. European decisions had to be taken on a majority basis, except in the cases specifically provided by the Treaty. In addition, social partners should be granted a role of institutionalised consultation in the decision-making process (ETUC, 1984c, 1984e).

Besides the interests groups, the supranational organs also maintained that the internal market had to be completed. After adopting a resolution on the creation of a single European capital market in (13-17) February 1984, the European Parliament adopted in (26-30) March 1984 a 'plan for European economic recovery' (European Commission, 1984b: 99-100, 1984c: 87-88). For the first time, the report pointed out the 'cost of a non-Europe.' The President of UNICE, Guido Carli, at the hearing of the special committee of the EP on 25 January 1984, agreed with the analysis of the report. The report identified the main causes of Europe's declining economic power. The solution was 'more Europe, more investment and more research' (European Commission, 1984c: 87).

The Commission produced, between March and June 1984, two documents on the internal market. In March, the Commission sent the Council and the Parliament proposals to facilitate the crossing of intra-Community frontiers by eliminating existing obstacles (European Commission, 1984c, 1984d). Second, the Internal Market Commissioner Karl-Heinz Narjes produced a comprehensive package of proposals to complete the internal market before 1986, which was sent to the Council on 30 May 1984 (European Commission, 1984f). According to the Commission, there was no viable alternative for the unified internal market in order to become competitive in the world market, sustain recovery and combat unemployment. The Commission's proposals, which would be adopted by the Council in 1984 and 1985 within a relatively short period of 18 months, covered the following measures: the removal of tariff

barriers, the creation of a legal framework for business to promote cooperation between firms, the harmonization of technical and tax legislation, the free movement of capital, services and persons and certain aspects of agricultural and transport policies.

The Commission's proposal package for the completion of internal market was not adopted by the Member States. However, the President of the French Republic Mitterrand and the United Kingdom Prime Minister Thatcher stressed, before the Fontainebleau European Council in June 1984, more than ever the importance of unified market for Europe. As President of European Council Mitterrand announced, in his speech to the European Parliament on 23 May 1984, that it was high time that States encouraged unified market and reform of the decision-making structure of the Community, including unanimity rules that should be restricted to specific cases rather than abolished (Mitterrand, 1984). Thatcher, the Prime Minister of the United Kingdom, addressed a memorandum on 25 and 26 June 1984 to all her colleagues, called 'Europe: the future: United Kingdom Memorandum' (United Kingdom Government, 1984). The memorandum stressed the importance of a unified market and harmonisation. In order to solve the problems of growth, outdated industrial structures and unemployment and to meet the USA and Japanese technological challenge and to become competitive at international level, Europe had to create a fully integrated, genuine, common market. This meant removing the remaining obstacles to intra-Community trade, to harmonise standards, better coordinate customs procedures, to improve the mutual recognition of professional qualifications, and liberalise trade in services, including banking, insurance and the transportation of goods and people. Better cooperation on research and development was also needed.

### **6.2.3.3 Dooge Committee, Agenda 90 and new Commission**

It was clear before the Fontainebleau European Council (25-26 June 1984) that the Member States were ready to move towards the unification of the internal market as well. At the Brussels European Council an agreement was reached on a large number of issues, but failure to resolve the United Kingdom's refund blocked all other solutions. As the refund issue was settled at the Fontainebleau European Council, 'the way was clear for implementation of the agreements reached in Brussels' and for further integration of internal market. With a view to the creation of a genuine internal market, the Council invited the Council of Ministers to examine the Commission proposals submitted in June (see above), and asked the Commission to report about the progress in this field in time for the European Council's meeting in June 1985 (European Commission, 1984e: 8-9). Chancellor Kohl defined Germany's next goal as the following: 'What we want is the rapid completion of the European internal market, just as we want a return to the majority vote in the Council of Ministers' (Kohl, 1984).

The Fontainebleau European Council also decided to set up two ad hoc committees, one on 'a people's Europe' and one on 'institutional affairs' (European Council, 1984a: 11). The ad hoc Committee on a people's Europe (Adonnino Committee), consisting of leading figures appointed by the Heads of State or Government, was to develop proposals about issues like the creation of European symbols such as a flag and an anthem, plans for a European coin (the European Currency Unit-ECU), the equivalency of university diplomas, abolition of customs formalities for individuals. The second and more significant committee, the ad hoc Committee on Institutional Affairs (the Dooge Committee, after its Irish chairman), consisting of personal representatives of the Heads of State or Government, had a mandate to examine and suggest improvements regarding the operation of European cooperation, namely economic, political, and institutional reform.

The European Council in Dublin (3-4 December 1984) discussed the interim reports of the ad hoc committees and called for the Council to take steps for the completion of the internal market (European Council, 1984b: 18). The Committee on Institutional Affairs, twice consulted

an EP delegation at request of the EP, defined the establishment of a homogeneous economic area by creating a genuine internal market as one of the priority objectives (Ad hoc Committee on Institutional Affairs, 1984). The means were efficient and democratic institutions, meaning easier decision-making in the Council by simple or qualified majority voting, a strengthened Commission and an enhanced role for the EP. The method was an intergovernmental conference in order to negotiate a draft Treaty of European Union. The European Council, 'noting some reservations and disagreement', asked the Committee to complete its work for the next European Council meeting in March 1985, and to submit a report which, after preliminary consideration at that meeting, would be the main subject of the European Council in June 1985 (European Council, 1984b: 18). Following the instructions of the European Council, the Internal Market Council approved, on 18 December 1984, the proposal of the Commission to introduce a single administrative document aiming at the simplification of customs formalities for trade in goods within the Community, which was agreed upon on 9 October 1984 after two years of negotiation (European Commission, 1984h: 20, 1984i: 33).<sup>10</sup>

Before the new Commission took office from January 1985, the interest groups had declared what they expected from the new Commission. The UNICE stressed in a 'memorandum for the new European Commission' that lack of action by the Community undermined its credibility in business circles (UNICE, 1984b). The main task of the new Commission should be to revitalise European industry, which was lagging behind the USA and Japan, despite its enormous potential. While European firms had the resources needed to deal with international competition, it was not possible to use this potential fully because of 'non-tariff barriers, subsidization, structural rigidities, protectionism and lack of convergence in economic and financial policies.' Business expected the Community to provide them with a sound framework for their activities, guaranteeing them freedom to provide services, to trade in goods and to invest competitively. Besides greater monetary stability and common commercial policy, the Community institutions had to give top priority to the creation of a genuine Community market of continental dimensions. Business needed measures aiming to eliminate internal barriers resulting from 'border formalities, technical regulations and standards, different objectives in transport policy, obstacles to the free movement of capital and to free trade in services, especially insurance; divergences in legal and fiscal regimes; national public procurement policies.'

Wisse Dekker, the head of Philips (CEO of Philips), presented an urgent action plan on the internal market called 'Europe 1990-an agenda for action' in his speech given at a CEPS (Centre for European Policy Studies) meeting in Brussels in January 1985 before an audience of 500 people including many of the newly appointed EC Commissioners. Although Dekker's paper was a Philips initiative, it was soon embraced by the ERT. Also, Dekker's analysis and solutions were based on the declining economy and deteriorated competitive position of Europe against the USA and Japan. Dekker argued that there was no real choice other than the unification of the fragmented European market. European industry could compete only in this way with Japan and the USA by exploiting economies of scale in continental market of Europe. The ultimate goal of plan was to create 'an internal market of continental scale based on free movements of goods and services within Europe.' According to Dekker, this would have a number of vital effects on Europe's competitive position (Philips, 1985: 4). First, thanks to the economies of scale Europe would become able to pay the gigantic rise in research and development costs. Second, increases in scale were necessary in order to arrive at competitive cost prices in Europe compared to the USA and Japan. Third, for the rapid application of innovative products, systems and of new technologies, Europe needed a homogeneous infrastructure based on uniform European standards. Fourth, economies of scale and European uniformity would remove many of the uncertainties and doubts of the business groups in Europe. Five, the combination of free goods traffic and homogeneous standards on a European scale would result

in a great reduction of stocks, bring down cost prices and improve the competitive position. Furthermore, Dekker outlined a five-year programme in order to achieve unified European market, to be completed by 1990 and concentrating on four priority fields: First, trade facilitation by means of the elimination of border formalities by the 'harmonisation of rules and means' and 'simplification of trade procedures'. Second was fiscal harmonization through the abolition of VAT frontiers (the fiscal Value Added Tax frontiers). Third was the standardisation and harmonisation of technical standards. Fourth, government procurement: the opening up of public procurement markets, especially in the field of telecommunications. Dekker also mentioned the necessity of majority voting in the Council and monetary integration but did not explicitly deal with them. The plan was sent along with a letter to the heads of government and state of the European Community.

The new President of the European Commission, Jacques Delors, announced, before the European Parliament on 14 January 1985, the new Commission's intention to pursue the completion of a fully unified internal market by 1992.<sup>11</sup> He called for the creation of a Europe without frontiers by eliminating all barriers by 1992 under the programme for the consolidation of the internal market presented by the outgoing Commission (European Commission, 1985b: 7). Delors also emphasized the need to reform the EU decision-making system. At the presentation of the Commission's programme to the EP on 12 March, he repeated his aim of achieving a fully unified internal market by 1992 and promised to put forward a programme together with a detailed timetable before the end of May (European Commission, 1985e: 11). The Parliament adopted four resolutions endorsed the main contents of the Commission's programme and requested that the Commission and the Council implement the programme rapidly, with clear timetable, especially those concerning the internal market. The resolutions were supported by all the main political groups (European Commission, 1985d: 17-18).

The Commission (Delors, Cockfield, Narjes together) sent its internal market program to the UNICE and the ETUC and organized discussions with them to discuss the economic and social policy of the Community in order to win support for its programme. The UNICE, who had been demanding the completion of internal market for a long time, supported the Commission's programme. The ETUC agreed with the basic philosophy of the Commission's programme as well (ETUC, 1985a). However, according to the ETUC, the internal market should go hand in hand with policies to stimulate economic growth, to ensure that Europe's industries became internationally competitive and had to be accompanied by measures to develop its social dimension (ETUC, 1985b). The ETUC stressed in particular that the Commission's internal market programme had to be accompanied by the creation of a social Europe, namely the coordination of economic and employment policies to turn the tide of unemployment within two years and the improvement of safety and health protection at work (ETUC, 1985c, 1985d, 1985e).

The ESC, of which the ETUC and the UNICE were members, also preferred the economic and political unification of Europe. Gerd Muhr, Chairman of ESC, attending a hearing before the ad hoc Committee for institutional questions (Dooge Committee) on 31 January 1985, defended the profound integration of European economies, social systems and societies within the framework of a European Union as a political entity. In order to exploit economies of scale and to compete with the USA and Japan, Europe had to complete the internal market in terms of the complete free movement of persons, goods, services and capital. To remove all types of barriers, the national standards had to be replaced by European standards. The ESC supported institutional reform as well, meaning majority decision-making in the Council, real joint decision-making power for the EP in legislative procedures and the strengthening of the Commission's role as a 'body of proposals' (ESC, 1985).

The *ad hoc* Committee on Institutional Affairs (Dooge Committee) transmitted its final report to the European Council on 19 March for discussion at its meeting on 29 and 30 March.



The analysis of the report was also based on the declining economy of Europe and the deteriorating competitiveness of Europe against Japan and the USA (Ad hoc Committee on Institutional Affairs, 1985). The report suggested a homogeneous internal economic area, a genuine political entity among European States (European Union) and an intergovernmental conference to amend the treaty of Rome in order to achieve these goals. The report set out the objectives, means (policies and institutional reform) and method (IGC) which were necessary to restore Europe. The report defined three priority objectives: a homogeneous internal economic area, promotion of the common values of civilization and the search for an external identity (external policy, security and defence). A homogeneous economic area could be achieved through the completion of the Treaty, the creation of a technological community, the strengthening of the EMS, and the mobilization of the necessary resources. The completion of the Treaty could be achieved by creating a genuine internal market, by increased competitiveness of the European economy, and by the promotion of economic convergence. The report proposed to create a genuine internal market by the end of the decade on the basis of a precise timetable, which involved among other things: free movement of citizens, favourable climate for investment, harmonization, coordinated custom procedure, common transport policy, strengthened financial integration and business cooperation. With regard to harmonization, the report suggested the immediate mutual recognition of national standards, 'pending the adoption of European standards'. As regards the institutions (means), the report called for easier decision-making in the Council with general use of qualified or simple majority voting, increasing Commission's management power and enhancing Parliament's role by effective participation in legislative process and its political control over the Commission. Finally, as a method for establishing the EU the report suggested convening an intergovernmental conference in the near future to negotiate a draft European Union Treaty.

#### **6.2.3.4 From the Brussels European Council to the White Paper**

The Brussels European Council (29-30 March 1985) held an exchange of views on the final report of the Dooge Committee and identified both elements of agreement and disagreement. The Council agreed that a detailed examination of the Committee's proposals should continue by means of bilateral contacts in order to find areas of agreement (a common ground) so that the final conclusion could be achieved at the Milan European Council in June 1985 (European Council, 1985a: 14).

The Brussels European Council called, following the Commission's memorandum submitted on 29-30 March just before the summit, for 'action to achieve a single large market by 1992, thereby creating a more favourable environment for stimulating enterprise, competition and trade.' (European Council, 1985a: 12). Furthermore, it called upon the Commission to 'draw up a detailed programme with a specific timetable before its next meeting.' This sanctioned the Commission to write a 'White Paper' for the next three months until the Milan European Council in June 1985. The European Council also agreed upon the proposals of the ad hoc Committee's report on People's Europe, which was complementary to the internal market, because it included both the easing of rules and practices regarding freedom of movement for persons, goods, transport services, and Community citizens' rights (European Council, 1985a: 13-14).

Between March and June 1985 when the Commission was writing the White Paper, there were various contacts between the ERT (multinationals), the Commission and the Member States. The new Commission President Delors (and other Commission officials) met with the ERT delegations several times (Cowles, 1995: 515; European Commission, 1985g: 40-41). In the meantime, the multinationals threatened to take their companies overseas if the European leaders did not achieve a united Europe, which appeared on the front page of the *Financial Times* 25 April 1985 (Cowles, 1995: 516). In June 1985, different ERT documents,

like ‘Missing Links’, ‘Agenda 90’, and ‘Changing Scale’s, were sent to the heads of state and governments and other high-level officials.

The Commission transmitted the White Paper, prepared by the new Internal Market Commissioner Lord Cockfield (one of Margaret Thatcher’s two nominees to the Commission), to the European Council on 14 June 1985 (European Commission, 1985h). According to the Commission, ‘unifying this market (of 320 million) presupposes that Member States will agree on the abolition of barriers of all kinds, harmonisation of rules, approximation of legislation and tax structures, strengthening of monetary cooperation and the necessary flanking measures to encourage European firms to work together’ (European Commission, 1985h: 4). The White Paper contained details of nearly 300 pieces of the measures to be taken to remove all physical, technical and fiscal barriers between the Member States between 1985-1992, and a detailed timetable for adopting them to create a fully unified internal market. As such, the White Paper was far more comprehensive than Dekker’s proposal.

The White Paper focused on the measures to remove physical, technical and fiscal barriers to the completion of the internal market. The removal of physical barriers concerned the control of goods and individuals at the customs posts. The aim of the Commission was to remove all of internal frontier controls so that internal custom posts should fully disappear. ‘It is the physical barriers at the customs posts, the immigration controls, the passports, the occasional search of personal baggage, which to the ordinary citizen are the obvious manifestation of the continued division of the Community [control of persons]... These barriers are equally important to trade and industry, commerce and business [control of goods]’ (European Commission, 1985h: 9). Second, the Commission analysed technical barriers and made proposals for dismantling them. These proposals covered goods, services, freedom of movement for workers and professional people, public procurement, capital movements and the creation of suitable conditions for industrial cooperation. One of the most important technical barriers was the different standards for individual products adopted in different Member States. The traditional approach to harmonisation with detailed technical specifications in Directives (177 in 18 years) and unanimity rule was very slow. Therefore, the Commission suggested a new approach to harmonisation. Legislative harmonisation (Council directives based on Article 100) would be restricted to laying down essential health and safety requirements. The technical specifications of products, in the form of European standards, would be determined by European standardisation bodies, acting on a qualified majority vote (European Commission, 1985h: 19-20).<sup>12</sup> Furthermore, following the rulings of the Court of Justice, the European Parliament and the Dooge Committee, the Commission suggested the principle of mutual recognition, meaning that goods lawfully manufactured and marketed in one Member States had to be allowed free entry into other Member States (European Commission, 1985h: 22). Third, the Commission suggested proposals for the abolition of fiscal frontiers. ‘The remission of tax on exports and the taxing of imports in intra-Community trade, and the attendant checks, constitute what have come to be known as “tax frontiers.”’ The Commission concluded that it was not possible to remove all physical barriers and to realize internal market if there was considerable differences in tax (VAT and Excises). It was therefore necessary to adopt taxes to each other so that differences between the Member States should be no more than 5% (European Commission, 1985h: 46).

#### **6.2.3.5 Towards the IGC: the Milan European Council**

As said, the Brussels European Council (29-30 March 1985) decided to come to a final conclusion about the proposals of Dooge Committee for the completion of the internal market and institutional reform at the Milan European Council, where, according to Mitterrand, the future of Europe would be decided. The Member States made their positions clear before the Milan European Council, on which the interests groups attempted to exert influence.

The ETUC believed that a large internal market in Europe was indispensable, but internal market measures had to be accompanied by measures to develop Europe's social dimension (ETUC, 1985d). The ETUC demanded that the Milan European Council reach agreement on the coordination of a job-creating economy at the European level, the creation of a large industrial and social area, the introduction of new technologies, employment policy, reduction of working time, and reform of the institutions (ETUC, 1985f).

The UNICE appealed to the Heads of State and Government in Milan to achieve a Community-wide domestic market in accordance with a specific time-table from which one did not have to deviate. This should be accompanied by a convergence of economic policies and cooperation at a monetary level. The technological cooperation within the Community should be intensified. The UNICE demanded mobility of researchers, more budgetary resources to R&TD, and a majority vote for implementation and management decisions. The UNICE also demanded efficient decision-making procedures, which would enable the Community to recover its capacity to act as required by industry. It supported the proposals suggested by the report of Dooge committee, namely majority voting in the Council, better balance between the various Community institutions and an effective role of the EP in the legislative process. Lord Pennock, the President UNICE, passed UNICE's message on to Mr Bettino Craxi, President of the Council, at their meeting in Rome on 25 June (UNICE, 1985a).

In June 1985 the ERT sent a document titled 'Changing Scale' (Paris, June 1985) to all actors involved, in which a clear internal market programme with a timetable was given, borrowed from Dekker's speech 'Europe 1990'. According to the ERT, 'the survival of Europe is in fact at stake', and the main question to be answered was whether there was a choice between two options: Europe-fragmented or united? (...) 'There is really no choice and the only option left for the Community is to achieve the goals laid down in the Treaty of Rome. Only in this way can industry compete globally, by exploiting economies of scale, for what will then be the biggest home market in the world today: *The European Community Home Market*' (ERT, 1985a). The ERT also stressed the importance of research and technological cooperation at European level to win the new game in global competition against the USA and Japan.

Before the Milan European Council, the Italian President of the Council, Giulio Andreotti, gave his colleagues on 21 May 1985 in Brussels, after the informal consultations held in the different capitals, a draft mandate for an intergovernmental conference, which entailed negotiating a treaty for the completion of European Union (Council Presidency, 1985a). According to the draft mandate, the creation of a homogeneous internal economic area could be achieved by the completion of the internal market 'through the rapid dismantling of all remaining obstacles to the free movement of persons, goods, services and capital'. Therefore, an institutional reform was needed in terms of extending of the use of majority voting in the Council, strengthening the executive role of the Commission, and joint decision-making powers of the EP in certain areas. The draft brief also argued for the extension of Community policies to new areas, such as culture, technology, environment, and organized crime. To achieve all these objectives, an intergovernmental conference should be held to negotiate a treaty of European Union. The brief of Italy and the terms of reference of the conference were discussed by the Council of Foreign Ministers at their informal meeting at Stresa on 8 and 9 June 1985 (European Commission, 1985i: 7, 1986b: 29-30). The British Government proposed, in contrast, modifications to the decision-making process not requiring change in the Treaty and suggested a draft agreement on political cooperation (European Commission, 1985i: 7, 1986b: 29-30).

The Governments of the three Benelux countries (Belgium, Luxembourg, the Netherlands) reached a 'common position' before the opening of the European Council of Milan (Benelux Governments, 1985). These countries backed the draft mandate tabled by the Italian Presidency. The problems of the Member States such as unemployment, slow economic

growth, and the declining competitiveness all required a European level solution. They agreed with the proposals of the Commission for an internal market exempt from all physical, technical, and fiscal barriers, and declared themselves ready to take the necessary steps in order to achieve it by 1992. They found it imperative to reinforce the European Monetary System. They considered institutional reform necessary. The decision-making procedure within the Council should be substantially improved by wider use of majority voting and sharply reducing unanimity. The powers of the European Parliament should be extended both in the legislative and budgetary spheres, as well as in the control of the Council and the Commission. The power and the authority of the Commission should be strengthened.

In preparation for the European Council in Milan on June 28<sup>th</sup> and 29<sup>th</sup>, France submitted a memorandum to the Governments of the countries of the Community, entitled 'For the Progress of the Construction of Europe: A memorandum of the French Government' (French Government, 1985a). France stressed the importance of a common strategy for technology (Europe of technology) under pressure from international competition, in order to develop the industrial potential of the Community. France admitted it was necessary to achieve a unified market by 1992 in the face of international competition. It was therefore necessary to abolish physical barriers, to suppress technical barriers and to lift fiscal barriers. Reinforcing EMS would be an indispensable prerequisite to achieve a unified internal market. The decision-making procedures of the Community should be improved by wider use of majority voting in the Council, increasing the administrative powers of the Commission and extending the participation of the EP in Community decision-making in certain matters.

During the European Council in Milan the German Foreign Minister, Gencher, submitted to his colleagues a 'compromise text' suggesting among other things the creation of the internal market by 1992 with a technological community and institutional reforms, including a wider use of majority voting in the Council with restriction of unanimity and improving of EP's power (German Government, 1985a).

The European Council in Milan on 28-29 June 1985 discussed the matters on institutional affairs on the basis of Dooge Committee report and proposals by Italian Presidency, and internal market matters on the basis of the Commission's White Paper (European Council, 1985b). As regards the internal market, the Milan European Council welcomed the Commission's programme set out in the White Paper. It instructed the Council to initiate a precise programme of action in order to complete the internal market by 1992, which should happen in accordance with a stage plan and binding timetable. In addition, the European Council asked the Commission to submit its proposals quickly and called the Council of Ministers to adopt these proposals on schedule (European Council, 1985b:15-16). It also determined the priority areas and measures: the removal of physical, technical and fiscal barriers for the free movement of goods within the Community; the realization of a free market in the sector of financial services and transport; the realization of full freedom of establishment for professions; and the liberalization of capital movement (European Council, 1985b: 15-17).

The Milan European Council further decided to convene an intergovernmental conference to consider the proposals in detail and to amend the Treaty of Rome in accordance with Article 236 of that Treaty. According to the Council, this should happen 'in accordance with the proposals of the Dooge Committee and Adonnino Committee..., and taking into account certain aspects of the Commission proposal concerning the freedom of movement of persons' (European Council, 1985b: 14). The decision to convene the Conference was taken for the first time by a majority vote. Seven Member States were in favour of conference: Belgium, France, Italy, Germany, Luxemburg, the Netherlands and Ireland. Britain, Greece and Denmark were against the convening the conference, but agreed to participate. Portugal and Spain would be invited to take part in that Conference (European Council, 1985b:14).

## 6.2.4 The Intergovernmental Conference

### 6.2.4.1 The initial positions and general/principal agreement on the internal market

The Conference consisted of a series of meetings of the Council of Ministers, with the full participation of the Commission and representatives of Spain and Portugal, and took place in Luxembourg. From 9 September to half December 1985 the Conference met seven times at the ministerial level.

From the beginning, two Working Parties met on a more or less weekly basis, one on the revision of Treaty and one on political cooperation. A Working Party was instructed to prepare the work on the revision of the EEC Treaty, chaired by Mr Dondelinger (Secretary-General at the Luxembourg Minister of Foreign Affairs), and consisting of the Permanent Representatives of the Member States and a Commission representative (preparatory group, Dondelinger group). The other Working Party was the Political Committee, consisting of the Political Directors of the Ministers of Foreign Affairs, instructed to prepare draft text on political cooperation. Both committees reported to the Foreign Ministers constituting the Intergovernmental Conference. The Foreign Ministers submitted their conclusions on all these points (a draft Treaty amendment incorporated in the Single European Act) to the European Council meeting on 2-3 December 1985 in Luxembourg. The government leaders reached a principle agreement on the IGC negotiations, that is to say the SEA. At its seventh meeting on 16 and 17 December in Brussels, the Conference resolved final matters and finalized all the texts of the SEA.

At the first meeting of the IGC the President Poos presented to his colleagues a document 'discussion note', outlining the main objectives, means and rules in order to achieve these objectives (Council Presidency, 1985c). Poos argued that the Community scope should be expanded by including areas such as the internal market, environment, technology, and monetary cooperation. In order to achieve these objectives, the Community decision-making structure should be improved by the participation of the EP in legislative process, by the delegation of management powers to the Commission and by the simplification of Council decision-making through a regular use of QMV. The extension of the Community's areas of competence and the strengthening of the means of action were thus closely linked.

At the beginning of the IGC the Member States took their well-known positions on the broad issues, with disagreement over the level of integration desired (Gazzo, 1986: 27-30; Agence Europe, 1985b: 3-4). Germany, Italy, Belgium and The Netherlands agreed in broad outlines with the policy position contained in the Presidency's document. They were in favour of progress towards the EU and of a Single Act; extending the fields of action in new policy areas and of parallel strengthening of decision-making structure of the Community through institutional reform by enlarging the power of the EP and the Commission and regular use of QMV in the Council. This did not mean, however, these countries agreed with concrete proposals about various issues. The positions of Portugal and Spain, participating as observers, were close to these countries (Dutch Government, 1985b). France was in agreement with the Presidency's approach to the expansion of Community activities in new fields like internal market, technology, monetary system, cohesion and recognized the need to revise the Treaties, but believed the institutional balance was not to be upset. The United Kingdom while in full agreement on the need for real progress towards a greater union and achieving a large single market, did not favour the amending of the Treaty but would study the proposals. Although Denmark and Greece favoured the extending of the Community activities to new areas, they found the IGC and Treaty amendments not necessary. The present institutional balance should be maintained and the 'Luxembourg compromise' should remain (the right of veto). Ireland favoured to strengthen the Community policies and decision-making structure in terms of the

strengthening of the position of the Commission and the European Parliament and wider but cautious use of QMV in the Council (Dutch Government, 1985a).

The objective of the Commission was the creation of an efficient economic entity and efficient decision-making machinery (European Commission, 1985j: 10-11, 1985k). The main goal was to achieve economic and social integration in the Community, 'making it the basis... of a genuine political entity.' Therefore, there were four essential prerequisites: (i) the large internal market, (ii) technological development, (iii) economic and social cohesion, and (iv) a certain monetary capacity, according to Delors, President of the Commission, in his speech at the first session of the conference. There were three components of efficient and democratic decision-making in the Community (European Commission, 1985k, 1985j: 11-14). First, the decision-making within the Council should be improved by making QMV the rule and unanimity the exception, especially for the adoption of all the measures needed to achieve the internal market. Second, since 'all else has failed' the Parliament should be more closely involved in the legislative process by increasing the power of the EP through the extension of the scope of consultation and conciliation procedures, besides a new cooperation procedure and assent procedure. Third, the management powers of the Commission should be strengthened to carry out its management tasks more effectively. The Commission submitted proposals on almost every issue, which formed the basis for discussions.

The Member States did not allow the participation of interests groups and the EP in the IGC, but they tried to influence the proceedings of the conference. The EP demanded to be involved on equal basis in the proceedings of conference and insisted that the work of the Intergovernmental Conference should be based on the draft Treaty adopted by the EP (European Parliament, 1985b; see also, 1985c; European Commission, 1985p: 8-11). The EP was backed therein by the European Movement and The Union of European Federalists (Agence Europe, 1985a: 3). The Member States rejected direct involvement of the EP, but decided to meet with a delegation of the EP at each meeting of the Conference during a break in the plenary session, where the EP would be 'briefed on the discussions and given the chance to express its reactions. Parliament would also have the opportunity to table amendments to documents transmitted by the Member States and the Commission... Parliament may also give a reading to all Conference texts before they are submitted to the European Council', but the EP would have no vote on the conclusions of the Conference (European Commission, 1985k: 7, 1985p: 8-9; European Council, 1985d).

The interest groups attempted to influence decision-making during the IGC as well. The UNICE stressed again that the completion of the internal market by abolishing physical, technical and fiscal frontiers by 1992 was an essential condition for the recovery of the European economy and the strengthening of Europe's technological base in competition with the USA and Japan. Also important was the convergence of Member States' budgetary and monetary policies with a view to achieving conditions of stability. The UNICE demanded further that the Community established more effective decision-making procedures, especially the 'full application of a qualified majority wherever this is provided for by the Treaty of Rome' (UNICE, 1985c, 1985d). On behalf of the industries of Western Europe the UNICE reaffirmed in a message, sent to the President of the European Council of Luxembourg on 25 November 1985, its support for the Commission's efforts to complete the internal market and technological cooperation at European level in order to solve the problems of the European economies, such as low level growth, unemployment and weak competitiveness (UNICE, 1985e). Multinationals demanded, in a telex of 29 November signed by 27 multinationals (including the EC members of the ERT) and sent to the all leaders of Member States participating in the Luxembourg European Council, for a final vote on the SEA on 2-3 December 1985, to end the uncertainty faced by the European industry for many years. The multinationals urged the leaders to make a decision ('decide one way or another, but decide') and to take concrete measures to complete

the internal market (Action Committee of Multinational Companies, 1985). The European labour movement ETUC recognized the necessity of the completion of the internal market to solve economic and social problems through European cooperation, but at the same time it insisted during the IGC on the creation of a social Europe (ETUC, 1985h, 1985g, 1985i). According to the ETUC, the internal market measures were only acceptable when accompanied by binding social rules providing effective protection for workers in the fields of employment working conditions, hygiene, safety and health and working time.

#### **6.2.4.2 Definition and deadline**

Despite the general agreement on the internal market, which seemed to be present at the second session, there was still disagreement about the questions how and to what extent? It was not clear what kind of internal market should be established and what should be the relationship between the internal market and institutional reform, i.e. what kind of institutional reform and to what extent? The Commission and several delegations (Germany, Italy and Benelux) preferred to amend the Treaty with a precise objective (the creation of an internal market by means of the abolition of internal frontiers) and the legal instruments needed to achieve it. The Danish, Greek and United Kingdom delegations were still not convinced of the need to amend the Treaties. They had reservations, especially on any change of the existing balance between the institutions and the decision-making procedures in the Treaty. The French delegation suggested a limited amendment to the Treaty, accompanied with an 'act of conference' specifying the objective and timetable for achieving it (French Government, 1985b).

One of the specific problems to be resolved with regard to the internal market was the definition of the internal market as a final objective. At the first session of the IGC two alternative definitions of the internal market emerged. The Commission's suggestion was to define the internal market as the 'creation of an area without internal frontiers in which persons, goods, services and capital circulate under the same conditions as in a Member State' (European Commission, 1985n: 48-49). The France proposed, in an amendment of 14 October 1985 to the Commission's proposal, to define it as gradual abolition of the remaining obstacles to the free movement of goods, persons (workers), services and capital during a seven year period (French Government, 1985b).

At the end of the second session there was still disagreement on the content, among others on the definition (Agence Europe, 1985f: 3-4, 1985g: 3-4; European Commission, 1985p: 7-8). Several Member States like Italy, the Netherlands and Belgium agreed, with some modifications, with the Commission's global definition of the internal market and the incorporation of the 1992 deadline in the Treaties (European Commission, 1985p: 7-8; Dutch Government, 1985f). The other Member States such as the United Kingdom, France and Ireland preferred the restatement of the four existing Treaty objectives, namely free movement of goods, persons, services and capital to a global definition of a Europe without internal borders (Agence Europe, 1985g: 3-4; European Commission, 1985p: 7-8). Germany preferred the full realization of the four freedoms too (Dutch Government, 1985h). France preferred its own definition in terms of gradually removing of barriers. The completion of the internal market should be fixed in a political act with political commitment (Dutch Government, 1985f). Ireland preferred the more cautious French proposal to that of the Commission. The United Kingdom, Denmark and Greece reaffirmed that it was not necessary to amend the Treaty to achieve the internal market (Agence Europe, 1985g: 3-4). Greece considered the Commission's approach unacceptable due to the expected destabilisation effect on less developed countries (Dutch Government, 1985c). Faced with this reality, President Poos invited the Preparatory Group after the second session to seek the most acceptable definition of the internal market (Council Presidency, 1985d; Agence Europe, 1985g: 3-4).

The negotiations at the fourth and the fifth sessions did not lead to an agreement yet. At the fourth session the Presidency suggested the definition of Commission, defining the internal market as an 'area without internal frontiers, in which persons, goods, services and capital shall move in the same conditions as in a Member State' (Council Presidency, 1985f: 74). Italy, Belgium and the Netherlands already agreed with this definition (Dutch Government, 1985j). But the other countries seemed to favour the 'minimalist' notion, defining an 'internal/single market' rather than an 'area without frontiers' (Agence Europe, 1985i: 3). Hence, at the fifth session on 25-26 November 1985, the Presidency modified its definition by mixing some elements of both definitions as following: 'there would be a single market without internal borders in which the free movement of goods, people, services and capital would be ensured' (Council Presidency, 1985g). Most of the countries seemed to be ready to agree with this definition with some modifications, but the Commission (Delors) was strongly critical of it and wanted to keep its definition in terms of 'area without frontiers' on the table (Dutch Government, 1985l). As a result, this definition too was not enough to close the gap between the two notions of the internal market.

The interest groups, especially the business groups, supported in general terms the Commission's approach to the internal market as described in the White Paper. Dekker (ERT) defined the internal market as 'frontiers without formalities', 'based on free movements of goods and services' (Philips, 1985: 3-4) The UNICE considered the internal market as a unified European market, free of physical, technical and fiscal barriers to trade and investment, comparable with that of its competitors in the USA and Japan (UNICE, 1985c, 1985d). The ETUC supported the completion of the internal market in terms of the removal of trade barriers and difficulties at borders, harmonisation and standardisation, provided that it had to be accompanied by measures to create a socially united Europe (ETUC, 1985h). The ESC gave its massive support to the Commission's White Paper and the unification of the internal market by 1992. At the same time the ESC demanded realisation of a social area and structural and regional policy in order to complete the internal market (Agence Europe, 1985n: 13).

The IGC was so far, during the five sessions, unable to choose between the two alternatives: The 'minimalist' notion defining an internal market on the basis of four freedoms and abolishing remaining obstacles ('single market without borders), preferred by France, the United Kingdom, Germany, Denmark and Ireland. The 'maximalist' approach defining an internal market as an 'area without frontiers', advocated by the Commission, Italy, the Netherlands, Belgium and Luxembourg. The maximalists considered the concept 'area' as a way that 'leading from the Economic Community to European Union can be cleared'. The stalemate began to change at the conclave when France turned to join the definition of a genuine 'area' instead of 'market'. But the United Kingdom still preferred 'market' instead of 'area' (Agence Europe, 1985o: 6).

At the Luxembourg summit, the debate on the details of the internal market focused on the classical difficulties like definition, deadlines and possibilities for derogation (Agence Europe, 1985p: 4-5; Council Presidency, 1985h). France and Germany were ready to accept the use of term 'area', rather than merely 'market', but the United Kingdom still insisted on the concept of market instead of area, while adding 'as provided for in this treaty' (Agence Europe, 1985o: 3a; Dutch Government, 1985m). Denmark remained with general reservations. Italy was in favour of the concept 'area' (Agence Europe, 1985o: 3a). The Benelux countries (Belgium, The Netherlands and Luxembourg) preferred 'area' instead of market. Denmark considered 'area' not correct, but legally acceptable. The Commission stressed, in reply to a Dutch question, that when using the concept 'market' instead of 'area', it might not suggest a proposal concerning European citizens (Dutch Government, 1985m). In the end, both 'market' and 'area' were used to define the internal market, but the range of the area was restricted by the use of the terms 'provisions of this Treaty', as suggested by Presidency in its compromise



proposal at the Luxembourg summit. According to the compromise definition ‘the internal market shall comprise an area without internal frontiers in which the free movement of goods, services and capital is ensured in accordance with the provisions of this Treaty’. The Community should adopt measures for progressively establishing the internal market ‘over a period expiring on 31 December 1992, in accordance with the provisions of this article and of Articles 8 D, 8 C, 28, 57(2), 59, 70(1), 83, 99, 100 A, 100 B and without prejudice to the other provisions of this Treaty’ (European Communities, 1987: 7).

Regarding the deadline there were two dates, 1990 and 1992. The Dooge Committee mentioned the completion of the internal market at end of decade (until 1990 thus). The Commission suggested in the White Paper a period of 7 year from 1985 to 1992. The Brussels European Council decided ‘action to achieve internal market by 1992’ and instructed the Commission to write White Paper. The Milan European Council instructed the Council to initiate a precise programme of action in order to complete the internal market by 1992. Dekker (ERT) proposed a five years programme covering the years from 1985 to 1990. The UNICE and the ESC supported the Commission’s White Paper programme from 1985 to 1992. But the UNICE demanded from the Heads of State and Government that given the urgency, the 1992 target should be brought forward to 1990. The EP suggested two years for the free movement of persons and goods, five years for the free movement of services, and ten years for the free movement of capital (European Parliament, 1984: 18). At the IGC the Member States amended the Treaty (SEA) to achieve the internal market ‘over a period expiring on 31 December 1992’.

#### **6.2.4.3 Harmonization**

The establishment of a genuine internal market had to go hand in hand with the harmonization of rules and standards (for individual products) in order to eliminate (technical) trade barriers. The traditional approach to harmonisation based on Article 100 of the Treaty empowered the Council to unanimously make decision on a proposal from the Commission. This method produced 180 directives, but it was very slow as the detailed technical specifications in directives and unanimity rule had given rise to long delays. Hence, the Community gradually adopted a new approach to harmonisation, partly adopted before the IGC by the Council and in detail developed in the White Paper by the Commission and proposed again at the IGC.

The IGC added two sub-articles to the Article 100 to the SEA, namely Articles 100A and 100B. Article 100A introduced, by way of derogation from Article 100, majority voting instead of unanimity with regard to legislative harmonisation (but with some exceptions) that had as their object the establishment and functioning of the internal market. According to Article 100B, the Council after 1992 might decide, acting in accordance with the provisions of Article 100A (by majority voting thus), ‘that the provisions in force in a Member States must be recognized as being equivalent to those applied by another Member State’(mutual recognition).

The supranational organs (the European Commission and the EP) and the business groups (UNICE and ERT) advocated for a long time the abolition of not only physical but also fiscal and technical barriers (harmonization of legislation and standards) for the realization of the internal market. The UNICE and the ERT demanded that top priority be given to technical (regulations and standards) and fiscal harmonisation (elimination of divergences in legal and fiscal regimes, abolition of VAT frontiers) in order to eliminate internal barriers for the completion of the internal market (UNICE, 1984b; Philips, 1985). The ESC pleaded for harmonization and the rapid replacement of national standards by European standards (ESC, 1985). The Commission developed (30 January 1985) a new approach to harmonization and standardization that was partly adopted by the Council (see below) (European Commission, 1985c, 1985b: 14-16). This followed certain guidelines adopted by the European Parliament in its resolution of 16 October 1980 (European Commission, 1985f: 10-11). The business groups

and the ESC supported the Commission's new approach. They were backed by the judgment delivered by the Court of Justice on 20 February 1979 in the *Cassis de Dijon case* (120/78), where the Court established the principle of mutual recognition (European Communities, 1979; European Commission, 1980a: 106).

Before the IGC the Member States had already taken various measures aimed at the elimination of technical and fiscal barriers, i.e. harmonization and standardization. The Council adopted, for example, on the basis of a communication from the Commission on 30 January 1985, a resolution on a new approach to technical harmonisation and standards on 7 May 1985 (European Commission, 1985c, 1985e, 1985b: 14-16, 1985f: 10-11, 1984g: 17-18). According to the new approach to harmonisation, the European standardisation bodies might decide by majority voting on technical harmonisation (technical specifications of a product) and replace national standards by European standards. The legislative harmonisation (harmonization of laws, Council directives based on Article 100) would be restricted to essential standardization criteria that products had to satisfy in the area of safety and the public interest (such as health, consumer and environmental protection), but the Council still acted by unanimity concerning legislative harmonisation; specifically, those areas covered by Article 99 (tax harmonization, including harmonization of turnover taxes, excise duties and other forms of indirect taxation) and Article 100 (approximation of provisions laid down by law, regulation or administrative action).

In order to ensure streamlined decision-making on legislative harmonisation the Commission proposed at the IGC to decide by QMV in the case of Articles 99 and 100, and mutual recognition, which meant that if a product or service was lawfully manufactured and marketed in one Member State, it had to in principle be admitted to the market of any other Member State by 31 December 1992 at the latest (European Commission, 1985l: 34-35, 1985n: 48-49).

The Member States found it hard to accept majority voting in all the areas suggested by the Commission, particularly tax harmonization. The French delegation submitted an amendment on the Commission's proposals for Articles 99 and 100, which maintained the principle of unanimity, proposed the gradual harmonization of legislation (VAT) until January 1990 and mutual recognition depending on Council decision before January 1993 (French Government, 1985b). Because of the opposition of the Member States, the Commission's proposals were modified by limiting the use of QMV in the case of Article 99 and 100 and by making mutual recognition conditional to the decision of Council (European Commission, 1985n: 48-49).

The Presidency submitted at the fourth and fifth session compromise proposals, each time with less use of QMV (Council Presidency, 1985f). According to the Presidency's proposals at the fourth session, as a derogation from Article 99 the Council should decide unanimously on outline decisions and by a QMV on implementing decisions of the outline decisions. The United Kingdom, Germany and Ireland had objections to this solution (Dutch Government, 1985h). With regard to Article 100, the Presidency maintained QMV but provided the Commission the opportunity to propose suitable derogations to the Council in the case of some Member States implementing higher standards of health, security, environment and consumer protection. As regards mutual recognition the Council should decide, using QMV procedures, if, to what extent and under which conditions, mutual recognition had to be recognized. Since these proposals seemed not to be acceptable, the Presidency had to modify its proposals further at the fifth session, by adding two sub-articles to Article 100, namely Articles 100A and 100B (Council Presidency, 1985g). Article 100A introduced QMV (with some exceptions) in the Council to adopt the necessary measures for the establishment of the internal market. The other measures (legal, regulative and administrative in the Member States), which were outside the scope of Article 100A and had a direct effect on the construction and

functioning of the internal market, would be taken by the Council unanimously (Article 100B). Harmonization of legislation concerning taxation (Article 99) would require unanimity at the Council.

However, it was not enough for an agreement. The shift to majority voting for specific articles of the EEC was still controversial (European Commission, 1985q:19). On the subject of the new Article 100A, Germany and Denmark did not want to accept norms lower than their national norms, which implied persisting with unanimous voting requirements. Similarly, the United Kingdom and Ireland wished to protect their laws concerning plants, health and animals (European Commission, 1985q: 19; Agence Europe, 1985o: 5-6).

At the Luxembourg summit, the Member States agreed with the compromise proposal of the Presidency, which meant unanimity in the case of Article 99 and QMV in the case of Articles 100A and 100B by way of derogation from Article 100. Article 99 prescribed that Council would act unanimously to adopt provisions for the tax harmonization (turnover taxes, excise duties and other forms of indirect taxation) to the extent that such harmonization was necessary for the establishment and functioning of the internal market. According to Article 100A, by way of derogation from Article 100 the Council would adopt measures by QMV 'for the approximation of the provisions laid down by law, regulation or administrative action in Member States which have as their object the establishment and functioning of the internal market.' However, Article 100A would not apply to fiscal provisions and to those relating to the free movement of persons. Furthermore, the Commission would take as a base a high level of protection in its proposals for health, safety, environmental protection and consumer protection. Moreover, applying national provisions was still possible, but subject to the Community control procedure. Article 100B gave the Council the opportunity to arrange mutual recognition. According to Article 100B the Council, in accordance with the provisions of Article 100A and on the basis of the inventory of national provisions by the Commission during 1992, 'may decide that the provisions in force in a Member States must be recognized as being equivalent to those applied by another Member State.'

### **6.3 INFLUENCE of ACTORS on the INTERNAL MARKET**

The decision about the internal market consists of different aspects, namely the principal agreement, the definition, the deadline, the harmonization, and the decision-making rules (fields/articles with QMV). QMV will be studied in the next chapter, the other aspects here.

#### **6.3.1 Influence of actors on principal agreement on the internal market**

The discussion on the different parts of the internal market was based on the principal or general agreement on the internal market, which seemed to be present at the beginning of the IGC. At the end of the second session a consensus emerged on the general philosophy of the internal market, but disagreement remained on the content (definition, articles and harmonisation). This principal agreement was not surprising, as the IGC was held to arrange the internal market and the institutional reform. According to the influence analysis on the basis of the criteria goal achievement, time-lag, access and attempt to influence, the business groups UNICE and ERT exerted a considerable influence on the emerging of the principal agreement on the internal market, the ETUC and the ESC had slight to some influence. The Commission exercised some influence on the principal agreement, the EP slight to some influence. The influence of the Member States on the emerging of the principal agreement was considerable.

The business groups UNICE and ERT played a significant role and exerted considerable influence on the development of the general agreement about the internal market. Also because of their analysis, initiations, actions and pressure, the Member States moved towards the completion of the internal market. One of the most important differences between the 1970s

when the EMU (internal market) stagnated and the 1980s when the internal market was established was the mobilization of the business groups in 1980s for the completion of the internal market. Before the Fontainebleau, Brussels and Milan European Councils and during the IGC, the interest groups continued to demand the completion of the internal market and urged the European Council to take the necessary decisions to create a unified European market, enabling European enterprises to compete effectively on world markets. A large unified internal market free of all barriers, according to the business groups UNICE and ERT, was urgent for European business, because it was an essential condition for the recovery of the European economy and the strengthening of Europe's technological base, and because it was a precondition for improving the competitiveness and profitability of European firms in a global market, especially against Japan and USA companies. They put pressure on the supranational organs and the national governments to move them in the right direction, which continued during the IGC. Multinationals threatened to leave Europe if the European leaders were not able to reform the economic structure in terms of a unified European market.

Although the Member States based their decision about the internal market on the report of Dooge Committee, it is interesting to identify the demands of the business groups on the completion of the internal market in the Dooge Committee's report. The analysis of the report was based on Europe's declining economy and its deteriorating competitiveness against Japan and the USA. The report proposed to create a genuine unified internal market as part of a homogeneous internal economic area by the end of the decade on the basis of a precise timetable, as an essential step towards economic, monetary and political union in order to solve the problems of European economies, like low-level growth, unemployment, and weak competitiveness.

The ETUC and the ESC had slight to some influence on the principal agreement about the internal market. The ETUC prevented an internal market without a social dimension. The ETUC demanded European level cooperation to solve Europe's economic and social problems and accepted the completion of internal market, provided that the internal market was supplemented with a social dimension. The ESC had slight to some influence as well, especially as it advocated the completion of the internal market before the Dooge Committee and because of its 'massive support' for the unification of the internal market by 1992 before the Luxembourg European Council where the IGC had achieved an agreement on the Treaty amendment.

The Commission exercised some influence on the emergence of a principal agreement on the completion of the internal market, not only due to its argumentation for the completion of the internal market, but also because of its actions as an entrepreneur among the interest groups and the European companies to develop convergence and to win support for the completion of the internal market. In the early 1980s, the Commission took the initiative to organize European level cooperation between business and labour organisations on one hand and among the leading companies on the other hand. The Commission organised various meeting between the Commission, the UNICE and the ETUC to discuss recovery program (the completion of the internal market) and to get support for its plan. This provided these interest groups with the opportunity to exert influence on the Commission's program. So the relationship between the Commission and pressure groups was one of mutual influence. The business groups and the Commission shared the same objective, namely the completion of the internal market.

The EP had only slight to some influence on the development of the general agreement on the internal market, through its initiations, resolutions and proposals for the relaunching of Europe, among other things, the draft treaty on the EU and the report on the costs of non-Europe.

Despite the pressure of the business groups on the Member States in the 1980s, the influence of the Member States on the emerging of principal agreement was considerable, because they had seriously committed to the completion of the internal market since 1970s and it became possible when they decided to complete the internal market. They did this also on the basis of their own considerations and their programme was more comprehensive than that of the business groups. The Commission and the EP as from the 1970s and the business groups (UNICE and ERT) from the beginning of the 1980s advocated a unified European internal market. While silent integration continued with small steps by removing technical barriers, the Member States seemed unable to take big steps toward the completion of the internal market, despite their commitment to it, so long as some problems remained unsolved.

The convergence towards the internal market between the Member States developed gradually. The (pre-) decision to achieve the internal market, both at the Brussels (29-30 march 1985) and the Milan European Council (28-29 June 1985), was based on the proposals of the Commission, but especially on the report of the Dooge Committee, consisting of representatives of the Member States, as usual when the Member States took important decisions, which was set up at the Fontainebleau European Council (25-26 June 1984). Before the Milan European Council, countries like Germany, France, the United Kingdom, Italy and Benelux had already declared to be in favour of the completion of the internal market by 1992. This did not mean, however, an agreement on the content of internal market. At the Milan European Council, the Member States instructed the Council to initiate a precise programme of action with a binding timetable in order to complete the internal market by 1992, and decided to convene the IGC, on the basis of the Dooge Committee's report and the Commission's White Paper. In doing so the Member States reaffirmed their commitment to achieve the internal market by 1992, because at the Brussels European Council they called for 'action to achieve a single large market by 1992' and instructed the Commission to 'draw up a detailed programme with a specific timetable before its next meeting,' i.e. the Milan European Council. Between the Brussels European Council and the Milan European Council, the Commission wrote the White Paper that proposed a precise programme with a timetable from 1986 to 1992 in order to achieve the internal market, as requested by the Brussels European Council. When the new Commission (Delors) announced in January 1985 its intention to complete the internal market by 1992, the decision-making process on the internal market was thus already started by the Member States.

The second important difference, beside the mobilization of the business groups, explaining the convergence towards the completion of the internal market between the 1970s and 1980s was the analysis of European problems and solutions made by various actors. The Member States took from the business groups (first the UNICE and later also the ERT) and the Commission the argument that the fragmented European market was the cause of the decline of European economy. The survival of Europe was at stake and a unified internal market was not only a viable answer to the crisis of the European economies in terms of growth, unemployment and stability but also the only way of surviving competition from the USA and Japan. After solving the problems of British contribution, CAP and the Community budget at the Fontainebleau European Council, the way was open for the completion of the internal market and institutional reform, as mentioned by Kohl and Mitterand.

### **6.3.2 Influence of actors on the definition and deadline**

On the basis of the influence analyses according to the criteria goal achievement, time-lag, access and attempt to influence, much influence should be assigned to the Member States, because the Member States themselves defined the internal market. The definition was a compromise between the minimalists (the United Kingdom, Ireland, Denmark and Greece), considering internal market as a single market without border (abolishing remaining obstacles in the field of four freedoms), and the maximalists (Italy, the Netherlands, Belgium and

Luxembourg), viewing internal market as an ‘area without frontiers’. Decisive was the move of France and Germany at the conclave from the minimalist to the maximalist definition, which led to the solution.

The Commission exercised considerable influence on the definition of the internal market. Although the Commission advocated the completion of the internal market for a long time (longer time-lag) without result, it joined the IGC and contributed significantly to the definition of the internal market (access, influence attempts and goal achievement). The Commission rejected the minimalist definition and achieved its goal in terms of definition and deadline, in particular the use of the concept ‘area’ instead of ‘single market’. However, it became possible due to the convergence of the position of the Commission and those of the some Member States (Italy, the Netherlands, Belgium, Luxembourg and later Germany and France).

The business groups UNICE and ERT exerted considerable influence on the definition/content of the internal market as well. While the business groups did not join the IGC, they continued trying to influence the Conference. They supported the Commission’s concept of the internal market and achieved their goals with regard to the content (definition) of the internal market, namely free movement of all factors and an internal market without frontiers.

Although the EP achieved some part of its goal concerning the content of internal market, namely free movement of persons, services, goods and capital, it had no influence on the definition and deadline. This was because the EP advocated for a long time (longer time lag) for these free movements without results, did not join the IGC (access), and its goal achievement was a result of the intervention of other actors like the Member States and the business groups. As regards the deadline, the EP did not achieve its goal.

### **6.3.3 Influence of actors on harmonization**

The Member States wielded much influence on harmonization as they determined when, how and to what extent the harmonization of rules and standards would be established. The proposals of the Commission were largely adjusted to meet the demands of the Member States. Nevertheless, I assess the influence of the Commission as considerable since the Community developed a new approach to harmonization on the basis of the Commission’s proposals. Furthermore, the Commission joined the IGC and was very active during discussions (shorter time-lag, access and influence attempt). The business groups UNICE and ERT also exerted considerable influence on harmonization, because they urged the Member States and the supranational organs to establish harmonization as part of the completion of the internal market, both before and during the IGC. Their influence was not on the way the text was formulated, but on the content, namely the abolition of fiscal and technical barriers to trade. Although the EP always supported the harmonization of laws and standards it had no influence on them, since the EP was not present in the decision-making process with its own preferences in terms of concrete proposals (no goal achievement) and did not participate in the IGC (frequency access and influence attempt). The same is true for the ESC. The Court had some influence on harmonization because its decision made mutual recognition possible, which later became a part of the new approach to harmonization, but still remained dependent on the decision of the Member States.

### **6.4 The IGC and (new) COMMON POLICIES in the SEA**

As we have seen in the development of decision-making on the SEA (Section 6.2) the central actors preferred the extension of common policies in different policy fields such as environment, industrial policy, trade policy, competition policy, energy, research and

development, social policy, cohesion and regional policy, and monetary policy. Since the completion of the customs union in 1968, the supranational organs (the Commission and the EP) had pleaded for the extension of common policies to new policy fields as part of economic and political unification of Europe. In cooperation with the EP, the Commission developed various programmes and proposals in different policy fields, which served as the basis for the Community action in these fields and was also considered necessary in the face of American and Japanese strategies. The interest groups, both employers (ETUC) and employees (UNICE and ERT), favoured extending common policies to new areas in order to solve economic and social problems in Europe. Because of the interdependency of national economies, they considered concerted action and common policies at the European level necessary.

The Member States demonstrated willingness for policy cooperation at the European level as well. The United Kingdom, France, Germany and Benelux announced in different documents to prefer the extension of common policies and community action at European level in different policy fields. This can also be seen in the Dooge Committee's reports (December 1984, March 1985), on the basis of which it was decided to convene the IGC to reform the Treaty of Rome. The report argued for the expansion and development of cooperation at the European level in various policy fields in order to solve the problems of growth, unemployment and wealth and to increase the competitiveness of European economies against the USA and Japan. The Committee considered research and technological development as the key for the future of Europe, since the growth and competition capacity of European industry would depend on the creation of a technological community. This could be achieved by promoting, supporting and liberalising cooperation in research and technological development at the European level, and between universities, companies and research institutions, and through the introduction of faster decision-making procedures. Cooperation in the field of monetary policy should forge ahead towards monetary integration and single currency. The Community had to give high priority to the protection of the environment. The Community should gradually achieve a European social area, since an internal economic area had to be based not only on industrial, economic and monetary policies, but also on social policy.

The IGC decided to extend common policies by adding new chapters to the monetary and social policies, which were already common policies in the Treaty of Rome, and by adding new common policies to the Treaty of Rome, namely cohesion policy, research and technological development policy and environment policy, which were gradually developed in the years preceding the SEA. The discussion on the extension of common policies went hand in hand with the completion of the internal market and institutional reform.<sup>13</sup>

There seemed to be a general agreement to extend the common policies into new areas. It was not clear, however, how, to what extent, and what the goals and guiding principles of those new policies should be (Gazzo, 1986b: 27-30; Agence Europe, 1985b: 3-4).

#### **6.4.1 Development of decision-making on monetary policy**

The IGC decided to insert a new Chapter 1 into part three of the Treaty, under the title Cooperation in Economic and Monetary Policy (Economic and Monetary Union). In order to ensure the convergence of economic and monetary policies, the Member States would cooperate in accordance with the objectives of Article 104, meaning balance of payments, currency confidence, high level of employment and stable level of prices, and would respect existing powers in this field. As regards the possible institutional change, the provisions of Article 236 would be applicable, which prescribes amendments of the Treaty for any institutional decision.

This decision was not the only option. The conference had proposals from the Commission, Belgium and the Netherlands. Another option was not to include a monetary dimension in the Treaty, as requested by the United Kingdom and to a lesser extent by Germany.

The main discussion points were the following: whether or not to include a monetary dimension in the Treaty, the goal of economic and monetary union in the Treaty and procedure guarantees (i.e. treaty amendments) for future decisions in this central field.

Following an informal exchange of views with the French Ministers on 28 October 1985, the Commission submitted its proposal (in the form of an amendment of Article 107 of the Treaty) on monetary policy, aimed at including a monetary aspect in the Treaty (European Commission, 1985o, see also 1985p: 11-12). According to the Commission, the Community monetary powers needed to be explicitly confirmed. The European monetary union (ECU) was the pillar of the system: it was used in particular for settlements between the Community's monetary authorities. Each Member State should treat its policy with regard to rates of exchange as a matter of common concern and should cooperate within the EMS in accordance with the objectives laid down in Article 104. The EMS would incorporate an exchange and intervention mechanism involving the Community currencies. The European Monetary Cooperation Fund would have the necessary autonomy for the accomplishment of its tasks and act on the basis of unanimity.

The business groups supported the Commission as they favoured further monetary integration to create conditions of stability. The UNICE demanded as priority objectives, besides the completion of the internal market, the convergence of Member States' budgetary and monetary policies with a view to achieving conditions of stability and further strengthening of the EMS (UNICE, 1984b, 1985c). The ERT called for strengthening the European Monetary System and bringing about mutually compatible economic policies of the Member States (Action Committee of Multinational Companies, 1985).

However, the monetary dimension became 'one of the most difficult problems' between the Member States, according to President Poos, because while some countries preferred an agreement on the amendments of Treaty with reference to this monetary dimension, other considered the inclusion of this dimension 'not essential, even of little use' (Agence Europe, 1985j: 4). Italy, Benelux and France preferred to include monetary aspect in the treaty in order to sustain the single market by use of converging economic policies and a satisfactory monetary environment (Agence Europe, 1985j: 5). The United Kingdom was completely opposed to this monetary aspect and Germany was hesitant (European Commission, 1985r: 85-86). Thatcher and Chancellor Kohl, meeting in Bonn as part of the preparations for the coming Luxembourg Summit, confirmed their opposition to any strengthening of monetary cooperation within the EEC (Agence Europe, 1985m: 6). The Commission President Delors threatened to withdraw all other proposals of the Commission, if monetary policy was excluded from the attempts at reform (Agence Europe, 1985i: 3).

At the conclave (30 November -1 December 1985) there were three proposals on the table: that of the Commission, of Belgium and of the Netherlands. The Commission submitted to the conclave a somewhat adapted proposal on monetary aspect in order to satisfy Germany, which was requesting that economic and monetary aspects run parallel (European Commission, 1985s: 94-95). The new text referenced economic and monetary union with a historical overview in the preamble. A new element was that 'the modalities of workings of the exchange mechanism are set by agreement between the Central Banks of the Community Member States' (European Commission, 1985s: 94). Belgium's proposal, submitted before the fourth session on 25 November 1985, backed up the Commission's proposal but also clearly defined the achievement of an economic and monetary union as an objective of the Community in accordance with Articles 103 and 107 of this Treaty, thus bringing about parallelism in the alignment of economic and monetary cooperation (Belgian Government, 1985). But this proposal met stiff opposition from Germany and the United Kingdom who raised objections both to the substance and the method, especially amendments to the preamble and Article 103(1) (European Commission, 1985t: 12). The Dutch proposal defined economic and



monetary union as an objective in Article 2 instead of in the preamble. The Member States should cooperate, by their economic and monetary policy, to this end in accordance with the provisions of Article 104. Therefore, a Community system of central banks had to be created, according to the procedure laid out in Article 236 (Dutch Government, 1985n). The Commission supported the Dutch proposal, since its adjusted proposal became a 'low in profile' and primarily restricted itself to inclusion in the Treaty of what had already been achieved (Agence Europe, 1985o: 5). A large majority of countries, like France, Italy and Benelux, were still in favour of including the monetary dimension in the Treaty. The United Kingdom, and to lesser extent Germany, reaffirmed its objections to any reference in the Treaty to the objective of an economic and monetary union or to the EMS. In this view, the current Treaty already contained enough articles (from 103 to 109) providing for action in this context (Agence Europe, 1985o: 5-6). At the conclave Germany moderated its stance somewhat (European Commission, 1985q: 19). According to Germany, without greater economic convergence the inclusion of monetary dimension in the Treaty would scarcely be useful. Germany therefore proposed the launching of 'a programme of action' to achieve greater convergence and liberalisation of movements of capital (Agence Europe, 1985o: 6). The conclave was unable to achieve any agreement on the monetary dimension.

At the European Council in Luxembourg, the discussion on the monetary question was based on the Dutch proposal and Germany's amendments, since the Commission agreed to withdraw its proposal (Agence Europe, 1985p: 3-4). The United Kingdom still made objections to any inclusion of a monetary aspect in the Treaty, but was ready for close cooperation and convergence on the basis of existing agreements (Agence Europe, 1985p: 3). Germany found the Commission's proposal unacceptable, stressing the importance of the independence of Bundesbank and considered the Dutch proposal acceptable with some amendments. But Germany did not want to accept the failure of the IGC and tried to meet the strong wishes of other countries preferring the inclusion of monetary policy in the Treaty (Dutch Government, 1985m). Therefore, Germany proposed a new draft with a limited scope. Germany's amendment referred to the gradual realisation of an economic and monetary union, not in Article 2 of the Treaty but in the preamble. It no longer called for the possibility of creating a Community system of Central Banks, but merely 'being able to proceed according to the provisions of Art. 236', something which already existed. The Member States would cooperate in accordance with the aims of Article 104 for the convergence of economic and monetary policy (Agence Europe, 1985p: 3-4). Italy found the Dutch proposal plus Germany's amendment acceptable. Belgium considered the exclusion of the monetary aspect unacceptable and preferred the Commission's proposal. France found the proposals of the Commission and the Netherlands minimal and was ready to accept them (favour Commission's proposal). The Commission, which had supported the Dutch proposal the previous day, was ready to adjust its own proposal. The United Kingdom criticised the Dutch text and found some parts of Commission's proposal better because it only identified what already happened.

Faced with this reality, President Poos decided to produce a new proposal on the basis of Dutch text plus Germany's amendments and some elements of the Commission's text (Dutch Government, 1985m). The Member States agreed with the Presidency's new compromise proposal (Council Presidency, 1985h: 97). Monetary policy was included in the amendment of the Treaty in the form already achieved, with procedure guarantee for future decision and cooperation towards the convergence of economic and monetary policies in accordance with the objectives of Article 104 (stability).

#### **6.4.2 Development of decision-making on social policy**

The IGC decided that Article 118 of the Treaty of Rome (social provisions) would be supplemented by Articles 118a and 118b. According to these new articles the Member States

would pay particular attention to improve the health and safety of workers and accept as their objective the harmonization of conditions in this area. 'In order to achieve this objective the Council, acting by QMV on a proposal from the Commission, shall adopt by means of directives minimum requirements for gradual implementation, having regard to the conditions and technical rules obtaining in each of the Member States.'

This was not the only option. The Commission, Denmark and the Presidency submitted their own proposals. The main issues were the following: the minimum requirements concerning working environment in terms of health and safety, whether or not to have a dialogue between social partners at the EU-level, and the decision-making rule.

In the discussion on the completion of the internal market it was particularly the ETUC who insisted on a social policy by making the acceptance of the internal market dependent on a social Europe (see Section 6.2). The ETUC put and kept social Europe on the agenda during the discussion on the internal market and institutional reform. According to the ETUC, the internal market was only acceptable when accompanied by binding social rules regarding employment, working conditions, hygiene, safety and health, working time, incomes and social protection (ETUC, 1982b, 1985i). In the fields of hygiene and health and safety in the work place, the unanimity rule might be abolished provided that European standards were not lower than the most favourable standards in any one Member State. Before the Luxembourg European summit, the ESC insisted that the White Paper should be completed by a programme on the conception and realisation of a social area (Agence Europe, 1985n: 13). This was probably the contribution of the ETUC as a member of the ESC.

At the IGC Denmark took initiative to include social policy (employment and workplace) in the Treaty. The Commission supplemented the proposal of Denmark. Denmark suggested a new Article 118a, according to which the Council, acting by a simple majority, should draw up directives about the minimum requirements in the working environment concerning health and safety in the work place (each Member State being able to lay down stiffer conditions) (Agence Europe, 1985e: 4; Dutch Government, 1985g). The Commission, encouraged by employer but especially by employee organizations at the EU-level, suggested that the Community's social policy not only should ensure the preservation of the most important social achievements, particularly concerning labour conditions, but also facilitate social dialogue and create the opportunity to discuss social matters at the European level (European Commission, 1985r: 87; Agence Europe, 1985m: 5).

The social policy was discussed for the first time at the ministerial level at the fifth session on the basis of the presidency's compromise proposal submitted on 19 November at the fourth session. According to the proposal, the Member States would undertake to improve the working environment in terms of workers' safety and health, and would set themselves the objective of evening up existing conditions in this field. In order to achieve this objective, the Council, acting on the basis of QMV on a proposal from the Commission and after consultation of the EP and the ESC, would adopt by means of directives the minimum provisions to be applied in this field (Council Presidency, 1985f: 73-75). As regards working environment, the Presidency's text seemed to be acceptable for the majority of the Member States. The Conference agreed with a Dutch proposal suggesting that strong national provisions might be maintained. Denmark was not satisfied with the text, because it found little back in it from its own proposal (Dutch Government, 1985i). The United Kingdom was against majority voting for the adoption of directives involving 'minimum requirements' on improvements in working conditions (European Commission, 1985q: 20). Concerning social dialogue at the EU-level, France preferred the possibility of collective agreement on contracts of employment at the European level. Italy was interested in this text. The United Kingdom, Germany and Denmark were against this provision (Dutch Government, 1985i; European Commission, 1985q: 20; Agence Europe, 1985m: 3)

The Luxembourg European Council on 2-3 December 1983 agreed on the Community social policy on the basis of the Presidency's compromise proposal consisting of elements of the various proposals submitted by the Member States and the Commission. The agreement contained the provisions on working environment, dialogue between the two sides of industry at the European level and QMV as a decision rule. The Member States should pay attention to the working environment, especially the health and safety of workers and aim for the harmonization of conditions in this area, without impeding the establishment by each Member States of reinforced protection measures. Council, acting by QMV, would adopt by means of directives minimum requirements for gradual implementation. As regards the social dialogue at the European level, the text made provision for the Commission to develop dialogue between the both sides of industry at the European level, leading, if considered desirable by employers and labour, to agreements (Council Presidency, 1985h: 102; Agence Europe, 1985n: 4). The United Kingdom insisted on maintaining the unanimity rule for the adoption of directives involving 'minimum requirements' on improvements in working conditions, but other delegations did not accept this (Dutch Government, 1985m). As a result, the United Kingdom had a reservation on the decision rule QMV (European Commission, 1985q:7, 20; Agence Europe, 1985s: 4).

#### **6.4.3 Development of decision-making on economic and social cohesion**

The IGC decided that a Title V (economic and social cohesion) should be added to Part Three (policies of the Community) of the EEC Treaty. In order to promote its overall harmonious development the Community would take actions to strengthen its economic and social cohesion, which should aim at reducing disparities between the various regions. The implementation of common policies and the internal market would take into account this objective. The Community should support the achievement of these objectives by the action it would take through the Structural Funds (European Agricultural Guidance and Guarantee Fund, Guidance Section, European Social Fund, European Regional Development Fund), the European Investment Bank (EIB) and the other existing financial instruments. The Council would decide on the amendments to the structure and operational rules of the existing structural funds by unanimity, on implementing decisions by a qualified majority on a proposal from the Commission.

This decision was not only option. There were alternative proposals from the Commission, Greece, Ireland and France. Finally, the Presidency formulated a compromise proposal. The main subjects of discussion were the following: whether or not to include cohesion in the reform of the Treaty; if yes, in which way; the goals and means of cohesion policy; and the decision-making rule on this issue.

The Commission's proposal for strengthening Community cohesion (30 September 1985) was intended to correct the inevitable adverse effects of a large internal market and to strength economic and social cohesion for the harmonious development of the Community by improving living standards, working and employment conditions and reducing the disparities between different regions (European Commission, 1985m: 38, 1985j: 11-12). The Community would take into account the aim of cohesion in the implementation of the internal market and of the common policies. According to the Commission 'there was no hope of completing the internal market unless cohesion was strengthened.' (European Commission, 1985p: 8). In order to achieve these aims, the effectiveness of the existing funds should be increased and one or more structural funds might be set up. The Community might also enter into contracts for borrowing, grant loans and act as a guarantor for loans. The Commission would suggest, after this treaty took effect, adjustments to the existing financial instruments, including the social fund. The Council would take decisions on this proposal by unanimity, on implementing decisions by QMV.

However, the Member States were sharply divided over the Community's cohesion policy. France, Germany, the United Kingdom and to a lesser extent Denmark declared to be against the proposal of the Commission. According to them, the Commission's proposal was too ambitious and less translucent. Ireland, Greece and Italy considered the cohesion provisions in the Treaty necessary. Belgium agreed with a cohesion text in the Treaty. So did the Netherlands, but through convergence of economic policy, and not via simple transfer of financial instruments (Dutch Government, 1985d).

France suggested an amendment on the Commission's proposal that defined the goal, means and decision rule of cohesion policy differently than that of the Commission, causing worry to some Member States (French Government, 1985c; Agence Europe, 1985d: 4). The goal was the harmonious development of economic activities throughout the Community and the adaptation of European economies to technological changes. In order to achieve this objective the Community should have a social fund to improve employment and social innovation; an agricultural guidance fund for the modernisation of agriculture; a regional fund to contribute to the development of poorest regions and regions with recession. The Council would act unanimously on proposals from the Commission. Ireland, Portugal, Greece and Spain were worried about the French proposal. Germany and Belgium were of the opinion that amendment of the Treaty in this field would be limited on a legal basis plus the possibility of regional policy (Dutch Government, 1985e).

In a memorandum sent to the President of the Council, Poos, Greece put forward that cohesion and granting of necessary resources were preconditions for the achievement of the single market (Agence Europe, 1985f: 4). According to Greece, Community objectives and policies should aim at harmonising the Member States' level of economic development. Parallel to the realisation of the single market, convergence should be guaranteed. The single market might otherwise have 'decidedly destabilizing effects on the weaker economies'. This objective should be achieved by the social and agricultural structures policy and in particular by strengthening the regional policy. The necessary resources 'should be guaranteed on a long term basis by an agreement concluded by the intergovernmental conference, if the negotiations in future are not to be faced with the complications which have impeded the Community's development in the past' (Agence Europe, 1985f: 4; Dutch Government, 1985g).

So far, two trends emerged in the discussion about the cohesion policy (Preparatory group, 1985: 57-58; European Commission, 1985p: 8). Some delegations (Greece, Ireland, Spain and Portugal) considered that appropriate practical provisions, including financial means, in this sector were a condition for acceptance of the proposals on the internal market. Other delegations acknowledged that insistence on the economic and social cohesion of the Community was an integral part of the current process of revising the Treaty. They considered, however, that to follow this up it would be enough to insert a clearer definition of the nature and tasks of the structural funds in the Treaty, so as to ensure that they would operate more effectively.

At the second session of the IGC, held in Luxembourg on 21 October 1985, the cohesion policy was discussed on the basis of the revised Commission's proposal (European Commission, 1985j: 11-12, 1985p: 8). The goal of the Commission's proposal was to correct the adverse effects of a large internal market for less developed areas. The existing instruments like a social fund and regional fund were not sufficient for achieving this goal. Therefore, the Commission suggested that the Member States had to organize solidarity in terms of both coordination of their economic policies (economic solidarity), and (to a lesser extent) budgetary transfers, an in-depth reform of the existing funds, and borrowing and lending opportunities (European Commission, 1985p: 8). Greece insisted for a long time that the European Community had a legal obligation to contribute towards less developed countries. Ireland supported Greece. Italy considered the specification of cohesion in the new Treaty desirable.

Germany found France's proposal more attractive, but the amended text of the Commission a good point of departure. Also the Netherlands considered new Commission's text as a good starting point. France was in favour of providing a legal basis for the existing structural funds in the Treaty. The United Kingdom was negative on this point and saw no relation between the internal market and the cohesion (Dutch Government, 1985f).

Although it was widely recognized that the realisation of the internal market was a 'considerable effort' for some Member States, at the third (11 November 1985) and the fourth (19 November 1985) sessions the usual differences of opinion were maintained on the means to be chosen in order to attain cohesion (Agence Europe, 1985j: 4). On the one side the paying countries like France, Germany, the United Kingdom and the Netherlands argued that convergence could be achieved via common policies (including the internal market). Therefore, the transfer of financial instruments was not suitable instrument. The French proposal could serve as a basis for discussion of a new article in the Treaty. On the other side, the receiving countries, like Greece, Ireland, Portugal and Spain argued that the inclusion of articles about cohesion in the Treaty was necessary with the increase of financial instruments of structure funds (Dutch Government, 1985j, 1985g). This second group found a proposal of the Presidency not concrete enough. The Presidency came to the conclusion that convergence via policy was not enough and it would require concrete financial instruments (Dutch Government, 1985i). Therefore, the Presidency decided to submit a new proposal based on its own proposal and France's proposal (Dutch Government, 1985j).

At the fifth session (25-26 November 1985) and at the conclave (30 November-1 December) the major differences of opinion about the means and instruments of cohesion were still maintained (Agence Europe, 1985m: 3-4; Dutch Government, 1985l). Greece, Ireland, Portugal and Spain opposed the consideration of the coordination of national policies as an instrument and preferred to include cohesion in the Treaty, accompanied with financial instruments (strengthening of structural funds). Greece clearly related its approval of the internal market to the inclusion of cohesion. The other countries understood that without cohesion it would be difficult to achieve any agreement. Hence, they tried to define the goal and means of cohesion in a favourable way. The United Kingdom, France and the Netherlands suggested adding new elements to the goal of cohesion, namely 'the modernisation of industrial structures and improving of employment' in order to make sure that the cohesion text could be used by all states and not only by weak states. Germany announced that 'reducing disparities between regions' could be removed. The United Kingdom rejected the draft text and emphasized the unanimity as a decision rule. The Netherlands was ready to agree with the text as a compromise (Dutch Government, 1985l). The Commission expressed its disagreement if the solution was no more than a 'clumsy compromise on budgetary transfers.' The Community needed real policies to help development in less-favoured areas. These policies could not be based on 'our current "funds"' (European Commission, 1985r: 86). Before the Luxembourg summit, the ESC insisted that the internal market should be completed by, among other things, structural and regional policy 'without which some Member States would not be in a position to accept and bear such a degree of liberalisation' (Agence Europe, 1985n: 13).

At the Luxembourg European Council, the Presidency's compromise text seemed to be in general acceptable to most of the Member States from both sides (Greece, Ireland, Portugal, Spain vs. Germany, the United Kingdom, France). Nevertheless, there were many attempts from the Member States to add something to the text or to scrape something from the text (Dutch Government, 1985m). The most controversial issue was financing. The Presidency suggested 'adequately financed so far as budgetary resources permit' (European Commission, 1985t: 12; Dutch Government, 1985m). In contrast, Italy tabled an amendment suggesting that the European Regional Development Fund be 'adequately funded', which was opposed by France and the United Kingdom, while supported by Ireland, Greece, Spain, Portugal and the

Netherlands (Agence Europe, 1985p: 5). In the end the IGC reached an agreement on the basis of the Presidency's compromise proposal, intended to achieve cohesion both by common policies and by financial instruments (Council Presidency, 1985h: 97-98). The Brussels European Council deleted from the text the clause 'existing structural funds, ...are adequately financed so far as budgetary resources permit', and instead added the clause 'existing structural funds...existing financial instruments' considered as necessary to achieve the objectives of cohesion (European Commission, 1985t: 12; Agence Europe, 1985s: 4).

#### **6.4.4 Development of decision-making on research and technological development**

The IGC decided that a Title VI (research and technological development-R&TD) should be added to Part Three (policies of the Community) of the EEC Treaty. The Community's aim should be to strengthen the scientific and technological basis of European industry and to encourage it to become competitive at international level. In order to achieve this, it would encourage undertakings, research centres and universities in their research and technological development activities and their efforts to cooperate with one another. In pursuing these objectives the Community would adopt a multiannual framework programme setting out all its activities (objectives, priorities, activities, finance). The framework decision would be taken by unanimity (130i, 130o). The framework programme would be implemented through specific programmes developed within each activity. Each specific programme would define the detailed rules for implementing it, fix its duration and provide for the means deemed necessary. The implementing decisions would be taken by qualified majority (130k, 130l, 130m, 130n, 130p).

The discussion about R&TD focused on three main issues. First, the objective and the nature of common policy in this field, that is to say whether the Community should have a common policy or only complimentary duties (coordination) at the EU level. Second, the design of common policy: whether or not by means of framework programmes and by sector-specific programmes. Third, what should the decision-making rule in this field be, namely unanimity or QMV? The discussion took place on the basis of Commission's proposals, which was supplemented by some Member States like Denmark, Germany and Belgium through amendments or proposals. In the end the agreement was reached through the Presidency's compromise proposal.

The lack of Community competencies in the field of R&TD, according to the Commission, prevented progress in this field (European Commission, 1985j: 11). Accordingly, the Commission proposed to develop common R&TD policy, coordination of national policies, and ensuring cooperation with non-Member States (European Commission, 1985l: 35-36). The Community policy should be based on multiannual framework programme, setting out not only general objectives and instruments but also specific objectives of technological R&TD, which would define their technical content, fix their duration and provide means for their implementation, as well as detailed rules for their execution. The implementation of a Community programme should encourage cooperation between industrial firms, universities, and research centres. The Community might participate in R&TD programmes undertaken by Member States, non-Member States and international organisations. The programme would be financed by undertakings, universities, research centres, the Member States, non-Member States and the European communities. The Council would adopt multiannual framework programme by unanimity, implementation of multiannual programme by QMV (European Commission, 1985l: 35-36).

The Commission's proposal was adapted several times to meet the demands of the Member States. Although Italy, Germany and the Netherlands supported the Commission's approach as a whole, they demanded a clear formulation of the aim of common policy. The United Kingdom and Denmark found the Commission's proposals unclear and vague. The

United Kingdom asked for attention to improve competitive position of the Community in relation to the US and Japan (Dutch Government, 1985c). In its revised proposal of 7 October 1985 the Commission took account of the criticisms and suggestions of the Member States (European Commission, 1985n: 49-50). The aim of the Community R&D policy would be to 'strengthen the technological basis of European industry and to ensure that it becomes more competitive at international level.' In pursuing these objectives, the Community would implement common R&TD programmes and coordinate Community policies with national R&TD policies. The Community activities would be the subject of multiannual framework programme (setting out the general scientific and technical objectives) decided by unanimity and sectoral programmes (laying down the scientific objectives of R&TD, defining their technical content, fixing their duration and providing the means) decided by QMV. The adjusted Commission's proposals stimulated discussion and gave rise to new proposals or amendments from the Member States. Denmark emphasized the connection between joint R&TD and the internal market and common guidelines for the introduction of measures by Member States to stimulate research (Agence Europe, 1985e: 3). Greece stressed the importance of the participation of all Member States to research programmes and the distribution of technological know-how (Agence Europe, 1985f: 4). The United Kingdom, France and the Netherlands argued the need for a common policy at the EU level. Belgium's amendment to give scientific research a place in the formulation of common goals received support. It was agreed that Commission would adapt its proposals in cooperation with Presidency of the Council (Dutch Government, 1985g).

During the IGC, the EP passed (7-11 October 1985) a resolution on Europe's response to the modern technological challenge, which was based, *inter alia*, on the report by Michael Poniatowski (Liberal/French) (European Commission, 1985p: 75-81). According to the report, the challenge in technology was probably the biggest facing the Community at the time, as it lagged disquietingly behind Japan and the USA. The report drew the main lines of a European Strategy. Europe's weakness was due, in particular, to the scattering of its research effort and to the lack of a real internal market. Europe also failed to put the results of its research into practice. The immediate needs were a Technology Community, a large internal market and reform of the decision-making process. Furthermore, European research must be given adequate funds.

The business groups UNICE and ERT attempted to exert influence during the IGC, not only on the completion of the internal market but also on the technological cooperation. The UNICE already considered research, innovation and adjustment to the new technologies as the key to success (UNICE, 1983b: 2). According to the UNICE, besides the completion of the internal market, a European scale of technological innovation was one of the main determinants of growth and the diversification of economic activity (UNICE, 1985c). Therefore, it called on the IGC to strengthen technological cooperation in Europe for the development of European Technological Community and joint community activities (UNICE, 1985b). According to the UNICE there were several key conditions to be met. The Community needed greater coherence between Community R&TD strategy and the competition policy pursued by the Commission. European industry must unite its forces by increasing the possibilities for cooperation between firms in the Community so as to allow it to compete successfully with its main rivals in the world (the USA and Japan). There should be more funds available for R&TD. The Community decision-making process with regard to R&TD projects and programmes needed to be improved. Public contracts needed to be incorporated more fundamentally into the Community's technological strategy. The UNICE demanded from the European Council of Luxembourg (2 and 3 December 1985) the completion of the internal market and the strengthening of technological cooperation (UNICE, 1985e). The ERT urged the development of the science and technological basis of the Community in order to become competitive against

Japan and the USA (ERT, 1984c, 1985b). According to the ERT, education, technology, research and their application would play a decisive role in the future development of industry. The European dimension was crucial since the national level was too small for the developing of new technologies. The ERT suggested developing a joint R&TD programme and European level institutions. Before the Luxembourg summit, multinationals demanded in their letter to the Member States not only a border-free European internal market but also 'a major Community response to the challenge of advanced technology' (Action Committee of Multinational Companies, 1985).

The technological research and development was widely discussed at the third session of the IGC held on 11 November 1985 in Luxembourg. The debate was based on the Presidency's compromise proposal, which was borrowed from the Commission's proposal. This proposal was closer to the SEA than the Commission's proposal (Council Presidency, 1985e). According to the President Poos, the President's compromise text was considered 'quite balanced' by the majority of participants, but certain amendments were suggested. The most important disagreement concerned the decision-making rule for framework programmes and specific programmes, as well as defining these programmes (Agence Europe, 1985h: 3). In contrast to the Presidency's proposal, Germany, France, the United Kingdom and Denmark favoured that decision should be made by unanimity, not only on framework programmes but also on specific and concrete programmes including financing. QMV might only be used for directives, i.e. typical executive measures. Furthermore, Germany and France found the description of framework programmes unclear (Dutch Government, 1985i). Belgium, Italy and the Netherlands criticized this 'restrictive approach' of Germany and France and argued to replace the unanimity rule with a more flexible mechanism (Dutch Government, 1985i).

The discussion at the fifth session, held in Brussels on 25-26 November 1985, was based on the Presidency's adjusted compromise proposal, which suggested that 'framework programmes' should be adopted on a unanimous basis, and the 'specific programmes' on the basis of majority (Agence Europe, 1985m: 3-4). However, the Commission was not happy with the Presidency's text. Delors, the President of the Commission, observed 'an unusual coalition of those who do not want to do much and those who fear that money will go into this area instead of into structural funds. The text presented to us today does not permit the Commission to achieve what it wants' (European Commission, 1985r: 86). The Commission criticized excessively detailed framework programmes, which also would restrict the use of QMV. This had negative effect on the European industry which needed the maximum possible security and some flexibility (European Commission, 1985q: 19). Delors preferred the Commission's text. Belgium and the Netherlands supported the Commission, but reminded it of the discussion leading to the existing formulation. The United Kingdom and Germany agreed with the Presidency's text. Denmark had objections to QMV applied to the specific programmes (Dutch Government, 1985l).

At the Conclave (30 November and 1 December 1985), the Presidency adjusted, in reply to the Commission's criticism, its text concerning the over-detailed definition of framework programmes and added a more flexible definition, which was welcomed by the Commission and most of the Member States. According to Poos, the President of Council, the Commission's criticisms were 'comprehensible' and 'justified' (Agence Europe, 1985o: 5).

Finally at the Luxembourg summit (2-3 December 1985) the Member States agreed with the Presidency's compromise proposal regarding R&TD (Council Presidency, 1985h: 99-101). According to the agreement, the Community would develop its own common policy, in addition to the fact that the Member States (in liaison with the Commission) would coordinate among themselves the policies and programmes carried out at the national level. The Community would adopt a multiannual framework programme on the basis of unanimity. The framework



programme would be implemented through specific programmes, which would be decided by QMV.

## **6.5 INFLUENCE OF ACTORS ON (new) COMMON POLICIES in the SEA**

The influence analyses according to the criteria goal achievement, time-lag, access and attempt to influence show that the Member States exercised much to very much influence on the decisions about the common policies, the Commission had some influence, the interest groups exerted some to considerable influence, and the EP had only slight to some influence on R&TD but no influence on the other policies.

### **6.5.1 Monetary policy**

As the Member States determined the content of the agreement on the monetary policy, they exerted very much influence on it. The outcome was a compromise between those who did not want to see a monetary dimension in the Treaty like the United Kingdom and Germany, and those who favoured a monetary dimension in the Treaty, like Italy, Benelux and France. As a result, the monetary policy was included in the Treaty with a 'low profile', in the form already achieved. It seemed that the changing attitude of Germany was decisive in the inclusion of the monetary aspect in the amendment of the Treaty. The Commission exerted some influence on the outcomes, because it succeeded in including the monetary dimension in the amendments of Treaty but with a 'lower profile' than the Commission's original proposal. In addition, this would have been impossible if some Member States had not preferred closer cooperation in the monetary field. The business groups UNICE and ERT exercised some influence as well. They demanded closer monetary cooperation at the Community level and the strengthening of EMS (goal achievement), supported the Commission and attempted to influence the decision-making about monetary cooperation at the IGC (shorter time-lag). The EP had no clear preferences and did not participate in the IGC, and therefore had no influence on the monetary policy.

### **6.5.2 Social policy**

Since the ETUC put and kept social Europe on the agenda in the discussion on the completion of the internal market and achieved its goal significantly, considerable influence should be assigned to the ETUC. The ETUC underlined many times that the completion of the internal market was only acceptable if it was accompanied by the creation of a social Europe. The ETUC did not achieved its goal in terms of 'most favourable standards' but in terms of 'minimum requirements' concerning working environment in terms of health and safety and social dialogue at the European level. The Commission had slight influence, as it achieved the establishment of a social dialogue at the Community level, but only on a voluntary basis and with support of some Member States. As the Member States themselves determined the content of agreement (minimum requirements working environment, voluntary social dialogue at the EU level and QMV) through a compromise, they exerted much influence on the social policy.

### **6.5.3 Economic and social cohesion**

The Member States exerted very much influence on the cohesion policy as they determined the goal, means, form and decision-making rule of the policy. Cohesion policy was considered as a necessary instrument for the establishment of the internal market in order to support the less developed parts of the Community. The outcomes showed typically a division and compromise between those who possibly would pay (Germany, France and the United Kingdom) arguing to achieve cohesion via common policies without financial instruments and those who possibly would receive (Greece, Spain, Portugal and Ireland) arguing to achieve cohesion by including cohesion in the Treaty and by increasing financial instruments. In this group Greece played a

very important role by making its approval of the internal market dependent on a favourable cohesion policy. Italy (and to some extent Belgium and the Netherlands) took a position between these two groups, by accepting the need of solidarity and compromise. Although the Commission achieved a considerable part of its goal, joined the discussion and attempted to influence the outcomes, it exerted only some influence, because its goal achievement was only possible because of the convergence of its position with the positions of some Member States like Italy, Greece, Ireland, Portugal and Spain. The interests groups, like the ERT, the UNICE and the ETUC, did not formulate clear preferences (except generally supporting cohesion) on this issue, did not attempt to influence decision-making, and therefore had no influence. The ESC and the EP formulated only a general idea favouring cohesion in the Community but without concrete policy preferences on the issue (no goal achievement) and they did not participate in the IGC (access and influence attempt). Accordingly they had no influence on the cohesion policy.

#### **6.5.4 Research and technological development**

Research and technological development was viewed as an essential factor to become competitive in the world market by all actors. The business groups UNICE and ERT exercised considerable influence on the decision about R&TD for the following reasons: Besides the internal market, the business groups developed clear and detailed proposals in the field of R&TD (preferences). They had access to the decision-makers and attempted to influence decision-making during the IGC as well. Their main argument seemed to be strong: the success of the internal market and the competition capacity of the Community depended on R&TD. As a result, they achieved a considerable part of their goals, namely common policy in the field of R&TD, more cooperation between the Member States, more funds for research, European level institutions, easy decision-making rules and flexibility. The Commission exerted considerable influence on R&TD as well. The Commission achieved a considerable part of its goals like common policy, a multiannual framework and specific programmes, and easier decision-making rules. Furthermore, the Commission participated in the IGC actively with various influence attempts. In addition, the Commission prevented a rigid definition of framework programme with the support of some Member States like Italy, the Netherlands and Belgium. However, the Commission's proposals were based on what was already achieved in the Community and adjusted to the preferences of the Member States. Although the Member States partly responded to the demands of the interest groups and the Commission, the proposals of the Commission and Presidency were adjusted many times to fit the preferences of the Member States who determined the nature, design and decision-making rule of R&TD policy. Consequently, they exerted much influence on the R&TD policy. The EP had slight to some influence because of its general goal achievement (R&TD as common policy) and its access and influence attempt during the IGC by its resolution on a technological community and easier decision-making.

### **6.6 SUMMARY INFLUENCE ANALYSES AND CONCLUSIONS**

This chapter has examined the influences of the central actors on the internal market and new common policies in the SEA in order to answer the first sub-question, namely how and to what extent can European integration and governance on the dimension of socioeconomic policy cooperation be explained by the influence of nation states, supranational organs of the EU and interest groups? (Section 3.2.2). This section answers this question by bringing together the different parts of the empirical outcomes. The theoretical model in Chapter 3 (Section 3.4.3.3) predicted that on the dimension of socioeconomic policy cooperation the Member States significantly share influence with the supranational organs of the EU and interest groups. In

this chapter this hypothesis has been tested by analysing the influence of the key actors on the internal market and new common policies in the SEA. The influence analyses based on the reconstructions of the decision-making processes support this theoretical prediction. The analyses clearly show that while the Member States exerted much influence on the internal market and new common policies, the supranational organs and the interest groups were able to exercise considerable influence on different parts of the internal market and new common policies like R&TD, social policy and monetary policy. The influence of actors has been assessed by employing the method of intensive process analysis on the basis of the criteria goal achievement, time-lag, access and influence attempt (see Section 4.5).<sup>14</sup> Table 6.1 shows the extent of the influence of the actors on the different parts of the internal market and new common policies in the SEA, which is explained further in the following subsections.

Table 6.1 Influence of actors on the internal market and new common policies in the SEA

	Member States	Commission	EP	Business	Labour	ESC
Principal agreement internal market	Considerable	Some	Slight to some	Considerable	Slight to some	Slight to some
Definition internal market	Much	Considerable	No	Considerable	No	No
Harmonization	Much	Considerable	No	Considerable	No	No
Monetary policy	Very Much	Some	No	Some	No	No
Social Policy	Much	Slight	No	No	Considerable	No
Economic-Social Cohesion	Very Much	Some	No	No	No	No
R&D	Much	Considerable	Slight to some	Considerable	No	No

The reconstruction of the decision-making process on the SEA shows that, as we have seen, the origin of the SEA does not lie in early years of the 1980s, as suggested by Moravcsik (1998) among others, but in the beginning of the 1970s when the Member States agreed on a stage plan for establishing the Economic and Monetary Union (EMU), which consisted of, like the SEA, the internal market, new common policies and institutional reforms. The establishment of the EMU stagnated in the second stage in 1973 because of internal (economic crisis) and external reasons (oil crisis). As a result, on the basis of Tindemans' report, the Community changed its views on the EMU and adopted a new way of achieving it. This did not mean, however, the stagnation of European integration as a whole. If we look at integration as a multidimensional phenomenon, we can see that, firstly, the Community realized two waves of enlargement in this period: the first beginning in the 1970s with England, Ireland and Denmark, and the second beginning in the 1980s with Greece, Spain and Portugal. Secondly,

the Community held for the first time a direct public election of the European Parliament. Thirdly, on the socio-economic dimension, although the development of an economic and monetary union (EMU) stagnated, there was ongoing integration as well. So the customs union completed within the six Member States, and later with twelve; many (technical) barriers to trade (NTB) were removed (silent integration); steps were taken to coordinate policies on different fields, such as environment, education, research and technology.

The discussions on how to reform the Community's policies and institutions intensified in the early 1980s. After initial attempts to pursue their own independent policies and to take protectionist measures against the crisis, the Member States recognized the reality of economic interdependence, gradually changed their approach and attempted to deal with the crisis together. There were many attempts to relaunch the internal market and Europe, like the May mandate, the German-Italian initiative, the Solemn Declaration, the draft Treaty on the EU, the proposals of the Commission, the memorandums of some Member States, and the reports of the business groups. In contrast to the early period of the 1970s, in the 1980s not only the supranational organs but also the interest groups (especially business groups) were very active and continually insisted on the completion of the internal market, and therefore played a crucial role. This process was characterized not only by the mobilization of new actors like business groups, but also by a changing analysis of situation made by different actors. These two factors played a very important role in the relaunching of the internal market beginning in the 1980s. In this new analysis, the unified internal market was not only considered as a Community response to the problems related to growth, stability and prosperity, but also as a mean of survival, as an essential factor in competition against Japan and the USA (the 'costs of non-Europe'). In the end the Member States themselves, on the basis of Dooge Committee report, decided to complete the internal market and to extend common policies to the new areas.

### **6.6.1 Influence of Member States on socioeconomic policy cooperation in the SEA**

As far as the internal market concerned, the Member States wielded considerable influence on the principal agreement about the internal market, much influence on the definition and deadline and much influence on harmonization. With regard to (new) common policies in the SEA, they exerted very much influence on the monetary policy and the cohesion policy, and much influence on the social policy and R&TD.

The Member States exercised considerable influence on the principal agreement about the internal market. They were committed to the establishment of the internal market since the 1970s, but delayed it because of the economic crisis and some internal problems of the Community. The convergence towards the internal market between the Member States developed gradually and quickened when the countries like Germany, France and the United Kingdom declared in September 1983 to favour the completion of the internal market. The (pre-) decision to achieve the internal market both at the Brussels (29-30 march 1985) and the Milan European Council (28-29 June 1985) was based on the proposals of the Commission, but especially on the report of the Dooge Committee consisting of the representatives of the Member States, as usual when the Member States made important decisions, which was set up at the Fontainebleau European Council (25-26 June 1984). Before the Milan European Council the countries like France, Germany, the United Kingdom, Italy and Benelux had already declared to be in favour of the completion of the internal market by 1992. The reason for this convergence was not only the pressure of the business groups, but also the new analysis of problems and their solutions in Europe. The fragmented European market was considered as the cause of the decline of European economy. The survival of Europe was at stake and a unified internal market was not only a viable answer to the crisis of the European economies in terms of growth, unemployment and stability but also the only way of survival in becoming competitive against the USA and Japan. The Member States agreed on the completion of the

internal market on the basis of their own considerations as well, and their programme was more comprehensive than the programme of the business groups.

Despite the general agreement on the internal market, there was still disagreement about the question how and to what extent, that is to say the definition and the content of the internal market. At the IGC the Member States favoured different kinds of internal market. The 'minimalist' notion defining internal market on the basis of four freedoms (free movement of goods, services, people and capital) and abolishing remaining obstacles (single market without borders), was preferred by France, the United Kingdom, Germany, Denmark and Ireland. The 'maximalist' approach defined an internal market as an 'area without frontiers', which was considered wider and deeper than the concept single market and was advocated by Italy, the Netherlands, Belgium, Luxembourg and the Commission. The final decision was a compromise between these two notions, defining internal market as 'an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured in accordance with the provisions of this Treaty.' France and Germany's move at the Conclave from the minimalist to the maximalist definition was decisive, leading to the solution. Although the issue was discussed on the basis of Commission's proposal as well, the Member States exercised much influence on the definition, because the Member States themselves defined the internal market. As regards the deadline, the IGC choose 1992 as favoured by the Member States and the Commission, instead of 1990 as was demanded by the business groups.

The establishment of a genuine internal market had to go hand in hand with the harmonization of rules and standards (for individual products) in order to eliminate (technical) trade barriers. Since the traditional approach to harmonization with the detailed technical specifications in Directives and unanimity rule (Article 100) gave rise to long delays, the Community developed gradually a new approach to harmonization, which was partly adopted before the IGC by the Council and developed in detail in the White Paper by the Commission and proposed again at the IGC. The new approach consisted of legislative harmonization, technical harmonization and mutual recognition. Before the IGC the Council had already adopted a resolution on a new approach on technical harmonisation and standards. The IGC made QMV possible in legislative harmonization concerning the internal market (Article 100A, by way of derogation of Article 100), and on decisions about mutual recognition (Article 100B). European standardization bodies acting on QMV were responsible for technical harmonization. But unanimity still remained on tax harmonization (Article 99).

As the Member States had determined when, how and to what extent the harmonization of rules and standards should be realized, they exerted much influence on harmonization. The Commission's proposals were largely adjusted to meet the demands of the Member States, by limiting the use of QMV in the case of Articles 99 and 100 and by making mutual recognition conditional to the decision of the Council. France especially was against QMV and proposed to maintain the principal of unanimity. Germany and Denmark were afraid to harmonize downwards and tended to maintain unanimity. The United Kingdom and Ireland wished to protect their laws concerning plant, health and animals and tended to preserve unanimity.

The Member States wielded, generally speaking, much influence on the new common policies in the SEA. As far as monetary policy is concerned, the Member States exerted very much influence, because they determined the content of the agreement. The monetary policy was included in the amendment of the Treaty in the form already achieved, with procedure guarantee (i.e. treaty amendments) for future decision and cooperation towards convergence of economic and monetary policies in accordance with the objectives of Article 104 (stability). The outcome was a compromise between those who did not want to see a monetary dimension in the Treaty like the United Kingdom and Germany, and those who favoured a monetary dimension in the Treaty, like Italy, Benelux and France in order to sustain the single market by use of converging economic policies and a satisfactory monetary environment. It seems the

changing attitude of Germany was decisive in the inclusion of the monetary aspect in the amendment of the Treaty. Germany agreed with inclusion of monetary policy with a limited scope in the Treaty in order to prevent failure of the Conference and after getting procedure guarantee (i.e. Treaty amendments) for future decisions in this field.

Since the Member States determined the content of the agreement on the social policy (minimum requirements for working environment in terms of health and safety, voluntary social dialogue at the EU level and QMV) through a compromise between them, they exercised much influence on the social policy. The agreement was not difficult on the minimum requirements of the working environment. The United Kingdom was against majority voting for the adoption of directives involving 'minimum requirements' and had a reservation. As regards the social dialogue at the EU level, France and Italy favoured the possibility of collective agreement at the European level. The United Kingdom, Germany and Denmark were against this provision. The outcome was a social dialogue on voluntary basis at the European level.

The Member States decided to achieve economic and social cohesion by common policies (including the internal market) and by strengthening structural funds. Therefore they wielded very much influence on economic and social cohesion policy. The outcomes showed typically a division and compromise between those who probably would pay (Germany, France, the United Kingdom and the Netherlands) and those who probably would receive (Greece, Spain, Portugal and Ireland). Italy (and to some extent Belgium and the Netherlands) took a position between these two groups, accepting the need of solidarity and compromise. On the one side France, Germany, the United Kingdom and the Netherlands argued that convergence could be achieved via the coordination of national policies and common policies (including the internal market). Therefore, the transfer of financial instruments was not suitable instrument. On the other side, Greece, Ireland, Portugal and Spain argued that inclusion of articles with appropriate practical provisions about cohesion in the treaty was necessary, accompanied with increasing financial instruments (strengthening of structure funds). Greece clearly related its approval of the internal market to the cohesion policy, which meant that cohesion and granting of necessary resources were preconditions for the achievement of the single market. The single market could otherwise have 'decidedly destabilizing effects on the weaker economies'. The Presidency's compromise text consisted of both instruments, namely the common policies and the financial instruments.

The Member States determined the nature, design and decision-making rule of R&TD policy, and therefore they exerted much influence on the R&TD policy. The Member States seemed to be convinced of the need of cooperation in the field R&TD in order to become competitive against Japan and the USA. The original proposals of the Commission and the compromise proposal of the Presidency were adjusted many times to fit the wishes of the Member States. Germany, France, the United Kingdom and Denmark favoured unanimity as a decision-making rule. Belgium, Italy and the Netherlands criticized this 'restrictive approach' and argued to replace the unanimity rule with a more flexible mechanism. According to the agreement, the Community would develop its own common policy, besides that the Member States (in liaison with the Commission) would coordinate among themselves the policies and programmes carried out at national level. The Community would adopt a multiannual framework programme on the basis of unanimity. The framework programme would be implemented through specific programmes which would be decided by QMV.

### **6.6.2 Influence of supranational organs on socioeconomic policy cooperation in the SEA**

The supranational organs like the Commission and the EP traditionally advocated for the completion of the internal market, extending common policies to new policy fields and institutional reform. They influenced these issues in the SEA from slight to a considerable extent.

### *European Commission*

The Commission influenced the completion of the internal market considerably, as the Commission wielded some influence on the development of principal agreement, considerable influence on the definition of the internal market, and considerable influence on harmonization.

The Commission exerted some influence on the development of the principal agreement on the internal market, despite the fact that the Commission advocated for a long time (longer time-lag), since the completion of customs union in 1968, for the achievement of the internal market. The Commission wrote two important plans for the completion of the internal market, namely a two stage plan for the Economic and Monetary Union in 1970s and a White Paper in 1980s, but both of them were written at the request of the Council. When the Commission President Delors announced the completion of the internal market as the objective of the Commission in 1985, the decision-making process for the completion of internal market had already been started by the Member States. The Commission contributed in two ways to the development of the principal agreement. First, the Commission put forward European solutions to Europe's problems, arguing that there was no viable alternative to the unified internal market in order to become competitive against Japan and the USA in the world market, to sustain recovery and to combat unemployment, since this 'allows firms to benefit from outlets on a continental scale and to invest with the same degree of security as their American or Japanese competitors'. Second, the Commission acted as an entrepreneur among interest groups and European companies to develop convergence and to win (and mobilize) support for the completion of the internal market.

The Commission exercised considerable influence on the definition of the internal market. Although the Commission advocated for the completion of internal market for a long time (longer time-lag), it joined the IGC and contributed considerably to the definition of the internal market. The Commission's suggestion was to define the internal market as the 'creation of an area without internal frontiers in which persons, goods, services and capital circulate under the same conditions as in a Member State'. The Commission largely achieved its goal in terms of definition and deadline, in particular the use of the concept 'area' instead of only 'market'. However, it became possible due to the convergence between the position of the Commission and the positions of some Member States, like Italy, Benelux and, in the end, France and Germany, and the positions of the business groups.

The Commission considerably influenced harmonization. The Commission advocated for the abolition of not only physical but also fiscal and technical barriers (harmonization of legislation and standards) and for the establishment of the internal market for a long time (longer time lag). However, the Commission joined the IGC and was very active during discussion (shorter time-lag, access and influence attempt). In spite of the fact that the proposals of the Commission were largely adjusted to meet the demands of the Member States, I assess the influence of the Commission as considerable since the Community developed a new approach to harmonization on the basis of the Commission's proposals. Although unanimity remained the rule in the case of tax harmonization (Article 99), QMV became the rule in technical harmonization and to a certain extent in legislative harmonization (Article 100A) and mutual recognition (Article 100B).

Traditionally, since the completion of the customs union in 1968, the Commission pleaded for the extension of cooperation between the Member States to the new fields such as monetary policy, R&TD, environment, regional policy and cohesion. The Commission joined the IGC, submitted detailed proposals in all policy fields and achieved some to considerable parts of its goals. The Commission wielded considerable influence on the R&TD, some influence on the monetary policy and the cohesion policy, but slight influence on the social policy.

The Commission exercised some influence on the monetary policy. The Commission favoured the development of the European Monetary System and single currency as part of European economic and political integration. Therefore, the Commission insisted at the IGC to include the monetary dimension in the amendments of the Treaty and submitted its own proposal. The Commission President Delors threatened to withdraw all other proposals of the Commission, if monetary policy was excluded from the attempts at reform. The monetary dimension was then included in the amendment of the Treaty but with a very 'low profile' compared to the Commission's original proposal. In addition, this would have not been possible if some Member States (and business groups) had not preferred closer cooperation in monetary field.

The influence of the Commission on social policy was slight. The Commission, encouraged by employer but especially by employee organizations at the EU level, supplemented the proposal of Denmark with the extension of social dialogue at the EU level. This was accepted, but only on voluntary basis and with support of some Member States.

Although the Commission achieved an important part of its goal in the field of cohesion policy, joined the IGC and attempted to influence decision-making, it exerted only some influence on it, as its goal achievement was possible because of the convergence of its position with the positions of some Member States like Italy, Belgium, Greece, Ireland, Portugal and Spain. The Commission's detailed proposal for cohesion policy was adjusted several times to accommodate the contesting preferences of the Member States and formed the basis of the Presidency's compromise proposal. The Commission intended to correct the inevitable adverse effects of a large internal market for less developed areas and to strengthen economic and social cohesion for the harmonious development of the Community.

The Commission exercised considerable influence on R&TD. The Commission achieved a considerable part of its goals like common policy, a multiannual framework and specific programmes and easier decision-making rules. Furthermore, the Commission participated in the IGC actively and attempted to influence decision-making. Moreover, the Commission prevented a rigid definition of framework programme, with the support of some Member States like Italy, the Netherlands and Belgium. However, the Commission's proposals were based on what already had already been achieved in the Community and continually adjusted to the preferences of the Member States.

### ***European Parliament***

The EP traditionally advocated for the completion of the internal market and extending common policies to new areas, but exercised only slight influence on the internal market and no/slight influence on the new common policies. The EP influenced the internal market only slightly, especially with regards to the development of general agreement through its initiations (the draft treaty on the EU and the report on the costs of non-Europe), resolutions and proposals. All of them helped to put the internal market on the agenda. As we have seen, the business groups and the Member States had their own motivations and agenda. Although the EP achieved some part of its goal concerning the content of the internal market, namely free movement of persons, services, goods and capital, it had no influence on the definition and deadline of the internal market. This was because the EP advocated for a long time (longer time lag) for these free movements without results, did not actively participate in the IGC (access and influence attempt) and goal achievement became possible because of the intervention of other actors like the Member States and the business groups. As regards the deadline, the EP did not achieve its goal. Despite the fact that the EP always supported the harmonization of law and standards, it had no influence on them, since the EP was not present in the decision-making process with its own preferences (no goal achievement).



While the European Parliament continually insisted on the extension of common policies to new areas, it had almost no influence on them. The EP advocated for a long time (longer time-lag) for the development of common policies in the fields of monetary system, social policy, cohesion policy, and R&TD. In addition, the EP formulated only general ideas and did not develop concrete preferences and proposals in these fields (no goal achievement), except R&TD on which the EP had slight to some influence, and did not actively participate in the IGC (access and influence attempt).

### ***Court***

The Court was not present with its own preferences in the decision-making process of the completion of the internal market and of the extension of common policies to new policy fields. As a result the Court did not play any role in the completion of the internal market, in contrast to what some scholars suggest (for example Garrett and Weingast, 1985: 267 and Wincott 1995, in: Moravcsik, 1998: 353). Nevertheless, with its *Cassis de Dijon* decision in 1979, the Court made mutual recognition possible in the Community, providing the supranational actors a legal basis for fighting against trade barriers in the Community. The IGC decided to make mutual recognition a part of new approach to the harmonization of standards, but still depended on the decision of the Council. However, this happened on the basis of proposals of the Dooge-Committee and the Commission. Accordingly, the Court had some influence on the harmonization of standards, but not on the completion of the internal market as a whole.

### **6.6.3 Influence of interest groups on socioeconomic policy cooperation in the SEA**

The interest groups, like the business groups UNICE and ERT, and the European labour movement ETUC played a significant role in some parts of the internal market and new common policies.

#### ***Business groups: UNICE and ERT***

The business groups UNICE and ERT considerably influenced the internal market, as they had considerable influence on the development of the general agreement, on the definition of the internal market and on harmonization. Because of their analysis, initiations, actions and pressure for the internal market, the business groups significantly contributed to the move of the Member States towards the completion of the internal market. The mobilization of the business groups for the completion of the internal market was one of the most important differences between the 1970s and 1980s. Before the Fontainebleau, Brussels and Milan European Councils and during the IGC, where the important decisions on the completion of internal market were made, the business groups continued to demand the completion of the internal market and urged the European Council to make the necessary decisions in order to create a unified European market enabling European enterprises to compete effectively on the world markets, especially against Japanese and USA companies. As far as the definition of the internal market is concerned, the business groups exercised considerable influence as well. While the business groups did not join the IGC, they attempted to influence the IGC decision-making on the internal market. They did not exert influence on the way the internal market in the SEA was defined, but they supported the Commission's concept of the internal market and achieved most of their goals in terms of the content of the internal market, namely the free movement of goods, services, persons and capital in an area without internal frontiers. As regards the timing of the internal market (deadline) they favoured the year 1990, but it became 1992. The business groups also exerted considerable influence on harmonization, because they urged the Member States and the supranational organs to settle harmonization as part of the completion of the internal market, both before and during the IGC. Their influence was not on

the way the text was formulated, but on the content, namely the abolition of fiscal and technical barriers to trade.

The business groups UNICE and ERT wielded varying influence on new common policies in the SEA. In combination with the completion of the internal market, the UNICE and the ERT pleaded for the extension of common policies to new policy areas, but this happened only to some policy fields.

The UNICE and the ERT did not exert influence on the social policy and on the cohesion policy. The ERT had developed no clear preferences and goals in these fields. The UNICE did not achieve its goal in the field of social policy, namely greater flexibility on the labour market both as regards incomes (wage moderation) and concerning the length of working hours. In the field of cohesion the UNICE formulated only a general goal, namely improving the use of structural funds, without any specific preferences (no goal achievement).

The UNICE and the ERT influenced the monetary policy to some extent. They demanded closer monetary cooperation at the Community level, supported the Commission, and attempted to influence decision-making on monetary cooperation at the IGC (shorter time-lag). The UNICE demanded the convergence of the Member States' budgetary and monetary policies with a view to achieving conditions of stability and further strengthening the EMS. The ERT called for the strengthening of the European Monetary System and bringing about mutually compatible economic policies of the Member States. With the inclusion of monetary cooperation in the amendment of the Treaty, they achieved an important part of their goals.

The business groups exercised considerable influence on the R&TD policy, as they had developed clear and detailed proposals in the field of R&TD, had access to the decision-makers and attempted to influence decision-making during the IGC as well (shorter time-lag). As a result, they achieved a considerable part of their goals in this field (common policy, more cooperation, more funds, European level institutions, easy decision-making rules and flexibility). Their main argument appeared to be convincing: the success of the internal market and the competitive capacity of the Community against Japan and the USA depended on R&TD. The European dimension was crucial since the national level was too small for the development of new technologies. They considered the development of a European Technological Community and joint Community activities in this field extremely important and key to success.

### ***European labour movement ETUC***

The ETUC exercised slight to some influence on the internal market because it prevented an internal market without social dimension. The ETUC demanded European level cooperation to solve the economic and social problems of Europe and accepted the completion of the internal market, provided that the internal market was supplemented by a social dimension. Although the ETUC favoured further integration of Europe, it did not lobby for establishing the internal market, but attempted to influence the decision-making process in order to supplement the internal market with a social dimension.

The ETUC favoured the extension of common policies into new areas, but only exerted influence on the social policy to considerable extent. According to the ETUC, because of the interdependency of national economies, concerted action and common policies in different policy fields at the European level were necessary to solve economic and social problems in Europe. The ETUC strongly insisted on the development of social policy and on the establishment of a social Europe, and stressed that the completion of the internal market was only acceptable when accompanied by binding social rules that would guarantee effective protection for workers. Since the ETUC put and kept social Europe on the agenda, attempted to influence the decision-making process and achieved some important parts of its goals, considerable influence should be assigned to the ETUC. The ETUC did not achieve its goal in

terms of ‘most favourable standards’ but in terms of ‘minimum requirements’ concerning working environment (health and safety) and social dialogue at the European level. In the fields of monetary policy and the cohesion policy, the ETUC had not formulated any clear preferences (no goal achievement), did not attempt to influence the decision-making process, and therefore had no influence. Since the economic growth and employment creation depended particularly on developments in the field of research, the ETUC supported the Commission’s attempts to increase the Community’s research efforts, but had no influence on it because the ETUC did not develop specific preferences/goals in this field. I have found no evidence showing that the ETUC attempted to influence decision-making on R&TD.

### *ESC*

The ESC traditionally advocated for the completion of the internal market and the extension of common policies to new policy fields, but without results. This implies a longer time-lag and less influence. However, at two moments the contribution of ESC to the internal market and new common policies was relevant. Before the Dooge-Committee where the Member States for the first time achieved an agreement on the completion of internal market and before the Luxembourg summit where the IGC achieved an agreement on the Treaty amendment, the ESC declared its massive support to the unification of the internal market by 1992, whilst at the same time creating a social area. Consequently, the ESC had slight to some influence on the completion of the internal market.

In conclusion, in this chapter I have attempted to answer the first sub-question, namely how and to what extent can European integration and governance on the dimension of socioeconomic policy cooperation be explained by the influence of nation states, supranational organs of the EU and interest groups? (Section 3.2.2). The tentative answer has been, as developed in Chapter 3 (Section 3.4.3.3), the hypothesis that socioeconomic policy cooperation is mainly motivated by domestic problem solving and wealth, and the Member States share the influence to a significant extent with the supranational organs and interest groups. The outcomes of the empirical research, conducted to test this hypothesis, into the influence of the central actors on the internal market and new common policies in the SEA confirm this theoretical prediction. The establishment of the internal market was considered both as a viable answer to the crisis of the European economies in terms of growth, unemployment and stability and as a (pre)condition to become competitive with the USA and Japan. Whereas the Member States wielded much to very much influence on different parts of the internal market and new common policies in the SEA, the supranational organs (especially the Commission) and the interest groups succeeded in exerting considerable influence on the internal market and some common policies in the SEA. Accordingly, the Member States shared the influence significantly with the supranational organs and the interest groups on the dimension of socioeconomic policy cooperation.

## CHAPTER 7

### INSTITUTIONAL CHANGE: The INSTITUTIONAL REFORM in the SEA

#### 7.1 INTRODUCTION

In Chapter 6 I have analysed the influence of the central actors on the internal market and the new common policies in the SEA, that is to say on the dimension of socioeconomic policy cooperation. As we have seen, the Member States shared the influence considerably with the supranational organs and the interest groups. This chapter examines the influence of the central actors on the dimension of institutional change, namely the institutional reform in the SEA, which constitutes the other part of the SEA.

The institutional reform in the SEA was the most important amendment of the Treaty Rome thus far, which significantly altered the decision-making structure of the Community by introducing QMV in the Council, expanding the EP's power and strengthening the Commission's management power. This important modification of the power structure of the Community was considered as a necessary instrument to achieve and manage the internal market by 1992. The SEA replaced the Luxemburg Compromise, requiring unanimity to make decisions at the Council, with a qualified majority requirement in the case of certain measures aiming at the establishment and functioning of the internal market. The power of the EP was extended by introducing the cooperation procedure relating mostly to the issues concerning the internal market and the assent procedure referring to the accession of new members and treaty with third countries. Finally, the executive power of the Commission was strengthened to some extent.

This chapter examines the influence of the central actors on the dimension of institutional change in the SEA by employing the method of intensive process analysis as described in Chapter 4. The influence analysis is based on as complete as possible a reconstruction of the decision-making process. Since the development of the decision-making on the SEA as a whole has already been summarized in Chapter 6 (Section 6.3), this chapter, for analytical purposes, restricts itself to a brief summary of decision-making processes on the decisions under investigation. Section 7.2 analyses the influence of the key actors on the QMV in the Council. Section 7.3 examines the influence of the central actors on the expansion of Parliament's power. Section 7.4 investigates the influence of the key actors on the increase of the Commission's management power. Each section, first, makes a reconstruction of the decision-making process and then assesses the influence of the key actors on the decisions according to the rules of the intensive process analysis. Finally, Section 7.5 provides the conclusions with the influence of the key actors on the institutional change.

#### 7.2 The QUALIFIED MAJORITY VOTING in the COUNCIL

The SEA formally expanded the use of QMV in the Council of Ministers to those matters connected with the establishment and functioning of the internal market by 1992, relating to the free movements of goods, services, capital and persons, as well as certain other issues concerning cooperation procedure. As regards the internal market the following issues would be decided by QMV: Article 8b was about the guidelines and conditions necessary to ensure balanced progress in all the sectors concerned. Articles 28 referred to the alteration or suspension of duties in the common customs tariff. Article 57 (2) concerned the right of establishment and mutual recognition of diplomas and pursuit of activities as self-employed persons. Article 59's second paragraph related to services, extension of freedom to provide

services (of establishment) to nationals of a third country. Article 70 (1) involved the movement of capital between the Member States and third countries. Article 84 (2) concerned sea and air transport. Article 100A regarded the harmonization of regulations concerning internal market and 100B referred to mutual recognition by way of derogation from Article 100 (approximation of laws, regulations and administrative action in Member States).<sup>1</sup> The national veto and thus unanimity still existed in the domains of taxation (Article 99), employment, and the movement of persons, but it would be possible to adopt most of the three hundred (two thirds) directives needed for the establishment of internal market by 1992 by qualified majority voting.

### **7.2.1 The decision-making process on QMV**

The Treaty of Rome provided QMV for certain matters but after the Luxembourg compromise in 1966, unanimity became a fact of life in the Community. The Luxembourg compromise was an informal agreement initiated by France that required unanimity on all questions a member believed important to national interest and limited QMV.

The supranational organs, especially the European Commission, continuously advocated QMV in the Council decision-making as part of institutional reforms, which was considered as an instrument to manage the integration of the Community, namely economic and monetary union and political unification (European Commission, 1968: 5-8).

The resolution on the establishment by stages of economic and monetary union within the Community, adopted on 22 March 1971 by the Member States (European Council, 1971; European Communities, 1971), also suggested institutional reform in terms of (re)distribution of powers and responsibilities between the institutions of the Communities and the Member States. The institutional reform was considered as a means of managing the establishment and functioning of the economic and monetary union, which referred to establishment of the internal markets in terms of free movement of persons, goods, services and capital with common currency. However, with the stagnation of transition to the second stage of EMU in 1974, the institutional reform remained only as an object of discussion in the Community.

Two reports on institutional reform argued the (re)introduction of QMV in 1970s: The Tindemans report and the report of the Committee of Three Wise Men. The Tindemans report considered EMU as part of the EU and defined a new way of achieving it, and was adopted by the Hague European Council (29-30 November 1976). It suggested that 'majority voting in the Council should become normal practice in the Community field' in order to develop the efficiency of the institutions (Tindemans, 1976: 31). The Committee of Three Wise Men, in its report to the Dublin European Council (29-30 November 1979), recognized that the 'Luxembourg Compromise' and thus unanimity had become a fact of life in the Community. 'Each State must be the judge of where its very interests lie. But if all States feel sure they will not be overruled on matters involving such interests for them, they should all accept voting as the normal practice in all cases where the Treaty does not impose unanimity and very important interests are involved' (Committee of Wise Men, 1979: 26). The Council adopted both reports in general.

In the early 1980s, during the discussions on how to reform the Community's policies and institutions, the Commission put forward two arguments for QMV: managing (new) policies and enlargement. The Commission argued that the Community had to have the necessary institutional machinery in order to reinforce existing policies and develop new ones. Hence the Commission suggested restoring the original balance between the institutions established by the Treaties by reverting as far as possible to majority voting in the Council (European Commission, 1982b). Regarding the institutional implications of enlargement, the Commission proposed more use of QMV in the Council and extension of majority voting in certain cases due to the enlargement of the Community with Spain and Portugal in order to establish an efficient decision-making structure (European Commission, 1982c, 1983c: 76-77).

The European Parliament strongly advocated, especially in its draft Treaty establishing the European Union adopted on 14 February 1984, to establish a new institutional balance in order to manage the development of European integration by introducing majority voting in the Council among other things (European Parliament, 1984). According to the draft Treaty, the Council 'shall vote by a simple majority, where expressly specified by this Treaty either by an absolute majority (i.e. by a majority of the weighted votes cast) or by a qualified majority (i.e. by a majority of two-thirds of the weighted votes cast).

The ETUC supported the draft Treaty since it 'indicated the course to be followed.' According to the ETUC, the solution of economic and social problems required cooperation at European level, for which effective institutions were needed. Hence, European decisions had to be taken on the basis of majority voting in the Council and the use of right of veto should be strictly reserved to problems of vital interest (ETUC, 1984c, 1984d, 1984e).

However, the Member States were sharply divided over the institutional reform and QMV. Some of them were not willing to give up the veto right. The French proposal for revitalization of the Community, a memorandum sent to the Member States and the Community institutions on 13 October 1981, stressed the importance of the existing institutional system and contained no institutional innovations (French Government, 1981). On the other hand, Germany and Italy favored more majority voting in the Council. According to the German-Italy (Gencher-Colombo) initiative (the draft European Act), sent in November 1981 to the other Member States, the Council should revert to the rule of majority decisions and 'vital interests' should be pleaded only in exceptional circumstances in order to make Community decision-making more effective (German Government and Italian Government, 1981). However, The Solemn Declaration on the European Union, prepared on the basis of the draft European act (German-Italian initiative) by Foreign Ministers and signed on 19 June 1983 at the Stuttgart European Council, showed again how difficult it was for the Member States to accept majority voting or to give up unanimity. According to the declaration 'the application of the decision-making procedures laid down in the Treaties of Paris and Rome (which included majority and QMV according to Article 148) was of vital importance in order to improve the European Communities' capacity to act. Within the Council every possible means of facilitating the decision-making process would be used, including, in cases where unanimity was required, the possibility of abstaining from voting.' (European Council, 1983b: 25). But the delegations of Member States immediately added their reservations. The United Kingdom, Denmark and Greece put forward that 'when a Member State considers its very important interests are at stake, the discussion should continue until unanimous agreement is reached' (European Council, 1983b: 43). French and Irish delegations stated that the vote would be postponed in that case (European Council, 1983b: 43). German, Italian, Belgian, Dutch and Luxembourg delegations were in favour of majority voting and declared that the Presidency had to have recourse to the vote where the Treaties allowed for this (European Council, 1983b: 44).

Having recognized the necessity of the completion of the internal market to solve domestic problems, to be able to compete against Japan and the USA and the fact that the unanimity rule would block decision-making in an enlarged Community, the attitude of the Member States such as France and Germany towards QMV began to change at the end of 1983. The French President Mitterrand suggested, as the President of the European Council in his address to the European Parliament on 24 May 1984, that the national veto be restricted to specific cases rather than abolished, and regarding the voting in the Council the Community should return to the Treaties (from Luxembourg compromise) (Mitterrand, 1984). Although the United Kingdom, in its memorandum on the future of Europe sent to the other Member States in June 1984, emphasized the unanimity rule in the Council, it recognized the need for improving decision-making. According to the memorandum, 'unanimity must be respected in all cases where the Treaty so provides. The same applies for majority voting. At the same time,

Member States must be able to continue to insist where a very important national interest is at stake on discussion continuing until agreement is reached. But they should be required in each case to set out their reasons fully' (United Kingdom Government, 1984: 5). This meant return to the Treaty of Rome (Article 148), after so many years of the use of unanimity due to the Luxembourg compromise. In his speech on the Bundestag about the Fontainebleau European Council (June 1984), Chancellor Kohl made Germany's goal clear: 'What we want is the rapid completion of the European internal market, just as we want a return to the majority vote in the Council of Ministers' (Kohl, 1984).

The changing attitude of the Member States towards QMV can also be seen in the reports of the Dooge Committee, an ad hoc Committee on institutional affairs set up by the Fontainebleau European Council on 25-26 June 1984. Both the interim report (submitted to the Dublin European Council on 3-4 December 1984) and the final report (submitted to the Brussels European Council on 29-30 March 1985) of the Dooge Committee proposed the completion of the internal market and establishment of the European Union as objectives of the Community. Institutional reforms in terms of efficient and democratic institutions were considered as the means to achieve these objectives. This also involved easier decision-making in the Council by simple or qualified majority voting as a general voting principle. Unanimity had to be restricted to certain exceptional cases (new areas of action or new accessions), a move supported by most of the Committee members (Ad hoc Committee on Institutional Affairs, 1985: 108-110). With the support of the United Kingdom, Denmark and Greece, the final report strengthened the possibility that a Member State could plead vital interest; 'when a Member States considers that its vital interests are at stake, the discussion should continue until unanimous agreement is reached' (Ad hoc Committee on Institutional Affairs, 1985:108-109, 1984: 104). The Commission, the EP and the ESC advocated before the Dooge Committee for institutional reform and QMV in the Council in order to make Community decision-making effective.

Although interest groups never developed a detailed proposal on the decision-making structure of the Community, they were in favour of 'effective institutions' capable of making decisions in order to solve (socio-economic) problems, which also meant majority voting in the Council. In his presentation of the programme 'Europe 1990-an agenda for action' in Brussels in January 1985, Wisse Dekker, the head of Philips (CEO of Philips) and member of ERT, declared it necessary to bring back majority voting in the Council of Ministers (Philips, 1985). The UNICE demanded, in its declaration on a fresh start for Europe on 7 February 1984, to go back to majority voting at the Council as originally envisaged by the Treaty of Rome (UNICE, 1984a). The UNICE repeated its demand on the internal market and institutional reform in its appeal to the Heads of State and Government before the Milan European Council on 28 June 1985, by supporting the proposals for institutional reform as suggested by the Dooge Committee. According to the UNICE, the Community should revert to efficient decision-making procedures with extended majority voting and limited unanimity which would enable the Community to recover its capacity to act as required by industry (UNICE, 1985a). The ETUC supported institutional reforms as a means to solve economic and social problems. For effective and necessary cooperation at the European level the working methods of the institutions should be improved and democratised. The use of veto should be restricted and Council decisions were to be taken on a majority basis, except in the cases specifically provided by the Treaty (in cases of vital interests) (ETUC, 1984d, 1984e).

Towards and at the Milan European Council the positions of the Member States on institutional reform and majority voting became clearer. Before the Milan European Council, Italy argued for improving Council decision-making by general principle of majority voting as part of institutional reform, which was related to the completion of the internal market (Italian Government, 1985a). In the draft mandate on the term of intergovernmental conference, discussed by Foreign Ministers at their informal meeting in Stresa on 8 and 9 June, the Italian

Presidency used the term ‘gradually extending majority voting’ (Council Presidency, 1985a: 162). The Benelux countries (Belgium, Luxembourg and the Netherlands) resolutely backed the Italian draft mandate. They gave priority to a substantial improvement in the Council decision-making by using majority vote in all cases provided for in the Treaties and sharply reducing of instances needed unanimity in the Treaties (Benelux Governments, 1985). France approved the suggestions of the Dooge Committee aimed at increasing the use of majority vote for decisions of the Council, ‘wherever provided for by the Treaty... [and] even more often than prescribed by the Treaty’ (French Government, 1985a: 7). At the Milan European Council (29 June 1985) Germany submitted a ‘compromise text’ suggesting the creation of the internal market by 1992 and institutional reforms, including majority voting within the Council, which would be applied more frequently especially in the case of single market and the unanimity requirement would be restricted (German Government, 1985a). The United Kingdom argued that when the vital interests of a Member States was at stake the discussion should continue until agreement was reached (European Commission, 1985g: 18).

At the beginning of the IGC the President of the Council (Poos) argued that the establishment of the internal market and extension of common policies to new areas required strengthening of the means of action. This meant institutional reform in terms of, among other things, the simplification of Council’s decision-making process with more frequent and regular use of qualified majority vote (Council Presidency, 1985c).

At the first session of the IGC the Member States repeated their well-known positions on institutional reform and QMV, as mentioned above (Gazzo, 1986b: 27-30; Agence Europe, 1985b: 3-4). Italy, Belgium, the Netherlands, Luxembourg and Spain favoured largely institutional reforms and QMV. On the other hand, the United Kingdom, Denmark and Greece considered treaty amendment unnecessary to achieve the internal market, emphasized the importance of existing institutional balance, and argued that the veto should remain when the vital interests were at stake. Germany, France and Ireland took, generally speaking, a position between these groups, by referring to the need for institutional reform without upset of existing institutional balance and with a limited use of QMV.

The Commission suggested sharply reducing unanimity and establishing majority voting as a rule of decision-making in the Council. According to the Commission, to achieve economic and social integration and a genuine political entity required the introduction of greater flexibility into the legislative process. This should be achieved by changing to qualified majority voting for the adoption of all the measures needed for the completion of the internal market (European Commission, 1985j: 11). At that time, the EEC Treaty still provided for unanimity in 33 instances and the threat of unanimity blocked decision-making (European Commission, 1985k: 26). The Commission’s proposals reduced this list substantially, especially with regard to the internal market, technology, the strengthening of cohesion and the environment. This meant ‘qualified-majority voting becomes the rule, unanimity remains the exception’ (European Commission, 1985j: 12). The Commission proposed a list of some ten articles to apply QMV, namely Articles 28, 51, 56 (2), 57 (2) second sentence, 59 second paragraph, 70 (1) (capital movements) and 84 (European Commission, 1985n: 48). In the case of Articles 99 (harmonization of turnover taxes, excise duties and other forms of indirect taxation), 100 and 235 (as regards goods and services), the Commission suggested transition to the qualified majority insofar as the establishment and operation of the internal market required it.

French and British delegations submitted their own proposals. The proposals of the French delegation for QMV concerned only Articles 57 (2) (persons taking up activities as self-employed persons) and 100 (approximation of provisions laid down by law, regulation or administrative action) (French Government, 1985b). France also suggested that tax harmonization (Article 99) should be stated in an ‘act of the Conference’, according to which



national laws would be gradually harmonized until 1 January 1990. The United Kingdom proposed that framework decisions would be made unanimously and implementing decisions by a qualified majority (Preparatory Group, 1985: 57).

At the end of the first session of the IGC, a general view emerged that improving the decision-making process possibly required a transition from unanimity to a qualified majority where this was justified by the achievement of the objective (Preparatory Group, 1985: 55-56). However, the delegations of Denmark, Greece and the United Kingdom, which were not convinced of the need to amend the Treaties, stressed their doubts again on the need to revise the Treaty. They reaffirmed that it was not necessary to amend the Treaty to achieve the desired objectives (internal market) (Agence Europe, 1985f: 3-4). 'Reservations were expressed in particular on any change that would lead to an alternation in the existing balance between the institutions or to alterations to the decision-making procedures in the Treaty.' (Preparatory Group, 1985: 55).

At the end of the second session (21 and 22 October 1985) there was still no agreement on institutional reform and majority voting (Agence Europe, 1985f: 3-4, 1985g: 3-4; European Commission, 1985p: 7-8). Most delegations agreed on the need for majority voting, but disagreed about the extent (Agence Europe, 1985g: 3-4; Dutch Government, 1985f). Italy, Belgium and the Netherlands argued that single market could not be achieved without majority voting and therefore supported majority voting in almost all the areas indicated by the Commission (Dutch Government, 1985f). Germany agreed with the use of more QMV especially in the field of Articles 100 and 59/2. Spain generally preferred the use of QMV. Portugal favoured unanimity rules in principal decisions and QMV in the case of technical and executive decisions. France agreed with moving towards making most decisions by a qualified majority and suggested QMV for Articles 100 and 57/2 (For France see also Agence Europe, 1985g: 4). Ireland preferred the more cautious French proposal to that of the Commission (Agence Europe, 1985f: 3). Several Member States were also finding it hard to accept majority voting in all the areas proposed by the Commission, particularly tax harmonization (including Germany and the Netherlands). The United Kingdom, Denmark and Greece remained sceptical about so much use of majority voting and stressed the importance of balance of power between the Community institutions. In view of this disagreement, the Presidency invited the Preparatory Group to formulate rules and procedures by a qualified majority that would enable the Community to implement the internal market programme by 1992, without excluding special provisions for certain specific fields (particularly taxation) (Council Presidency, 1985d; Agence Europe, 1985g: 3-4).

During the IGC the other actors, who had not been allowed to participate in the conference, tried to influence the decision-making process. A delegation from the European Parliament met the IGC several times to discuss progress. The EP insisted on majority voting as a general decision rule and demanded to be involved in the final drafting so that both parties (the IGC and the EP) could reach agreement before the final text was initialled (European Commission, 1985p: 8-9; Agence Europe, 1985g: 4). But the Council's President Poos made clear that the EP would have no vote on the conclusions of the Conference (Council Presidency, 1985d). In the meantime, in different resolutions the House demanded that the work of the Intergovernmental Conference and the resulting text should be based on the draft Treaty adopted by the EP (European Parliament, 1985c; see also European Commission, 1985p: 9-11). The European Federalist Movement supported the Parliament's position and demonstrated in Brussels (Agence Europe, 1985k: 4, 1985n: 5a). The leaders of the European Community Christian Democrat parties, meeting in Brussels on 8 and 9 November 1985, adopted a declaration setting out what they expected from the conference: completion of the internal market by 1992 and institutional reform, whereby majority voting should be rule in the Council, unanimity should be limited (European Community Christian Democrat Parties, 1985; see also

Agence Europe, 1985h: 4). The Union of Socialist parties (from Italy, France, the Netherlands, Belgium, Luxembourg, Ireland, Northern Ireland, Spain and Portugal) called for, in a document submitted to the President of the Conference-Mr Poos on 24 November 1985, a strengthened democratic role of Community institutions. Majority vote should be the rule and unanimity would be necessary only in new fields of action and new accessions (The Union/confederation of Socialist parties, 1985; see also Agence Europe, 1985k: 4). The business group UNICE demanded that in order to be able to complete the internal market by 1992, the Community should be able to make decisions and would agree on more effective decision-making procedures, 'in particular the full application of a qualified majority wherever this is provided for by the Treaty of Rome' (UNICE, 1985d).

At the fourth session (19 November 1985) the Presidency proposed QMV in Articles 28, 51, 56 (2), 57 (2)- second sentence, 59-second paragraph, 70 (2) and 84; regarding taxation (99) outline decisions by unanimity but implementing decisions by QMV, and approximation of laws (later 100a) concerning the internal market by QMV (Council Presidency, 1985f: 74). This proposal was similar to that of the Commission. However, this was too much for those countries already sceptical towards QMV, namely Denmark, Greece and the United Kingdom. On the other hand, Italy, the Netherlands and Belgium generally found QMV acceptable for all articles suggested by the Presidency (Dutch Government, 1985j). Germany favoured QMV in Articles 28 and 56/2, agreed with the latest text of the Presidency in the case of Articles 99, 100, and positive for changes in the case of Articles 59 (second paragraph - service by citizens of third countries), 84 (sea and air transport), reserved with 57/2 (establishment) and 70/1 (capital movement) but against 51 (social security) (Dutch Government, 1985j). France favoured change in Articles 28, 56/2, 57/2, 70/1, agreed with the latest text of the Presidency in the case of Article 99, had reservations about Articles 59, 84, but was against 51 (Dutch Government, 1985j).

At the fifth session (25-26 November 1985) the Presidency adopted its proposal by leaving out Articles 51 (France and Germany against), 56 (2) and 99 (implementing decisions of taxation) (the United Kingdom, Denmark and Ireland against); and by putting 70 (1) in the place of 70 (2) (Council Presidency, 1985g; Agence Europe, 1985l: 3). But this proposal appeared too restrictive to certain countries like Italy, Belgium and the Netherlands, as well as to the Commission. On the other hand, the United Kingdom seemed to agree with QMV in Articles 28, 57/2, 84 and doubtful in the case of Articles 59 /2 and 70 (Dutch Government, 1985l). The United Kingdom, Ireland and Denmark announced that they would not accept any change in Article 99 (Dutch Government, 1985l). Portugal found it difficult to accept QMV in Articles 57/2, 29/2 and 84 (Dutch Government, 1985l). Germany demanded exceptions to Article 100 (harmonisation) for those countries with stronger national norms (Dutch Government, 1985l). After the fifth session there was a broad agreement on unanimity rules as regards indirect taxation, and even the Commission had accepted this (Agence Europe, 1985m: 3). While there were continuing differences over the transition to majority rule on other matters, the move of the United Kingdom to accept QMV in certain articles brought an agreement nearer.

After the failure to achieve an agreement on QMV at the Conclave (30 November – 1 December 1985) the Luxembourg European Council (on 2-3 December 1985) had reached an agreement on QMV which included wider use of majority voting in order to achieve a single large market in the Community by the end of 1992 (European Commission, 1985q: 7, 19). The agreement was reached on the basis of the Presidency's proposal, which was based on the discussion so far and the proposals in the Political Committee. As regards the internal market, QMV would apply to Articles 8b, 28 (common customs duties), 57 (2) second sentence (right of establishment), 59 - second paragraph (services), 70 (1) (capital movement), 84 (2) (sea and air transport) and by way of derogation from Article 100, Articles 100A and 100B

(approximation of provisions/laws). QMV in Article 99 (tax) was rejected by Denmark and the United Kingdom. QMV in Article 51 (social security) was rejected by France and Germany. QMV in Article 84 (2) was accepted with some modification (under certain conditions) to meet France's reservation (Agence Europe, 1985s: 4). After dealing with some editorial details in the Dondelinger Group, the European Council Brussels (on 16-17 December 1985) finalized and formalized the agreement.

### **7.2.2 Influence of actors on QMV**

The influence analysis of decision-making about QMV on the basis of the criteria goal achievement, time-lag, access and influence attempt as established in Chapter 4 shows that the Member States exerted very much influence on the decisions about QMV, the Commission some influence, the EP slight influence, and the interest groups no/slight influence.

The Member States influenced the decisions about QMV very much, because they determined when and to what extent QMV became the decision-making rule in the Council. The supranational organs had long demanded the establishment QMV as part of institutional reform in order to manage further integration of Europe, in terms of the economic (internal market) and political union. The interest groups did not develop proposals for QMV but occasionally expressed their preferences for QMV so that the Community could make decisions in order to complete the internal market. However, the Member States were unwilling to give up their veto right for a long time. They tended to prefer to secure the existing institutional balance. Their attitude towards QMV changed when they concluded that as a means of effective decision-making, QMV was necessary to achieve and to manage the internal market in order to solve domestic social-economic problems and to become competitive against the USA and Japan. The wider use of QMV in articles regarding the completion of the internal market by 1992 was decided at the IGC by the Member States on the basis of the report of a political committee consisting of the representatives of the Member States. The outcome was a compromise between three groups: The United Kingdom, Denmark and Greece were in favour of effective decision-making but reluctant to Treaty amendments and opposed QMV. Italy and Benelux (Belgium, the Netherlands and Luxembourg) preferred to amend the Treaty and sharply reduce unanimity with wider use of QMV. The position of France and Germany with limited use of QMV was somewhere between these two groups. The outcome was a little more QMV than France wanted but less than Italy and Benelux wanted.

The Commission exerted some influence on QMV for the following reasons: The Commission proposed QMV as a rule, unanimity as an exception, but the outcome was a limited use of QMV (some goal achievement). Nevertheless, the transition to qualified majority decision-making covered two-third of measures provided for in the White Paper to complete the internal market. However, the field of application of qualified majority decisions for measures relating to the internal market was reduced by the degree of subsequent exceptions admitted by the European Council (goal achievement). The Commission insisted on institutional reform and QMV in the Council for a long time but without results (longer time lag). However, in contrast to the EP and interest groups, it participated in the IGC (more access/frequency). The Commission was very active at the IGC and submitted detailed proposals, which served as an input to the discussion. In the end QMV would apply to 5 of 10 articles suggested by the Commission, but it only became possible due to the fact that some Member States like Italy, the Netherlands, Belgium, Luxembourg and Spain favoured QMV in the same articles, the others like France and Germany preferred QMV for only some of these articles, and some other countries (the United Kingdom, Greece, Denmark and Ireland) only agreed with a limited use of QMV.

The EP wielded only slight influence on the decisions about QMV. The EP demanded QMV as a general rule, but the outcome was a limited use of QMV (goal achievement), mainly

because of the intervention of the Member States. Second, the EP insisted on institutional reform and QMV for a long time but without results (longer time lag). Third, the Member States did not allow the EP to participate in the IGC (access), but the EP tried to influence the decision-making during the IGC.

While the business groups UNICE and ERT exercised slight to some influence on the decisions about QMV, the labour movement ETUC had no influence on it. Although these groups developed detailed proposals on the internal market in terms of free movement of capital, persons, service and goods (UNICE and ERT) and social internal market (ETUC), they never specified their demands for QMV in terms of the articles to be covered. They occasionally expressed their preferences for QMV for effective decision-making in the Council, not by changing the Treaty of Rome as in the case of the SEA but by implementing the Treaty of Rome (goal achievement and longer time lag). Furthermore, they were not allowed to participate in the IGC (access/frequency). But before and during the IGC the business groups demanded QMV in the Council for effective decision-making to complete the internal market.

### **7.3 The PARLEMENT'S POWER: The Cooperation and Assent procedures**

The SEA established two new legislative procedures – cooperation procedure and assent procedure. The purpose of the new procedures was to improve the efficiency of decision-making (in the Council of Ministers), which went together with the increasing of the legislative competence of the EP.

The cooperation procedure consisted of two readings. At the first reading, the Council took a common position on the basis of Commission's proposal and after obtaining the Parliament's opinion. At the second reading, the Parliament's opinion on the Council's common position determined the way of decision-making at the Council. If the Parliament approved common position, the Council would adopt it. If the Parliament rejected the common position, the Council should act by unanimity at the second reading. If the Parliament amended the common position, the Commission would re-examine the proposal by taking into account the EP's amendments within one month. The Council, which would be required to reach a decision within three months, would adopt the proposals re-examined by the Commission by QMV. The Council should act unanimously when the Council adopted Parliament's amendments or amended the proposal re-examined by the Commission. As a result, the European Parliament's competence to influence the content of Community legislation increased, although it still did not have full legislative powers and the Member States retained the final say. The legislative areas covered by the cooperation procedure included Articles 7 (prohibition of discrimination), 49 (free movement of workers), 54 (2) (freedom of establishment), 56 (2) second sentence (right of establishment), 57 with the exception of the second sentence of paragraph 2 (self-employed persons, establishment), 100a (harmonization of regulations aimed at the establishment and functioning of the internal market), 100b (mutual recognition), 118a (harmonization of minimum requirements of working conditions), 130e (implementing decisions relating to European Regional Development Funds), and 130q (2) (R&TD, on provisions concerning implementing framework programme relating to articles 130K, 130L, 130M, 130N, 130P).

The power of the Parliament in the Community also increased via the establishment of a new 'assent procedure'. According to the new assent procedure, the European Parliament's assent by an absolute majority of its members was required both for the accession of new members to the Community (Article 237 of Treaty) and for association agreements between the Community and third countries (Article 238 of Treaty). In both cases the Council would act unanimously after consulting the Commission (in the case of accession) and after receiving the assent of the European Parliament (in both cases).

### 7.3.1 The decision-making process on extending EP's power

Traditionally, since the completion of the customs union in 1968, the supranational organs (the European Commission and the Parliament) pleaded for more power to the EP as part of institutional reform within the Community, which was connected to and justified by further integration of the Community in terms of economic and monetary union and political unification (see Section 6.2.1/2). For example, in its declaration on the occasion of the achievement of the customs union on 1 July 1968, the Commission argued for the economic and political unification of Europe in terms of harmonization of policies, monetary union and political union (European federation) and more legislative power to the EP within the framework of institutional reform (European Commission, 1968). The creation of the Communities' independent financial resources (April 1970) and the introduction by stages of economic and monetary union (22 March 1972) reinforced the demand for strengthening the legislative and budgetary powers of the EP.

In its different resolutions the EP demanded the completion of the economic union, the creation of a monetary union and more democratic institutional balance through democratic control at the Community level by direct election and strengthening the power of the EP. For this purpose, the EP should be granted joint decision-making power, budgetary power and supervisory power; and a right of co-decision for Parliament in the conclusion of international agreements, admission of new members and modification of the Treaties (European Parliament, 1972, 1974b, 1975).

The European Confederation of Free Trade Unions (ECFTU)<sup>2</sup> supported further integration of Europe and favoured the democratisation of the decision-making process by increasing role of the EP among other things (ECFTU, 1969, 1972). The ETUC also demanded the direct election of EP members as a step towards more fundamental democratisation as part of true European Union based on real parliamentary democracy that would serve for the interests and well-being of working people (ETUC, 1977, 1980a).

However, the Member States were reluctant to give more power to the EP. In 1970s only the direct election of the EP by universal suffrage was achieved, which had been demanded by the EP for a long time as well (see above and Section 6.2.1/2, and also European Parliament, 1974a).

Beginning in the 1980s, on the discussion how to reform the Community policies and institutions, the European Commission and the EP continued to demand more power for the EP in order to manage the further integration of the Community. In various communications to the Council and the EP (for example 14 October 1981 and 13 May 1982) the Commission argued to reinforce the Parliament's role by giving the Parliament a share in the power to initiate legislation, by improving the conciliation procedure and the procedure with regard to concluding international agreements and accession treaties (European Commission, 1981d: 56-57, 1982b). In different resolutions and meetings with the Council, the EP articulated its conviction that the Council would need Parliament's agreement in the negotiation and ratification of treaties of accession and of other treaties and agreements between the European Community and other countries (see for example European Parliament, 1982a). The EP suggested that the 'Council and Parliament, deriving their mandates respectively from the Member States and the citizens of the Union, shall jointly exercise legislative power on the basis of the Commission's proposals or on their own initiative. Similarly, they shall jointly ratify treaties concluded by the Union and shall together constitute the Union's budgetary authority. Parliament shall exercise political control over the Executive and shall participate, in appropriate ways, in its constitution as well as in the appointment of the Members of the Court of Justice' (European Parliament, 1982b: 24).

Despite the attempt to revitalize the Community in the early 1980s, the Member States remained unwilling to provide more power to the EP. The French memorandum (13 October

1981) on the revitalization of the Community considered an increase in the power of the Community's institutions or an alteration of the balance between them unnecessary (see Section 6.2.3). While the German-Italian initiative (12 November 1981) argued for expanding the role of the EP in order to make the Community's decision-making effective (see Section 6.2.3), the Solemn Declaration (19 June 1983), based on the German-Italian initiative, provided hardly any power to the EP. According to the declaration, the Council and the Commission would respond to the questions of the members of the EP and the Presidency of Council would address and report to the EP at the beginning and end of its term. Furthermore, the opinion of the EP would be sought before the appointment of the President of the Commission and before the conclusion of international agreements and the accession of new States to the Community. This was, however, much less than the original demands of the EP and the Commission (see above and Section 6.2.3; see for full text European Council, 1983b).

Disappointment with the development of European integration so far resulted in the Draft Treaty on European Union, adopted by the EP on 14 February 1984, the preparation of which took three years (9 July 1981-14 February 1984). The draft Treaty aimed to expand the powers of the EP significantly. The EP would have joint legislative power (with Council) and would participate in legislative and budgetary procedures and in the conclusion of international agreements. The ESC supported the EP's attempt to obtain real joint decision-making powers in legislative procedures, at a hearing before the Dooge Committee (ESC, 1985). The Union of European Federalist (UEF) was of the opinion that the EP should have legislative and budgetary powers with some policy control over the European executive (Agence Europe, 1984: 3). The ETUC backed the draft Treaty, because the ETUC believed that competence at the European level needed to solve economic and social problems (ETUC, 1984e). Therefore more power should be given to the EP, particularly in all fields of the Community policies over which the national parliaments had no control (ETUC, 1984c, 1984d). The European institutions had to be democratised so that ministers, officials, diplomats did not have more power than democratically elected members of the EP (ETUC, 1984e).

The Member States began to look at institutional reform and expanding the role of the EP in a different way due to the coming enlargement (with Greece, Spain and Portugal) and relaunching the internal market from the end of 1983. According to the French President Mitterrand 'with a 12-nation Europe there would be an imperative need for more solidly structured institutions to enable the Community to take decisions' (European Commission, 1985d: 15). Extending Parliament's power, as part of institutional reform to make Community decision-making effective, was also related to the (relaunching of) internal market and approached from that perspective. This can be clearly seen in the reports of the Dooge Committee, an ad hoc committee on institutional affairs consisting of representatives of Member States set up by the Fontainebleau European Council (25-26 June 1984). Both in its interim report submitted to the Dublin European Council (3 December 1984) and in the final report submitted to the Brussels European Council (29 March 1985), the Committee defined the realization of a homogenous economic area with the completion of internal market as the priority objective of the Community. Institutional reform, including an expanded role for the EP, was considered as the means to achieve this priority objective (Ad hoc Committee on Institutional Affairs, 1985: 108-11, 1984: 104-105). The Dooge Committee argued for (over the resistance of Denmark, the United Kingdom and Greece) the enhanced role of the EP by effective participation in legislative power, by increasing its supervision of the various policies of the Union and its political control over the Commission and participation in accession and association agreements, and by giving it responsibility in decisions on revenue.

The European business groups backed the proposal of the Dooge Committee. In its appeal to the Heads of State and Government before the European Council in Milan (28 June 1985) the UNICE supported the proposals, because an efficient decision-making procedure

would enable the Community to recover its capacity to act as required by industry, to achieve a Community-wide domestic market in accordance with a specific time-table from which one could not deviate (UNICE, 1985a).

Before the Milan European Council (28-29 June 1985) Italy, the President of the Council, argued that the EP should have effective joint decision-making powers (with Council) in specifically defined (appropriate) legislative areas, in budgetary matters and in right to vote on the investiture of the Commission (Italian Government, 1985a). Belgium, Luxembourg and the Netherlands resolutely backed the efforts of the Italian Presidency to extend the power of the EP in the legislative and budgetary spheres, as well as in the control of the Council and the Commission (Benelux governments, 1985). The United Kingdom was against the amendment of Treaties to expand the power of the EP. It was enough to 'work out ways of keeping the Parliament better informed, responding to its suggestions and bringing it to work in greater harmony with the main decision-making institutions of the Community' (United Kingdom Government, 1985: 94). France favoured Parliament's increased participation in decision-making in the fields of training, working conditions, regional development, environment, living conditions, culture and education. France also suggested a cooperation procedure in its memorandum 'for the progress of the construction of Europe' (French Government, 1985a: 6). Germany was of opinion that the power of the EP should be improved (German Government, 1985a).

### ***The Cooperation Procedure***

At the IGC, generally speaking, some delegations considered it vital to preserve the existing institutional balance and not to change the distribution of powers between the different Community institutions. Other delegations regarded some adjustment to the present institutional balance necessary in order to achieve any substantial reform (Preparatory Group, 1985: 60). The discussion focused on the question 'how to introduce a decision-making procedure that involve a straightforward and swift procedure involving a genuine expansion of Parliament's powers and at the same time preserve the basic balance of powers' (European Commission, 1985p: 8).

At the first session of the IGC the initial positions of the Member States on the power of the EP were as follows (Gazzo, 1986b). France recognized the need to revise the Treaties to resolve the problem of the role of the EP, but institutional balance was not to be upset. The United Kingdom was in agreement with internal efficiency, but felt the institutional balance should be maintained. Denmark stressed that the present institutional balance should be preserved and the 'Luxembourg compromise' should remain. Greece viewed the amending of Treaty as unnecessary. Germany favoured extending the fields of Community action and a parallel strengthening of instruments and procedures. Italy stressed increasing the Parliament's power, in particular its legislative power. The Benelux countries (the Netherlands, Belgium and Luxembourg) preferred to increase the power of the EP. Portugal was in favour of speeding up decision-making mechanisms and conferring greater powers on the EP. Spain preferred giving more power to the EP (Dutch Government, 1985b). Ireland was in favour of more power to the EP (Dutch Government, 1985a).

The Commission considered, together with the EP, the extension of the Parliament's power as a condition for efficient and democratic decision-making within the Community. According to the Commission's President Delors it was necessary to increase the power of the Parliament, because 'all else has failed' (European Commission, 1985k: 26). The Commission's proposals for Parliament's powers, submitted on 7 October 1985 and based upon Germany's plan, covered a whole range of possible ways to expand it: extending the scope of consultation, conciliation, cooperation with Parliament and the Council, and assent procedure (European Commission, 1985n). The Commission suggested extending the scope of

consultation to cover all clauses of the Treaty to which this did not apply, the procedure would be improved and the principle of conciliation would be included in the Treaty. Furthermore, the Parliament should effectively share in the legislative power (cooperation procedure) in areas where qualified majority voting applied (17 articles), such as internal market and (new) common policies (R&TD and economic and social cohesion). Under the cooperation procedure, the Parliament would have the right to introduce amendments. In order to adopt an act by majority voting on the first reading, the Council would need the Parliament's agreement. If the Parliament introduced amendments, the Council would have to proceed to a second reading. When the Commission endorsed those amendments, the Council would have to act unanimously if it wished to depart from them.

The EP demanded that 'increased power for the EP... must be one of the vital elements of reform' and that the EP should have the opportunity to make a real contribution to the proceedings of the conference (European Parliament, 1985b: 19; Agence Europe, 1985a: 3). The work of conference should be based on the Parliament's draft Treaty on the establishment of the EU (European Parliament, 1985a).

The debate in the Preparatory (Dondelinger) Group on 7-8 October clearly showed the disagreement between the actors. While the Benelux countries, Italy and Ireland confirmed their support for the reinforcement of the EP's power, other delegations disagreed openly with the proposals of the Commission for new Parliamentary powers (Agence Europe, 1985c: 3). They argued that the Commission's proposals would change the institutional balance in the Community, would question the prerogatives of national parliaments and would delay legislative process rather than improve it. The United Kingdom, Greece and Denmark stressed again their doubts about institutional reform and expressed their reservations on any change which would lead to an alteration in the existing balance between the institutions or to alterations to the decision-making procedures in the Treaty (Preparatory Group, 1985: 55). The Commission rejected these arguments and argued that they were merely specious or purely political (Agence Europe, 1985c: 3). Germany and France put forward their own proposals.

Nevertheless, on the basis of Presidency's proposal, which was founded on the report from the Preparatory Group, the conference concentrated on new forms of co-operation between the EP and the Council and the need for a EP's assent for certain 'constitutional' acts (Preparatory Group, 1985: 58). This might take three main forms, according to the differing views of the Member States, in particular the proposals of Germany, France and Italy (German Government, 1985b; French Government, 1985d; Italian Government, 1985b). First, the German and French delegations suggested a 'conciliation' procedure between the Council and the Parliament within a joint committee where the Council would make a final decision in the event of disagreement. Second, they suggested a 'co-operation' procedure in which Parliament would have direct impact on the Council's decision-making procedure. This co-operation procedure consisted of twin readings. At the first reading the Council chose a common position on the basis of Commission's proposals and after obtaining the EP's opinion. At the second reading the opinion delivered by the Parliament on Council's common position determined the method of decision-making within the Council. According to the French approach, unanimity still remained the rule, but the Council would act by a qualified majority if the European Parliament delivered a favourable opinion on the Commission's proposal. In contrast, according to the Commission's approach, the qualified majority was the rule, but the Council would act unanimously if it wanted to deviate from the Parliament's position. Third, a true 'joint decision' procedure, particularly with regard to the internal market and new common policies, suggested by the Italian delegation, required the agreement of both institutions, namely the Council and the EP. If the Council or the EP rejected the amendments of each other, the procedure was closed (Italian Government, 1985b). The EP demanded real joint decision-making power as



well. The European movement and European Union of Federalist demanded that the EP should have a real legislative power (Agence Europe, 1985a: 3).

At the end of the second session, held in Luxembourg on 21-22 October, although most delegations agreed that the EP's powers should be increased to some extent, most countries insisted that any changes should not jeopardize the existing institutional balance and should not damage the efficiency of Community's decision-making process. For example, France considered the Commission's proposal for the EP dangerous since it would give the latter excessive powers (Agence Europe, 1985g: 4) and stressed its own proposals with only one reading where the Member States maintained final word (Dutch Government, 1985f). Ireland found France proposal good. Denmark and Greece did not agree with the proposals giving the EP a say in the decision-making process (Dutch Government, 1985f). The United Kingdom and Denmark argued that the EP was not the only democratic institution, as the governments came from national parliaments elected by universal suffrage and the legitimacy of the Council resulted from this. Geoffrey Howe (the United Kingdom), said, in defending the prerogatives of the British Parliament, that 'a civil war had been necessary to obtain these powers' (Agence Europe, 1985l: 4). The United Kingdom was reluctant to agree to proposals requiring the amendments of the Treaty at the expense of the existing balance between the institutions in the Community. Bringing the EP earlier in the decision-making process could expand the EP's role (Dutch Government, 1985f). The Benelux countries reaffirmed their commitment to their priority objectives, namely the allocation of additional power to the EP (Agence Europe, 1985j: 5). Belgium agreed with the proposals of the Commission. The Netherlands emphasized the maintenance of the role of the Commission during this process (Dutch Government, 1985f). Faced with this reality of disagreement, the Presidency invited the Preparatory Group to seek elements of an agreement on cooperation between the Parliament, the Council and the Commission in the legislative sphere. A solution should be simple and effective, giving the EP a real role in the legislative process and preserving the balance of powers between the institutions as far as possible (Council Presidency, 1985d; Agence Europe, 1985g: 3-4).

The other actors who had not been allowed to participate in the IGC tried to exert influence on decision-making. The IGC rejected the demand of the EP to be present at the IGC, but met several times a delegation from the Parliament during conference to discuss progress and the power of the EP (European Commission, 1985p: 8-9; Agence Europe, 1985a: 3, 1985g: 4, 1985l: 4). The EP demanded that institutional change had to include real joint decision-making powers for the Parliament and supported the Italian proposal for the EP's powers (European Parliament, 1985c). The Parliament also wanted to have the opportunity to table amendments to documents transmitted by the Member States and the Commission. Moreover, the EP insisted on being closely involved in the final stage of the proceedings, enabling the Parliament to give its opinion so that both parties could reach an agreement before the final text initialled. Poos, the President of the Conference, said to the European Parliament delegation that the Conference 'would submit' the results of its proceedings to the EP, which meant that the EP 'will have no vote on the conclusions of the Conference' (Council Presidency, 1985d; Agence Europe, 1985g: 4). In its resolution on 23 October the EP again insisted that the institutional change had to include 'real joint decision-making powers for the European Parliament' and that the 'work of the Intergovernmental Conference and the resulting text be based on the draft Treaty adopted by the European Parliament' (European Parliament, 1985c: 63). The Union of European Federalists supported Parliament's position and organized a demonstration in Luxembourg on 2 December 1985 (Agence Europe, 1985n: 5a, 1985o: 4).

The European Community Christian Democrat, Socialist and Liberal Democrat parties also demanded more power for the EP. After their meeting in Brussels (8 and 9 November 1985), the leaders of the European Community Christian Democrat parties declared that the EP should participate fully in the Community's legislative power, which should cover new spheres

of action such as the internal market, new technologies and the environment. This needed in order to implement the Community policies (European Community Christian Democrat parties, 1985; Agence Europe, 1985h: 4). On the eve of the fifth session of the IGC (on 24 November 1985), the President of the Union of Socialist Parties of the European Community, Den Uyl, submitted a document to the President of the Conference (Poos), calling for the Conference to lead to a strengthening of the democratic role of the Community institutions (The Union/confederation of Socialist parties, 1985; Agence Europe, 1985k: 4). The EP would have legislative power in the form of co-decision with the Council and could formulate proposals along with the Commission. The Council would make a decision on the basis of Commission's proposal, after the examination of the EP. The Federation of European Liberal and democratic Parties supported the extension power of the EP as well (Agence Europe, 1985o: 4).

At the fourth session of the IGC, 19 November 1985, the Presidency submitted a compromise proposal for EP's power that provided for twin reading arrangements, giving the Parliament real powers with specific legal consequences, and at the same time leaving the Council with the final say (Council Presidency, 1985f). At the second reading, the Parliament's opinion on the Council's common position determined Council decision-making. The Council might depart from the opinion of the Parliament only unanimously. This proposal was close to the final agreement on the cooperation procedure (Compare with the SEA: almost the same, but compare to Luxembourg). Most of the countries were in favour of maintaining the Commission's right of initiative during the legislative process (Article 149 EC). Germany, France, the United Kingdom, Ireland, the Netherlands and Belgium appeared to be ready to take the proposals of the Presidency as the point of departure in the negotiations (Dutch Government, 1985j). France wished that the Commission had the power to change (legislative) text if the Council was unable to make a decision. Denmark wanted the competencies of the Council, in particular with regards to final say, to be made clearer in new formulation. But Italy found the Presidency's text insufficient, offering nothing to the EP. The Presidency concluded progress and to work further on the basis of its own text about the cooperation procedure (Dutch Government, 1985j).

However, after the fifth session (25-26 November 1985), there was still no agreement on Parliament's power. President Poos announced that negative attitudes and scepticism over the strengthening of EP's powers remained. He added that 'this matter can only be settled at the level of heads of government' (Agence Europe, 1985m: 3). Italy found the existing text still unacceptable and wanted co-decision-making power for the EP with regard to important decisions (Dutch Government, 1985l). In contrast, Denmark considered the text radical and far-reaching.

The differences of opinion over Parliamentary powers persisted at the conclave (on 30 November-1 December) on the eve of Luxembourg summit. There were several options on the power of the EP ('crucial matter') (Agence Europe, 1985o: 5). The Presidency's proposal provided for twin reading arrangements, giving the final say to the Council. The Commission's proposal would give the final say to the EP in a limited number of specific cases (Agence Europe, 1985o: 5). Italy proposed a system of co-decision between the EP and the Council on a gradual basis, beginning in 1993, coinciding with the completion of the single market. Italy's proposal was rejected by several delegations ('still the same ones') (Gazzo, 1986a: 93). Italy formally indicated that it would not approve the conclusions of the Conference unless the Parliament's role substantially was increased (European Commission, 1985q: 20). Denmark, on the other hand, opposed both the principle of a second reading and Parliament's power to influence the Council's decision-making procedure (unanimity in the event of rejection by Parliament) (European Commission, 1985q: 20). The other Member States supported the Presidency's proposal for a procedure with three basic elements: 'introduction of a second reading by Parliament and the Council; vesting in Parliament of real powers in the decision-

making process; definition of system attaching specific legal consequences to Parliament's voting' (European Commission, 1985q: 20).

These three alternatives, namely the gradual acquisition of the power of co-decision (Italy), the Presidency's proposal with twin readings, and the Commission's suggestion with final say of the EP were laid before the European Council Luxembourg on 2-3 December 1985 (European Commission, 1985q: 20). The Commission's proposal was rejected by Denmark since it went too far and by Italy because it was inadequate (Agence Europe, 1985p: 5). Italy's proposal, introducing a genuine legislative joint decision-making in 1993, was also rejected, and was opposed especially by the United Kingdom, Denmark and Greece (Agence Europe, 1985p: 5). The United Kingdom favoured increasing consultation and cooperation between the Council and the EP, but not the expansion of competencies. The proposals of the Presidency seemed to be a reasonable compromise. Although the Netherlands, Belgium, Portugal and Spain favoured more power to the EP and therefore Italy's proposal, they considered the proposal of the Presidency as reasonable compromise (Dutch Government, 1985m). Greece and Ireland agreed with the proposal of the Presidency as well. Germany had sympathy for the view of Italy but it was not achievable and ready to compromise. France was also ready to compromise (Dutch Government, 1985m). As a result, on the basis of the Presidency's proposal the summit reached an agreement on a co-operation procedure with twin readings for a limited number of articles, namely Articles 7, 49, 54(2), 56, 57, 100A, 11 (2) [130q], 5 [130e] and 118 [118a] (European Council, 1985c: 12).

However, there were some reservations. Italy and Denmark were unable to fully accept of the Presidency's 'minimalist proposal' (Agence Europe, 1985q: 3). Italy made definitive acceptance subject to the assessment of the EP. Denmark made its final agreement dependent on consultation with the Danish Parliament (European Commission, 1985q: 7). The agreement would be finalized by Ministers of Foreign Affairs in Brussels on 16 December.

The European Parliament confirmed in a resolution that it could not accept the conclusions of the Luxembourg summit (European Parliament, 1985d). The EP regretted the fact that unanimity was still required for virtually all important decisions and that Parliament's views on its own powers had not been taken into consideration. Moreover, the EP considered the proposed amendments to Parliament's power unacceptable and the proposed cooperation procedure ambiguous, unclear and vague. At the same time, the EP put forward proposals to the Council of 16 and 17 December, notably to improve the cooperation procedure between the EP and the Council. The EP called on the Council of Foreign Ministers to 'take the necessary steps to clarify and finalize the procedure for cooperation between the Council and the EP so as to arrive at a genuine joint decision-making procedure' (European Parliament, 1985d).

On the basis of the preparatory work of the Preparatory (Dondelinger) Group, the Intergovernmental Conference, meeting in Brussels on 16 and 17 December 1985, finalized the text which originally emerged from the Luxemburg European Council. While Italy, Belgium and the Commission expected to improve these conclusions, other countries resisted any attempts to amend the results of the summit (Agence Europe, 1985r: 3). The cooperation procedure remained the same. Nevertheless the IGC made a few minor amendments to the text in question on the basis of Italian proposal (European Commission, 1985t: 13). Italy's suggestion on extending the sectors to which the new cooperation procedure would be applied, was rejected. The other proposal of Italy for the Article 249 (2d) was accepted. According to the new Article 2d, when the Commission did not agree with EP's amendment, it should transmit EP's amendment together with its re-examined proposal to the Council so the Council could debate on them. The Council may adopt these amendments unanimously. Italy and Denmark upheld their reservations (Agence Europe, 1985r: 3).

### *The Assent procedure*

The assent procedure was less controversial than the co-operation procedure. Under the assent procedure, the assent of EP is needed for certain ‘constitutional’ acts, namely for the accession of a new member state (Article 237) and for the association agreements or treaties with third countries (Article 238).

As we have seen, the Commission and the Parliament demanded the increase of the EP’s power via assent procedure as well, in certain events such as accession, association, international agreement. The Solemn Declaration provided for consultation with the EP on these issues.

At the IGC there were several proposals on the table. The Commission proposed that for four type of ‘constitutional’ decisions the Council’s decision should be subject to Parliament’s assent or agreement. They were: Article 236 (revision of the Treaties), Article 237 (accession of a new Member State), Article 138 (3) (the establishment of a uniform procedure for the election of Members of the European Parliament), and Article 201 (the creation of own resources) (European Commission, 1985n: 46-47, 1985j: 13). The German delegation suggested that a joint Council-European Parliament decision procedure should be applied to Article 236 (revision of the Treaties), Article 237 (accession of new Member States), Article 238 (Association Agreements or Treaties with third countries) (German Government, 1985b). The Italian delegation supported the Commission’s proposal for Articles 138(3), 201, 236 and 237 and suggested, like the German delegation, that the assent procedure should be applied to Article 238 as well (Italian Government, 1985b). In all these cases the EP might approve, reject or block the texts submitted to it, but may not amend it. It was not proposed that the EP might make amendments under assent procedure.

In the Preparatory Group ‘there was not any firm position.’ Reservations or doubts were voiced on the inclusion of some articles, such as Articles 201, 236 and 238’ (Preparatory Group, 1985: 61). Germany found Article 201 unacceptable for an assent procedure, France had difficulty with Article 238, and Ireland considered Article 236 unacceptable (Dutch Government, 1985f). The United Kingdom favoured consultation and cooperation between the Council and the EP, but objected to the expansion of EP’s power, also in the case of accession of new states (Article 237) and Article 238 (Dutch Government, 1985m). Belgium agreed with the co-decision power of the EP in the case of Articles 236, 237, 238, 138, 201. Greece wished the EP had a say only in Articles 201 and 236. The Netherlands favoured co-ratification rights, but was ready for a compromise (Dutch Government, 1985f). Since Germany, Italy, Belgium, the Netherlands, Luxembourg, Spain, Ireland appeared to agree with the Articles 237 and 238 and France and the United Kingdom joined them, the IGC agreed that the Council decision requires the assent of European Parliament (by majority) for Articles 237 (the accession of a new Member State) and 238 (Association Agreements or Treaties with third countries).

### **7.3.2 The extent of influence of the actors on the expansion of the EP’s power**

According to the influence analysis of decision-making about the expansion of the EP’s power on the basis of the criteria goal achievement, time-lag, access and influence attempt, Member States wielded very much influence on the decisions about the extension of EP’s power, the Commission some influence, the EP slight to some influence and the interest groups no influence.

The Member States exerted very much influence on the expansion of EP’s power, because they determined when, to what extent and in which way the power of the EP was increased. Extending the EP’s power was always discussed in relation to the enlargement and the completion of the internal market, as a means to increase the efficiency of decision-making in the EU. Despite the continued effort of the supranational organs to expand the power of the EP, historically the Member States had a tendency not to increase EP’s power and did not do it

for a long time. After recognizing the necessity of completing the internal market as from the end of 1983, they considered expanding the EP's power as part of institutional reform, namely as an instrument to make Community decision-making effective. This analysis was first made in the report of Dooge Committee, on the basis of which the intergovernmental Conference was prepared where EP's power was increased. They granted the EP those powers needed for efficient decision-making, at the same time they wanted to keep the final say. The outcome was a compromise between those Member States demanding that the EP gain joint decision-making power (Italy and Benelux) and those that rejected giving more power to the EP (the United Kingdom, Denmark and Greece). Germany and France considered that the power of the EP should be increased for the efficiency of decision-making, but without upsetting the existing institutional balance and Member States should maintain the final say. Since Germany and France took a middle position, in the end the other States moved towards Germany and France's line.

The Commission influenced the extension of the EP's power to some extent for the following reasons: The Commission always demanded and attempted to extend the power of the EP considerably, but achieved only some part of its goal at the IGC (limited/some goal achievement: assent procedure (Article 237), and cooperation procedure for limited articles). The President of the Commission, Mr Delors, recognized that the outcome of the negotiations 'with regard to the Parliament's power was less positive' (European Commission, 1985q: 17). Although the Commission demanded more power for the EP for a long time (longer time-lag) without results, it participated in the IGC (shorter time-lag) and played a very 'dynamic' role (frequency access). The Commission's proposals for the power of the EP served as one of the inputs to the discussion at the IGC. On the other hand, as the Commission President Delors said, the Commission did not have the monopoly on initiatives at the IGC and it was up to the Member States to make decisions unanimously, whereby the Commission was only consulted.

The EP exercised slight to some influence on the expansion of the EP's power, because it demanded considerable power for the EP (co-decision power) but achieved only a small part of it (limited goal achievement). Furthermore, the EP insisted on giving more power to the EP for a long time, but without results (longer time-lag). In addition, the Member States rejected the participation of the EP in the IGC, but met an EP delegation several times to discuss the Parliament's demands and the proceedings of the IGC (less access than the Commission). The Union of Federalist and the European movement had no influence, because they did not obtain what they demanded, namely co-decision-making power of the EP and they insisted for a long time on more power to the EP (longer time-lag), but without results. They were also not allowed to participate in the IGC (access).

The interest groups did not influence decision-making on the Parliament's power. The business groups like the UNICE and the ERT did not formulate any specific proposal and had no clear demand for increasing the EP's power (goal achievement), but the UNICE supported the report of the Dooge Committee. I have found no evidence of their attempt to influence the decision-making (access/frequency, attempt to influence) on the expansion of the EP's power. The ETUC also had no influence, since it had occasionally expressed its preferences over the course of many years (longer time lag) for increasing power of the EP in the framework of EU democracy, but without well thought-out proposal (goal achievement). The ETUC backed the draft Treaty on the EU adopted by the EP, which argued in favour of giving the EP co-decision-making power. The outcome was an assent and co-operation procedure for limited articles. It was absent at the IGC (access). The ESC also did not have any influence, because the ESC demanded real joint decision-making for the EP, which was not achieved.

#### **7.4 The COMMISSION'S MANAGEMENT POWER**

The SEA established the management power of the Commission in a different way than the Treaty of Rome. According to the Treaty of Rome the Commission had management powers only where they were conferred on it by the Council for the implementation of the rules laid down by the Council (fourth indent of Article 155-Commission). Until the SEA the Council made excessive use of the possibility to subject the Commission's management power to certain conditions, as a result of which the Council sometimes made the final decisions. In many areas the Commission had to consult the Committees, set up by the Council and consisting of representatives of Member States, which could affect the decision-making process. 'In short, the Council spends a great deal of time discussing the principle and detailed conditions attaching to any powers to be conferred on the Commission. These conditions vary so much and become so intricate that, in terms of management, a wide grey area has emerged which is impairing both efficiency and clear determination of responsibilities' (European Commission, 1985j: 13-14).

It seemed therefore very difficult for the Commission to manage the action programme for the completion of the internal market. The Commission suggested that it should have a general implementing power under Article 155 (Commission) rather than conferring these powers on an ad hoc basis. Most of the Member States did not accept it because they considered it too much. The Member States agreed that the Council should have the obligation (under Article 145, the Council) to confer powers on the Commission for the implementation of the rules, which the Council lays down. 'The Council may impose requirements in respect of the exercise of these powers. The Council may also reserve the right, in specific cases, to directly exercise implementing powers itself'.

##### **7.4.1 The decision-making process on the Commission's management power**

Historically, as said, the supranational organs of the Community like the EP and the Commission pleaded for the extension of their powers as part of institutional reform, which was related to the management of Community integration, especially the completion of the internal market. After achieving the customs union in 1968, the Commission defined economic and political union as a new objective of the Community that should go together with increasing implementing powers of the Commission, 'enabling it not only to take the initiative in Community progress but genuinely to manage the Community, with the task of management growing as the new Community policies gradually enter into force' (European Commission, 1968: 7). During the discussion on the transition to Economic and Monetary Union in 1970s, the Commission continually demanded more extensive executive powers for it to be able to exercise its responsibilities for economic and monetary affairs with efficiency (European Commission, 1973: 11). Similarly, the EP suggested that, in the course of the completion of economic and monetary union and accompanying institutional reform, 'the role of the Commission should be extended to include the primary responsibility for all multilateral relations between Member States' (European Parliament, 1975: 12). The ESC argued that the 'Commission as the concrete expression of the Community must possess wide initiatory and executive powers' (ESC, 1975: 29).

Although the Member States declared (on paper) their will to provide more powers to the institutions of the Community, accompanying the development of European integration, they did hardly anything in practice. Within the framework of the establishment by stages of Economic and Monetary Union in 1971, the Member States also agreed to give necessary powers to the institutions of the Community in order to manage economic and monetary union (European Council, 1971: 21, 1972: 22-23). At the Paris Summit in December 1974, the Heads of State and Government agreed 'on the advantage of making use of the provisions of the Treaty of Rome whereby the powers of implementation and management arising out of Community

rules may be conferred on the Commission' (European Council, 1974: 8). However, with the stagnation of transition to the second stage of economic and monetary union these agreements remained on paper. The Council, according to the Commission, 'has consistently acted otherwise.' (European Commission, 1982b: 8).

In the early 1980s, in the discussion on the revitalization of the Community, the supranational organs continued to demand the extension of their powers as part of institutional reform, which was considered necessary to manage the enlarged European Community and the completion of the internal market. In the draft Treaty establishing the European Union, adopted on 14 February 1984, the Parliament suggested giving the Commission initiatory, executive and legislative powers (European Parliament, 1984). The Commission advocated, in its different communications to the Council, increasing use of the possibility to confer powers of implementation on the Commission. The Commission suggested that 'substantial administrative and managerial functions must be delegated to the Commission under the fourth indent of Article 155 of the EEC Treaty' as part of restoring the institutional balance established by the Treaties. This was because the Community had to have necessary institutional machinery if it was to reinforce existing policies and develop new ones (European Commission, 1982b: 5-12). The Commission argued further that the enlargement to a Community of Twelve would intensify the problem of deadlock in the decision-making process. One of the means to make the decision-making more flexible was 'greater use by the Council of the scope available to it under Article 155 of the EEC Treaty for developing executive powers on the Commission' (European Commission, 1982c:8, 1983c: 76-77).

Interest groups, which focused on economic and social issues like the internal market and social Europe, occasionally demanded effective decision-making in the Community in order to be able to solve economic and social problems, but without any well thought-out proposal and without suggesting giving more power to the Commission than was the case in the Treaty of Rome. According to the ETUC, in order to solve economic problems and to create a social Europe, the institutions of the union should be reformed and more power should be given to the supranational organs (ETUC, 1984b, 1984e). However, in all those texts the ETUC said nothing about the role and power of the Commission. The ETUC mentioned the Commission only in its opinion on the 'report on European institutions'. According to the ETUC, 'the Commission must above all regain its role of operational authority', i.e. it must be the Commission which launches, coordinates and proposes any and every Community initiative. It had to therefore take on a more significant role than it had in the past (ETUC, 1980a). The representatives of European industry UNICE, extensively focused on the internal market, called in a declaration, which set out the concrete measures European industry wished to see adopted at Community level, that 'the Commission must resume the exclusive right conferred on it by the Treaty to initiate proposals' (UNICE, 1984a). The UNICE also supported the proposals of the Dooge Committee for institutional reform (UNICE, 1985a). At a hearing before the Dooge Committee on 31 January 1985, the ESC advocated that the Commission should play its role as a driving force and initiator of community legislation and defend the interests of the Community. 'It should fully take on its role as a "body of proposals"' (ESC, 1985).

However, these demands and efforts did not lead to more power to the European Commission, because Member States were reluctant to reform the institutions. The French memorandum on the revitalization of the Community for example, considered an increase of the power of the Community's institutions or an alteration of the balance between them as unnecessary (French Government, 1981). The German-Italian initiative only underlined the particular importance of the Commission as guardian of the Treaties of Paris and Rome and as a driving force in the process of European integration (German Government and Italian Government, 1981). The memorandum of the United Kingdom on the future of Europe

recognized that the Commission was central to the functioning of the Community, but it did not suggest increasing the power of the Commission (United Kingdom, 1984). The Solemn Declaration (19 June 1983) did not go further than confirming the 'value of making more frequent use of the possibility of delegating powers to the Commission within the framework of the Treaties.' (European Council, 1983b: 27).

Having recognized the necessity of the completion of the internal market from the end of 1983, the attitude of the Member States towards institutional reform and the Commission's executive power began to change. The Dooge Committee argued both in its interim and final report that, as part of institutional reform, the Commission's autonomy had to be confirmed and its power had to be increased 'with full powers of initiative, implementation and administration' (Ad hoc Committee on Institutional Affairs, 1984: 104-5, 1985: 109). Since the Commission was guaranteed autonomous representation of the common interests, it should be completely independent in the performance of its duties. To this end 'its power must be increased, in particular through greater delegation of executive responsibility in the context of Community policies' (Ad hoc Committee on Institutional Affairs, 1985: 108-110).

Before the Milan European Council and the IGC, some Member States increasingly advocated giving more power to the Commission in order to make decision-making and implementation effective. The Italian Presidency proposed, as part of institutional reform in order to achieve the internal market, to 'restore to the Commission an effective role in making proposals, implementing decisions and carrying out its management duties' (Council Presidency, 1985a). France argued on the basis of the Dooge Committee report to increase the administrative power of the Commission as part of improving decision-making procedures within the Community (French Government, 1985a). Before the opening of the European Council of Milan on 28 June 1985, the Benelux countries (Belgium, Luxembourg, the Netherlands) backed in their 'common position' the efforts of the Italian Presidency and pleaded for strengthening the power and the authority of the Commission (Benelux Governments, 1985). On the other hand, as said, some countries like the United Kingdom, Denmark and Greece were reluctant to approve institutional reform. The Luxembourg Presidency proposed, in its draft revision of the EEC Treaty on 2 July 1985, to increase the Commission's executive powers (Council Presidency, 1985b).

At the IGC the Commission proposed that it had to receive management powers as a rule under Article 155 of the Treaty, a rule from which the Council might derogate exceptionally (European Commission, 1985j: 13-14). According to the Commission, the general implementing power was needed because the Council extensively made the Commission's management power subject to rules and conditions that constrained the Commission to effectively take measures to achieve the internal market and to manage the action programme adopted by the Council. The EP also demanded the increase of the management power of the Commission (European Parliament, 1985c). The Christian Democrat Parties declared that the Commission should be given considerable autonomy to take initiative, and to manage and implement them (European Community Christian Democrat Parties, 1985; see also Agence Europe, 1985h: 4). According to the Union of Socialist Parties, the Commission should be able to act completely independently, with increasing management power (The Confederation of Socialist Parties, 1985; see also Agence Europe, 1985k: 4).

Although the Member States seemed to agree on the extension of the Commission's management power, particularly as regards the internal market, they found the demands of the Commission and the Parliament too much. Their opinions differed on 'whether the Treaty needs to be amended in this respect (political undertaking to make more extensive use of Article 155) and on the substance and application of any such amendment (Article 155 or 145)' (European Commission, 1985p: 8).



During the discussion at the IGC, three options were put forward on how to arrange the Commission's management power (Preparatory Group, 1985: 58). One of the suggestions was to make a political commitment on the wide and systematic use of Article 155 (tasks and power of the Commission), meaning 'a wider delegation of powers which would be enshrined in the text but would apply to well-defined cases.' Another proposal was to include in Article 145 of the Treaty (the tasks and powers of the Council), the obligation for the Council to confer powers on the Commission to implement the rules it lays down (Dutch proposal). Germany and Belgium found the proposal of the Netherlands generally acceptable, the Presidency considered it interesting and invited the Netherlands to submit a written text (Dutch Government, 1985d, 1985e). Finally, the proposals of the Commission aimed at the inversion of the present rule laid down in Article 155 of the Treaty: general implementing power of the Commission (unless otherwise decided by the Council) rather than the conferring of these powers on an ad hoc basis (Preparatory Group, 1985: 58). While Belgium and Spain partly agreed with the Commission's proposal, other countries like the United Kingdom, Germany, France and Denmark were reluctant to delegate authorities/competencies generally and automatically from the Council to the Commission (Dutch Government, 1985d, 1985f). The United Kingdom opposed the formulation of general rules for delegation of authorities, but favoured a pragmatic approach to consider delegation from case to case (Dutch Government, 1985f). Spain favoured increasing the management power of the Commission on the basis of Article 155 (Dutch Government, 1985b). Ireland was in favour of a strong Commission with general management power instead of delegation from case to case (Dutch Government, 1985a).

Faced with these alternatives the Presidency suggested different compromise proposals, each time with less general and more specific management power to the Commission (Council Presidency, 1985f: 74, 1985h: 99). At the fourth session the Presidency proposed that the fourth indent of the Article 155 (Commission) of the Treaty establishing the European Community would be replaced by the following provisions: 'The Commission shall "exercise, where required by the Community, the executive powers of the rules established by Council. The Council shall be able, when the above-mentioned rules are adopted, to make the exercising of these powers subject to certain procedures. The Council shall also be able, acting unanimously, to reserve the right to exercise some of these powers directly in specific cases."' (Council Presidency, 1985f: 74). However, this proposal that gave the Commission general management power was not accepted by the Member States. Most of the Member States, including Germany, France, Ireland, Belgium and Spain seemed to be in favour of the original proposal of the Netherlands, the obligation of the Council to confer management power on the Commission within Article 145 (Dutch Government, 1985f, 1985k). Therefore the Presidency changed its proposal and suggested at the Luxembourg Summit on 2-3 December the addition of the following indent to Article 145 (Council) of the Treaty: The Council shall 'confer on the Commission, in the acts which it adopts, powers for the implementation of the rules it lays down. The Council may impose certain requirements in respect of the exercise of these powers. The Council may also reserve the right in specific cases to exercise implementing powers itself directly' (Council Presidency, 1985h: 99). This proposal was accepted at the Luxembourg Council.

#### **7.4.2 The extent of the influence of actors on the Commission's management power**

According to the influence analysis on the basis of our criteria goal achievement, time-lag, access and influence attempt, the Member States exerted much influence on the decision-making about Commission's management power, because they decided when (time-lag), how and to what extent (goal achievement) the Commission's management power was expanded. They rejected the increase of the management power of the Commission for a long time and accepted it due to their need for the completion of internal market. They also rejected giving

general management power to the Commission under Article 145 as demanded by the EP and the Commission. The Council would confer on the Commission management power in the acts, which it would adopt. In addition, the Council would subject it to certain requirements and retain the right to exercise implementing power itself. As a result, extending the management power of the Commission remains in the hands of the Member States.

The supranational organs wielded only slight to some influence on the Commission's management power. The Commission exercised only some influence, for the following reasons: The Commission demanded more management power for a long time (longer time-lag), but without result. Moreover, the Commission wanted general management power, but did not achieve it (goal-achievement). Nevertheless, the Commission seemed to successfully prevent a more negative alternative, namely a political commitment to make wider use of Article 145. The EP exerted slight influence on the extension of the Commission's management power, since the EP had requested more power for the Commission for a long time (longer time-lag), was not allowed to participate in the IGC (less access) and did not achieve what it wanted: full power (initiator, executive and legislative power) to the Commission. But the EP had access to the IGC decision-making process and insisted during the IGC on giving more management power to the Commission.

The interest groups like the ETUC, the UNICE and the ERT exercised no influence on the extension of the management power of the Commission, because they had formulated no clear demands for the executive power of the Commission (ERT) or did not achieve their goals with respect to the Commission's management power (ETUC and UNICE). The ETUC stressed a long time ago (longer time-lag) the Commission's initiative role, the role of Commission to initiate proposals, but not its executive role (the Commission's role as initiator of proposals and not the Commission's implementation power). The same is true for the ESC and UNICE who supported the proposals suggested by Dooge Committee, but without any specific reference to the Commission's role.

## **7.5 SUMMARY INFLUENCE ANALYSES AND CONCLUSIONS**

This chapter has studied the influences of the central actors on institutional reform in the SEA in order to answer the second sub-question, namely how and to what extent can European integration and governance on the dimension of institutional change be explained by the influence of the Member States, the supranational organs of the EU and interest groups (see Section 3.2.2). This section answers this question by combining the different parts of the empirical outcomes. The theoretical model in Chapter 3 (Section 3.4.3.2) expected that institutional development would be dominated by the Member States and not only motivated by its functionality (reducing transaction costs and solving imperfect contracting problems), but also by obtaining more power, representation and participation as well as political and administrative efficiency. In this chapter this hypothesis has been tested by analyzing the influence of the key actors on the institutional reform in the SEA. The influence analyses based on reconstructions of the decision-making processes confirm this hypothesis. The influence of actors has been assessed by employing the method of intensive process analysis on the basis of the criteria goal achievement, time-lag, access and influence attempt (see Section 4.5).<sup>3</sup> Table 7.1 shows the extent of the influence of the actors on the different parts of the institutional reform in the SEA, which is explained further in the following subsections.

If we assess the influence of actors according to our criteria goal achievement, time-lag, access/frequency and attempt to influence, an important conclusion that can be drawn from the influence analyses is that the Member States wielded very much influence on the institutional reform in the SEA (institutional change). On the other hand, the supranational organs influenced the institutional reform only to some extent, namely slight to some influence. The interest

groups exercised almost no influence on the institutional reform. Furthermore, the institutional reform was related to the completion of the internal market and enlargement. It was justified by the need for functionality, efficiency and balance of power, i.e. effective decision-making to manage an enlarged and deepened Community and the institutional balance between the Community organs (power).

Table 7.1 Influence of the central actors on the institutional change in the SEA

	Member States	Commission	EP	Business	labour	ESC
QMV	Very Much	Some	slight	Slight/some	No	No
EP's power	Very Much	Some	Slight/some	No	No	No
EC's power	Very Much	Some	Slight	No	No	No

### 7.5.1 Influence of Member States on institutional change in the SEA

The Member States wielded very much influence on the institutional reform in the SEA, because they determined who got what and when in this field. Generally speaking, the Member States were reluctant to reform institutions and to give up veto right or to transfer power to the supranational organs. They tended to keep the existing institutional balance in the Community. The institutional reform was always discussed in relation to enlargement and the establishment of the internal market, as a means to increase the efficiency of decision-making in the Community. The supremacy of States becomes clearer if we compare the 1970s to the 1980s. In the 1970s, institutional reform came on the political agenda due to the transition to an economic and monetary union. With the stagnation of the transition to the second stage of EMU, the Member States put the institutional reform on ice. In the 1980s the Member States put institutional reforms back on the political agenda after recognizing the necessity of the completion of the internal market from the end of 1983, with the revitalization of the internal market. The institutional reforms were considered as a necessary means in order to achieve and manage the internal market and the enlargement of the Community and so to become competitive against the USA and Japan. The decision to convene the IGC to amend the Treaty of Rome with regard to institutional reforms was taken at the Milan European Council (June 1985) on the basis of the Dooge Committee's report consisting of the representatives of the Member States and set up by the Fontainebleau European Council (June 1984). At the IGC the proposals for institutional reform were prepared and discussed at the Preparatory Group (working party) consisting of the representatives of the Member States and the final decisions on the institutional reform were made by the Head of States or Governments of the Member States.

As far as QMV is concerned, the Member States exercised very much influence because they determined when and to what extent QMV became the rule of decision-making in the Council. Despite the continue effort of the supranational organs to make wider use of QMV in the Council, the Member States were unwilling to give up their veto right for a long time. Their attitude towards QMV changed when they concluded that QMV was needed to complete and to manage the internal market. The outcome was a compromise between three groups: Italy, Belgium, the Netherlands and Luxembourg preferred sharply reducing unanimity with wider use of QMV. On the other hand the United Kingdom, Denmark and Greece considered it

unnecessary to amend the Treaty and insisted the importance of unanimity and veto right, but they were in favour of effective decision-making. The positions of France and Germany with limited use of QMV were somewhere between those two groups, which the other actors moved towards in the end. The outcome was a little more QMV than France wanted but less than Italy and Benelux wanted.

The Member States exerted very much influence on the extension of EP's power, because they determined when, to what extent and in which way the power of the EP was increased. In spite of the continued efforts of the supranational organs to increase the power of the EP, the Member States traditionally tended not to expand the EP's power and did not do it for a long time. After recognizing the necessity of the completion of the internal market since the end of 1983, the Member States considered expanding the power of the EP as an instrument to make the Community decision-making effective. They granted the EP those powers needed for the efficiency of decision-making, but at the same time they wanted to keep the final say. The outcome was a compromise between those States who tended to reject giving more power to the EP (the United Kingdom, Denmark, Greece), those preferring joint decision-making power for the EP (Italy, Belgium, the Netherlands and Luxembourg), and those considering increasing the power of the EP as necessary, but it should happen without upsetting the existing institutional balance and with keeping the final say of the States (Germany and France). In the end the other Member States moved towards to this option as a middle position.

As to the expansion of the management power of the Commission, the Member States exercised very much influence, because they decided when, how and to what extent the Commission's management power was extended. They rejected the increase of the management power of the Commission for a long time and accepted it due to the necessity of the completion of the internal market. They also rejected giving general management power to the Commission under Article 145 as demanded by the EP and the Commission and established it under Article 155, as a result of which extending the management power of the Commission remained in the hands of the Member States.

In conclusion, the Member States wielded very much influence on the institutional change in the SEA. The attitude of the Member States towards institutional reforms varied. On the one side there were Italy and the Benelux countries (Luxembourg, the Netherlands and Belgium) preferring more supranational institutional reforms, meaning to give co-decision-making power to the EP, sharply reducing unanimity by making majority voting a rule in the Council and strengthening the Commission's management power. On the other side, the United Kingdom, Denmark and Greece stressed the existing institutional balance in the Community and the importance of veto right and unanimity. Germany and France took a position between these two sides. Since all decisions at the IGC were made by unanimity, the outcomes can be seen as a compromise between these three positions. As Germany and France took a middle position the other Member States moved somewhat to their position in the end. Jacques F. Poos, the President of the Council, said 'the Presidency had to find a compromise which the governments could accept and the 12 Parliaments could ratify. This compromise had been criticized both by those who felt it went too far [the United Kingdom, Denmark, Greece] and by those who felt it did not go far enough [Italy and Benelux] but there was no other way forward.' (European Commission, 1985t: 13; Agence Europe, 1985s: 5-5a).

### **7.5.2 Influence of supranational organs on institutional change in the SEA**

The supranational organs influenced the institutional reform in the SEA slight to some extent. The supranational organs demanded for a long time, from the completion of the customs union in 1968, for institutional reform in order to manage the further integration of Europe in terms of economic (internal market) and political union (EU). However, this was not enough to move

the Member States to reform the Community institutions. Nevertheless, the supranational organs found some way to influence the institutional reforms to some extent.

The EP exerted slight influence on the institutional reform in the SEA for several reasons. Firstly, the EP achieved only a very small part of its goals. The EP preferred majority voting as a rule in the Council, but the outcome was a restricted use of majority voting. The EP demanded real co-decision power and assent power for the EP, but the result was a cooperation procedure for limited articles with the final say in the hands of the Member States and an assent procedure for two articles (237-238). The EP favoured full power (initiator, legislative and executive) for the Commission, but the result was a partial increase of the management power of the Commission. It should be noted that these reforms were not done due to the demands of the EP, but due to the fact that the Member States thought they were necessary in order to manage an enlarged and deepened Community. Secondly, the factor time lag. The EP advocated for a long time, almost since the completion of the customs union in 1968, for institutional reforms but without effect. Thirdly, the EP was not allowed to participate in the IGC by the Member States, where they decided who got what, but the IGC met an EP delegation several times to discuss the Parliament's demands and proceedings of the IGC (lesser access than the Commission).

The European Commission wielded some influence on the institutional reform in the SEA. First, the Commission achieved only some parts of its goals concerning the institutional reforms. The Commission preferred QMV as a rule, unanimity as an exception, but the outcome was a limited use of QMV. Nevertheless, the transition to qualified majority decision-making covered two-third of measures provided for in the White Paper to complete the internal market. The Commission always demanded and proposed to extend the power of the EP considerably, extending the scope of consultation, conciliation, cooperation procedure and the assent procedure. However, it achieved only some part of its goals at the IGC: an assent procedure for two articles (237-238), instead of five articles as suggested by the Commission, and a cooperation procedure for limited articles with the final say in the hands of the Member States and not in the hands of the EP as desired by the Commission. The Commission favoured and suggested a general management power for the Commission, but the IGC decided an extension of the management power of the Commission under the direction of the Council. Second, as regards time lag, the Commission advocated for institutional reforms as a means to manage the economic and monetary union and political unification from the completion of the customs union in 1968 (longer time lag). But these attempts did not lead to institutional reforms because the Member States were unwilling. However, third, regarding access and attempt to influence, in contrast to the EP and interest groups, the Commission participated in the IGC, was very active at the IGC, attempted to influence proceedings and played a very 'dynamic' role (more access/frequency). Although the Commission had no monopoly on initiatives at the IGC and it was up to the Member States to make decisions unanimously, the Commission submitted detailed proposals for every aspect of the institutional reforms, which served as an input to the discussions and some part of its proposals can be seen in the SEA (shorter time-lag and goal achievement). The Commission recognized that the desired improvement had not come about on at least four main points: the nature of the commitment, the decision-making process, effective implementation and powers of the Parliament (European Commission, 1986a: 107-108).

The ESC and the Court had no influence on the institutional reform in the SEA. The ESC advocated for a long time (also before the Dooge Committee) for the further economic, social and political integration of Europe and institutional reform in terms of majority voting as a rule in the Council, real joint decision-making power for the EP and a full initiator role (body of proposals) for the Commission. The ESC exerted no influence, because of the combination of following factors: the ESC did not achieve these goals (no goal achievement), it had

demanded institutional reform for a long time but without results (longer time-lag), had no access to the IGC and made no influence attempt during the IGC. The Court exercised no influence because it was not present in the decision-making process, except for its report on the European Union in 1975 together with the other Community organs, which is not enough to attribute any influence to the Court, according to the criteria goal achievement, time-lag, access and influence attempt.

### **7.5.3 Influence of interest groups on institutional change in the SEA**

The interest groups like the UNICE, the ERT and the ETUC exerted no direct influence on the institutional change in the SEA. Although these groups developed detailed proposals for the completion of the internal market (UNICE and ERT), for the social internal market (ETUC) and for some common policies, and tried to wield influence on the Member States and the supranational organs, they never developed proposals for the institutional reforms and hardly attempted to exercise influence on the decision makers. They occasionally expressed their wishes for effective decision-making at the Community level, but without detailed proposals and clear goals, which was not significant in the context of historical record when we consider this according to our criteria like preferences, goal achievement, time-lag, access and influence attempt.

The business groups (UNICE and ERT) exercised no significance influence on the institutional reform. First, they had only slight influence on QMV. Although these groups expressed their preferences for QMV for the effective decision-making in the Council a few times, they did this with reference to the implementation of the Treaty of Rome and they never developed detailed suggestions about QMV (goal achievement). Moreover, they announced this long before or after crucial or final decisions on QMV (longer time-lag). In addition, they were not allowed to participate in the IGC (access/frequency). Second, these groups had no influence on the increasing power of the EP, because they demanded increasing EP's power incidentally, but without any specific proposals and without any attempts to influence decision-making. Third, they also exerted no influence on the extension of the management power of the Commission, because they had not formulated a clear goal (ERT) or did not achieve their goals (UNICE). Moreover, they did not attempt to influence decision-making on the Commission's management power.

However, the Business groups might have wielded some influence on the institutional reforms indirectly by their influence on the completion of the internal market. The completion of the internal market was the most important justification for the institutional reform as a means to manage the internal market. Since the interest groups, especially the business groups (ERT and UNICE), exercised considerable influence on the completion of the internal market (see Section 6.3) they might have in this way indirectly exercised influence on the institutional reform.

The European labour movement ETUC exercised no influence on the institutional reform in the SEA. The ETUC, generally speaking, favoured further European integration. The ETUC sometimes declared that in order to solve economic and social problems, the working methods of institutions should be improved and democratised by use of majority voting in the Council, by giving more power to the supranational organs (extending the role of Parliament, strengthening the initiative role of Commission, but not management) and institutionalizing the consultation procedure for the ETUC. While the ETUC developed detailed proposals for the social aspect of the internal market (social Europe), the demands of ETUC for institutional reform did not go further than these general formulations. Moreover, the ETUC expressed these preferences a long time before the crucial or final decisions were taken (longer time-lag). In addition, the ETUC was not allowed to participate in the IGC (access/frequency). The Union of Federalist and European Movement had no influence, because they did not obtain what they

demanded, namely co-decision-making power for the EP (goal achievement). In addition, they were not allowed by the Member States to participate in the IGC (access and influence attempt).

To sum up, in this chapter I have attempted to answer the second sub-question, namely how and to what extent can European integration and governance on the dimension of institutional development/change be explained by the influence of nation states, supranational organs of the EU and interest groups? (Section 3.2.2). The tentative answer has been, as developed in Chapter 3 (Section 3.4.3.2), the hypothesis that institutional change is dominated by the Member States and not only motivated by its functionality (reducing transaction costs and solving imperfect contracting problems), but also by obtaining more power, representation and participation as well as political and administrative efficiency. The outcomes of the empirical research into the influence of the central actors on the institutional reform in the SEA confirm this theoretical prediction. The institutional reform was related to the completion of the internal market and enlargement and justified both by its functionality and efficiency to manage an enlarged and deepened Community, and by power distribution (institutional balance) within and between the Community organs. As expected, the Member States exerted very much influence on the institutional change in the SEA. While the supranational organs influenced the institutional reform slight to some extent, the interest groups had almost no influence on the institutional reform. As a result, the Member States dominated the institutional reform.

## CHAPTER 8

### ENLARGEMENT: TURKEY

#### 8.1 INTRODUCTION

So far, I have examined the influence of the central actors on the dimension of socio-economic policy cooperation (Chapter 6) and on the dimension of institutional change (Chapter 7). In this chapter, I shall examine the influence of the central actors on another dimension of European integration, namely enlargement.

As discussed in Chapter 5, Turkey offers an excellent case to study the influence of the central actors on the enlargement of the EU. The Community and Turkey signed an association agreement in 1964 in order to create a closer relationship by the progressive establishment of a customs union. This happened after the end of Second World War when they were threatened by the Soviet Union and the emerging Cold War. Both parties considered the association agreement as a step towards full membership of Turkey to the Community (Article 28 of the association agreement).

Turkey applied for accession to the EU on 14 April 1987. The Community considered Turkey 'eligible' for membership, but at that time it would 'constitute a major institutional, political and financial burden' to the Community when it should be giving priority to the completion of the internal market. Nevertheless, due to the strategic importance of Turkey for the Community, the Community concluded it had fundamental interests in intensifying its relations with Turkey within the framework of the association agreement. Turkey served as a force for stability, security and peace, which had become more important in the new international order after the collapse of Soviet Union. Consequently, 33 years after signing the Association Agreement and 22 years after the signing of the Additional Protocol, on 6 March 1995 both parties agreed on the completion of customs union by January 1996.

On 12-13 December 1997, when the Luxembourg European Council launched the fourth enlargement process for the accession of all 10 Central and East European applicant States and Cyprus, it did not recognize Turkey as a candidate for accession to the EU. As a result, Turkey was not allowed to join the enlargement process at the same level, because according to the Council: 'Turkey did not yet meet the necessary economic and political conditions'. It should be mentioned that the other applicant countries also did not meet these conditions, the so-called Copenhagen criteria (European Commission, 1997a). However, the Council confirmed Turkey's eligibility for EU membership and stated that it would be judged in accordance with the same criteria as the other applicant countries. The Council decided to draw up a European strategy to prepare Turkey for accession by strengthening its links with the EU in every sphere. Turkey rejected this offer and broke the political dialogue with the EU.

Having considered that the European strategy did not work and deciding to play its international role fully by developing the Common Security and Defence Policy (CDSP) in 1998, the EU decided at the Helsinki European Council in December 1999 to recognize Turkey as a candidate country destined to join the Union on the basis of the same criteria as applied to the other candidate States. The accession negotiation between the Community and Turkey started in 2004.

This chapter examines the influence of the central actors on the EU's important political decisions regarding Turkey mentioned above, again by employing the rules of the method of intensive process analysis. The chapter is set up as follows: First, Section 8.2 studies the Association Agreement (1963) between the EEC and Turkey and analyses the influence of the



central actors on different parts of the association agreement, namely the nature/framework of the agreement, the commercial protocol and the financial protocol. Second, Section 8.3 investigates the influence of the central actors on the customs union (1995) between the European Union and Turkey, which resulted from the association agreement but needed a political decision in a changing international context. Third, Section 8.4 assesses the influences of the central actors on the decision of the Luxembourg European Council (1997) about Turkey, namely a European strategy for Turkey. Fourth, Section 8.5 analyses the influence of the central actors on the decision of the Helsinki European Council (1999) about Turkey's candidacy for EU membership. In each case the analysis is based on a careful reconstruction of the decision-making process and the influence of the central actors is assessed according to the rules of the intensive process analysis as discussed in Chapter 4. Finally, Section 8.6 provides some conclusions on the influence of actors on enlargement in the case of Turkey. As discussed in Chapter 5, in the light of the research question and the selection criteria it is considered neither necessary nor feasible to investigate the accession negotiations between the EU and Turkey after Helsinki 1999. This study examines the influence of the central actors on decision-making in the EU, studying six decisions on the dimension of enlargement (Turkey), three decisions on the dimension of institutional change and seven decisions on the dimension of socioeconomic policy cooperation. It is thus a total of sixteen decisions (N=16), approaching the border between the qualitative and quantitative studies. In addition, the influence analysis is based on as full as possible a reconstruction of the decision-making process which is very labour intensive and time consuming.

## **8.2 The ASSOCIATION AGREEMENT (the Ankara Agreement) 1963**

### **8.2.1 Introduction: the association agreement**

The association agreement between the EEC and Turkey, based on Article 238 of the Treaty of Rome, was signed on 12 September 1963 in Ankara and came into force on 1 December 1964 (European Communities, 1964). The aim of the association agreement was to promote 'continuous and balanced strengthening of economic and trade relations between Turkey and the Community,' in order to 'establish ever closer bonds' between the contracting parties (European Communities, 1964: 3689; see also European Commission, 1963e: 21-29). To achieve this goal, the Agreement provided for the progressive establishment of a customs union between the Community and Turkey. According to Article 28 of the Agreement, when Turkey was in a position to accept all the obligations of the Treaty of Rome, 'the Contracting Parties shall examine the possibility of the accession of Turkey to the Community' (see also European Commission, 1963e: 21-29, 1964: 18).

The association contained three phases, namely the preparatory stage, the transition stage and the final stage (see for details association agreement, European Communities, 1964). The purpose of the preparatory stage was to enable Turkey to continue its economic rehabilitation until it was in a strong position to accept the commitments of the gradual establishment of a customs union. This stage would take five years. During this stage, the Community would assist the economic development of Turkey, both commercially and financially, which was determined in the provisional protocol and the financial protocol respectively. Commercially, the Member States of the Community would open fixed annual tariff quotas at preferential duty rates for Turkey's main export products like tobacco, raisins, dried figs and hazel-nuts, for quantities corresponding to trade figures during the last two years. Financially, the Community should finance investment projects by loans, contributing to the attainment of the Agreement's objectives. These loans would be provided through the European

Investment Bank and may be contracted to total of 175 million 'units of account' (dollar), over a period of five years following the entry into force of the Agreement.

During the second or transitional stage, which in principle would last twelve years, the customs union between the Community and Turkey would gradually be established in accordance with an additional protocol which should be drawn up in the meantime by the Association Council.<sup>1</sup> For trade the principles laid down in Article XXIV of General Agreement on Tariffs and Trade (GATT) were applied (definition of customs union). The customs union would extend to all trade, which meant that Turkey would adopt the common external tariff of the Community. Furthermore, during this period the economic policies of Turkey and of the Community would be brought into alignment in the various sectors covered by the Treaty of Rome.

The final stage would be based on a customs union established through the preceding stage and would also entail an increasing degree of co-ordination between the economies of the contracting parties.

In this study, I will examine the influence of the central actors on two aspects of the association agreement. One of them is the aim and the nature/framework of the association agreement (three stages, as mentioned above), and the second aspect is the preparatory stage of the association agreement including the provisional and the financial protocol, because only these aspects have been politically controversial. The second (transition) and the third (final) stage of the association agreement contained only general formulations and were not controversial.

## **8.2.2 Development of decision-making on the Association Agreement**

### **8.2.2.1 Application, reaction and motivations**

Turkey presented its application, on 31 July (and 1 August 1959) with its brief to the Community, for the association with the European Community (EC) both politically and economically. Turkey considered itself geographically, economically, politically and militarily as an inseparable part of Europe (Turkish Government, 1959). Because of the threat of Soviet Union against Turkey during Second World War, for several years Turkey moved towards cooperation in Europe and became member of all the political and economic organisations of the Western world, like Western security system - North Atlantic Treaty Organization (NATO) and political cooperation (Council of Europe). After the failure of the establishment of a free trade zone in Europe, Turkey considered participation in the European economic system through association with the EEC as a vital interest. Turkey thought that as long as the common political interests of both parties were not founded on economic bases, it remained weak. Turkey strived to maintain and develop its economic relationship with the group of countries that played an important role in its foreign trade. At that time nearly 35% of Turkey's total imports came from the Member States of the Community, whereas almost 40% of the Turkish exports went to the common market of the Community (Turkish Government, 1959; COREPER, 1963f: 3). Turkey anticipated serious economic problems if it was isolated and remained outside the common market (Turkish Government, 1959). The Treaty of Rome also included the agricultural sector, which was the biggest sector in the Turkish economy. After Greece, Turkey's biggest competitor in the EEC market, applied for association on 8 June 1959, Turkey could not risk being isolated (COREPER, 1963f: 3). The Community, both the Commission and the Member States, reacted positively to the Turkish application. Turkey was allied with the Community through a close military and political relationship and played an important role in the security of the Western world as a member of NATO, which bore a huge financial cost for the transatlantic alliance. Consequently, it was considered important to further strengthen these relationships with regards to the economy (Council of European Economic

Community, 1959a: 11; COREPER, 1963f: 4). The Community considered the Turkish application economically important as well. Turkey imported the biggest part of its investment goods/products, raw material and industrial material from EEC countries. With a market of almost 30 million people, Turkey offered good future economic prospects (COREPER, 1963f: 4). The Community wished to strengthen its prestige and attractiveness in Europe, where certain cleavages had begun to emerge between the East and the West (Council of European Economic Community, 1959b). The Member States also wanted to show the open nature of the Community, as the Treaty of Rome invited other countries to associate with the Community (COREPER, 1963f: 4).

Following the advice of the Commission and COREPER, the Council unanimously instructed the Commission, at its meeting on 11 September 1959, to enter into exploratory talks with the Turkish Government immediately, to examine how an association between the EEC and Turkey should be established (Council of European Economic Community, 1959a: 13). The Commission began to talk to the Turkish delegations on 27-30 September 1959 in Brussels about possible problems and solutions of association and reported to the Council (10-13 October 1959) (COREPER, 1959; Council of European Economic Community, 1959b: 6-12).

#### **8.2.2.2 Initial positions and the first draft agreement**

The Council, at its meeting of 13-14 October 1959, recognized the political importance of an association with Turkey and wanted to achieve an association agreement as soon as possible (Council of European Economic Community, 1959b: 19-20). Germany, who stressed the strategic and political importance of Turkey for the Western world, strongly preferred an association with Turkey and therefore took initiative in the Community to further the negotiations (German Government, 1959). Germany favoured a short transition period, in comparison with Turkey who demanded a longer transition period without any obligations towards the Community but taking all possible advantages from the EEC. Germany was of opinion that the EEC should finance concrete and specific projects through the EIB and preferred, like the Commission, to establish specific institutions for association, like an Association Council in which the association country and representatives of Community institutions would participate. France agreed with the political importance of association with Turkey and considered the import of agricultural products and financial support for Turkey the most difficult aspects of association (Council of European Economic Community, 1959b: 16). Italy and Belgium agreed with the political importance (political reasons) and the necessity to conclude negotiations as quickly as possible (Council of European Economic Community, 1959b: 17). The Council instructed the Commission to continue explanatory talks with Turkey in order to examine the different aspects of possible association.

After a new round of talks with Turkey on 2-4 December 1959, the Commission submitted a draft agreement on 4 March 1960 to the Council as requested (European Commission, 1960a). Turkey considered it impossible to take on all of the obligations of association and therefore preferred to establish an association agreement over a period of 22 years. During the first 10 years Turkey would have no obligations to the EEC, while it would take advantages of the tariff quotas of the EEC (Council of European Economic Community, 1960: 17-18). According to the Commission's proposal, the association between the Community and Turkey would take the form of a customs union, which would be established in a period of 22 years. The obligations Turkey would have towards the Community were to be divided over two periods. There would be an initial 10 year preparation period in which Turkey would take modest measures. This would be followed by a second 10 year period in which Turkey would gradually intensify its efforts to take on all of the obligations of a customs union at the end of 22 years. The Commission also proposed a schedule for abolishing tariffs, quantity limits and the harmonisation of the Turkish tariff with the Community's external tariff.

The Council, at its meeting on 10-12 May 1960, authorized the Commission to open negotiations with Turkey in order to examine the possible content and form of an association between the Community and Turkey (COREPER, 1961a). The Council based its decision on the proposal and the draft agreement submitted by COREPER, which was approximately the same draft as suggested by the Commission. The draft proposed by the Commission was discussed many times in COREPER, which was supported by professionals, which resulted in the draft association agreement with Turkey (COREPER, 1960b, 1960a). The most important difference was that COREPER proposed abolishing tariffs with bigger steps than the Commission. COREPER suggested two alternative type agreements for realizing a customs union, namely with and without a transition period. The Council chose the option based on a long transition period (customs union in 22 years), since Turkey had made it clear that it would not consider an agreement without a longer transition period (COREPER, 1961a).

### **8.2.2.3 The break in negotiations and new direction in the association agreement**

After a break in negotiations (at the request of Turkey) because of the military coup on 27 May 1960 in Turkey, the Commission and the Turkish delegations restarted the talks, not negotiations, on 14 October 1960 (European Commission, 1960b: 29-30). Taking a very different position, the new Turkish delegation preferred an association agreement based on a customs union without a transition period (Council of European Economic Community, 1960: 18).

Meanwhile the Community doubted whether it was desirable to continue the negotiations with Turkey on the basis of the draft agreement approved by the Council in May 1960, because of political, economic and financial situation in Turkey and due to the experiences of the Community in negotiations with Greece. The Commission suggested two alternatives to the Council in order to revise the framework of negotiations with Turkey (COREPER, 1961a). One option was to continue with negotiations on the basis of the previous draft agreement to establish a customs union. However, this should be preceded by a preparatory stage to allow for Turkey to recover its economic and financial situation. In this stage, the Community might give financial and commercial support to Turkey. After a successful recovery in Turkey, it might switch over to the customs union. In the second option, the customs union was cancelled. The association would be based on the establishment of an institutional mechanism combined with financial support, trade policy and tariff quotas for important export products of Turkey. The Commission suggested this second option to Turkey during talks between 10 and 20 April 1961 in Brussels. However, Turkey still preferred an association in the form of a customs union (COREPER, 1961b).

COREPER's discussion of the Commission's report on talks with Turkey raised the question of when, and on which basis, negotiations with Turkey would restart? (COREPER, 1961c). On the basis of not only economic (a purely commercial agreement could not work due to GATT) but also (geo) political arguments (to prevent Soviet intervention in Turkey) Germany argued in favour of restarting negotiations that should result in an association agreement with Turkey, comparable to the association agreement with Greece. In order to strengthen the pro-western groups in Turkey it was of great importance to continue negotiations and to conclude them quickly (Council of European Economic Community, 1960). A customs union might be established in different stages, which would take the special conditions of the Turkish economy into account. Since Turkey would not be able to take on the obligations of an association agreement, France and Italy expressed their preferences for a specific agreement with commercial, technical and financial measures to improve and recover the Turkish economy. The Benelux countries (Belgium, the Netherlands and Luxembourg) agreed with France and Italy, but wondered whether the political conditions would force the Community to the solution suggested by Germany. COREPER again asked the Council to clarify its choice of

direction for the agreement with Turkey: an association agreement similar to the agreement with Greece or another option.

Following the instruction of the Council (24-25 July 1961), COREPER sent the Council a communication about the possible ways of association with Turkey (COREPER, 1961d). According to COREPER, it had been clear during the negotiations that Turkey was not able to take on all obligations, which led to the conclusion that in any case a preparatory stage would be needed to make the transition to the second stage of association easier. In this stage, Turkey would take on limited obligations and the Community would provide limited benefits to Turkey (such as tariff quotas and possible financial support). As far as the second stage concerned, there were three options. First, an association in the framework of a customs union, which would be established automatically after the preparatory stage. Germany preferred this option. Second, an agreement without a framework, meaning that the development of association would not be determined from the beginning. After the preparatory stage needed to solve the problems of Turkey with necessary economic, commercial and financial measures, the second stage of association would come, but without determining the modalities beforehand. France preferred this option. Third, the customs union was the goal of association, however, the transition from the preparatory stage to the second stage was not automatic, but depended on the fulfilment of certain conditions to be reported in the agreement. Belgium, the Netherlands and Luxembourg favoured this option as a compromise.

At request of the Council these options were worked out by COREPER in cooperation with the 'Committee Association with third countries' (COREPER, 1961e). All delegations agreed that a preparatory stage was necessary to help Turkey to solve its economic problems by taking commercial, economic and financial measures, as demanded by Turkey and suggested by the Commission. Most of the delegations agreed with the principle of financial assistance to Turkey within the framework of association, but how and to what extent was to be examined. The Member States also agreed on the possible commercial measures in favour of Turkey in terms of tariff quotas for important Turkish exports, like tobacco, hazelnuts, raisins and dried figs.

During the discussions there appeared to be two problems, namely the framework of the agreement and the preparatory stage. As far as the nature/framework of agreement was concerned, there were three options (COREPER, 1961e): First, a framework agreement according to which Turkey and the EEC would establish a customs union within a given period. The terms of customs union would be determined at the end of preparatory stage (5-7 years). Germany, Belgium, Luxembourg and the Netherlands preferred this option. The second option was an agreement without a framework. The first step of agreement should be limited to the content of preparatory phase and a next stage but without determining the modalities in advance. France and Italy favoured this option. The third option was the Commission's compromise proposal to bring these two options together. The agreement was to have a preparatory stage in the form of a convention determining the cooperation in the fields of economy, finance and commerce for a period of 5-7 year in order promote the recovery of the Turkish economy. After this stage, the association should be continued either by the creation of a closer relationship in the form of a customs union (or free-trade zone) if Turkey met all necessary conditions; or, if Turkey was still not ready, a continuation of the convention. At its October session (23-25 October 1961) the Council approved, with some reservations, the compromise proposals of the Commission as a work-basis to draw up a mandate in order to continue the negotiations with Turkey (Council of European Economic Community, 1962a: 56).

The commercial measures and the financial support for Turkey in the preparatory stage were discussed in the Council, COREPER, the Committee Association with Third Countries, the Committee Financial Issues and in the Council of Ministers (finance) for a long time. As

regards the commercial measures, the question was whether the Community should offer tariff quotas to Turkey and if so, how? There seemed to be two problems (COREPER, 1962a: 3, 1962b: 7). First, the (other) members of GATT were likely to have serious objections against the Community offering tariff quotas to only Turkey. Second, as Turkish export products would be concurrent to products of some Community Member States, they were reluctant to offer tariff quotas. France and Italy were not ready to offer tariff quotas for important Turkish export products, namely hazelnuts, raisins, dried figs and tobacco (France: tobacco, dried figs; Italy: tobacco, hazelnuts, dried figs) (Council of European Economic Community, 1962a). Regarding the financial contribution there were two options (COREPER, 1962b). The Community would autonomously support Turkey, or the Community would coordinate its activities with the other international organs supporting Turkey. The financial help could be provided through the EIB or via an ad-hoc organ.

As far as the commercial measures were concerned, in its report of 7 May 1962 to the Council, COREPER examined discriminatory and non-discriminatory tariff quotas in connection with the rules of GATT (COREPER, 1962c). In the case of discriminatory tariff quotas the Community would offer tariff quotas only to Turkey. The non-discriminatory quotas could take the form of decreasing common customs tariff, or granting quotas to Turkey that would also be granted to other countries. COREPER calculated the tariff quota for each important Turkish export product, like tobacco (12% of Turkish exports to EEC), hazelnuts (12%), raisins (7%), dried figs (1,6%). However, the Committee could not achieve an agreement on this issue (COREPER, 1962d). France preferred the non-discriminatory solution for all these products. Italy favoured the non-discriminatory option especially for tobacco and raisins. Germany suggested a mixed solution of discriminatory (tobacco and raisins) and non-discriminatory (dried figs and hazelnuts) measures. Belgium and Luxembourg were ready to accept a solution that would provide maximum advantage to Turkey and be compatible with GATT rules and the association agreement with Greece. The Netherlands would agree with the discriminatory solution in combination with an association agreement within the framework of Article XXIV of GATT. The Commission stressed that the commercial measures should be substantial for Turkey, which could not be achieved without hazelnuts and dried figs (COREPER, 1962c).

In the following meetings of the Council (13-14 November 1961 and 2-4 April 1962) Germany insisted on achieving an agreement on association with Turkey as soon as possible, especially on financial support and the commercial measures which dominated the discussion and blocked the development, due mainly to the negative attitude of France and Italy (Council of European Economic Community, 1962a, 1962c, 1962d). Germany stressed the fundamental political and security importance of Turkey for Europe and political and economic difficulties of the country. As an ally of the Community Member States in NATO, Turkey was important in the defence of Europe, and was maintaining the significant cost of its security commitments despite its difficult financial position. An association between the Community and Turkey would help Turkey not only to solve its economic problems, but also to recover its normal political situation. Consequently, the Council needed to achieve an agreement on commercial and financial fields so the Commission could start the negotiations with Turkey. The Netherlands, Belgium and Luxembourg were ready to solve the problems. France accepted tariff quotas for hazelnuts, raisins and dried figs, but not for tobacco. Italy was ready only for hazelnuts and raisins but not for dried figs and tobacco. A German compromise proposal was not accepted. The Commission considered the outcomes, especially the content of preparatory stage (the tariff quotas and the financial support to Turkey) not sufficient to start the negotiations. The Commission again demanded, with the support of Germany, freedom of action in the next discussion with Turkey (Council of European Economic Community, 1962a).

#### **8.2.2.4 Mandates and negotiations**

The Council achieved an accord between the Community and Turkey on some parts of the draft agreement at its meeting on 23-28 July 1962 (Council of European Economic Community, 1962e). This accord was based on COREPER's proposals, which in turn were founded on the Commission's report on the talks with Turkey (COREPER, 1962e). The accord concerned the name, the legal basis, the duration, the institutions and the goal of agreement. According to this accord, the agreement with Turkey would be an association agreement based on Article 238 of the Treaty of Rome. The institutions of the association would be the same as the institutions of association with Greece (association council). The duration of the agreement would be unlimited, deviating from the former standpoint. The aim of the agreement was to create an enduring relationship between the Community and Turkey by improving commercial and economic relations. This would contribute to the stable development of Turkey and more closely involve it in European cooperation.

Since COREPER could not agree on the question of whether the customs union should be a formal goal of the intended association agreement (legal obligations for the Community), it was decided by the Council in the end. From June 1962 Turkey went back to its initial position, namely an association with a preparatory stage and a longer transition period to a customs union (22 years) as a formal goal. Germany, Belgium and the Commission agreed with Turkey, but France found it unrealistic and problematic. COREPER proposed four options (COREPER, 1962e: 6-13), which were put forward by the president of the Council at the Council meeting (Council of European Economic Community, 1962e: 89-93). First, the customs union would be the purpose of the agreement and would be established according to a fixed scheme if Turkey met certain conditions after the end of preparatory stage. Germany and the Netherlands chose this option. Second, the customs union would be the purpose of the agreement, but the realization scheme would be drawn later. Italy, Belgium and the Commission preferred this option. Third, the customs union would not be the formal purpose of the agreement but considered as an instrument that could be used if the conditions suitable. At the end of the preparatory stage, they could decide either to extend the preparatory stage or to transition to the customs union or free trade zone. Fourth, after the preparatory stage the Association Council would examine the possibilities of customs union, free trade zone or extending the regime of preparatory stage. All options would have commercial and financial parts. Germany and the Netherlands were ready to accept a compromise between the first and the second option. France found a compromise solution acceptable. The President requested that the Council take the second option as a basis (customs union as a purpose of agreement). Italy, Germany, Belgium, the Netherlands and Luxembourg agreed that the custom union constituted the agreement's goal. France agreed with it but without juridical obligation, thus somewhat more flexible formulation than the second option. The President concluded that the objective of the agreement was the customs union without juridical obligations in terms of programme and schedule for the establishment of customs union. As regards the transition from the preparatory stage to the customs union, the Council agreed to a compromise solution between the first and the second options, as suggested by Germany. According to this, the transition would take place if possible at the end of preparatory stage (Council of European Economic Community, 1962e: 93-101). The Member States agreed that association with Turkey would include a commercial and financial part, but disagreed on how to achieve this (discriminatory or non-discriminatory). There was also no agreement on the duration of the preparatory stage (5 or 7 years). The Member States agreed to coordinate financial help for Turkey in the Community and within the Organization for Economic Cooperation and Development (OECD) as suggested by COREPER (1962f) (Council of European Economic Community, 1962e: 113-118).

As a consequence of this accord, the Council agreed to give the Commission a mandate, at its meeting on 23-24 July 1962, in order to restart the negotiations with Turkey on the basis of the following guidelines (Council of European Economic Community, 1962b). The association agreement would be based on Article 238 of the Treaty of Rome with an unlimited duration. Its goal was to create a closer relationship between the Community and Turkey. To this end, it aimed to establish a customs union and had a preparatory phase. As a result, the negotiations between the Commission and Turkish delegations resumed on 8-12 October in Brussels.

This mandate (the guideline for negotiations) was developed further, on the basis of the Commission's report on the negotiations with Turkey and COREPER's proposals, and agreed by the Council at its meeting on 3 and 4 December 1962 (Council of European Economic Community, 1963b; see for COREPER, 1962h; see for a brief summary of Commission's report, COREPER, 1962g). According to this, the customs union would be the goal of the association agreement, which contained three phases, namely the preparatory stage aiming to prepare Turkey for the association, the transition phase in which the customs union would gradually be established, and the final stage based on the customs union. In the preparatory stage, the Community would offer commercial and financial support to Turkey. At the end of the preparatory stage, lasting 6/6,5 years, the transition to the customs union would take place if it seemed to be possible on the basis of the investigation of the Association Council. If not, the preparatory stage would be extended (four years). The commercial support included tariff quotas calculated on the basis of Member States' average imports from Turkey in the years 1958, 1959, 1960 (Council of European Economic Community, 1963a). On the basis of the COREPER report, the Council also agreed on the general guideline of financial support to Turkey at its meeting on 17-19 December 1962. According to this agreement, the financial support would last for a period of five years and be administered by EIB (Council of European Economic Community, 1963c; COREPER, 1962i).

After a new round of negotiations between the Commission and Turkey between 14-18 January 1963, the Council achieved an agreement on a new mandate (concept association agreement) at its meeting on 25-26 February 1963 (Council of European Economic Community, 1963e). The agreement was based on the draft mandate drawn up by COREPER (COREPER, 1963a). This was a very detailed mandate, which looked like the association agreement. COREPER's text was based on the report of the Commission about the negotiations with Turkey. Since the Member States achieved an agreement on most of the issues in COREPER, the Council approved the mandate after a short debate, which served as directives for further negotiations with Turkey (Council of European Economic Community, 1963d: 29). This new mandate improved the former one. The objective and the general framework remained the same. What had changed was that now the preparatory phase would take five years, instead of 6 and 6,5 years. The duration of transition period would be determined in accordance with Article XXIV of GATT, 12 years. The rules of transition period would be determined in an 'additional protocol' before the beginning of transition. The definition of the customs union was borrowed from the GATT (Article XXIV/8a). As far as the commercial measures concerned, there was almost an agreement on tobacco and raisins: discriminatory tariff quotas that would be national and calculated on the basis of the average Turkish exports to the Community in the years 1958, 1959, and 1960. However, France had still objections against each discriminatory measure. Italy had fundamental reservations about hazelnuts and dried figs. The financial aspect of the preparatory stage still needed further investigations.

#### **8.2.2.5 Final stage of negotiations and the agreement**

The Commission's delegation continued the negotiations with the Turkish delegation between 12 and 15 March 1963, and reported to the Council about the outcomes (=draft agreement) (European Commission, 1963a). They achieved an agreement on the draft agreement, especially



on the general framework, the structure and permanent provisions. Disagreement still existed on the provisional protocol, especially on the number of products enjoying discriminatory measures (Turkey insisted on ten products, the Community insisted on five) (European Commission, 1963c). Another disagreement was the form and the size/extent of discriminatory measures. Turkey wanted minimum and maximum quantities for each product, where the minimum would be calculated on the basis of average Turkish exports to the Community in the years of 1960, 1961, 1962 instead of 1958, 1959, 1960 as suggested by the Community

The Commission submitted its proposals to the Council for the remaining disagreements between the Community and Turkey (European Commission, 1963b). The Commission suggested that the number of products enjoying tariff quotas should be limited to four (instead of ten as desired by Turkey), namely tobacco, raisins, hazelnuts and dried figs, because, among other things, the benefits for Turkey would be very limited. Discriminatory measures would apply to tobacco and raisins, and non-discriminatory measures would be sufficient for hazelnuts and dried figs. These measures should take the form of tariff quotas calculated per each Member States.

The remaining problems concerning the commercial measures and the financial support could not be resolved in COREPER and in the Council of Ministers (finance) respectively, and therefore could only be solved by the Council through a package deal (COREPER, 1963b). The Council of Ministers (finance) agreed that the financial support would be given via a special department of EIB, which might provide loans against favourable conditions financed by budgetary instruments (Council of European Economic Community, 1963f). However, the Member States could not agree on the amount and the criteria of how to share the financial burden. In the following meetings the Council could not agree on the financial issue because Germany found 150 million dollars, suggested by France and considered by ministers, not enough in a period of five years (Council of European Economic Community, 1963f).

At its meeting on 8-10 May 1963, the Council discussed the remaining questions and approved (with small changes) the draft agreement on the association agreement, including framework (goal and nature) and provisional protocol (the commercial measures and financial support), as achieved by COREPER (Council of European Economic Community, 1963g; COREPER, 1963c). The framework remained almost the same. The most important change was the procedure for switching to the transition stage. Four years after the association agreement came into effect, the Association Council would decide issues concerning conditions, modalities and the tempo of the transition phase in an additional protocol (COREPER, 1963d: 12). As far as the commercial measures were concerned, after the provisional protocol came into effect the Member States would open tariff quotas in favour of Turkey for the following products (Council of European Economic Community, 1963g; COREPER, 1963d). Tobacco 12.500 ton, raisins 30.000 ton, Hazelnuts 17.000 ton and dried figs 13.000 ton.<sup>2</sup> The Council also agreed to lend 175 million 'units of account' financial support to Turkey over a period of five years (Council of European Economic Community, 1963g: 67-74). At the former meeting, four countries (France, Belgium, Italy and Luxembourg) had already agreed to 150 million units of account, but Germany found it insufficient and suggested 200 million because of the economic need, the population and the political importance of Turkey. France found these arguments sufficient to agree with 175 million. Italy wanted to contribute to a solution and was ready to accept 175 million, followed by Belgium. At the end all Member States agreed with 175 million dollars with the following share: Germany 1/3 (58,5 million dollar), France 1/3 (58,5 million dollars), Italy and Benelux 1/3 (58 million dollars: Italy 32 million dollars, Belgium 13, the Netherlands 12,7 and Luxembourg, 0,3)

In the following months the negotiations with Turkey continued and some open questions were tackled concerning the commercial measures, the financial support and legal

formulations of the articles of the agreement. The Council also approved the principles of financial protocol that was to be suggested to Turkey (Council of European Economic Community, 1963h). This financial protocol was prepared by the ‘Group Financial Issues’, upon which COREPER achieved agreement (Group Financial Issues, 1963a, 1963b; COREPER, 1963e). According to the principles, the Turkish State and companies might submit proposals for the financing of investing projects, which would contribute to increasing the productivity of the Turkish economy and to the achievement of the association agreement’s objectives within the framework of the Turkish development plan. The proposals would be financed by loans provided through the European Investment Bank, contracted to total 175 million units of account (dollars) over a period of five years following the entry into force of the agreement.

The EEC and Turkey initialled the association agreement on 25 June 1963 in Brussels and signed on 12 September 1963 in Ankara. It came into force on 5 January 1964.

### **8.2.3 Influence of actors on the Association Agreement**

This section focuses on the influence of the central actors on two aspects of the Association Agreement. The first is the aim and the nature/framework of the Association Agreement (the three stages mentioned above), and the second is the preparatory stage of the Association Agreement with the provisional and the financial protocols.

#### **8.2.3.1 Influence of actors on the goal and framework of the agreement**

If we now assess the influence of the central actors on the outcomes of the decision-making process about the goal and the framework/nature of the association agreement on the basis of the criteria goal achievement, time-lag, access and influence attempt, we can conclude that the Member States exerted very much influence, the Commission wielded some influence, the European Parliament and the interest groups had no influence.

The Member States exercised very much influence on the goal and the framework of the association agreement, because they determined the objective and the nature of the association agreement. The outcome was a compromise between different Member States’ positions. On one side Germany strongly favoured the association with Turkey based on the customs union established according to a fixed plan and preceded by a preparatory stage. On the other side France, and to a lesser extent Italy, preferred a specific agreement without a framework but with commercial, technical and financial measures/components, instead of an association agreement based on the customs union. Between these two positions, Belgium, the Netherlands and Luxembourg preferred an association based on the customs union with a preparatory stage. However, the transition from the preparatory stage to the customs union would not be automatic, it had to depend on certain conditions. When Germany, Belgium, the Netherlands and Luxembourg agreed on the framework agreement based on the customs union and Italy followed these countries, France agreed to it but without juridical obligations in terms of the programme and schedule for the establishment of the customs union. The transition from the preparatory stage to the customs union would take place if possible at the end of the preparatory stage.

The Commission exercised some influence on decision-making about the goal and the nature of the association agreement, despite the fact that the Commission favoured an association agreement based on the customs union (goal achievement), prepared and submitted initial proposals (shorter time lag and influence attempt), participated in decision-making (frequency access and influence attempt) and negotiated with Turkey on behalf of the Community. The Commission’s initial proposals were based on the political reality, i.e. on the preferences of the Member States and Turkey (anticipation). The Member States further developed these proposals in the intergovernmental bodies, like specialized committees (the

Committee Association with Third Countries, the Financial Committee), COREPER, the Council of Ministers, and the final decisions were made by the European Council. The Commission negotiated with Turkey on behalf of the Community, where the Member States were present as observers, but on the basis of the mandates given by the European Council which set out the parameters of negotiations. After each negotiation round the Commission reported to the Council who discussed the report and accordingly gave the Commission a new mandate for the next negotiations (mandate → negotiations → report → second mandate → negotiations → report → third mandate and so on). It is important to remember that the Council instructed the Commission not only on the content of negotiations, but also the strategy and tactics of negotiations, as well the steps it should take in different cases (For example: The Commission should not take initiative to put something forward, if Turkey did it then the Commission should react in a given way, if this did not work, it should refer to COREPER). Nevertheless, the Commission suggested compromise proposals to bring the different positions of the Member States together, which served as a working basis for a compromise. Here lay the important part of the Commission's influence.

The EP wielded no influence on the association agreement. Despite the request of the EP to be consulted before and not after the signing of the association agreement (European Commission, 1963d: 53), the EP was consulted just after the signing of the association agreement. In its resolution of 28 November 1963, the EP therefore admitted that it had not been able to exert any influence on the results of the negotiations. The EP declared it was not prepared to accept the same procedure in the next case (European Parliament, 1963).

On the basis of the information available I could not identify the involvement of the interest groups in the decision-making. It seems they were not present in the decision-making process. Accordingly, there is no evidence that the interest groups exerted any influence on the nature of the association agreement.

### **8.2.3.2 Influence of actors on the preparatory stage: the provisional and financial protocols**

#### *The provisional protocol: commercial measures*

The Member States wielded very much influence on the decisions about the commercial measures, as they determined the content and the extent of the commercial measures. Commercially, the Member States would open fixed annual tariff quotas at preferential duty rates for Turkey's main export products like tobacco, raisins, dried figs and hazelnuts. The outcome was a compromise between different positions: on one side Turkey preferred the discriminatory measures for ten important Turkish export products; Germany, Benelux and the Commission favoured discriminatory measures for only four products. On the other side France and Italy were reluctant to apply discriminatory measures, such as discriminatory tariff quotas for Turkey's important export products like tobacco, raisins, dried figs and hazelnuts, because these Turkish products would be in competition with their products. Accordingly, France and Italy preferred a non-discriminatory solution for these products. Therefore the commercial measures became one of the most controversial issues to be tackled. Germany asked France and Italy to cooperate for a compromise. The problems of commercial measures (the number and the amount of products for tariff quotas) were solved by the initiative of Germany through a package deal, where Germany took a bigger part for the important products, France and Italy a lesser amount.

The Commission exerted slight to some influence on the commercial component as the Commission participated in the decision-making (shorter time-lag, access and influence attempt), negotiated with Turkey on behalf of the Community (but on the basis of rigid mandates given by the Member States), stressed that the commercial measures should be substantial for Turkey and insisted on discriminatory measures for four products (goal

achievement). However, the Commission had no influence on the quantities of products for tariff quotas and on dividing them between the Member States. The EP had no influence, since the EP was not present in the decision-making, formulated no preferences and had no access to the decision-makers.

Interest groups were not present in the decision-making process at the Community level. However, it is plausible to assume that the objections by France and Italy against the discriminatory commercial measures (for tobacco, dried figs, raisins and hazelnuts) might have been motivated by the interest of national interest groups (anticipation by States).

### *The financial protocol*

The Member States wielded total influence on the financial protocol, as they determined almost every aspect of the protocol. The financial issues were discussed and the proposals were developed by the intergovernmental committees, such as the Committee for Financial Issues, the Committee Association with Third Countries, the EIB, COREPER, the Council of Ministers (finance) and the European Council. The technical details of the proposals were prepared at the Committees, and some parts of the agreement were reached at COREPER and the Council of Ministers (finance) but the European Council made the principal choices and the final choices. The Member States first achieved a principal agreement on the need of financial support to Turkey in the preparatory stage, but it was necessary to examine to what extent and how. The Council agreed first on the general guideline, following the agreement at the Council of Ministers (finance) and the report of COREPER. According to this agreement, the financial support in terms of loans would last for a period of five years and be administered by the EIB under favourable conditions for financing investment projects in Turkey within the framework of the association agreement. The European Council then reached an agreement on the total amount of the financial support (175 million dollar account of unity) and the share of each Member State: Germany 1/3 (58,5 million dollars), France 1/3 (58,5 million dollars), Italy and Benelux 1/3 (Italy 32, Belgium 13, the Netherlands 12,7, Luxembourg 0,3 million dollars).

The other actors did not exercise any influence on the financial protocol. Despite the fact that the Commission negotiated with Turkey, it had no influence on the financial protocol, because the Member States determined not only the content of the mandates but also the strategy, the tactic and the steps of the negotiations. The EP and interest groups did not seem to be present in the decision-making process in terms of their preferences, access and influence attempt and therefore had no influence on the financial protocol.

## **8.3 The CUSTOMS UNION 1995**

### **8.3.1 Introduction**

In conformance with the association agreement, the Community and Turkey signed the Additional Protocol and the Financial Protocol on 23 November 1970 in Brussels to ensure the progressive establishment of the customs union between them. These two Protocols entered into force on 1 January 1973. On the 6 March 1995, Turkey and the EU agreed on the completion of the customs union by January 1996. This was 32 years after signing the association agreement (1963) and 25 years after signing the additional protocol, which designed the conditions, the modalities and the timetables for implementing the transitional stage to the customs union that was predicted to be achieved in 12-22 years.<sup>3</sup>

Although this sequence implies that the customs union was a result of a purely contractual obligation, it was not. Both parties viewed the customs union in a changing international context and the political reality in Europe. Technically the customs union is particularly concerned with the free movement of goods, commercial policy (elimination of

resting customs duties and quantitative restrictions especially by Turkey, Turkey's adoption of the common external tariff and the Union's commercial policy) and the approximation of legislation (particularly in the areas of competition rules and the protection of intellectual, industrial and commercial property). The technical aspects of the customs union were prepared on the basis of the additional protocol signed in 1970 and further worked out during the negotiations, but caused no serious problems. It was the political decision to complete the customs union that produced tensions between different actors, which is therefore the subject of this section.

### **8.3.2 Development of the decision-making process on the customs union**

#### **8.3.2.1 The customs union again**

The transitional stage to the customs union has suffered considerable delays, in particular following the suspension of the trade liberalization schedule by Turkey in 1977, and because the ties of association were suspended by the EU due to the military coup d'état on 12 September 1980 in Turkey. According to the additional protocol, the EU abolished all tariffs imposed on Turkish exports of industrial goods in 1973. On the other hand, Turkey was to reduce the tariffs imposed on the industrial goods originating in the EU to zero over a 12 year period for some products and a 22 year period for others. Turkey was also to align its customs tariffs towards third countries with the Common Customs Tariff (CCT) of the EU. As a result of economic crisis and political instability, Turkey could not fulfil its obligations as to the tariff reductions. Since the EU acted protectively in response to Turkey's request to make concessions for some products, Turkey suspended the schedule for trade liberalization by ceasing the adaptation of its tax and duty system to the EEC system in 1977. Perhaps the most important factor was the refusal of the Member States to introduce the free movement of Turkish workers in the Community.

Meanwhile, Turkey applied for EU membership on 14 April 1987. Two and half years after the Turkish application for EU membership and the collapse of the communist regimes in Eastern Europe, the Commission adapted its opinion on Turkey's application on 17 December 1989, in accordance with Article 237 of the Treaty, as it was asked by the General Affairs Council on 27 April 1987 (European Commission, 1989b, 1989a). This opinion was also based on many talks between the Commission and the Turkish government, which expected only a 'decision in principle' recognizing Turkey's eligibility for EU membership as a starting point for the reactivation and development of the relationship towards accession (Agence Europe, 1989: 8). The European Commission concluded that it would be inappropriate for the Community to start negotiations in this stage with any applicant countries until after the completion of the Single Market in 1993. As far as Turkey was concerned, it would 'constitute a major institutional, political and financial burden to the Community'. It would hinder the Community's further development towards an internal market and an economic and political union.

Furthermore, the Commission identified certain specific problems with regard to Turkey. Firstly, since Turkey's socio-economic position was weak, it would find it hard to cope with the adjustment constraints to the Community, accompanied with high costs for the Community (structural funds and labour migration). Secondly, there were political challenges. Although Turkey was a parliamentary democracy, there were problems with respect to the expansion of political pluralism, human rights, and the rights of minorities. Furthermore, the persistence of disputes with a Member State (Greece) and the lack of a solution to the Cyprus problem formed obstacles for Turkey's entry.

Nevertheless, the Community had fundamental interests in intensifying its relations with Turkey within the framework of the association agreement, because Turkey was a large

expanding country, an important Atlantic alliance and had a strategically important geopolitical position. Accordingly, ‘without casting doubt on Turkey’s eligibility for membership of the Community’, the Commission proposed a set of measures aimed at the increasing interdependence and integration between the partners. These measures would focus on the completion of a customs union, the resumption and intensification of financial cooperation, the promotion of industrial and technological cooperation and the strengthening of political and cultural links (European Commission, 1989b: 8). The Council of Ministers approved the conclusions of the avis of the Commission on 5 February 1990 at its 1384<sup>th</sup> meeting, in expectation of Commission’s appropriate concrete proposals with a view to strengthening cooperation with Turkey (Council of Ministers, 1990; European Commission, 1990a).

In June 1990 the Commission proposed the establishment of the customs union between the EEC and Turkey as part of a comprehensive package of measures in order to intensify the relations between the Community and Turkey (adopted on 6 June) (European Commission, 1990b; see also Agence Europe, 1990: 5). The so-called ‘Matutes-package’ contained four fields of revival. First, in order to strengthen EEC-Turkey relations, the Commission suggested establishing a customs union for industrial products by the end of 1995. Second, the document argued for increased and broader economic cooperation between Turkey and the Community in various sectors including industry, agriculture, financial services, transport, energy, the environment, science and technology, etc. Third, resumption of financial cooperation which had been blocked since 1981. Finally, the Commission also advocated the promotion of political cooperation. The Commission considered these measures interdependent and representative of the whole.

The Turkish authorities were willing to accept the challenge of the customs union in the context of ‘mutual comprehension and real cooperation’, despite the contradiction they observed between the Commission’s opinion about Turkey’s admission (Turkey’s economy was not ready) and its proposal for the customs union (free movements of goods without the aids, guarantees and advantages)<sup>4</sup> (Agence Europe, 1990: 5-6). Turkey already decided, in January 1988, to resume tariff dismantling/cuts for industrial products imported from the Community included on the 12 year and 22 year lists on the basis of the schedule agreed in the association agreement (European Parliament, 1989).

### **8.3.2.2 Context, interests, motivations**

The anchoring of Turkey in Europe via the customs union was situated in a new international context determined by the dissolution of the Soviet Union and the emergence of new independent republics in Central Asia, conflicts in the Caucasus, the Balkans and the Middle East, as well as by the perspectives of peace in these areas. European policy makers continuously stressed the strategic importance of Turkey for stability, security and peace in and around the Europe in the new international context (Council Presidency, 1992: 5-7, 1993: 5-7).

The Community concluded that the collapse of the Soviet empire, the end of the Cold War and the continuing conflicts in the Middle East, the Balkans and the Caucasus had considerably increased Turkey’s importance as a factor for stability in this region, as well as the common interest the Community and Turkey had in intensifying their relations. ‘At the crossroads of the Caucasus, the Balkans, and the Middle East, and at the door of Central Asia, it holds a strategic position which gives it a role of major importance, on the one hand as a pole of stability in this particularly troubled region and, on the other, as a moderating element in the many regional conflicts at its doorstep (...). The collapse of the Communist world in 1989 only reinforced the interest of this country’s strategic position which remains the outpost of European security, in a period when one cannot yet clearly make out the respective destiny of liberty and extremism, of order or decomposition’ (Council Presidency, 1995a: 2-3). Turkey was exercising a positive moderating influence both on conflicts (Nagorno-Karabakh, Bosnia,

Palestine) and on the transition process in the Central Asian republics. For these countries, Turkey offers a much more attractive model than its neighbours, Iran and Iraq. The historic and cultural ties, which bind Turkey's people with the Central Asian nations, make it uniquely well-placed to help them move towards pluralist democracy and the market economy. Turkey's role in NATO also remains at least as important as it was during the Cold War. As a member of NATO and as an association member of West European Union (WEU), Turkey is an important and faithful partner of the European security system, protecting Europe's southern and south-eastern flanks and contributing to stability in Europe (Council Presidency, 1995a). According to EP's rapporteur on Turkey, Mr. Moya, 'it is impossible to imagine a European security without Turkey' (Agence Europe, 1992: 6). It represents a force for moderation in the Islamic Conference. The Lisbon European Council (June 1992) recognized the importance of Turkey's role and therefore decided to develop a relationship with Turkey which 'reflects this and build Turkey into our thinking about the construction of Europe' (Council Presidency, 1992: 5). The Community should do everything to anchor Turkey in the future structure of Europe (European Commission, 1992: 17).

Economically, Turkey was considered, with a population of nearly 60 million and a fast-growing economy, the Community's brightest market and partner in the Mediterranean/Middle East region (European Commission, 1993). There would appear to be golden opportunities for European firms in varying sectors, including car, vehicles, agrifoods, chemicals and distributive networks. The level of trade between the EU and Turkey represented around ECU 20 billion a year. The Community already ran a large (ECU 2 million) trade surplus with Turkey, and could surely better this when Turkey dismantled its considerable remaining tariff protection and altered its law and practices to match European and international standards on technical barriers to trade, protection of intellectual property rights, competition etc. Furthermore, according to Hans van der Broek, the Commissioner responsible for enlargement, Turkey's strategic trading position, close to Eastern European markets, the Middle East, the Caucasus and Central Asia and the abundance of its natural resources were other economic benefits for the Union (Agence Europe, 1995a: 10). Quite apart from the commercial self-interests, the Community had a great deal to gain by helping Turkey, via the customs union, to consolidate its progress towards economic liberalization and modernization, thus aiding this important partner to become a regional pillar of economic growth and political stability (European Commission, 1993: 3-4). Turkey appeared as a driving element in regional economic construction between Black Sea countries, Mediterranean countries and Islamic countries (Council Presidency, 1995a).

Not only EU policy makers but also the Turkish authorities put the customs union in this changing international context and stressed the importance of cooperation between the EU and Turkey for stability, security and peace in and around the Europe. As one of the key players in the defence of Europe, Turkey had been contributing to the efforts of international community to create zones of peace, stability and prosperity in and beyond Western Europe (Turkish Government, 1995, 1993). The customs union would contribute to the consolidation of these common values. At a time when the various regions around Turkey were faced with the rebirth of ultra-nationalism and religious intolerance, solidarity between Turkey and its Western partners became much more important. 'We have a common interest in preserving and in some cases restoring peace and stability in areas of turmoil' (Turkish Government, 1995: 18). 'Turkey's location and role in this region call for Community support and its integration to the EC would enable the Community to benefit from Turkey's proximity and benevolent influence over the Middle East, the Balkans and the newly emerging Republics of the Soviet Union' (Turkish Government, 1991: 8). It enabled the Community to 'acquire a new depth and dimension' (Turkish Government, 1993: 14).

Turkey considered the customs union as one of the main instruments of its economic and political modernization. Economically, Turkey's development policies were based on trade

liberalization. The customs union would increase trade flows between the EU and Turkey, offer opportunities for both parties to access to each others' market for export products (Turkish Government, 1994, 1995). Domestically, the prospect of a customs union would continue to enable Turkey to resist protectionist pressures and make faster progress with the modernization of its economy.

Politically, Turkey regarded the customs union neither as an end itself, nor as a substitute for full membership of the EU, but as a 'stepping-stone' towards full membership of the Community. The completion of customs union would lead to a greater degree of integration between Turkey and the EU, moving towards full integration with the EU. 'The Customs Union should and will serve as a stepping-stone to the realization of the final objective of the Association which remains my government's long-standing goal' (Turkish Government, 1994: 28; see also, 1995: 18-19).

### **8.3.2.3 Negotiations: technical agreement, but political disagreement and package deal**

The Community and Turkey negotiated the establishment of the customs union in the Association Council, the institutional body of the association agreement where all Member States of the Community, the Commission and Turkey are represented. The 33<sup>rd</sup> Association Council (9 November 1992) discussed the report on the completion of the customs union presented by the Association Committee acting on the instructions of the 32<sup>nd</sup> Association Council (30 September 1991), which was the first meeting at ministerial level since 1986 (Association Council, 1993, 1992; Association Committee, 1992). The Community and Turkey decided to launch expert-level talks to achieve the customs union. Turkey demanded the resumption of financial cooperation/protocol, which was being blocked by Greece, because of the growing imbalance in mutual trade between Turkish exports to the Community (6,2 billion ECU in 1991) and the Community exports to Turkey (8,2 billion ECU).

In addition, both parties agreed to establish intensive institutionalized political dialogue on the highest level, conform to the instructions of the European Council in Lisbon (26-27 June 1992). The President of the Community remembered that 'the Lisbon European Council underlined that, in the current political situation in Europe, Turkey's role was of the greatest importance. It is in the interests of the Community and its Member States to develop a relationship with Turkey which reflects this and build Turkey into our thinking about the construction of Europe. Such considerations lay behind the view of our Heads of State and Government that there is every reason to intensify co-operation and to develop relations with Turkey in accordance with the perspective defined in the 1964 Association Agreement, notably by a political dialogue at the highest level. The Community approaches today's meeting in that spirit' (Council Presidency, 1992: 5; see also European Council, 1992: 10).<sup>5</sup> The following European Councils (Copenhagen, June 1993; Essen, December 1994; Corfu, June 1994) repeatedly expressed their determination to strengthen cooperation with Turkey and to set up a customs union with it and instructed the Council and the Commission to work to this end (European Council, 1993: 12, 1994a: 14, 1994b: 14).

Meanwhile, the ESC, in its information report on the European Community's relations with Turkey (30 June 1993), recommended a reinforced cooperation between the Community and Turkey and called for the Community to develop interdependence between the Community and Turkey. Four areas should be given priority: the completion of customs union, closer financial cooperation, promotion of industrial and technological cooperation and the strengthening of political and cultural links (ESC, 1993a). In its own-initiative opinion on relations between the EU and Turkey, adopted on 22 December 1993, the ESC reiterated the 'need for a fundamental qualitative leap forward' in EU-Turkey relations and to attain a customs union (ESC, 1993b). According to the ESC, Turkey constituted an essential link between Europe, the Central Asia, the Caucasus and the Middle East from a number of points of view



(economic, political, cultural and strategic). Therefore, ESC reminded the Community of the need to establish a customs union between the Community and Turkey, with all the necessary back-up measures.

The 34<sup>th</sup> Association Council meeting, held in Brussels on 8 November 1993, approved the work programme on the customs union developed by the Association Committee (Steering Committee) and invited the latter to keep it regularly informed of the progress of work (Association Council, 1994). The work programme, a list of topics to be discussed and resolved in order to meet the 1995 deadline, covered, among other subjects: free circulation of goods between the EC and Turkey and the commercial regime applied to trade in industrial products, agricultural products, common trade policy, customs cooperation, services, approximation of trade related legislation, institutional provisions, financial issues and investment promotion (see also work programme of the Steering Committee on the customs union, Association Council, 1994).

To complete the customs union, Turkey would have to dismantle all its remaining tariff and non-tariff protection against Community imports and to adopt both the Common Customs Tariff and legislation along Community lines in various areas relevant to the efficient operation of the customs union. Therefore, Turkey took some necessary measures in early 1993. These were: 'further elimination of customs duties in respect of the EC in pursuit of an 80% and 70% reduction (12 year and 22 year lists respectively); further alignment on the Common Customs Tariff, with the aim of 60% and 50% alignment (12 year and 22 year lists respectively); new import arrangements (the 'unified charge' system) with preferential treatment for EC products' (Association Committee of 16 April 1993, in: ESC, 1993b). Correspondingly, the Community, which had already fulfilled most of its own obligations (zero duty on industrial products, no quantitative restrictions except on textiles, and no rules of origin applied), would have to reconsider the voluntary restraint agreements, which restricted access to the Community market for certain categories of products from Turkey.

While the technical aspects of the customs unions (the rules of the customs union) between the Community and Turkey were nearly settled towards the end of 1994, they were not able to achieve the customs union because Greece began to express reservations on the customs union due to the Cyprus issue (Agence Europe, 1994: 6). At the 35<sup>th</sup> Association Council meeting on 19 December 1994 it was observed that the most of the negotiating points on the customs union had been settled. Turkey would agree to adopt both the 'acquis communautaire' in this area and Community rules on competition, intellectual property, trade and the system of generalized preferences, particularly for textiles. However, the Association Council was unable to finalize the customs union because of Greece, who wanted parallel development between the customs union and Cyprus' accession to the Community (Association Council, 1995a).

Greece rejected the draft Community proposal for the completion of the customs union that would be submitted to Turkey. Greece claimed it did not oppose the idea of a customs union and did not to reject the programme itself. 'On the contrary, it believes that such a relationship could be of mutual benefit' (Greece Government, 1994: 25). However, Greece underlined the fact that the customs union with Turkey had a considerable political dimension and therefore called for series of political preconditions and requirements that Turkey should meet with regards to democracy, human rights, Cyprus questions and Turkey's bilateral relations with Greece. Greece maintained that there was a link between the completion of customs union with Turkey and the evolution of the problems of Cyprus and Cyprus' accession to the Community. 'We would therefore like to see some movement, some progress on the Cyprus question before agreeing on the customs union' (Greece Government, 1994: 25).

After many contacts and negotiations between the Council Presidency and the Greek Government, they developed a political solution linking the customs union with Turkey to the establishment of a timetable for accession negotiations with Cyprus, as demanded by Greece.

As a result of this the Commission suggested EU commitment to open accession negotiations with Cyprus six months after the end of the 1996 IGC, if Greece would accept the customs union with Turkey (Agence Europe, 1995b: 8). Although some Member States underlined that opening negotiations with Cyprus should be decided in the light of the existing situation between the two communities on the island, the Council reached an agreement on the general political framework for the development of the EU's future relations with Turkey and Cyprus (Agence Europe, 1995c: 6). It consisted of the customs union with Turkey and starting membership negotiations with Cyprus after the 1996 IGC according to the 'terms currently being discussed.'

However, this formulation was not enough for Greece. It maintained its veto on the customs union with Turkey, demanding a specific date for the opening of accession negotiations with Cyprus (Agence Europe, 1995d: 13). The Greece reservations concerned three aspects of the compromise (Agence Europe, 1995e: 5-6). First, the EU had to indicate that negotiations with Cyprus 'will start' (and not 'could start') six months after the conclusion of the 1996 IGC. The second was the undertaking to conduct structured dialogue between Cyprus and the EU with a view to opening membership negotiations. Third, the opening of accession negotiations with Cyprus should in no way be linked to the solution of Cyprus problem. Moreover, as for financial aspects of the customs union programme with Turkey, Greece rejected an EU declaration with commitments in figures (Agence Europe, 1995f: 5). With regard to the question of textiles, Greece was demanding financial compensation –to the order of ECU 400 million- for opening up its markets to Turkish production.

Other Member States responded with 'surprise and displeasure' to the position taken by Greece, saying that they had already 'gone a long way' towards meeting Athens' demands (Agence Europe, 1995e: 5-6). Nevertheless, on the basis of the bilateral talks and COREPER work, a draft revised compromise was developed that met Greece's demands (Agence Europe, 1995h: 4-5). It provided for opening accession talks with Cyprus, structured dialogue with Cyprus before talks open, financial assistance to Turkey and examining solutions for the Greek textile industry. However, COREPER was not able to settle the Turkey-Cyprus package, because of the reservation (Belgium and the Netherlands in particular) concerning structured political dialogue with Cyprus, and the reservation (mainly Spain and Germany) about granting compensation to the Greek textile sector (due to the impact that the customs union with Turkey would have on their textile sector) (Agence Europe, 1995i: 6)

Two days before the EU-Turkey Association Council on 6 March 1995, the Member States achieved an agreement on the programme to be submitted to Turkey, including the customs union, the timetable for the opening of accession negotiations with Cyprus, the issue of textile products and financial cooperation (Agence Europe, 1995j: 4; European Commission, 1995a :71). This revised compromises between Greece and other Member States concerned the following points: First, a specific reference that the negotiations with Cyprus 'will begin' (instead of 'could begin') six months after the conclusion of the 1996 Intergovernmental Conference. Second, the implementation of a structured dialogue between Cyprus and the European Union. This was to be done with a view to opening membership negotiations on the basis of a Commission proposal six months after the conclusion of the 1996 Intergovernmental Conference. Third, the EU would undertake an examination of the consequences of the customs union for the Greek textile industry. Finally, the EU would adopt a declaration on financial cooperation stating its willingness to resume financial cooperation with Turkey, where Greece accepted that financial cooperation would contain figures (Agence Europe, 1995j: 4; European Commission, 1995a: 73).

At the 36th sitting of the Association Council on Monday 6 March 1995 in Brussels, the EU and Turkey agreed on the completion and full implementation of the customs union by 31 December 1995, with the possibility of postponement until 1 July 1996 if (one of the) parties

did not fulfil the necessary conditions by the end of the year. It would be formalized at a later date once their respective internal procedures had been completed (Association Council, 1995b). Turkey strongly criticized the EU position on Cyprus and announced that it would take 'steps towards achieving a similar integration with the Turkish Republic of Northern Cyprus,' if Cyprus was allowed to join the EU without a solution of its internal problems (Turkish Government, 1995: 21).

#### **8.3.2.4 Human rights in Turkey and the EP's assent**

Another political obstacle for the completion of customs union was the EU's criticism of human rights violations in Turkey, especially as articulated by the EP. Although the EU recognized the fact that Turkey was confronted with real terrorism, the fight against terrorism did not justify violation of human rights.

While the EP has recognized the strategic geopolitical and economic importance of Turkey for the Community in different resolutions, as a bastion of stability in the region and as a bridge between Europe and Asia, and therefore favoured strengthening relations with Turkey through the completion of the customs union, it remained insistent on the progress of human rights in Turkey as a condition for the completion of the customs union (European Parliament, 1992). In its resolution (16 February 1995) on the draft agreement on the conclusion of the customs union, the EP stated that the 'human rights situation in Turkey was too serious to permit a proposed customs union between Turkey and the European Union at the present' (European Parliament, 1995). It therefore appealed to Turkey to undertake a fundamental reform of its constitution in order better to guarantee the protection of democracy and human rights in Turkey.

There were many attempts by the Council and the Commission to convince the EP of the importance of the customs union between the Community and Turkey to induce the EP to give its assent on the customs union. The Council President Alain Lamassoure, for example, explained to the European Parliament, on 14 February 1995, the political, strategic and economic reasons, which in the Council's opinion justified the customs union between the EU and Turkey (Council Presidency, 1995a; see also Agence Europe, 1995g: 2-3). He underlined that the customs union offered the opportunity to make simultaneous progress on the three sensitive issues: human rights in Turkey, strengthening relations with Turkey, and the status of Cyprus. The EU should seize this opportunity, otherwise 'we would have to accept renewed tension rather than calming it.'

At different meetings between the Community and the Turkish authorities (troika visit to Turkey on 23-24 March 1995, the visit of Turkish foreign minister to the Commission on 7 June 1995, and the Association Council meeting on 6 March 1995 in Brussels and on 30 October 1995 in Luxembourg), the EU reminded Turkey that actual implementation of the customs union was subject to Parliament's assent, referring to human rights in Turkey (Council Presidency, 1995b:13; European Commission, 1995a: 73, 1995b: 87). The Turkish Parliament adopted a package of amendments to the constitution of Turkey (13 articles) concerning democratization and human rights in Turkey on 23 June 1995, which was submitted to the Parliament by the Turkey's three main political parties in January 1995 before the agreement on the customs union.

On the eve of the vote in the EP on the customs union, different actors tried to persuade the EP members to vote in favour of the customs union. The Council and the Commission stressed the dangers of rejection. The Council President Carlos Westerndorp told MEPs that the 'customs union would help Turkey follow the road to reform and felt that the effect of rejection would be "easy to imagine": it would be interpreted as "rejection" on the part of Europe whereas this was a "last chance" to affirm Turkey's European identity.' (Agence Europe, 1995n: 7). Commissioner Hans van den Broek underlined that in the case of rejection "we run the risk of

encouraging extremists” (Agence Europe, 1995n: 7). EuroCommerce urged (on 6 December 1995) the EP to give its assent to the customs union with Turkey (Agence Europe, 1995k: 15). EuroCommerce stressed the fact that European companies accounted for two-thirds of foreign investment in Turkey and the customs union would be beneficial to both EU investors and to the democratisation process in Turkey.

The EP gave its assent to the common position of the Community on the implementation of customs union between the EU and Turkey, on 13 December 1995 (European Parliament, 1996). The EP’s assent was expected as the majority of European People’s Party (EPP), Socialists and Liberals favoured the customs union and were widely favourable to voting in favour of customs union at the European Parliament’s Committee on Foreign Affairs on 12 December 1995 (42 in favour, 13 against, 4 abstentions) (Agence Europe, 1995l: 2, 1995m: 3-4). According to Chairman of the Foreign Affairs Committee, Abel Matutas (Spanish EPP), the “yes” was justified “for geo-strategic and commercial reasons, but also for reasons of human rights”, because with a yes vote the EU could have more influence on progress in human rights than with a no vote (Agence Europe, 1995m: 3). Following the European Parliament’s assent, the Association Council, meeting on 22 December 1995, formalized the decision of 6 March 1995 (decision No 1/95) on implementing the final phase of the customs union (Association Council, 1996).

### **8.3.3 Influence of actors on the customs union**

When we assess the influence of actors on the decision about the completion of customs union on the basis of our criteria goal achievement, time-lag, access and influence attempt we can conclude that the Member States wielded much influence, the Commission considerable influence, the EP slight (to some) influence, the ESC slight influence, the ERT, the UNICE and the ETUC no influence.

The Member States exerted much influence on the customs union, because the Member States decided, negotiated and finalized the customs union. They decided to complete the customs union with Turkey not only on the basis of Commission’s proposals but also on the basis of their own considerations. After the collapse of the Soviet Union and the existing conflicts in the Balkans, Caucasus and the Middle East, they acknowledged the new geopolitical value and importance of Turkey for security, stability and peace in the changing international context. They concluded that it was in the interests of the Member States to strengthen the relationship with Turkey by the completion of the customs union among other things. The custom union was motivated not only by economic and commercial interests (‘golden opportunities for European firms’) but also by the geopolitical interests, considering it as a way of anchoring Turkey in Europe for the achievement and preservation of peace, stability and security, after the decision of the EU that Turkey was eligible but not becoming a member of the EU in the foreseeable future. Furthermore, the Member States negotiated and finalized the conditions and terms of the custom union with Turkey in the Association Council. It should be mentioned that Greece had successfully opposed the customs union until achieving its aims, namely starting accession negotiations with Cyprus without conditions.

The Commission exercised considerable influence on the decision about the customs union since the Commission put the customs union back on the political agenda (goal achievement) and participated in the negotiations between the Community and Turkey (access). After giving negative advice about the Turkish application for membership, the Commission concluded that the Community had fundamental interests in intensifying its relations with Turkey within the framework of the association agreement, because Turkey was a large expanding country, an important Atlantic alliance and had a strategically important geopolitical position. Therefore, the Commission suggested the completion of the customs union by the end of 1995. This would be part of a comprehensive package of measures to strengthen EC-Turkey

relations, as provided for by the association agreement and additional protocol. This Commission proposal was approved by the Council and was the starting point of developments towards the completion of customs union. The Commission participated in the negotiations between the Member States and Turkey and had frequent access to all actors involved.

Although the EP preferred the completion of the customs union between the Community and Turkey (goal achievement), the EP exerted only slight influence on the decision about the completion of the customs union, but possibly exerted some influence on the conditions Turkey should meet to formalize the customs union. The EP underlined the importance of Turkey as a bastion of stability in the region and as an economic and political partner for the Community. Therefore, it supported the Commission's proposals for the completion of the custom union (goal achievement). However, by the time the EP formulated its opinion (November 1992) the Member States already intended to complete the customs union with Turkey and negotiations between the EC and Turkey had started. In addition, the EP did not participate in negotiations between the Member States and Turkey and had no opportunity to attempt to influence the beginning and development of the negotiations on the customs union. But at the end of the decision-making process, after the agreement between the Community and Turkey on the completion of the custom union, the EP demanded that Turkey take certain measures with respect to democratization and human rights before it would give its assent to the customs union.

While the ESC favoured the completion of the customs union between the Community and Turkey (goal achievement), it had only slight influence on the decision about the customs union. Pointing out the importance of Turkey from a number of points of view (economic, political, cultural and strategic), as an essential link between Europe, the Central Asia, the Caucasus and the Middle East, the ESC favoured the completion of customs union between the Community and Turkey. However, when the ESC formulated its own opinion (June 1993, December 1993), the Commission had suggested (June 1990) completing the customs union, and the Member States already intended to finalize the customs union and negotiations had been started (time-lag). There was no information available indicating that the ESC was further involved in the decision-making process and attempted to influence it.

The interest groups ERT, UNICE and ETUC do not seem to have been present in the decision-making process with their own preferences, access and influence attempt on the completion of customs union and therefore had no influence on it. The possible explanations for this will be discussed in Section 8.6.

## **8.4 LUXEMBOURG SUMMIT 1997: Eastern enlargement, but a European strategy for Turkey**

### **8.4.1 Introduction: A European strategy for Turkey**

The Luxembourg European Council (on 12-13 December 1997) had decided to launch the overall enlargement process for the accession of all candidate countries, comprising the 10 Central and Eastern European applicant States and Cyprus. However, the Summit did not recognize Turkey as a candidate for accession to the EU, because, according to the Council, 'Turkey did not yet meet the necessary economic and political conditions'. It should be mentioned that other applicant countries did not also meet those conditions, the so-called Copenhagen criteria (European Commission, 1997a: 39-47). At the same time, the Council decided the criteria concerning negotiations and membership as follows: 'Compliance with the Copenhagen political criteria is a prerequisite for the opening of any accession negotiations. Economic criteria and the ability to fulfil the obligations arising from membership have been and must be assessed in a forward-looking, dynamic way' (European Council, 1997: 10). There

was thus no criterion to be a candidate except being a European country as described in the Treaty of Rome.

However, the Council confirmed Turkey's eligibility for EU membership, stating that it would be judged in accordance with the same criteria as the other applicant countries. The Council considered it important to draw up a *European strategy* for preparing Turkey for accession, by strengthening its links with the EU in every sphere. This strategy should consist of development of the possibilities afforded by the association agreement, intensification of the customs union, implementation of the financial cooperation, approximation of laws and adoption of the Union *acquis*, and participation in certain programmes and in certain agencies. The Summit also invited Turkey to participate in the European Conference to develop dialogue and cooperation in areas of common interest (European Council, 1997: 11).

## **8.4.2 Development of decision-making on a 'European strategy for Turkey'**

### **8.4.2.1 Context, interests, motivations**

The disintegration of the Soviet Union and the end of the Cold War at the beginning of 1990s has profoundly changed the existing geopolitical order, marking the end of the old models for the international balance of power. Against this new backdrop, the process of enlargement to include Central and Eastern Europe, Cyprus and Malta was considered as an opportunity for stability, peace and (economic) prosperity (European Commission, 1997a: 13). The accession process (enlargement) would offer candidate countries a perspective of peaceful transformation towards democracy and market economy and increase the chance for stability and peace in Europe. 'We took a decision here today that I would call "monumental", rendering this "peace project" that is European construction "continental"', said European Council President Jean-Claude Juncker in press conference at the end of the European Council (Agence Europe, 1997y: 1). Furthermore, an enlarged Union would promote trade and economic activity and give fresh impetus to the growth and integration of the European economy as a whole. In addition, 'the accession of new Member States would enhance the Unions weight and influence internationally' (European Commission, 1997a; 13).

While enlargement would provide potential benefits like peace and security and economic growth and development throughout Europe, it 'will affect the structure and operation of the EU's decision-making institutions, the Union's budgetary framework, and the design of key policies such as the Common Agricultural Policy (CAP) and Structural Funds. It will also affect the EU's internal political cohesion and balance and its overall identity and sense of purpose' (Baun, 1999: 269). Therefore, enlargement should also take into account the absorption capacity of the Union. It was difficult enough for the EU to accomplish the accession of Central and Eastern European countries and Cyprus.

Turkey, which was larger than of all candidate countries in terms of population, geography and economy, would bring too much cost for the Union. Although after the collapse of Soviet Union the EU recognized the vital geopolitical importance of Turkey for the European security and peace in the emerging new geopolitical order, Turkey had already been anchored in Europe by the customs union and other measures of the Union aimed at the strengthening and deepening of relations with Turkey (see Section 8.3). As the Council President Jacques Poos said 'the EU wants to help "overcome the heritage of a recent Communist past". Turkey... "is moving towards the same goal, accession to the EU, from a totally different situation", as it is linked to the EU by a "customs union that constitutes a different basis for our relations"' (Agence Europe, 1997i: 2).

#### **8.4.2.2 Turkey's disputed candidacy and membership**

In addition, Turkey's candidature has been disputed with regard to religion, history, culture and identity. For some, especially Christen Democrats, but also some Liberals and Social Democrats, Turkey does not belong to Europe because of its religion, culture, history and identity. Others disputed whether Turkey could fulfil, due to its background, the conditions necessary to become a member of the EU. According to Hans van den Broek, Commissioner responsible for enlargement, 'the hard core of the discussion concerned the reluctance of some Member States whether Turkey should be considered belonging to Europe and could unite with the EU with respect to religion and culture (...) there was no clear-cut view on Turkish membership either within and between the Member States or within the Commission' (Van den Broek, 2003).

European Christen Democrats considered Turkish accession at that time unacceptable and favoured a special relation with Turkey. At the restricted Summit of the European People's Party on 4 March 1997 in Val Duchesse, the Heads of Government of several EU countries, including Helmut Kohl, met with other Christian Democrat leaders to discuss Turkey's request for accession to the EU and threats by the Turkish Government to block enlargement of NATO if its application was rejected (Agence Europe, 1997a: 2). The EPP President Wilfried Martens stated that they found Turkey's admission to the European Union 'unacceptable' at the present time, but they wanted 'the closest cooperation possible' with Turkey. According to Spanish Prime Minister, Mr Aznar, there was a consensus that the conditions for accession had not been met and Turkey's intention of blocking NATO enlargement was unacceptable. In a reaction to the EPP, Turkey's Foreign Minister Çiller invited the EU not to create a 'cultural Berlin wall' against her country (Agence Europe, 1997b: 4). Claudia Roth, the President of the Green Group in the EP, accused EU Christian Democrats of 'doublespeak' on the subject of Turkey and for wanting to defend 'Christian' culture above all else (Agence Europe, 1997b: 4). She underlined that religion should not be a barrier to joining the EU.

This discussion caused anxiety in Turkey about the rising religious-cultural wall in Europe against Turkey. This was the reason Turkey continuously demanded equal treatment by the EU, on the basis of the same objective criteria. In his letters, sent on 3 March 1997 to France President Chirac and German Chancellor Kohl, the Turkish President Süleyman Demirel asked to put an end to 'inexplicable discrimination' against Turkey regarding the next enlargement of the Union. He demanded, as an essential position of the Turkish State, the 'equal treatment of Turkey's candidacy, according to the same objective criteria applied to others' (Agence Europe, 1997c: 6). Furthermore, Demirel underlined that Turkey's right to become a member of the European Union was stipulated in the association agreement signed in 1963. He stressed that 'it is extremely wrong to exclude Turkey, the cradle of civilisation, from Europe... which served as an outpost against the menace of communism in the past,... and to prevent Turkey from performing her role as bridge between the West and East' (Agence Europe, 1997d: 5).

#### **8.4.2.3 The EU reconfirming eligibility of Turkey**

At the informal General Council meeting (Gymnich-consultation) in Apeldoorn on 15-16 March 1997, Turkey's European vocation was reiterated (Agence Europe, 1997d: 4-5). Hans van Mierlo, the Dutch Foreign Minister and the President of the Council, put the issue forward. 'I told: As foreign ministers we have two things to take into account: First, we provided them [Turks] a perspective on accession to the EU in 1963. Second, we have the criteria of Copenhagen applying to everyone who has a perspective on accession, so also to Turks. If someone meets the criteria we are going to start accession negotiations' (Van Mierlo, 2003). All the ministers agreed with the statement of van Mierlo, which was, according to him, contrary to the statement of the EPP. As the President of Council Van Mierlo told the press that 'the Ministers had confirmed the prospect of Turkey's accession to the EU contained in the

1963 association agreement. Turkey has... a European vocation, but the Ministers are of view that “quite some time” will still be needed before it can actually join the EU’ (Agence Europe, 1997d: 4). The Council also invited the Commission to prepare proposals to strengthen the relations with Turkey in this perspective.

At the Association Council meeting on 29 April 1997, the EU again confirmed that Turkey was eligible for EU membership, which was welcomed by Turkey (European Commission, 1997b: 84). Stating the EU’s common position, the Council President van Mierlo reaffirmed Turkey’s eligibility for membership of the EU, as evidenced by the 1963 Agreement and the Commission opinion (of 1989) which had been endorsed by the Council. Furthermore, he confirmed that Turkey would be judged on the basis of the same objective standards and criteria as the other applicants. The Turkish Foreign Minister Çiller welcomed Turkey’s eligibility and demanded that Turkey was to be treated in the same way as other applicant countries (European Commission, 1997b: 84). According to Çiller, Turkey could review its threat to block NATO enlargement, ‘if the EU continues in its rapprochement with Turkey’ (Agence Europe, 1997e: 3).

However, the reconfirmation of Turkish eligibility for EU membership did not mean the inclusion of Turkey in the next enlargement of the EU. In his visit to Turkey (on 27 March 1997) Germany’s Foreign Minister Kinkel emphasized that Turkey’s “growing strategic significance” after the collapse of the Communist bloc was recognized by Europeans and Turkey belonged to Europe and would not be distanced from Europe (Agence Europe, 1997f: 2). However, it could not become an EU member in the foreseeable future, especially because of its record on human rights, the Kurdish question and its tension with Greece. Herve de Charette, French Foreign Minister, argued that the EU applies the same “objective” criteria to all applicants, not “religious or ethnic” criteria, and ‘should be able to establish “a horizon, a line, a positive and comprehensive language for Turkey”’ (Agence Europe, 1997d: 5).

#### **8.4.2.4 Commission’s proposal and Turkey’s reaction**

In the light of these developments and in response to the Council’s invitation, the Commission suggested developing the relationship between the EU and Turkey beyond the customs union, the so-called ‘customs union plus’ approach (European Commission, 1997c). Note that the Commission knew that the Member States did not favour Turkish candidature at that moment. The Commission took the position of the Council (on 15/14 March 1997) and the Association Council on 29 April 1997 fully into account. ‘Given Turkey’s status as a country eligible for EU membership, as confirmed by the Union at the Association Council on 29 April 1997, and as a close partner of the EU through the customs union and an active member of the Euro-Mediterranean Partnership... the Commission believes that the EU should pursue a broadly based policy for strengthening relations between the EU and Turkey’ (European Commission, 1997c: 1-2). In accordance with the Council’s wishes, the Commission suggested a series of proposals designed to deepen cooperation in all areas and to develop EU-Turkey relations beyond the customs union stage. These proposals covered the following areas: consolidation of the customs union, services, telecommunications and the information society, agriculture, human rights and humanitarian issues, the re-opening of macroeconomic dialogue, industrial cooperation and investment, cooperation on the environment, on consumer policy, regional and cross-border cooperation, participation in Community programme’s and cooperation in justice and home affairs issues. Further strengthening EU-Turkey relations would also depend on progress by Turkey in a number of fields, such as democracy, human rights, and relations with Greece and Cyprus. According to the Commission these initiatives could enable the EU and Turkey to achieve a higher degree of integration, to the benefit of all citizens, by further developing the links established by the association agreement and the customs union. ‘This will



bring greater stability, security and prosperity to the EU and Turkey and assist Turkey in realising its European vocation' (European Commission, 1997c: 8).

The 'Agenda 2000', presented one day later on 16 July 1997, in which the Commission examined different aspects of enlargement, did not include Turkey among the countries applying for membership with which accession negotiations might open. The Commission stated that all applicant countries, not only Turkey, did not fully meet the criteria (European Commission, 1997a: 40-47). The Commission recommended that accession negotiations should be opened with Hungary, Poland, Estonia, the Czech Republic and Slovenia. The Commission again confirmed Turkey's eligibility for membership and argued in favour of developing an increasingly closer political and economic relationship between the EU and Turkey on the basis of the association agreement and the customs union. According to the Commission, the customs union had demonstrated the Turkish economy's ability to cope with the competitive challenge of free trade. However, macroeconomic instability needed to be tackled. Turkey had a democratic system, but there were real problems concerning human rights and ambiguities about the civilian political control of the military. The political problems with Greece and Cyprus required a settlement.

Turkey tried to prevent its exclusion from the enlargement process by referring to the positive impact EU membership would have on democratic change in Turkey and the negative impact of excluding Turkey from the enlargement process on both the EU-Turkey relationship and the solution of different issues like Cyprus. In his letter (on 9 July 1997) to the Commission President Jacques Santer before the publication of Agenda 2000, the Turkish Prime Minister Mesut Yilmaz pointed out that membership perspective was an "additional inducement" for democratic change in Turkey. Yilmaz also referred to the "negative consequences for EU-Turkey relations of any discriminatory treatment of" Turkey (Agence Europe, 1997h: 2). Turkey criticised Agenda 2000 as an 'erroneous' decision that 'went against the "assurances given previously" by the EU', as Turkey was not included on the list of candidate countries (Agence Europe, 1997g: 7). Turkish Foreign Minister Ismail Cem condemned, in his letter to his European counterparts, starting negotiations with Cyprus while excluding Turkey from enlargement process. He stressed that this "flagrantly contravened the clear stipulations of the 1960 treaties", according to which "Cyprus cannot join any international political or economic union of which both Turkey and Greece are not members" (Agence Europe, 1997h: 2).

#### **8.4.2.5 Greece's position and EU policy**

Greece approached Turkish candidature from its own interests and agreed in principle with the 'eligibility' of Turkey for EU membership. Greece foreign minister Papandreou declared that the "national interest" of Greece was, for "political, economic and cultural reasons", to have the "European vocation of Turkey" recognised and that a "strong partnership" should be established between this country and the EU. "We want to help Turkey" on this road "in order to help ourselves", he added' (Agence Europe, 1997j: 3). However, politically, Greece was opposed to Turkish candidature and had some political demands for Turkey in exchange for approving Turkish candidacy. Greece demanded that Turkey accept Greece's solutions of bilateral problems like Cyprus and territorial or maritime disputes in Aegean Sea (Agence Europe, 1997n: 3). These Greek political demands were frequently expressed by the EU and became a part of EU policy on Turkey in the decision-making process.

During his visit to Turkey on 2 September 1997 the EU Council President, Luxembourg Foreign Minister Jacques Poos, clarified the position of the EU on Turkish membership and the demands of Greece (Agence Europe, 1997i: 3). According to Poos the EU had fully recognized the European vocation of Turkey. Turkey was part of the European Union's enlargement process and one day would become member of the union if it fulfilled all the criteria required. This did not mean, however, that "Turkey will be part of the pre-accession strategy, which was

designed for a group of countries that are in different situations”, and that the EU wants to help “overcome the heritage of a recent Communist past”. Turkey, he stressed, “is moving towards the same goal, accession to the EU, from a totally different situation”, as it is linked to the EU by a “customs union that constitutes a different basis for our relations. Its application will be examined “according to the same criteria as those of other candidates” but, “for the moment”, Turkey “does not meet the political criteria” and “cannot therefore expect us to begin accession negotiations with it, nor even promise it that, and this until its performances approach the criteria demanded by the European Union” (Agence Europe, 1997i: 3). Poos identified three specific issues that Turkey needed to resolve to become candidate for membership: Firstly, human rights had to be assuredly guaranteed and implemented in Turkey. Secondly, territorial or maritime disputes with Greece had to be resolved urgently. Thirdly, ‘the EU wanted a “unified Cyprus to become a member of the EU”’ and expected from Turkey actively to support of the reunification of Cyprus as a bi-zonal and bi-community federation.

#### **8.4.2.6 Turkey’s position**

Turkey considered the arguments used by the EU not to include Turkey in enlargement process, not real arguments and demanded that the EU make a clear decision on Turkey’s candidacy. In his letter to the EU counterparts (October 1997) and articles published in some newspapers like ‘International Herald Tribune’ and ‘Le Monde’ (November 1997), Turkish Foreign Minister Ismail Cem called on the EU to make an end to the ambiguity about Turkish candidate and to make a clear-cut decision, even if it would be a negative one. Cem argued that the three sets of reasons or conditions (Greece, Cyprus and human rights) generally referred to by the EU were not real reasons for its discrimination of Turkey (Cem, 1997a: 193-195, 1997b: 190-91). As for Greece: ‘we need two side to resolve a bilateral issue; one side cannot be held responsible for finding a solution’ (Cem, 1997b: 190) According to Cem, significance Turkish initiatives were unfortunately rejected by Greece. The ‘Wise Men’s Council’, proposed by the EU Presidency and accepted by both parties but somehow hindered by Greece, still offered an important means. Regarding Cyprus, ‘Turkey cannot be viewed as the only responsible actor when there are so many involved’ (Cem, 1997a: 194). As the EU unconditionally ensured due membership process, the Greek Cypriot side had no incentives to pursue substantial negotiations. As regards human rights, Cem argued that with the declining of separatist terrorism in Turkey, there has been significant progress in these fields that would probably continue. After all, these problems could be resolved easily in the accession process, as it had been in the case of other countries.

The next question for Turkey was then to determine the cause of the EU’s ‘negative’ approach. Was the undeclared cause for ‘discrimination’ the fact that Turkey was a Muslim country? According to Cem: ‘admitting or rejecting Turkey’s candidature (and eventually her membership) is a strategic choice for the EU; which, either way, defines the civilizational characteristics of EU, its mission, its conceptual and geographic boundaries’ (Cem, 1997b: 189). ‘It seems to me that EU still cannot decide whether it can face the challenges of an emerging new world; whether it is capable of seizing the vast opportunities of encompassing new economic, historical and cultural dimensions; whether it can contribute to the harmonization of civilizations rather than to the professed “clash” of civilizations; whether it will enclose itself within a confined strategic vision and continue to call for a problem-solver from another continent to resolve European problems like Bosnia or Cyprus; whether it exists as an introvert organization or emerge as one which takes responsibility to create a better world for itself and for all. The EU should realize that Turkey contributes to all these causes positively, perhaps decisively.’ (Cem, 1997b: 192).

If the EU would not officially recognize Turkey as a candidate for accession, it would then be appropriate to discuss only economic issues related to the Customs Union, but not political issues like Cyprus, Greece and human rights (Cem, 1997a: 195).

#### **8.4.2.7 The EU: looking for a right way to include Turkey**

At the end of October 1997 there was still no agreement on Turkey's participation in the enlargement process, and the Community was looking for a way that was acceptable for all actors involved. After the informal meeting of foreign ministers in Mondorf on 25-26 October 1997, the Council President Jacques Poos declared that Community was "still trying to find the right way to include Turkey in the enlargement process" (Agence Europe, 1997k: 3). In a series of high level meetings with Turkey, the Community was going to discuss a way that was 'acceptable to all but also to the Member States and the Commission' (Agence Europe, 1997k: 3). During his visit to Turkey on 30-31 October 1997 Hans van den Broek, the Commissioner responsible for enlargement, suggested strengthening relationship by enlarging custom union, solving problems between Greece and Turkey, finding a solution in Cyprus and by improving human rights in Turkey, 'keeping in mind that this is also an excellent way to prepare membership' (Agence Europe, 1997l: 4). The goal of the Presidency was to achieve unanimous political agreement on this 'customs union plus' approach, so that the Council could ask the Commission to present formal proposals (Agence Europe, 1997m: 2). The General Affairs Council on 24-25 November 1997, after discussion the guidelines of Commission communication on future relations with Turkey, 'instructed the Permanent Representatives Committee to submit conclusions to it... with a view to the preparation of guidelines for the extension of the customs union and strengthening relations with Turkey significantly' (Council of Ministers, 1997; Agence Europe, 1997o: 3). Fourteen Member States (except Greece) hoped Turkey would take part in the European Conference (Agence Europe, 1997n: 3). Greece maintained its general reservations, demanding that Turkey should first take steps to solve problems in Cyprus and bilateral relations with Greece (Agence Europe, 1997n: 3).

The General Affairs Council (on 24-25 November 1997) examined Agenda 2000 and the Presidency's report and reached agreement on a 'number of principles' about enlargement (Agence Europe, 1997o: 2). With regard to Turkey, all delegations, except Greece, favoured Turkey's participation in the European Conference (Agence Europe, 1997p: 2-3). Likewise, all Member States, again except for Greece who maintained a general reservation, were 'in favour of the Commission's guidelines for strengthening the EU's relations with Turkey' (customs union plus). This was the message to be given to Turkey during the meeting between the EU delegation, consisting of the President of the European Council, Jean-Claude Juncker, Council President Jacques Poos and European Commissioner Hans van den Broek, with the Turkish authorities (Turkish Prime Minister Yılmaz and Foreign Minister Ismail Cem) on 27 November 1997 in Ankara.

Before the arrival of the EU delegation in Ankara, the Turkish authorities declared that the European Union would no longer be on Turkey's agenda if the Luxembourg European Council of 13 and 14 December did not make a positive decision on the accession of Turkey to the EU as full member (Agence Europe, 1997q: 4). Foreign Minister Cem stressed again that the EU was not deciding on Turkey, but on itself, on its identity, on its vision, on whether it would be an introvert entity confined to its present limits or an organization with a major role to play in the next millennium. "We have been discussing this for five months. Now it is time for them to decide." (Agence Europe, 1997q: 4). In his letter to Council President Jacques Poos, Cem expressed Turkey's "readiness to resolve all problems with Greece... by peaceful means of settlement referred to in the UN Charter", namely, "negotiations, good offices, mediation, arbitration, conciliation and recourse to the International Court of Justice" (Agence Europe, 1997o: 3).

#### **8.4.2.8 The positions of other actors**

The other (supranational) actors generally supported enlargement and Turkish membership in principle. The EP recognized Turkey's high importance to the EU and therefore believed that

Turkey's application for EU membership needed serious consideration. The EP underlined the need for a special relationship at a high level between Turkey and the Union that went beyond the existing customs union (European Parliament, 1997).

The ESC favoured Turkish candidacy in principle but depending on the internal political situation. According to the ESC, while the customs union was working well, the political situation was the major obstacle to Turkey's candidacy. 'At all events, the progress of the negotiations should be conditional on tangible progress in respect for democracy, basic rights and minorities' (ESC, 1997: 3).

The ETUC argued, in a resolution on relations between the EU and Turkey, that Turkey should be a candidate but negotiations should not be started (ETUC, 1997: 3). The ETUC stressed that Turkey was closely linked to European internal market by the customs union and belongs to the European economic and political area. The ETUC defended the principle of Turkey's eligibility to join the European Union and rejected any attempt to exclude Turkey on cultural or religious grounds. The ETUC considered it necessary that, at the Luxembourg Summit, Turkey's candidature 'should be confirmed and a specific pre-membership strategy should be drawn up to support its due place in the Community. The progress of the negotiations must always be subordinated to progress in terms of respect of democracy, fundamental rights and minorities' (ETUC, 1997: 3).

The UNICE considered the enlargement process as an opportunity to spread stability and sustained economic growth and welfare across Europe. From a business point of view the planned enlargement should be as wide as possible and comprise all candidate countries capable of implementing the full *acquis* of the internal market (UNICE, 1997a). The larger the internal market, the better for European industry. The UNICE favoured the progressive integration of Turkish economy in the Community with a view of Turkish accession (UNICE, 1992). It welcomed the Commission's proposals for the consolidation of the customs union with Turkey in order to prepare the perspective of accession in the long-term after fulfilling objective standards and criteria (UNICE, 1997b).

The ERT supported enlargement, in its message on 11 December 1997 to the European Summit, as a "golden opportunity to raise the competitiveness and prosperity of the whole European economy" (Agence Europe, 1997w: 12). The ERT presented a five-point action plan in which it demanded the start of pre-accession work with the five second-wave countries in parallel with the first wave; and asked that priority be given to institutional reform as well as the agricultural and regional policies. The ERT expressed no clear view on Turkey, but stated 'important partner countries which are not in the current enlargement round must be helped and encouraged to develop their economic and political links with the EU' (Agence Europe, 1997w: 12)

#### **8.4.2.9 Shift in EU policy: it should be more than 'customs union plus'**

At the meeting with the EU delegation in Ankara, the Turkish authorities made it clear that Turkey preferred to participate in the enlargement process and the European conference only as a candidate country (Agence Europe, 1997s: 4). The Turkish Prime Minister Mesut Yilmaz handed a document to the Council President Juncker in which Turkey claimed a 'pre-accession strategy' instead of 'customs union plus' approach as suggested by the EU (Hürriyet, 1997). In addition, Turkey considered the classifications like 'European vocation of Turkey' or 'eligibility' used so far by the EU not enough and demanded that it should be clearly declared as a candidate country.

After four hours of talks with the Turkish Prime Ministers Mesut Yilmaz and the Foreign Minister İsmail Cem, the members of the EU delegation concluded that the 'custom union plus' approach might be not enough. The President of the European Council, Jean-Claude Juncker, underlined that the European Union wanted to "visibly demonstrate, in a very substantial way,

that we consider Turkey to be a European Country” (Agence Europe, 1997r: 2). According to Jacques Poos, the President of the General Affairs Council, the EU delegation clearly told Turkey that “we shall treat Turkey with the same criteria as the other prospective members.” (Agence Europe, 1997r: 2). Hans van den Broek, the Commissioner responsible for enlargement, considered Turkey as an important partner for the EU and therefore it ‘should be given “more perspective, more clarity about her future relationship” with the EU’ (Agence Europe, 1997s: 4). Later, Jean-Claude Juncker pointed out that Turkey was “no longer interested in participating in the European Conference” and therefore ‘we must invent something else’ ‘in order to establish better relations between Turkey and the EU’ (Agence Europe, 1997s: 4). According to Juncker ‘the EU would make a very grave mistake if it did not take Turkey’s role into serious consideration on our continent’. He still hoped a good solution could be found “for tightening our links with Turkey”.

Therefore the Luxembourg Presidency, according to Jacques Poos, ‘wished to make a proposal to the Council offering Turkey “a place in the enlargement process” and defining a strategy for developing closer ties with this country’ (Agence Europe, 1997t: 5). At the Council meeting on 5 December 1997, which was preparing Summit decisions, the Fifteen considered that Turkey could not ‘at this stage claim to be an applicant at the same level as the others, but it remains “eligible” under well-known conditions.’ (Agence Europe, 1997u: 2). However, Turkey could be ‘involved in the membership process through the European Conference and through a bilateral mechanism for deepening political and economic relations with the EU’ (Agence Europe, 1997u: 2). The aim of the Conference was to involve Turkey in the enlargement process by participating in a number of overall activities with members and applicant countries. Turkey stated that it was not interested in a conference without substance (= candidacy). In this case the Conference itself had no meaning, according to Germany and Greece (Agence Europe, 1997u: 2). As a result, the question of where to place Turkey was not fully answered.

After a detailed examination of the draft enlargement report, which would be submitted to the European Council in Luxembourg, the General Affairs Council reached, on Monday 8 December 1997, a “consensus agreement on a text that will still be finalised by the Presidency and published under its responsibility”, according to Council President Jacques Poos (Agence Europe, 1997v: 2). The report was based on three pillars (Agence Europe, 1997v: 2). First, it would be a European Conference for all applicant countries as well as Turkey. Second, an enlargement process to bring together the eleven applicant countries and a Strategy for Turkey, which would provide for specific meetings with this country. Finally, in the context of the accession process, formal negotiations with six countries (whose names were suggested by the European Commission) and preparatory negotiations for accession with the five other applicant countries of Central and Eastern Europe.

On the eve of the Luxembourg Summit the position of EU on Turkey seemed to be evident, but still not acceptable for Turkey. The EU would present an European strategy for Turkey that would stress Turkey’s eligibility for membership, confirm that Turkish candidature would be judged on the basis of same criteria as the other applicant countries, call on Turkey to fulfil the conditions, invite Turkey to take part in the European Conference, and aim at the strengthening of the relationship in every field (Agence Europe, 1997w: 4, 1997x: 4). After three hours long working dinner with the Luxembourg Presidency, represented by Prime Minister Jean-Claude Juncker and Foreign Minister Jacques Poos, held on Wednesday evening (10 December), Turkey’s Prime Minister Mesut Yilmaz turned down participation in the European Conference (‘offers nothing substantive’) and Mr Juncker’s invitation for dinner after the Summit (Agence Europe, 1997x: 4, 1997w: 4).

The Luxembourg European Council decided, on the basis of the report on enlargement submitted by the Presidency, to launch the enlargement process for all candidate countries and

to start negotiations in April with the six best prepared. The negotiations could begin at any time with the others. The Summit did not recognize Turkey as a candidate, but confirmed Turkey's eligibility for membership of the European Union on the basis of same criteria applicable to the other countries. The Summit presented a European strategy for Turkey to prepare for Turkey's accession by strengthening its links with the European Union in every sphere. The Summit invited Turkey to participate in the European Conference, which would make it possible to reinforce dialogue and cooperation with Turkey.

#### **8.4.3 Influence of actors on the Luxembourg decision: a European strategy for Turkey**

When we assess the influence of actors on the decision of the Luxembourg European Council about Turkey on the basis of the criteria goal achievement, time-lag, access and attempt to influence, the Member States exerted very much influence and the Commission had slight to some influence; the other actors like the EP, the ESC, the UNICE, the ERT and the ETUC did not exercise any significant influence on the decision of the Luxembourg European Council on Turkey.

The Member States wielded very much influence on the decision of Luxembourg European Council about Turkey for several reasons. First, they determined at the beginning of the decision-making process that Turkey was eligible but would not become member in the foreseeable future. Second, they defined the framework and the parameters of Commission's proposal of the 'custom union plus' approach. The positions of all other actors like the EP, the ESC, the UNICE, the ERT, were formulated after the choice of the Member States and for some just before the Luxembourg Summit, and remained within this framework and parameters. Third, they made the final decision (a European strategy for Turkey) in a discussion among them and with Turkey. The final decision about the Eastern enlargement and Turkey was made on the basis of 59 page report elaborated on by the Presidency. According to the Council President Jacques Poos, the report was the result of considerable work: 'the General Affairs Council has discussed it 7 times, the Committee of Permanent Representatives has deliberated on it on 18 occasions and the ad hoc enlargement group has met 25 times' (Agence Europe, 1997v: 2). The final decision was more than 'custom union plus', because of the strong opposition of Turkey to the 'custom union plus' approach.

The Commission influenced the decision only slight to some extent. The Commission suggested strengthening the relation with Turkey by a 'customs union plus' approach. The Commission developed this approach in response to the Council's invitation in which the Member States prescribed the framework of proposal: the customs union. At that moment the Commission knew that the Member States did not favour Turkish membership and candidacy and took fully into account the position of the Member States (the European Council and the Association Council). Consequently, the Commission formulated its proposal (customs union plus) in accordance with the demands of the Member States within the framework given by the Member States. Although the Commission's proposal served as a basic input to the discussion, it changed considerably in the discussion among the Member States and between the Union and Turkey. Nevertheless, I assess that the Commission has exercised slight to some influence on the decision, because of its contribution to the formulation of EU policy on Turkey. The Commission was continuously present in the decision-making process, had frequent access to all actors involved, and participated in the discussion from its own perspective as well. We can find some elements of its proposals in the EU policy.

The other (supranational) actors had no influence on the Council decision about Turkey, because either they did not achieve their goal, or they formulated their goal after the decision of the Member States (time-lag), and did not really attempt to influence the Council's decision on Turkey (access and influence attempt). The EP agreed with the Commission's proposal and supported strengthening relations with Turkey beyond the custom union, but after the decision

of the Member States. The ESC favoured Turkish candidature in principle but dependant on internal political situation which it considered a major obstacle to Turkey's candidacy. The UNICE and the ERT demanded and supported enlargement, but had no influence on the Council's decision about Turkey. They had not formulated any specific goal with respect to Turkey's candidacy and did not attempt to influence the decision-making process. The UNICE supported Commission's proposal for strengthening the customs union with Turkey with a view of Turkish accession in the long term. The ERT stressed the development of economic and political links with the countries that were not in the current enlargement round. The ETUC was the only actor suggesting Turkish candidature, but without the start of negotiations, as Turkey did not fulfil conditions. As the ETUC did not achieve its goal, it had no influence on the Council's decision about Turkey.

## **8.5 HELSINKI SUMMIT 1999: Turkey's candidature**

### **8.5.1 Introduction**

The Helsinki European Council considered Turkey as a candidate country subject to the same criteria as any other. 'Turkey is candidate states destined to join the Union on the basis of the same criteria as applied to the other candidate States.' (European Council, 1999a: 8). As a candidate country, Turkey, like other candidate States, would benefit from a pre-accession strategy aimed at stimulating and supporting its reforms. This included, firstly, enhanced political dialogue, in particular on fulfilling the political criteria for accession with particular reference to the issue of human rights, as well as on the issues referred to in paragraphs 4 and 9a. Paragraph 4 was about peaceful settlement of disputes between countries in accordance with the UN Charter. Paragraphs 9a (and 9b) referred to Cyprus. The EU supported the talks aiming at settlement of Cyprus problem (9a) but settlement was no precondition for the accession of Cyprus (9b). Secondly, Turkey would also have the opportunity to participate in Community programmes and agencies and in meetings between candidate States and the Union in the context of the accession process. Thirdly, an accession partnership would be drawn up, combined with a national programme for the adoption of the 'acquis'. Finally, appropriate monitoring mechanisms would be established.

### **8.5.2 Development of decision-making on Turkey's candidacy**

#### **8.5.2.1 Context, interests, motivations**

As we saw in Section 8.3, the EU concluded that the collapse of the Soviet Union, the end of the Cold War and the continuing conflicts in the Middle East, the Balkans and the Caucasus considerably increased Turkey's importance as an important force for stability and security in this region and a moderating influence. Therefore, the Community had strong interests in intensifying its cooperation and relations with Turkey.

However, the cooperation between the EU and Turkey was jeopardized due to Turkey's decision to stop political dialogue with the EU in reaction to the Luxembourg European Council's decision not to recognize Turkey as a candidate country. In contrast to the expectation of the EU Member States, Turkey rejected the offer (a European strategy for Turkey to prepare it for membership), made by the Luxembourg European Council, as a discrimination against Turkey. According to the Turkish authorities, 'to dialogue with Turkey, the EU should "fundamentally" alter its attitude and deal with Turkey's application in the same manner as the other candidates for accession' (Agence Europe, 1998d: 5). Furthermore, İsmail Cem, Turkish Foreign Minister, stated that Turkey redefined its foreign policy by developing a multidimensional foreign policy, reducing the EU to only one of the centres of Turkey's foreign

policy (Cem, 1999a). Turkey should focus on strengthening of its relationship with the USA, Russia, Japan, China, India and the countries of the region, and should be central actor in the emerging Eurasian reality. Consequently, the EU ran the risk of losing a strategic partner which represented a vital interest for stability, peace and security in and around Europe, in the Balkans, the Middle East, the Caucasus, as well as for the energy supply of the EU. The EU would also jeopardize the opportunity to extend its influence to those regions. ‘Without the active participation of Turkey, EU’s opening to new worlds and new civilizational dimensions would have been rather limited’ (Cem, 1999a: 226). In addition, this happened in a geopolitical environment in which religious intolerance was increasing, especially between Islam and the West/Christianity (‘clash of civilizations’). As the only secular and democratic Islamic country in full association with the European integration process, Turkey could not only show that the Community was not an exclusive club, but it also would enable the Community to acquire a new depth and dimension. As expressed by Karen Fogg, the EU ambassador to Turkey, it became clear for the EU that a European strategy for Turkey as formulated in Luxembourg not only did not work, but was also counterproductive (Fogg, 1999).

In contrast to the Luxembourg European Council in December 1997, where the EU focused on the integration of the East and Central European countries, the EU has taken decision on its international role at the European Councils in Cologne and Helsinki (1999), represented by adopting of the common security and defence policy (CSDP). It might be then not surprising that adopting of common security and defence policy and recognizing of Turkish candidacy developed simultaneously. At the Cologne European Council (3-4 June 1999), where the EU adopted a declaration on the CSDP, the German Presidency attempted to recognize Turkey as a candidate country, which eventually succeeded in Helsinki where further decisions were made on the CSDP. According to the declaration on the CSDP, the EU would play its full role on the international stage (European Council, 1999b). To that end, the EU should be given the necessary means and capabilities of common policy on security and defence on the full range of conflict prevention and crisis management in order to respond to international crisis by military or non-military autonomous EU-action with or without using NATO resources (see also European Council, 1999a: 10). Turkey was not only located in the centre of most of the conflict-areas and had to respond to them in one way or other, but a successful Turkey would also play a crucial role as an inspiration model against the increasing Islamic radicalism (moderating influence and security). Therefore, according to the European Parliament rapporteur’s on Turkey, Mr. Moya, ‘it is impossible to imagine a European security without Turkey’ (Agence Europe, 1992: 6) and as said by Aristide Agathocles, permanent representative of Greece to the EU, ‘without Turkey the EU is not complete to play a major role in the world’ (Agathocles, 2002).

#### **8.5.2.2 Turkey’s reaction to the Luxembourg European Council’s decision**

The end of a decision-making process (a decision or non-decision) is often the beginning of the next decision-making process. So the decision-making process on the Helsinki Summit (1999) began with the decision of the Luxembourg Summit (1997). After the Luxembourg Summit, the Council President Juncker sent the conclusions of the Summit with some additional information to the Turkish Prime Minister Mesut Yilmaz (Agence Europe, 1997z: 7). Juncker emphasized that the Head of States and Government of the Member States reaffirmed at the highest level Turkey’s eligibility for accession to the EU. They confirmed that Turkey would be judged on the basis of the same criteria as the other applicant States. They considered a European strategy for Turkey necessary in order to prepare it for accession to the EU. Turkey would be invited to take part in the European Conference on the same basis as all the other applicant States.



Whereas the EU Member States had hoped Turkey would respond positively to this offer, Turkey rejected the offer, considering it as discrimination, and decided to break the political dialogue with the EU. Turkey regarded her candidature for full membership to the EU as a right deriving from the 1963 Ankara Agreement, but considered the text from Luxembourg European Council unacceptable for the following reasons (Turkish Government, 1997; Agence Europe, 1997z: 6): ‘First, Turkey has not been evaluated within the same framework, the same well-intentioned approach and objective criteria as the other candidate countries. Second, most of the points which have been put forward as new and positive steps for Turkey are in fact the commitments undertaken and not implemented for many years by the EU. Third, partial, prejudiced and exaggerated assessments were made about Turkey’s internal structure and its foreign policy including the issue of Cyprus. Fourth, with these erroneous approaches, attempts have been made to impose unacceptable political conditions which have concealed intentions. ...Unless this approach and mentality are changed, one cannot expect our relations to be developed within a constructive and multifaceted dialogue. Consequently, it will not be possible to establish a negotiation environment covering political issues.’

Turkey would maintain the existing association relations with the EU, depending on the EU’s fulfilment of its commitments. The Turkish Prime Minister Mesut Yilmaz threatened to withdraw Turkey’s application for membership in the EU if the EU did not include his country on the list of 11 countries drawn up at the Luxembourg Summit (Agence Europe, 1997za: 4). Turkey rejected the invitation to join the European Conference (Agence Europe, 1998a: 3). Ankara also stopped the work by EU experts searching for a solution to the settlement of disputes with Athens (Agence Europe, 1997zb: 3). As regards Cyprus, Turkey declared that if the EU were to open accession negotiations with the Greek Cypriot side without a solution on island, Turkey and the Turkish Cypriot side would take similar steps to integrate (Agence Europe, 1998b: 3).

Furthermore, Turkey moved to reconsider its international relations towards a multidimensional foreign policy. Turkish Prime Minister Mesut Yilmaz stated that after discrimination by and exclusion from the EU, Turkey had no other option than to reformulate its foreign policy (Milliyet, 1998). Consequently, Europe would be only one of the centres of Turkish foreign policy. Turkey should focus on and strengthen its relationship with the USA, Russia, Japan, China and the countries of the region, the Turkish Republics in the former Soviet Union (Central Asia), Islamic countries, especially in Turkey’s ‘historical and cultural geography’ to be a central actor in the emerging Eurasia (Cem, 1999a: 220-223).

### **8.5.2.3 New direction in EU policy on Turkey**

The European Union regretted the negative reaction on the part of Turkey and hoped that this would not be final. The Presidency recalled that the goal of European strategy for Turkey was to prepare Turkey for accession (Agence Europe, 1997z: 6-7). The EP demanded an action programme from Turkey to fulfil the Copenhagen (political) criteria and urged the Commission and the Council to draw up a joint programme for Turkey’s accession to the Union (European Parliament, 1998). The European Commission launched an appeal to the Turkish authorities to reconsider their negative reaction and hoped to continue the dialogue with Ankara (Agence Europe, 1997z: 7). The Commission presented, in a communication to the Council on 4 March 1998, initial proposals for applying the European strategy to prepare Turkey for accession, in accordance with the decision of Council in Luxembourg (European Commission, 1998a). This action programme, aimed at broadening and deepening cooperation in large number of sectors, sought to develop and extend the customs union to other sectors, such as services, agriculture, the environment, transport and energy, and implementation of financial cooperation (as part of customs union) still blocked by Greece.

Turkey criticised the Commission's proposals and presented 'a Strategy for Developing Relations between Turkey and the European Union - Proposals of Turkey' on 17 June 1998 (Turkish Government, 1998a). Turkey noted that the customs union could not exist without a guarantee for full membership of the EU. Since the European Council had not succeeded in formulating a clear accession strategy for Turkey, Turkey suggested that Association Council would draw up this strategy. The Commission's proposals did not go further than the free movement of agricultural products and services and lagged behind the opportunities provided to other candidate countries. Therefore, Turkey proposed cooperation with the EU on various fields to strengthen the relationship between the EU and Turkey in order to achieve the final goal of the association agreement, namely full membership of the EU. According to the Turkish authorities, implementation of financial protocol as part of the customs union, which was blocked by the EU (Greece), and ensuring the regular working of the Association Council were two important conditions required to bring these proposals into practice.

At the Cardiff European Council (on 12 June 1998) the attempt of the British Presidency to include Turkey among the 'applicant' countries did not succeed because of mainly Greece's opposition (Agence Europe, 1998f: 4). Tony Blair, the British Prime Minister, observed general support for the Presidency's efforts to normalize relations with Turkey after Ankara's 'disappointing' reaction to the Luxembourg European Council's offer, but Greece was not ready for it (Agence Europe, 1998e: 4). Nevertheless, the Cardiff European Council called on the Commission to present an evaluation report of progress towards accession for Turkey as well, like other applicant/candidate countries.

The Commission adopted its first regular reports on the progress made by the candidate countries, including Turkey, on 4 November 1998 (European Commission, 1998b). With regards to Turkey, the Commission identified certain political anomalies concerning human rights, protection of minorities and lack of civilian control over the armed forces. The problems in South-Eastern Turkey were at the root of many violations of civil and political rights. On the economic side, Turkey had most of the characteristics of a market economy: possessing a well-developed institutional and legislative framework, a dynamic private sector, liberal trade rules and was capable of coping with the pressures of competition provided macroeconomic stability was restored. As regards the adoption of the 'acquis', Turkey had shown itself able to adopt and apply Community legislation in the framework of the customs union. One of the interesting aspects of this regular report was a separate section on common foreign and security policy (CFSP) in which the Commission examined different dimensions of the issue as well as the possible contribution of Turkey to the EU. The Commission identified that Turkey played an important role in the Mediterranean, the Balkans, Central Asia, and was a member of various international and regional organisations. Furthermore, apart from the Cyprus question, the disputes with a Member State (Greece) and the situation in South-Eastern Turkey, Turkey and the European Union shared similar views on quite a number of foreign policy issues. Unlike the Central and East European countries, however, Turkey had not wished to associate itself with the European Union's various CFSP initiatives (European Commission, 1998b: 51-52).

Turkey's Minister of Foreign Affairs considered the Commission's regular report on Turkey, among other reports on other candidate countries, in line with the conclusions of the Cardiff European Council, implicitly recognising Turkey as a 'candidate country' (Agence Europe, 1998g: 3). However, in order to normalize the relationships the European Council had to confirm Turkey officially as candidate country. The Turkish ambassador to the EU, Nihat Akyol, called for a necessary road map with a binding timetable towards the final objective of Turkey's full membership (Agence Europe, 1998i: 9-10). During his visit on 17 November 1998 to Austria, the Turkish President Demirel handed a note (non-paper) to the EU President in office, the President of Austria, Thomas Klestil, about Turkey's expectation vis à vis the EU's enlargement process (Turkish Government, 1998b). Turkey again demanded to be

officially recognised as a candidate country and receive equal treatment with other candidates. This should be accompanied by concrete steps to help Turkey along the path towards accession.

#### **8.5.2.4 German Presidency: the CSDP and including Turkey in the enlargement process**

The shift in the EU policy on Turkey became clearer during the German Presidency which prepared both the EU common security and defence policy (CSDP), considered as a new stage in the construction of Europe, and did its best to include Turkey in the enlargement process as a candidate country. During his visit to Ankara on 12 March 1999, W. Leiser-Kiep, Special Emissary of German Chancellor Schröder, assured the Turkish Prime Minister Ecevit that the objective of Germany Presidency was to ensure the recognition of Turkey as a candidate country (Turkish Government, 1999). One week later (19 March 1999) during his visit in Istanbul, Chancellor Schröder repeated that Germany was in favour of the recognition of Turkish candidature in Helsinki and would try to achieve it. However, in order to become a member, Turkey should meet all of the Copenhagen criteria, as with other candidate countries (Milliyet, 1999). The President of the German Industrialists Association, Olaf Henkel, supported Turkey's EU membership if Turkey respected human rights and possessed an income per capita so as to prevent labour emigration, as Turkey was one of Germany's most important trade partners (Hürriyet, 1998).

One of the turning points in this process was the correspondence (exchange of letters) between Turkish Prime Minister Ecevit and German Chancellor Schröder. In his letter to Chancellor Gerhard Schröder before the Cologne European Summit, Turkish Prime Minister Bulent Ecevit clearly recognised that Turkey was ready to meet the Copenhagen (political) criteria required before the opening of accession negotiations (Turkish Government, 1999). As terrorism at this point largely had been defeated, Turkey could make democratic and social reforms more easily, including in South-Eastern Turkey. Turkey should make these reforms in any case, but if it had a 'road map' the necessary reforms could be achieved more quickly. A European strategy for Turkey as suggested by the Luxembourg European Council lagged behind the position of other applicant countries. What Turkey expected from the EU was treatment without discrimination. This meant recognizing Turkey officially as a candidate and providing the financial and political resources needed in accession process without conditions. These steps would make it possible to normalize the relationship between the EU and Turkey. In his answer to Ecevit, Schröder welcomed these suggestions as a useful step towards a fruitful cooperation based on mutual trust (German Government, 1999). Schröder pointed out the importance of (the beginning of) the normalisation of the relationship between Turkey and Greece. He promised, as a President of the EU Council, to put the issue on the EU agenda on the basis of this correspondence and to do his best. Just a few days before Ecevit's letter to Schröder, İsmail Cem, the Turkish Foreign Minister, sent a letter (on 24 May) to his Greek counterpart Georges Papandreou, in which he expressed the need to improve Greek-Turkish relations and bilateral cooperation in several areas (Agence Europe, 1999a: 6).

At the Cologne European Council two important developments took place: declaration on the CSDP by the EU and the attempt of the German Presidency to make the other Member States recognise Turkey as candidate country. They were officially not related to each other, but as we have seen the EU considered Turkey crucial for European security and defence policy. The Cologne European Council (3-4 June 1999) adopted the declaration on the CSDP, which set out the principles and procedures of European common security and defence policy, considered as a new stage in the construction of the European Union (European Council, 1999b). To play its full role on the international stage in pursuit of the European Common Foreign and Security Policy objectives, the EU should be given the necessary means and capabilities of common policy on security and defence on the full range of conflict prevention and crisis management tasks defined in the Treaty on European Union. To this end, the EU had

to have the capacity for autonomous action, be backed up by credible military force, the means to decide to use them, and a readiness to do so, in order to respond to international crisis by military or non-military autonomous EU action, with or without using NATO resources (see also European Council, 1999a: 10).

At the Summit the Council President, German Chancellor Schröder, proposed putting Turkey in the same category as the other applicants (candidate countries) in the Helsinki Summit (Agence Europe, 1999b: 4-6). However, he rescinded the relevant text referring to Turkey's candidacy in Helsinki from the Summit draft conclusions because of the (mainly) Greek opposition, probably backed by Italy and Sweden.<sup>6</sup> At the press conference he explicitly outlined his proposal and made it clear that a door should be left 'open' for Turkey (Agence Europe, 1999b: 4). The German attitude, openly talking about this disagreement, was considered as a warning to Athens (Agence Europe, 1999c: 3). Schröder's position was shared by French President Jacques Chirac, British Prime Minister Tony Blair and other participants in the Summit (Agence Europe, 1999b: 6). Greek Prime Minister Costas Simitis said Greece was not opposed to Turkey's European orientation, but Athens' position would depend upon the initiatives taken by Ankara to meet the conditions (Agence Europe, 1999c: 7). Turkey announced that it would not alter its approach to the EU, because the discriminatory policy of the EU towards Turkey remained unchanged (Agence Europe, 1999d: 3).

All the EU Foreign Ministers, at their Gymnich-type meeting on 4 and 5 September 1999 in Saariselkä, where they prepared the conclusions the Helsinki Summit might reach on the enlargement process and Turkey in December, expressed their support for the further integration of Turkey in EU. The Finnish Presidency described the importance of Union's enlargement as follows: 'Enlargement remains both a political necessity and a historic opportunity for Europe. It will ensure the stability and security of the continent and will thus offer both the applicant States and the current Members of the Union new prospects for economic growth and general well-being. Enlargement must serve to strengthen the building of Europe in observance of the 'acquis communautaire' which includes the common policies. Enlargement should be considered primarily as means of promoting and spreading the fundamental principles and objectives of the Union' (Council Presidency, 1999). As regards Turkey, according to the EU Council President Tarja Halonen, there was the general will to integrate Turkey further into European structures, even though there were differences of opinion on how to bring Turkey closer to Europe (Agence Europe, 1999e: 5). Greece told its EU partners that it no longer had fundamental objections to Turkey's joining the EU, as long as the Union did not ease entry conditions (International Herald Tribune, 1999).

#### **8.5.2.5 Greece's position and EU policy**

As we have seen in Section 8.4.2.5, Greece approached Turkish candidature from the perspective of its own national interests and agreed with the 'eligibility' of Turkey for EU membership. The Greek objection to Turkish candidacy and membership was thus not on principle but political. In exchange for approving Turkish candidacy Greece made political demands on Turkey for the solution of bilateral problems like territorial and maritime disputes in the Aegean Sea and Cyprus. These political demands of Greece, frequently expressed by the EU, became a part of EU policy on Turkey as long as the other Member States of the EU were reluctant about Turkish candidacy.

Greece continued its objection to Turkish candidacy after Luxembourg in the hope of achieving what it demanded from Turkey. However, it became clear at the European Councils in Cardiff and especially in Cologne that Greece had increasingly lesser scope for this position. As Turkey continued to reject Greece's political demands and other Member States considered Turkish candidacy necessary for their own national interests, Greece abandoned its political objection to Turkish candidacy. According to Greek Foreign Minister Georges Papandreou, 'it

was in the interests of Greece to “see a European Turkey”, a Turkey closer to the European Union and “in the final analysis, a member of the EU” (Agence Europe, 1999e: 5).

According to Aristide Agathocles, the Greece Ambassador to the EU (Permanent Representation of Greece to the EU), ‘the more Turkey come closer to the EU, the better for Greece’ (Agathocles, 2002). Otherwise, according to him, if Turkey moved in another direction, Greece was the first country to lose: firstly, the tension/problems between Turkey and Greece would remain unsolved. If Turkey became a candidate, it was going to be solved (best solution). Secondly, Greece would be an external border of the EU. Because of a religious fanaticism and Islamic hostility against the West, Greece would become a front-line country. But as a member of the EU, Turkey would be the external border, and free Greece from this trouble. Thirdly, there were also common interests: stability in Balkans, in the Middle-East, in the Mediterranean etc. In addition, the EU was not a religious-cultural club. Moreover, with a large population and strong army, Turkey was an important player in common security and defence policy. Without Turkey the EU was incomplete and less able to play a major role in the world.

Accordingly, the dialogue between Greece and Turkey, that began in July 1999 at senior official level on a series of subjects of common interest (tourism, culture, terrorism, drugs traffic and illegal migration and trade), resumed after the EU Foreign Minister meeting in Saarisuka in Athens on 9 September in a very good climate on trade, economic cooperation, environment and tourism (Agence Europe, 1999f: 5). They decided later to extend the bilateral dialogue to questions concerning energy and energy transport in particular (Agence Europe, 1999h: 6).

However, Greece continued to use its position to ensure accession negotiations with and the membership of Greek Cyprus. Since only Greek Cyprus was negotiating with the EU, France, Germany, Italy and the Netherlands put forward in a joint declaration that the island’s partition raised fundamental problems for the functioning and cohesion of CFSP. They considered an urgent political solution as the only way to resolve these problems (Agence Europe, 1998h: 7-8). Greece reacted by threatening to block the enlargement process if the settlement of the Cyprus problem became a preliminary to accession (Agence Europe, 1998i: 10). Greek Foreign Minister George Papandreou declared before the Helsinki Summit that Greece had not given its final consent regarding Turkey’s candidacy, nor it was about to until Greece guaranteed its own and Cyprus’ vital interests (Agence Europe, 1999j: 6).

#### **8.5.2.6 Turkey’s position**

Turkey welcomed the general agreement on its candidacy for EU membership reached by the EU Member States in Saariselka. However, it made clear in several declarations that Turkey would not ‘accept its position as “candidate country” being dependent on conditions relating to Cyprus and the Aegean.’ Furthermore, ‘were the EU not to decide in Helsinki, in December, that Turkey was a “candidate for accession”, Ankara would withdraw its request for membership and turn towards other alliances’ (Agence Europe, 1999g: 3).

Turkish Foreign Minister İsmail Cem considered Turkey’s position on the basis of the advantages that Turkey’s candidacy and membership could bring both to Turkey and to the EU (Cem, 1999b, 1999c). Being part of the EU, according to Cem, would provide Turkey with a challenge and the opportunity to ‘attain a higher rationale in all aspects of its organizational, political, social, democratic and economic life’ (Cem, 1999b: 203). On the other hand, Turkey would contribute significantly to the EU. Turkey was ‘situated at the crossroads of civilizations’ and interacted with all. Turks saw themselves ‘both European and Asian’, and considered this plurality as an ‘asset’ (Cem, 1999b: 200-201). ‘What Turkey can contribute to EU is a historical experience of a different kind... its unique role as a “model”’: Being the only country with a predominantly Muslim population which has the ideals and practices of a pluralist democracy, secularism, rule of law, human rights, gender equality. Turkey enjoys the privilege of constituting a paradigm of modernization. It is a centre of attraction for huge masses of people,

all over the world, who aspire to democracy and modernization' (Cem, 1999b: 204) 'Furthermore, the Post Cold War political framework witnessed the emergence of new independent states... in the Balkans, in the Caucasus or in the Central Azië... with whom Turkey shares a common history or a common language and cultural affinity. This provides Turkey with a new international environment of historical and cultural dimensions... Turkey, thus provides a political and economic centre for the emerging Eurasia reality and constitutes Western Europe's major historical, cultural and economic opening to Eastern horizons' (Cem, 1999b: 204). 'Progress in Turkey's accession to EU membership will considerably contribute to the security, stability and economic welfare of a vast region... Turkey's EU candidacy and membership will eliminate [the] negative tensions and potential conflict situation between Turkey and Greece and will guarantee stability and cooperation in the Balkans and the Aegean' (Cem, 1999c: 210-11).

Cem stressed that Turkey accepted the Copenhagen criteria and expected an end to the discrimination at the forthcoming Summit in Helsinki by treating Turkey as other applicant countries. It meant recognizing Turkey as an official candidate for accession to the EU on equal footing with other applicants with all the relevant rights and accession partnership (Cem, 1999c: 210). 'For the sake of being admitted as candidate, Turkey is not to accept additional criteria or additional conditions, any extras that are not relevant for all candidates' (Cem, 1999c: 210). Cem underlined the 'significant and positive developments' in relations between Turkey and Greece since the launch of the Joint Working Groups (May 1999) and Turkish candidacy would contribute to seeking a peaceful solution to the problems, which requires an atmosphere of 'confidence and security' (Cem, 1999c: 211-212). Cem asserted that Turkey 'rejected any kind of linkage between her candidacy to the EU and the Cyprus issue (Cem, 1999c: 212).

#### **8.5.2.7 Towards Helsinki: looking for acceptable formulation**

In different resolutions on the relationship between the EU and Turkey, the EP recognized that Turkey's membership would be an important contribution to the future development of the European Union and to stability, peace and security in Europe. While the EP noted Turkey's eligibility to apply for membership of the European Union, it insisted that negotiations could not begin because Turkey was a long way from meeting the Copenhagen criteria and asked for a clear road map, containing an overview of the measures to be taken by the Turkey (European Parliament, 2000a, 2000b). However, the EP rejected an amendment by the Liberal Group calling on the European Council in Helsinki to recognise Turkey's candidacy officially (129 to 340, 15 abstentions) (Agence Europe, 1999k: 4-5).

The European Commission adopted its regular progress reports on the 13 applicant countries (including Turkey) and composite paper summarising the 13 reports on 13 October 1999 (European Commission, 1999b, 2000). The Commission observed that despite the progress the applicant countries did still not meet all political and economic criteria. With regard to Turkey, the Commission noted that although the basic features of a democratic system existed in Turkey and despite of some recent reforms, it still did not meet the Copenhagen political criteria. There were serious shortcomings in terms of human rights and the protection of minorities. The National Security Council continued to play a major role in political life. Turkey had many of the characteristics of a market economy. It should be able to cope with competitive pressure and market forces within the Union, provided sustainable macroeconomic stability was attained. Turkey had reached a high level of adoption of European standards in the areas covered by the Customs Union. The administrative capacity to apply the 'acquis' in the context of the Customs Union remained very satisfactory.

The Commission considered that Turkey should now be regarded as a candidate country, however, negotiations could only be opened once the political criteria were met. A partnership for accession similar to that with other candidate countries could help Turkey along this road.

The following steps then should be taken to stimulate and support reforms in Turkey (European Commission, 2000: 28, 31-32). ‘Enhancing political dialogue with particular reference to human rights; coordinating all sources of EU financial assistance for pre-accession within a single framework; the possibility of full participation in all Community programmes and agencies; adopting an accession partnership combined with a national programme for the adoption of the ‘acquis’; establishing mechanisms similar to those which operate under the European agreements to monitor implementation of the accession partnership; beginning a process of analytical examination of the ‘acquis’, with a view to harmonising Turkey’s legislation and practice.’

As said, among the Member States an informal agreement to include Turkey in the enlargement process had already emerged. At the extraordinary European Council meeting in Tampere on 15 October 1999, where the Heads of State and Government addressed in depth the issue of enlargement, the Fifteen, according to Paavo Lipponen, Finnish Prime Minister and European Council President, ‘would like to “be able to take a positive decision in Helsinki on Turkey becoming a candidate”’ (Agence Europe, 1999i: 10). Chancellor Gerhard Schroeder and President Jacques Chirac expected Turkey would be granted candidate status in Helsinki (Agence Europe, 1999i: 11). During the discussion, the main reservations over Turkey were articulated by Sweden (human rights and Kurds) and Greece (Copenhagen criteria, Cyprus, and relations with Greece) (Agence Europe, 1999i: 11). But both were in favour of Turkish candidature. The Greek Prime Minister Costas Simitis confirmed that Greece favoured Turkey’s candidature, ‘which would be beneficial to both the country and the Union and “contribute to peace and cooperation between the people of the region.”’ (Agence Europe, 1999i: 11). However, the settlement of maritime problems between Greece and Turkey and the beginning of real negotiations to “resolve the Cyprus problem” were crucial for the decision Greece would take as regards Turkey in Helsinki, according to Greek Foreign Minister George Papandreu (Agence Europe, 1999i: 11). Greece would not give her final consent until her vital interests should be guaranteed (Agence Europe, 1999j: 6).

At the General Affairs Council on 6-7 December 1999 in Brussels, preparing the Helsinki Summit about common European policy on security and defence, enlargement and Turkey, there was a large consensus on Turkey’s candidate (European Commission, 1999a: 176). The Fifteen discussed the attitude the Summit should take to Turkey’s candidacy at length. The Greece foreign Minister Papandreu stated that no country wished to see Turkey’s applicant status recognised more than Greece did. However, Greece needed certain guarantees to persuade public opinion of the merit of Athens’ agreement with Turkey’s candidacy, namely, “something on Cyprus” and a “reference to the International Court in The Hague” regarding bilateral disputes’ (Agence Europe, 1999o: 5). Consequently, before the European Council there was a need to come up with ‘wording that suits everyone’ (Greece, Turkey and Cyprus). The Council President Lipponen, Prime Minister of Finland, mentioned certain elements of a “formula”, namely ‘the prospects of improved relations between Turkey and Greece, the Cyprus membership perspective and reforms in Turkey’. But, he stressed that Union was “not planning to devise extra criteria” for Turkey and “this is very important” (Agence Europe, 1999l: 6).

#### **8.5.2.8 The Helsinki European Council: the CSDP, enlargement and Turkey candidate**

The Helsinki European Council (10-11 December 1999) took important decisions about CSDP, enlargement and Turkey. As regards CSDP, major decisions were made ‘with a view to giving the EU a “real and significant crisis (military and non-military) management capability”’ (Agence Europe, 1999m: 1). The Helsinki European Council also confirmed the importance of the enlargement process, especially for ensuring stability and prosperity in Europe and decided

to extend accession negotiations to all applicant countries (to second group applicants, Romania, Slovakia, Latvia, Lithuania, Bulgaria and Malta).

The Council declared Turkey as a candidate country for membership of the EU, subject to the same criteria as any other (European Council, 1999a: 8). Turkey would have to meet the criteria applicable to all other candidate countries to start accession negotiations (Copenhagen political criteria). Turkey, like all the candidate countries, would benefit from a pre-accession strategy to support its reforms. An accession partnership would also be established on the basis of the conclusions of previous European Councils and would set out the priority areas of the accession preparations.<sup>7</sup>

However, ‘the wording decided upon by the Fifteen did not satisfy Ankara’ (Agence Europe, 1999l: 4). The original/draft text referred to the settlement of Cyprus and border problems between Greece and Turkey. Turkey rejected any reference to Cyprus and maritime issues between Greece and Turkey as a political condition for candidacy or membership (NRC Handelsblad, 1999).

The final text on Turkey (paragraph 12) referred only generally to Cyprus (9a) and border problems (4), which was limited to political dialogue on these issues, not a political condition for candidacy. In paragraph 4 it was generally demanded from applicant countries to resolve outstanding border disputes in a peaceful way in accordance with United Nations Charter. Failing this they should bring the dispute to the International Court of Justice (European Council, 1999a: 7-8). Paragraphs 9a and 9b referred to Cyprus. In paragraph 9a the EU welcomed the launch of talks aiming at the settlement of Cyprus problem and gave strong support for the UN Secretary-General’s effort to solve the problem. In paragraph 9b it was stated that political settlement was no precondition for accession, at the time of which the Council would take account of all relevant factors. Nevertheless, Turkey needed more of a guarantee in order to agree with the text. A high-level EU delegation, under the direction of the EU Secretary General and High Representative for the CFSP, Solana, visited Turkey in order to clarify certain concerns expressed by the Turkish authorities on the subject of the text (Agence Europe, 1999l: 4, 1999m: 2). Javier Solana stressed that the “‘core” of the text’ was that Turkey was ‘candidate country according to the same conditions as for the other applicant countries’ (Agence Europe, 1999m: 2).

In the end the Council President faxed a letter to Turkish Premier Ecevit containing the guarantees demanded by Turkey, which provided for solution (Hürriyet, 1999). The President of the European Council, Paavo Lipponen, stressed that in the 12<sup>th</sup> paragraph (concerning Turkey’s candidacy) there was no other criteria added to the Copenhagen criteria: ‘When we at the European Council discussed draft decision concerning this letter, I said, without receiving any opposition, that there was no other criteria added to Copenhagen criteria in the 12<sup>th</sup> paragraph. In the same way without receiving any opposition I said that referring to the paragraphs 4 (resolving border disputes) and 9b (Cyprus) had nothing to do with membership criteria, but only implied political dialogue. The datum 2004 in the 4<sup>th</sup> paragraph did not refer to the datum for the resolving of disputes at the International Court of Justice but for the reconsideration of issue by the European Council. As regards Cyprus, a political solution was the goal of EU. Regarding membership of Cyprus, the European Council took into account all relevant factors.’ After receiving these guarantees and talking with the EU delegation Turkey accepted the text.

### **8.5.3 Influence of actors on the Helsinki decision: Turkey’s candidacy**

If we assess the influence of actors on the decision of Helsinki Summit about Turkey’s candidacy on the basis of our criteria goal achievement, time-lag, access and influence attempt, we can conclude that the Member States wielded very much influence and the Commission



exercised slight to some influence; the other actors, the Parliament and the interest groups like the ERT, the UNICE and the ETUC, had no significant influence.

The Member States influenced decision-making on Turkey's candidacy very much, because they changed the EU policy on Turkey formulated at the Luxembourg European Council in 1997, and made the decision on the basis of their own national interests and considerations. Firstly, during the British Presidency (Blair) they initiated a policy change (new direction in EU policy) on Turkey's candidacy after Turkey's 'disappointing' reaction to the decision of the Luxembourg Summit in 1997. Secondly, the German Presidency prepared both the CSDP that set out parameters of international role of the EU and insisted on recognizing Turkey as a candidate country. Thirdly, since Greece abandoned its political opposition to Turkey's candidature and favoured Turkey's membership on the basis of its national interests, there emerged a large agreement on the Turkey's candidacy at the informal Council meeting in Saariselkä on 4 and 5 September 1999. This agreement became stronger at the extraordinary European Council meeting in Tampere on 15 October 1999 and at the General Affairs Council on 6-7 December 1999 in Brussels, preparing the Helsinki Summit on common European policy on security and defence, enlargement and Turkey.

The European Commission exerted slight to some influence on the decision of the Helsinki Summit. At the time the Commission suggested Turkey as a candidate country, there was already an agreement about Turkey's candidacy among the Member States. The Commission thus proposed Turkey's candidacy after an agreement on it emerging between the Member States (anticipation). However, the Commission participated in the decision-making process, had access to all actors involved and contributed to the formulation of the (implementation of) new policy on Turkey. The European Parliament exercised no influence on the decision of the Helsinki Summit. Although the Parliament principally favoured Turkey's candidacy and membership, it politically rejected calling for the European Council in Helsinki to give Turkey candidate status (no goal achievement).

The interest groups did not play any substantial role in the decision-making process regarding Turkey's candidacy and did not exercise any significant influence on the decision. The ERT, the UNICE and the ETUC were generally in favour of Turkish candidacy, but I could not find any information showing their participation in the decision-making process and their influence on the decision. The EU-Turkey Joint Consultative Committee (JCC), an associative body made up of 18 representatives of Turkish economic and social interest groups and an equal number of members of the European Economic and Social Committee (ESC), supported the positive developments in relations between the European Union and Turkey and called for Turkey to receive 'identical treatment to that of other candidate countries' (Agence Europe, 1999n: 16). But at that time there was already a consensus among the Member States on the Turkish candidacy (time-lag). In particular TUSIAD, Turkish industrialists and business, was very active, meeting both its counterparts and representatives of governments in the member countries and tried to persuade them to support Turkey's candidacy and membership.

## **8.6 SUMMARY INFLUENCE ANALYSES AND CONCLUSIONS**

This chapter has examined the influences of the central actors on the different decisions of the EU about Turkey in order to answer the third sub-question: how and to what extent can European integration and governance on the dimension of enlargement be explained by the influence of nation states, the supranational organs of the EU and interest groups? This section answers this question by bringing together the different parts of the empirical outcomes. The theoretical model as developed in Chapter 3 (Section 3.4.3.1) expected that enlargement would be dominated by the Member States and mainly motivated by geopolitical considerations such as security, stability, peace and power. In this chapter this hypothesis has been tested by

analyzing the influence of the key actors on some of the important EU decisions about Turkey. The influence analyses based on the reconstructions of the decision-making processes support this hypothesis. The influence of actors has been assessed by employing the method of intensive process analysis on the basis of the criteria goal achievement, time-lag, access and influence attempt (see Section 4.5).<sup>8</sup> Table 8.1 shows the extent of the influence of the actors on the different decisions of the EU about Turkey, which is explained further in the following subsections.

One of the most important conclusions from the influence analyses is that the Member States wielded very much influence on enlargement, the Commission exercised some influence, the EP had no/slight influence and the interest groups like the ERT, the UNICE and the ETUC did not exert any influence. The EU considered all decisions about Turkey on the basis of geopolitical motivations to achieve security, stability and peace. Enlargement was seen as an instrument of spreading the fundamental principles and aims of the Union to strengthen the building of Europe by promoting the stability, security and general well-being of the continent.

Table 8.1 Influence of the central actors on enlargement in the case of Turkey

Decisions	Member States	Commission	EP	Business	Labour	ESC
Nature/aim association agreement	Very Much	Some	No	No	No	No
Commercial measures	Very Much	Some	No	No	No	No
Financial measures	Total	No	No	No	No	No
Custom Union	Much	Considerable	Slight (to some)	No	No	slight
Luxembourg European strategy for Turkey	Very Much	Slight to some	No	No	No	No
Helsinki Turkey candidacy	Very Much	Slight to some	No	No	No	No

### 8.6.1 Influence of Member States on enlargement in the case of Turkey

The Member States wielded very much influence on the decisions about enlargement in the case of Turkey. They had very much influence on the association agreement between the Community and Turkey, much influence on the completion of the customs union, very much influence on the decision of the Luxembourg European Council (a European strategy for Turkey) and very much influence on the decision of the Helsinki European Council (Turkey's candidacy).

The Member States exercised very much influence on the association agreement signed between the Community and Turkey in 1963, as they had very much influence on the goal and nature/framework of the association agreement, very much influence on the commercial measures and total influence on the financial protocol. The Member States determined the goal and the nature/framework of the association agreement. The goal of the agreement was to create

a closer relationship between the Community and Turkey by gradually establishing the customs union. The association agreement contained three phases (framework), namely the preparatory stage aimed at preparing Turkey to association with the commercial and the financial support of the Community, the transition phase in which the customs union would gradually be established, and the final stage based on the customs union. This outcome was a compromise between the different positions of the Member States. On the basis of geopolitical arguments (Turkey was very important for the security of west and carried huge financial burdens for it) Germany strongly favoured the association agreement with Turkey based on the customs union established according to a fixed plan and preceded by a preparatory stage with commercial and financial support to Turkey. On the other side, France and to a lesser extent Italy did not favour the association agreement based on the customs union. They preferred an association agreement without a framework (without determining the modalities of association as from the beginning) but with commercial, technical and financial measures to support Turkey. Belgium, the Netherlands and Luxembourg favoured an association based on the customs union with the preparatory stage, but the transition from the preparatory stage to the customs union had to depend on the fulfilment of certain conditions and should not be automatic. Belgium, the Netherlands and Luxembourg agreed with Germany's compromise solution, according to which the framework agreement would be based on the customs union but the transition would take place if possible at the end of the preparatory stage. Italy joined these countries. After that, France agreed to it but without the imposition of a juridical obligation in terms of the programme and schedule for the establishment of the customs union.

The Member States exerted very much influence on the commercial measures, as they determined the content and the quantity/extent of the commercial measures. The Member States decided to open fixed annual tariff quotas at preferential duty rates for Turkey's main export products (discriminatory measures) like tobacco, raisins, dried figs and hazelnuts, for quantities corresponding to trade figures during the last two years. This outcome was a compromise between on the one side Germany and to less extent Benelux (the Netherlands, Belgium and Luxembourg) and Commission supporting discriminatory measures, and on the other side France and Italy preferring non-discriminatory measures. France and Italy did not want to offer discriminatory tariff quotas for Turkey's important export products, because these Turkish products would compete with products produced by these countries in the Community. Germany insisted on an acceptable solution and requested that other countries, especially France and Italy, cooperate for a compromise. The Netherlands, Belgium and Luxembourg were ready to solve the problems. The problems of commercial measures (number and quantity of products for tariff quotas), which were for a long time discussed and blocked the development of negotiations, were solved by Germany's initiative through a package deal, where Germany bore a bigger proportion of tariff quotas for these products, France bore less, and Italy a lesser proportion.

Since the Member States determined all aspects of the financial protocol, they exerted total influence on the financial protocol. They decided to provide financial support (175 million dollar account of unity) to Turkey, which would be given as loans by EIB against favourable conditions for a period of five years to finance investment projects in Turkey within the framework of the association agreement. The intergovernmental committees like 'Committee Financial Issues', 'Committee Association with Third Countries', EIB, and COREPER prepared the technical details of the financial protocol according to the guidelines given by the Council of Ministers (Finance) and/or the European Council. COREPER and the Council of Ministers (Finance) achieved agreement on the technical aspects or less important issues. The European Council made the principal choices at the beginning and the final choices at the end.

Although the transition to the customs union (second stage of the association agreement) took about 22 years, the completion of the customs union suffered from some delays and did

not happen automatically, but required a political decision. As the Member States negotiated and finalized the conditions and the arrangements of the custom union with Turkey via the Association Council, they wielded much influence on the customs union. Although the Commission suggested the completion of the customs union to the Council, the Member States made the decision not only on the basis of the Commission's proposal but also on the basis of their own considerations. They acknowledged that the collapse of the Soviet Union, the end of the Cold War and the continuing conflicts in the Balkans, the Caucasus and the Middle East significantly increased Turkey's geopolitical importance (with its moderating influence) as a factor for stability, security and peace in the new international context. They concluded that it was in the interests of the Member States to strengthen their relationship with Turkey by the completion of the customs union among other things. The completion of the customs union was thus motivated not only by economic and commercial interests ('golden opportunities for European firms'), but also by geopolitical interests, considering it as a way of anchoring Turkey in Europe to achieve and preserve stability, security and peace in the changing international context. The customs union was politically controversial in particular because of the objections of Greece who successfully opposed (veto right) to the customs union until achieving what it wanted, namely the start of accession negotiations with Cyprus without depending on a solution on the island.

The Member States exercised very much influence on the decision of the Luxembourg European Council (1997), which did not recognize Turkey as a candidate for accession to the EU in contrast to other applicant countries (10 Central and Eastern European applicant States and Cyprus), but presented a European strategy for Turkey to prepare it for accession. Firstly, they determined at the beginning of the decision-making process (informal General Council meeting, Gymnich consultation, in Apeldoorn on 15-16 March 1997 and the Association Council meeting on 29 April 1997) that Turkey was eligible but would not become a member in the foreseeable future and would not be an applicant at the same level as the others. Against the background of disintegration of the Soviet Union and the end of the Cold War, the EU gave the priority to 'overcome the heritage of a recent Communist past' and to integrate the Middle and Eastern European countries, which was considered as an opportunity for stability, peace and (economic) prosperity in Europe. As the largest applicant country in terms of geography, population, economy and military power Turkey would bring not only too much cost for the Union, but also would be a powerful actor in the EU. In addition, the EU had not decided about its role in the new world yet and therefore was not clear about Turkish membership. Turkey's candidacy was disputed with regard to religion, history, culture and identity. Some Member States (especially Christian Democrats but also some Liberal governments and Social Democrats) were reluctant to consider Turkey as a candidate country and doubted whether Turkey belonged to Europe and was able to adapt to the European union due to its background (culture, religion, history). However, as the Member States already had acknowledged the importance of new geopolitical value of Turkey in terms of security, stability and peace for the EU, they decided to strengthen the relations with Turkey within the framework of the association agreement. Therefore, secondly, they determined the parameters and the framework within which the Commission should prepare its proposal, namely the 'custom union plus' approach. When the Commission did not put Turkey on the list of candidate countries in Agenda 2000, it knew the positions of the Member States and took them fully in account (anticipation). Thirdly, they made the final decision (a European strategy for Turkey) in a discussion among them and with Turkey. The final choice was more than the 'custom union plus', because of the strong opposition of Turkey to the 'custom union plus' approach.

The Member States influenced the decision of Helsinki Summit (1999) on Turkey's candidacy very much, because they initiated, prepared and decided on Turkey's candidacy on the basis of their own national interests and considerations. First, at the Cardiff European

Council (June 1998), the British Presidency initiated an EU policy change on Turkey's candidacy by proposing the inclusion of Turkey on the list of candidate countries, which was supported by many countries, but not Greece. The Member States instructed the Commission to prepare a regular progress report on Turkey as well, like on the other applicant countries. This initiative was the first step to normalize the relationship with Turkey after it stopped the political dialogue with the EU and moved to redefine its foreign policy as a reaction to the decision of the Luxembourg European Council. Consequently, cooperation between the EU and Turkey, considered important for stability, security and peace as well as for the EU's energy supply, was jeopardised. The EU concluded that a European strategy for Turkey as formulated in Luxembourg was counterproductive. Second, the German Presidency suggested and insisted at the Cologne European Council (June 1999), where the EU adopted a declaration on the CSDP, to recognize Turkey's candidacy at the next European Council in Helsinki where the EU would take further decision on the CSDP. Adopting a common security and defence policy and the recognition of the Turkish candidacy developed simultaneously. At the European Councils in Cologne (1999) and Helsinki (1999), the EU made a decision on its international role by adopting the CSDP. According to the CSDP, that set out parameters of international role of the EU, to play its full role in the international arena the EU should have necessary means and capabilities in order to respond to international crisis by military or non-military autonomous EU action with or without using NATO resources. Turkey was not only surrounded by conflict areas in the Balkans, the Caucasus, and the Middle-East and had to respond to them in one way or other, but a successful Turkey would also play a crucial role as an inspirational model against increasing Islamic radicalism (moderating influence and security). Therefore 'it is impossible to imagine a European security without Turkey' and 'without Turkey the EU is not complete to play a major role in the world'. Third, when Greece changed its strategy to achieve its national goals in relation with Turkey by abandoning its political opposition to Turkey's candidature and favouring Turkey's membership so as to serve its own national interests better, there emerged a large agreement on the Turkey's candidacy at the informal Council meeting in Saariselkä (September 1999). When the Commission considered Turkey as a candidate in its regular report of October 1999, there was thus already a large agreement among the Member States on Turkey's candidacy.

### **8.6.2 Influence of supranational organs on enlargement in the case of Turkey**

#### ***European Commission***

As the Commission had some influence on the association agreement (1963), considerable influence on the customs union (1995), slight to some influence on the decisions of the Luxembourg European Council (1997) and the Helsinki European Council (1999), we can conclude that the Commission wielded some influence on enlargement in the case of Turkey.

The Commission influenced the association agreement to some extent, because the Commission had some influence on the goal and nature/framework of the association agreement, slight to some influence on the commercial measures and no influence on the financial measures. First, the Commission exerted some influence on the goal and the framework of the association agreement, mainly because the compromise proposals of the Commission were based on the preferences of the Member States to bring the different positions of the Member States together, which served as a working basis for a compromise. The Commission achieved its goal (association agreement based on customs union), but due to the preferences of some Member States, Germany in particular. The Commission prepared and submitted initial proposals for the nature of the agreement (time-lag) but these proposals were based on the preferences of the Member States (anticipation), who examined and reformulated them further in the intergovernmental bodies like the 'Committee Association with Third

Countries', 'Financial Committee', COREPER, and the Council of Ministers and the final decisions were made by the European Council. The Commission negotiated with Turkey on behalf of the Community (access/frequency), but on the basis of the mandates given by the European Council, which instructed not only the content of negotiations but also the strategy and tactics of the negotiations.

With regard to the provisional protocol, the Commission exerted slight to some influence on the commercial measures and no influence on the financial measures. As the Commission favoured and insisted on substantial discriminatory measures for Turkey's four products (goal achievement), the Commission had some influence on the commercial measures (but they became possible due to the same preferences of some Member States, especially Germany); however, the Commission had no influence on the quantities of products for tariff quotas and on the sharing them between the Member States. Although the Commission participated in the decision-making process and negotiated with Turkey on behalf of the Community (shorter time-lag, access/frequency), it did this within the parameters of the mandates given by the Member States who refused to give freedom of action to the Commission in the negotiations. The Commission had no influence on the financial protocol, because it did not formulate any preferences or goals (no goal achievement) about this issue and had no freedom of action to exercise influence on the financial protocol.

Since the Commission put the completion of the customs union on the political agenda again (goal achievement), it wielded considerable influence on the decision about the customs union. Having recommended that it would be inappropriate for the Community to start accession negotiations with Turkey at that time (Turkey was eligible but Community should focus on the completion of internal market), the Commission concluded that the Community had fundamental interests in strengthening its relations with Turkey. This was because Turkey was a large expanding country, an important Atlantic alliance and had a strategically important geopolitical position. Therefore, the Commission proposed the completion of the customs union between the Community and Turkey by the end of 1995. As the Council approved this Commission's proposal, it was the starting point of developments towards the completion of customs union (time-lag). However, the Member States decided on the completion of customs union on the basis of their own interests and considerations. The Commission participated in the (technical) negotiations between the Member States and Turkey and had frequently access to all actors, but had no influence on the package deal and the agreement between the Member States, especially between Greece and the other Member States on Cyprus.

The Commission exercised slight to some influence on the decision of the Luxembourg European Council about Turkey (a European strategy for Turkey). When the Commission did not include Turkey on the list of candidate countries and suggested strengthening the relation with Turkey by a customs union plus approach (goal achievement), the Commission had already known that the Member States did not favour Turkish candidacy and preferred to intensify relationship within the framework of the customs union. The Commission took fully into account the position of the Member States and formulated its proposal (custom union plus) in accordance with their demands and within the framework given by the Member States. During the discussion among the Member States and between the Union and Turkey, this proposal was changed considerably and became a European strategy for Turkey to prepare it for accession. Within these parameters the Commission somewhat contributed to the formulation of EU policy on Turkey. The Commission was continuously present in the decision-making process, had frequent access to all actors and participated in the discussion from its own perspective as well.

Similarly, the Commission exerted slight to some influence on the decision of the Helsinki European Council (Turkey's candidacy). When the Commission suggested Turkey as a candidate country (goal achievement), the Commission knew that the Member States had already reached an agreement on Turkey's candidacy (anticipation). Nonetheless, the

Commission participated in the decision-making process, had access to all actors involved and slightly contributed to the formulation of the (implementation of) new policy on Turkey (goal achievement).

### ***European Parliament***

The EP wielded no influence on the EU decisions about Turkey examined in this study, namely the association agreement (1963), a European strategy for Turkey (1997) and Turkey's candidacy (1999), except the customs union (1995) on which the EP had slight (to some) influence.

The EP exerted no influence on the association agreement, both on the goal and framework of the association agreement and on the provisional protocol (commercial measures and financial measures). Although the EP demanded to be consulted not after but before the signing of the association agreement, it was consulted just after the signing of the agreement. The EP did not participate in the negotiations process between the Community and Turkey, did not formulate any preferences (no goal achievement) and had no access to the decision makers. In a resolution (of 28 November 1963) the EP acknowledged that it could not have exerted any influence on the results of the negotiations and declared it was not ready to accept the same procedure in the next case.

The EP exercised only slight influence on the decision of the Community about the completion of the customs union, but perhaps some influence on the conditions Turkey had to meet to formalize the customs union. Although the EP supported the Commission's proposals on the completion of the customs union (goal achievement) due to the strategic importance of Turkey for the EU, the EP formulated its opinion (November 1992) after the start of the negotiations for the completion of the customs union between the Community and Turkey (time-lag). Moreover, the EP did not participate in the negotiations and did not attempt to influence the negotiations (access, frequency and influence attempt). However, after the agreement between the Member States and Turkey on the completion of the customs union, the EP demanded that Turkey take measures to improve human rights in Turkey in order to give its assent to the customs union. Turkey considered EP's assent as an internal EU problem and officially rejected taking action. Nevertheless, Turkey adopted some amendments to the constitution regarding democratization and human rights in June 1995 (which was proposed by the main Turkish political parties in January 1995) after the agreement on the customs union between the Member States and Turkey in March 1995. The EP gave its assent to the customs union in December 1995, under the pressure of the Council, the Commission and interest groups.

The EP had no influence on the decision of the Luxembourg European Council about Turkey, namely a European strategy for Turkey. The EP underlined the need for strengthening the relationship with Turkey beyond the customs union and therefore supported the Commission's proposal (customs union plus), but the decision was a European strategy for Turkey (goal achievement). Moreover, the EP formulated its opinion within the framework given by the Member States and after the Member States announced that Turkey was not candidate (time-lag). There is also no indication that the EP attempted to influence decision-making (access and influence attempt).

The European Parliament also did not influence the decision of the Helsinki European Council about Turkey's candidacy. While the EP favoured Turkey's candidacy and membership in principle, it refused to call on the European Council in Helsinki to give Turkey candidate status (no goal achievement). It seemed that the EP did not participate further in decision-making and did not attempt to influence it.

### **8.6.3 Influence of interest groups on enlargement in the case of Turkey**

The interest groups did not influence the decisions of the EU about Turkey, namely the association agreement (1963), the customs union (1995), a European strategy for Turkey (1997) and Turkey's candidacy (1999).

The interest groups exerted no influence on the association agreement, both on the goal and nature of the association agreement and on the provisional protocol. There was no information available showing the participation of interest groups in the decision-making process at the Community level. There was also no evidence of the influence of interest groups on the association agreement. However, it is plausible to assume that the objections of France and Italy to the discriminatory commercial measures for Turkey's export products might be motivated by the interest of national pressure groups, because those Turkish products would compete with the same products of these countries in the Community.

While the business groups UNICE and ERT preferred the completion of the customs union between the Community and Turkey, there was no information available indicating their participation in and influence on decision-making. An explanation for this could be the fact that the Community organs and the Member States had already put the completion of the customs union on the political agenda, as a result of which these groups did not need to influence decision-making to achieve the customs union. For example, EuroCommerce did not call on the EP to give its assent for the customs union until the last moment. Secondly, the completion of the customs union would not bring any burdens but only advantages for these groups, because the Community had already reduced tariffs for the import products from Turkey according to the association agreement. With the completion of the customs union only Turkey should reduce tariffs for import products from the Community. The ETUC favoured the completion of the customs union as well, but it seemed not to be present in the decision-making process and therefore had no influence on it. While the ESC was in favour of the completion of the customs union between the Community and Turkey (goal achievement), it had only slight influence on the decision about the customs union, because when the ESC formulated its own opinion (June 1993, December 1993) the negotiations between the Community and Turkey had already started to finalize the customs union (time-lag).

The interest groups exercised no influence on the Council decisions in Luxembourg (1997, a European strategy for Turkey) and Helsinki (1999, Turkey's candidacy) about Turkey, because either they did not achieve their goal, or they formulated their goal after the decision of the Member States (time-lag), and did not really attempt to influence the Council decision on Turkey (access and influence attempt). As far as the decision of the Luxembourg European Council is concerned, the UNICE supported Commission's proposal for strengthening the customs union with Turkey with a view of Turkish accession in the long term. The ERT expressed the importance of developing relationships with the countries that were not in the current enlargement round. The ESC favoured Turkish candidature in principle, but negotiations should depend on its progress in democratization. The ETUC was the only actor demanding Turkey's candidature, but without the start of negotiations, as Turkey did not fulfil conditions. The interest groups also did not play any significant role in the decision-making process about Turkey's candidacy and therefore had no influence on the decision of the Helsinki European Council. The ERT, the UNICE and the ETUC were in favour of Turkish candidacy, but I could not find any information showing their participation in the decision-making process and their influence attempt on the decision.

In conclusion, in this chapter I have attempted to answer the third sub-question: how and to what extent can European integration and governance on the dimension of enlargement be explained by the influence of nation states, supranational organs of the EU and interest groups? (see Section 3.2.2). The tentative answer has been, as developed in Chapter 3 (Section



3.4.3.1), the hypothesis that enlargement is dominated by the Member States and mainly motivated by geopolitical considerations such as security, stability, peace and power. The outcomes of the empirical research conducted to test this hypothesis on the influence of the central actors on the different decisions of the EU about Turkey support this theoretical prediction. The EU considered different decisions about Turkey (i.e. enlargement) by putting them in the context of the (changing) international order and made all decisions about Turkey on the basis of geopolitical motivations to achieve security, stability, peace and power. Enlargement was considered as a means of spreading the fundamental principles and objectives of the Union, which serves for the stability, security and general well-being of the continent. In conformance with the theoretical expectation, the Member States exerted very much influence on the different decisions about Turkey (enlargement), the Commission some influence, the EP no/slight influence and the interest groups like the ERT, the UNICE and the ETUC no influence. Consequently, the Member States were dominant on the dimension of enlargement.

## **PART IV: CONCLUSIONS**

## CHAPTER 9

### CONCLUSIONS AND REFLECTIONS

#### 9.1 INTRODUCTION

The aim of this study was to determine, empirically and comparatively, the influence of the central actors such as the Member States, the EU's supranational organs and interest groups on the (outcomes of) decision-making in the EU in order to explain European integration and governance. Which actors exercise influence on decision-making in the EU, and to what extent? This is very relevant because there are many theories making contesting assessments of the influence of those actors in explaining of European integration (See Chapter 2). However, there are few comparative studies about the actual/real influence of the key actors on the different dimensions of European integration and governance. Therefore this study has attempted to answer the following research question by conducting empirical and comparative research on the influence of the central actors on the different dimensions of European integration and governance:

*How and to what extent can European integration and governance (decision-making within the EU) be explained by the influence of the nation states, the supranational organs of the EU and interest groups?*

Integration was defined on the basis of its dimensions, namely (socioeconomic) policy cooperation, institutional change and enlargement. How and to what extent the central actors exerted influence on different dimensions of integration was examined in Chapters 6 (socioeconomic policy cooperation), 7 (institutional change) and 8 (enlargement), which answered the three sub-questions. This chapter brings the outcomes of this empirical research together, contrasts them with each other, compares them with the theoretical hypothesis of the existing theories and MDA and reflects on the study.

This chapter is structured as follows: Section 9.2 summarizes the argument of this study, developed in Chapters 2-5. The empirical results of the study and the answer to the research question are then presented in Section 9.3, which summarizes and compares the influence of the central actors on the different dimensions of European integration and governance, as examined in Chapters 6 (socioeconomic policy cooperation), 7 (institutional change) and 8 (enlargement). In Section 9.4 the hypotheses of the existing theories about the influence of the central actors on European integration are contrasted with the empirical results of the study in order to identify to what extent these hypotheses are supported or refuted by the empirical results of the study. Subsection 9.4.1 deals with the influences of the Member States, 9.4.2 with the supranational organs and 9.4.3 with the pressure groups. The final part of this chapter, Section 9.5, reflects on the study, Subsection 9.5.1 on the theory and 9.5.2 on the methodology of the study and offers some suggestions for future research agendas.

#### 9.2 SUMMARY ARGUMENT

The theories of IR, RI and CP/PP, which make contesting assessments on the influence of the central actors on decision-making in the EU in their explanation of European integration and governance, were reviewed in Chapter 2. The IR theories, such as neorealism (Waltz, 1979; Grieco, 1993a, 1993b), neoliberal institutionalism (Keohane, 1984/2005, 1993) and constructivism (Wendt, 1992, 1995, 1999), study the conditions under which nation states cooperate with each other or not. In explaining European cooperation, defined as policy adjustment to achieve beneficial outcomes, they stress the influence of states because they

consider states as the major actors of international politics. From this perspective the supranational organs and pressure groups do not have any independent power and influence on European Cooperation.

The RI theories have focused not on the conditions of cooperation between states but on how and why European integration evolved. They tried to explain European integration through the influence and interests of central actors. However, they define integration differently and stress the influence of different actors. The state-centric (liberal) intergovernmentalist tradition defines integration as a policy co-ordination between states designed to manage international interdependence (Moravcsik, 1993, 1998) and emphasises therefore the influences of states. On the contrary, the non-state centric neofunctionalist tradition (Haas 1958; Sweet and Sandholtz 1998) defines integration as a process of forming a political community and therefore study transnational activities and the changing behaviour of the non-state actors, as result of which it stress the influence of interest groups and the supranational organs.

The CP/PP theories are not interested in the conditions in which states cooperate and why, or how European integration has developed, but how the EU political system works. These theories stress the influence of different actors and institutions on decision-making in different fields and at different levels within the EU. The actor-based approaches, such as 'multilevel governance' (Marks et.al., 1996a; Hooghe and Marks, 2001), 'policy network' (Richardson, 1996b, 2006b; Peterson, 2004) and 'collective governance' (W. Wallace 2000, 2005) describe the EU as a multilevel political system in which not only states but also the supranational organs and interest groups play an important role. The (new) institutional approaches, such as 'rational choice institutionalism' (Hix, 1999, 2005; Pollack, 2003, 2006), 'historical institutionalism' (Pierson, 1998; Bulmer, 1998) and 'sociological institutionalism' (Checkel, 1999, 2006; Rise 2004, Wiener, 2006), study how institutions shape actors' behaviour in order to explain policy-output.

These theories not only define the dependent variable differently (cooperation, integration, governance), but they are also unable to identify varying motivations and influence of the central actors on the different dimensions of European integration and governance. Therefore this study has offered a multidimensional approach (MDA) to European integration and governance (Chapter 3), suggesting that the influence of actors on European integration and governance vary according to the different dimensions of integration; because the patterns of decision-making in the EU vary according to the different dimensions, actors have varying intensity of interests (salience of issue for actors) on the dimensions and varying power to be able to exercise influence on EU decision-making on those dimensions. First, the intensity of interest (salience of issue for actors) motivates actors to attempt to exercise influence, meaning that the more salient an issue is, the more attempts actors will make to exert influence. Second, actors act not in a vacuum, but in a given (institutional) structure, i.e. pattern of decision-making that determines whether or not, to what extent, and in which way actors participate in decision-making. Third, the power of actors, based on actors' resources and skills in using these resources to be able to exercise influence, helps to determine the extent of the influence of actors on decision-making. The outcomes of political decision-making on the different dimensions of European integration are then explained by the relative influence of the central actors, given the structure in which they operate.

The main thesis of this study is, in contrast to what the mainstream theories suppose, that the central actors have a varying influence on the different dimensions of European integration and governance. For the Member States enlargement and institutional change are salient issues ('high politics') concerning 'history-making decisions' taken at the 'super-systemic level' where the pattern of decision-making is intergovernmental and therefore states play a dominant role. However, socioeconomic policy cooperation, which is 'low politics' for the Member States, 'common policies' for the supranational organs and 'salient issues' for

interest groups, concerns ‘policy –setting decisions’ taken at the ‘systemic-level’ where the pattern of decision-making is supranational including not only governments but also the supranational organs of the EU and interest groups, whereby states share the influence increasingly with the supranational organs and interest groups. As these dimensions interact with each other, European integration reacts both to domestic demands (internal dynamic) and to the demands of the international environment (external dynamic). Motivations of actors also vary according to the different dimensions of integration. Enlargement is mainly motivated by geopolitical considerations such as security, stability and peace; institutional change not only by political and administrative efficiency but also by the struggle for decision-making power; socio-economic policy cooperation by domestic problem solving and the struggle for wealth.

Political power is defined as the ability of an actor, based on its resources and skills in using these resources, to exercise influence on the (outcomes of) decision-making in the EU by its presence (anticipation of power subject) or by its action (influence attempt of power holder). Political influence is the effect that an actor has, by using this ability, on the outcomes of decision-making in accordance with its preferences/goals. Political influence means thus the achievement of a policy goal of a power wielder because of its own intervention. As a result political influence presupposes a causal link between an actor’s intervention (exercising power) on the hand and a desired outcome (effect=influence, goal achievement) on the other.

The concept of causality in this study is defined as ‘necessary condition in the circumstance’, as INUS condition, because political outcomes in EU decision-making are caused not only by one actor A but a result of interaction between various actors, where the intervention of an actor A may be necessary but almost always not sufficient for the outcomes. The influence analysis has attempted to examine the relative influence of participating actors on the outcomes of the decision-making in the EU.

In order to assess the influences of actors on the outcomes of the EU decision-making this study has applied the method of intensive process analysis based on J.S. Mill’s method of difference, which was considered as an appropriate causal design in this (non-experimental) influence research so as to meet the conditional characteristics of causality (Chapter 4, Subsection 4.4.3). The causal analysis is based on as complete as possible a reconstruction of the decision-making process according to the rules of the intensive process analysis. As the purpose of the analysis was to determine the causation of a decision by the actors who participated in the decision-making process, all players with their preferences, actions, access to each other and their attempt to exercise influence have been included in the reconstruction by collecting longitudinal data for each decision (-making process). The influence of actors was assessed on the basis of the following indicators: goal achievement, time-lag, access and influence attempt. Actor A has exercised more influence when: The more actor A has achieved its goals; the more actor A has access to actor B and the more actor A attempts to exert influence on B; the shorter time lag between A’s attempt and B’s change; the more B’s change in A’s interests (goal achievement).

### **9.3 EMPIRICAL RESULTS: COMPARING CASES and INFLUENCE OF ACTORS**

In order to assess the influence of actors on the different dimensions of European integration, one case has been examined from each dimension. The cases have been selected on the basis of the criteria ‘hard’ cases or ‘least likely’ cases in order to avoid selection bias. This means that the cases selected tend to falsify rather than confirm the theory ((Eckstein, 1975: 118-119; King et.al., 1994: 209; George and Bennett, 2005; 120-23; Rogowski, 2010: 90) (see research design, Chapter 5): Internal market and new common policies in the SEA on the dimension of socioeconomic policy cooperation, institutional reform in the SEA on the dimension of institutional change and Turkey on the dimension of enlargement. Furthermore in each case

certain sub-cases (=political decisions) have been selected in order to increase the number of cases for an increased degree of freedom and to be able to study these cases according to the intensive process analysis as discussed in Chapter 5. So on the dimension of socioeconomic policy cooperation (internal market and new common policies in the SEA) the following sub-cases have been examined: As regards the internal market: principle agreement, definition and deadline, and harmonization. With respect to the new common policies: monetary policy, social policy, cohesion policy, and R&TD were examined. Concerning the institutional reform in the SEA: QMV in the European Council, expanding EP's power and strengthening the Commission's management power were investigated. On the dimension of enlargement (Turkey) the following decision were studied: association agreement (1963) between the EEC and Turkey (nature/framework and aim, commercial measures and financial measures), customs union (1995), the decision of the Luxembourg European Council rejecting Turkey's candidacy (1997), and the decision of the Helsinki European Council recognizing Turkey's candidacy (1999).

Table 9.1 presents the empirical results of the research into the influence of the central actors on the different dimensions of European integration and governance, that is to say socioeconomic policy cooperation (internal market and new common policies in the SEA), institutional change (in the SEA) and enlargement (Turkey). It shows how many decisions each actor influenced on each dimension, and to what extent. For example, the Member States influenced six decisions (N=6) on the dimensions of enlargement as follows: much influence on one decision, very much influence on four decisions, and total influence on one decision. The table also shows similarities and differences between the influences of actors on the different dimensions of integration.

Table 9.1 Influence of the central actors on the decisions on the different dimensions of European integration and governance

	Socioeconomic Policy cooperation (Internal market and new Common policies in SEA) N=7	Institutional Change (in SEA) N=3	Enlargement (Turkey) N=6	Total N=16
Member States	Considerable: 1 Much:.....4 Very Much....2	Very Much: 3	Much.....1 Very Much.. 4 Total.....1	16
Supranational Organs	Slight.....1 Some.....3 Considerable...3	Some/slight: 3	Slight/some...2 Some.....2 Considerable:1	15
Interest Groups	Some.....1 Considerable...5	Slight/some: 1	Slight.....1	8

Table 9.2 demonstrates the variation of the influence of the actors from slight to total influence. The Member States exerted influence on all sixteen decisions, varying from considerable to total: considerable influence on one decision, much influence on five decisions, very much influence on nine decisions and total influence on one decision. The supranational organs exercised influence on fifteen of sixteen decisions, varying from slight to considerable: slight influence on three decisions, some influence on eight decisions and considerable influence on four decisions. The interest groups influenced only eight of sixteen decisions, varying from slight to considerable: slight influence on two decisions, some influence on one decision and considerable influence on five decisions.

Table 9.2 The variation of the influence of actors on European integration and governance

	Slight	Some	Considerable	Much	Very Much	Total	N=16
Member States			1	5	9	1	16
Supranational Organs	3	8	4				15
Interest groups	2	1	5				8

The tables demonstrate that the Member States were the most influential actors in the sixteen decisions studied on the three dimensions of integration. They exercised influence on all sixteen decisions, varying from considerable via much and very much to total influence. However, the Member States were more dominant (with very much influence) on the dimensions of institutional change and enlargement than on the dimension of socioeconomic policy cooperation (with much influence). It is precisely on this dimension that the Member States shared the influence to an important extent with the supranational organs and the interest groups. The supranational organs and interest groups exerted more influence on the dimensions of socioeconomic policy cooperation than on the dimensions of institutional change and enlargement. The supranational organs influenced fifteen of sixteen decisions because of the active participation of the Commission in all decision-making processes under investigation. However, their influences vary only from slight to considerable. The interest groups succeeded in influencing only eight of sixteen decisions. Their influence clearly concentrated on the dimension of socioeconomic policy cooperation, on which they had considerable influence.

To sum up, the Member States exerted much influence on the dimension of socioeconomic policy cooperation, very much influence on the dimension of institutional change and very much influence on the dimension of enlargement. The supranational organs exercised some to considerable influence on the dimension of socioeconomic policy cooperation, slight to some influence on the dimension of institutional change and some influence on the dimension of enlargement. The interest groups exercised considerable influence on the dimension of socioeconomic policy cooperation, slight influence on the dimension of institutional change and no/slight influence on the dimension of enlargement (see Table 9.3).

The empirical results of this research confirm the theoretical model as developed in Chapter 3. The theoretical model MDA suggests that the Member States are dominant actors on the dimensions of institutional change and enlargement but (increasingly) share the influence with the supranational organs and interest groups on the dimensions of socioeconomic policy

cooperation. The empirical results of the research, summarized in the tables 9.1, 9.2 and 9.3, show that the Member States were largely dominant on the dimensions of institutional change and enlargement due to their very much influence on these dimensions, on which the supranational organs and the pressure groups had only slight to some influence. However, the Member States shared the influence to a considerable extent with the supranational organs and the interest groups on the dimension of socioeconomic policy cooperation. While the interest groups had more influence than the supranational organs on the dimension of socioeconomic policy cooperation, the supranational organs had more influence than the interest groups on the dimensions of institutional change and enlargement. According to these results the theoretical model discussed in Chapter 3 is redesigned in figure 9.1 (compare it to figure 3.1). The figure shows the total influence of the actors on the different dimensions of integration in terms of thicker (more influence) and thinner (less influence) arrows.

Table 9.3 Summary of the influence of the actors on the different dimensions of European integration

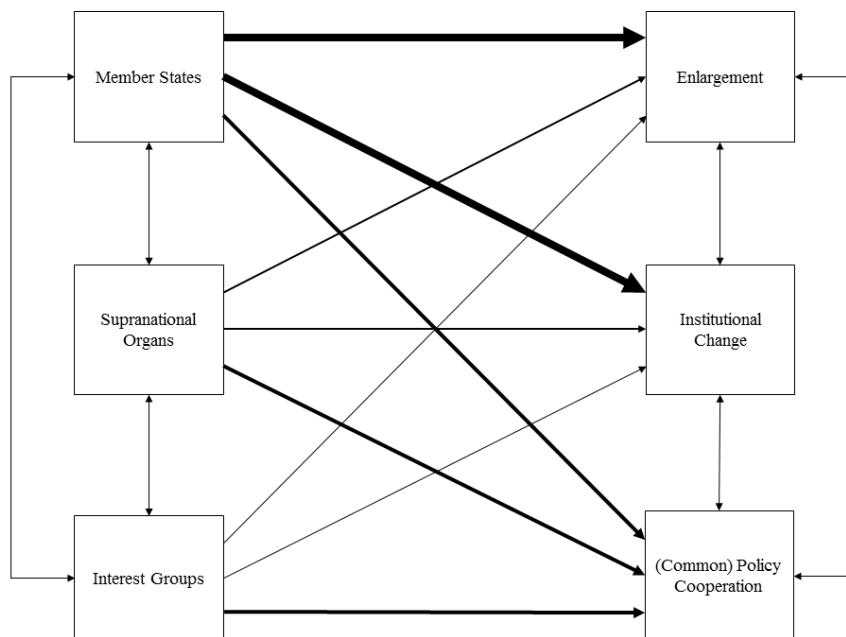
	Socioeconomic Policy cooperation (Internal market and new Common policies in SEA)	Institutional Change (in SEA)	Enlargement (Turkey)
Member States	Much	Very Much	Very Much
Supranational Organs	Some/Considerable	Some/slight	Some
Interest Groups	Considerable	Slight	No/slight

#### 9.4 COMPARING THEORIES WITH EMPIRICAL RESULTS: TESTING HYPOTHESES

There are three problems with testing theories that make contesting assessments of the influence of the central actors on European integration and governance. First, as discussed in Chapters 2 and 3, these theories explain different dependent variables: the IR theories explain cooperation, the RI theories explain integration and the CP/PP theories explain governance, which they define differently. Second, they do not specify the dependent variable they want to explain, as a result of which the dependent variables remain as general concepts. Third, they do not determine the scope and domain of influence as discussed in Section 4.2.3. Nevertheless, as these theories try to explain the same thing, namely (the outcomes of) EU decision-making, make contradictory assessments of the influence of the central actors on EU decision-making and are seen as competitive in this field, it seems useful to compare these theories with the empirical results of this research (matching). The test focuses on those theories applied to European integration and governance as discussed in Chapter 2 on the basis of original sources, which are often mainstream and subject to strict interpretations that have dominated the discussion in the EU (review) literature. The question is to what extent the outcomes of this research support or oppose (the hypothesis of) these theories.



Figure 9.1 Influence of central actors on different dimensions of integration on the basis of tables 9.1, 9.2 and 9.3



#### 9.4.1 Influence of Member States: theories and empirical results

As far as the influence of the Member States is concerned, the empirical results of this research partly support but partly contradict the IR theories. The IR theories like neorealism, neoliberalism and constructivism stress the influence of the states (acting on the basis of self-defined interests) in explaining European cooperation, which is defined as policy adjustment by states to achieve beneficial outcomes. From this perspective, the supranational organs and interest groups do not play any significant role. The empirical results of this research partly support this hypothesis, because the Member States were the most influential actors in the EU decision-making processes examined in this research. They influenced all sixteen decisions, varying from considerable (1), much (5), very much (9) to total (1). However, their influence has been not even strong on all the dimensions of integration. While they were very dominant on the dimensions of institutional change and enlargement with very much influence, they were less dominant on the dimension of socioeconomic policy cooperation (much influence). The reason for this is that both the supranational organs and the interest groups were significant actors with considerable influence on the dimension of socioeconomic policy cooperation. Consequently the empirical results partly contradict the IR theories.

The outcomes of the research partly oppose and partly back the RI theories as well. The analysis given above is also true for the state-centric regional integration theories, especially (liberal) intergovernmentalism that explains European integration by the influence of the Member States, and disregards the influence of the supranational organs and interest groups at the EU level. As previously stated, while the Member States were very dominant on the dimensions of enlargement and institutional change, they had to share the influence considerably with the supranational organs and interest groups on the dimension of socioeconomic policy cooperation. The European Commission especially exerted influence on the internal market and new common policies (socioeconomic policy cooperation) from some to a considerable extent. The outcomes support the society-centric regional integration theories

only to some extent, namely the neo-functionalist tradition which argues that European integration has been dominated by the influence of interest groups and the supranational organs. It is true that the Member States reacted to the demands of the interest groups and the supranational organs for the establishment of the internal market and the new common policies to some extent, but they pursued their own agenda on these issues as well, which was more comprehensive than the demands of the interest groups. In addition, the influence of the interest groups and the supranational organs focused on the dimension of socioeconomic policy cooperation and they had less influence on the dimension of enlargement and institutional change.

The outcomes seem to offer some support to the hypothesis of the CP/PP theories like MLG, Collective Governance and Policy Network, which argues that the outcomes of EU decision-making can only be explained by the influence of all actors, not only the Member States, but also the interest groups and the supranational organs. This is especially true in the dimension of socioeconomic policy cooperation, on which not only the Member States but also the supranational organs and the interest groups exercised considerable influence. However, on the dimensions of enlargement and institutional change the Member States were very dominant, allowing little room for the influence of the supranational organs and the interest groups. Furthermore, these theories have never clearly defined the dependent variable integration and not specified the influence of these actors on the different dimensions of integration (scope of influence). So to be able to test their hypothesis these theories should make it clear which actor exercises influence on which part of the dependent variable of integration, and to what extent. They should thus specify the influence of actors on the different dimensions of European integration and governance.

The empirical results of this research confirm the hypotheses of the MDA. As suggested by the MDA the Member States were very dominant actors on the dimensions of institutional change and enlargement, but shared the influence to a considerable extent with the supranational organs and interest groups on the dimension of socioeconomic policy cooperation. Furthermore, the motivations of actors also vary, as proposed by the MDA and in contrast to the assumptions of the IR, RI and CP/PP theories, according to the different dimensions of integration.

The Member States were largely dominant on the dimension of institutional change. They exerted very much influence on all the three decisions examined in this research, namely QMV in the Council, expanding EP's power with cooperation and assent procedures and strengthening the Commission's management power, on which the other actors had only slight to some influence. The institutional reform in the SEA was considered as a necessary means to achieve and manage (the establishment of) the internal market, expansion of new common policies and enlargement, by making Community decision-making more effective. Traditionally the Member states were reluctant to give up their veto right and to transfer more power to the EP and the Commission. In the end they did so because 'all others have failed' in making Community decision-making more effective in order to manage (the establishment of) the internal market, new common policies and enlargement. While they transferred those powers to the EP and the Commission that were necessary for effective decision-making, they kept final say in their hands. The institutional change was thus not only motivated by functionality but also by efficiency, participation, representation and power as suggested by the MDA (see Chapter 3). The outcomes were a compromise between those (Italy and Benelux) preferring more integration and supranational decision-making by favoring wide use of QMV in the Council, the joint decision-making power of the EP and the expansion of the Commission's management power, and on the other hand those (the United Kingdom, Denmark and Greece) preferring to keep existing institutional balance and veto right. Germany and France took a position between these two groups, which the other actors moved towards in the end to achieve

a compromise. The influence of Germany and France was often based on their adoption of the middle-position between the contesting demands/positions of other actors, which brings some nuances to their assumed more influential role in the literature.

As supposed by the MDA, the Member States were also dominant actors on the dimension of enlargement, as they exerted very much influence on this dimension. Of six decisions studied in this dimension, they exercised total influence on one decision (the financial measures in the association agreement with Turkey), much influence on one decision (customs union), and very much influence on four decisions (the nature and aim of the association agreement, the commercial measures in the association agreement, rejecting Turkish candidacy by the Luxembourg European Council, and recognizing Turkey's candidacy by the Helsinki European Council). The Member States were more dominant on the dimension of enlargement than on the dimension of socioeconomic policy cooperation but less dominant than on the dimension of institutional change, because the other actors, especially the European Commission, succeeded in exerting some more influence on the dimension of enlargement compared with slight to some influence on the dimension of institutional change (see for this below). The decision-making process, generally speaking, showed the following pattern: The European Council made a principal decision or determined a framework in which the decision to be made should fit. When needed, the European Council gave a clearly defined mandate to the Commission for negotiations with the applicant country. The Commission reported to the Council about negotiations, on the basis of which the Council gave an improved mandate as the basis of further negotiations. The principal decision made by the European Council was worked out in the intergovernmental bodies, like the Financial Committee, Association with Third Countries, COREPER and the Council of Ministers. These bodies also discussed Commission's reports and worked them into an improved draft mandate. In these intergovernmental bodies the Member States often achieved an agreement on the secondary or technical aspects of the decisions being made, but the European Council made the decision on contesting aspects, politically sensitive issues and the final decision. The outcomes also confirm the hypothesis that enlargement is motivated by geopolitical considerations in terms of stability, security, peace and power. All the decisions about enlargement (Turkey) were put in the context of (changing) international order and made on the basis of geopolitical motivations to achieve security, stability and peace. The enlargement was considered as means of spreading the fundamental principles and objectives of the Union, which had to serve to strengthen the building of Europe and to ensure the stability and security of the continent.

In contrast to the dimensions of institutional change and enlargement, the dominance of the Member States diminished on the dimension of socioeconomic policy cooperation, because the other actors, especially the interest groups, were very active and succeeded in exerting more influence on this dimension. While the Member States exercised much influence on the internal market and new common policies, they clearly had to share the influence with the supranational organs and the interest groups. The Member States exerted considerable influence on one decision (principal agreement on the internal market), much influence on four decisions (the definition of the internal market, harmonization, social policy and R&TD), and very much influence on two decisions (monetary policy and cohesion policy). The outcomes were often a compromise between contesting interests and positions of the Member States. For example, in the case of the definition of the internal market there was a compromise between those like Italy and Benelux favouring more integration (maximalist definition- 'area') and those like the United Kingdom, Denmark and Greece preferring less integration (minimalist definition, 'single market'). Consequently, the internal market has been defined in terms of both 'area' and 'single market'. In the case of monetary policy, there was a compromise between those like Italy, Benelux and France who wished to include the monetary policy in the treaty and those like the United Kingdom and Germany who preferred not to include the monetary policy in the treaty,

as a result of which the monetary policy was included in the treaty with a 'low profile'. In the case of the cohesion policy there was a compromise between possible payers like France, Germany, Italy and to a lesser extent Benelux and possible receivers like Greece, Spain and Portugal. In contrast to institutional change, the Member States demonstrated greater willingness towards integration in the field of socioeconomic policy cooperation, because they were convinced that no single state was able to solve the problems separately. The establishment of the internal market was considered both as a response to the problems of growth, stability and prosperity, and as a means of survival, as an essential factor in competition against Japan and the USA (the 'costs of non-Europe').

#### **9.4.2 Influence of supranational organs: theories and empirical results**

From the perspective of the IR theories like neorealism and neoliberalism, the supranational organs like the European Commission and the EP, do not have any independent power and influence on European integration. However, the empirical research does not support this hypothesis. The supranational organs, especially the European Commission, influenced fifteen of sixteen decisions studied on the different dimensions of European integration. They exercised slight influence on three decisions, some influence on eight decisions and considerable influence on four decisions. Their influence is especially striking on the socioeconomic policy cooperation (internal market and new common policies), exerting considerable influence on three decisions, some influence on three decisions and slight influence on one decision.

The empirical results disagree with the RI theories to a large extent as well. These outcomes also contradict the hypothesis of (liberal) intergovernmentalism that ascribes no influence to the supranational organs in EU decision-making at the EU level. Moravcik (1998) recognized that the European Commission influenced the SEA, opposing his theory of liberal intergovernmentalism, but considered it as an exception. However, he was unable to identify the scope and the domain of the Commission's influence, because he did not take into consideration the different dimensions of integration and did not separate the different dimensions of European integration in the SEA. The European Commission had particular influence, from some to a considerable extent, on the internal market and new common policies in the SEA, that is to say the socioeconomic policy cooperation. Although the supranational organs influenced fifteen of sixteen decisions, this gives only limited support to and does not verify the hypothesis of neofunctionalist tradition that stress, besides interest groups, the influence of the supranational organs in explaining European integration. This is because the supranational organs clearly exercised much less influence, varying from slight to considerable, than the influence of the Member States that exerted dominant influence on all the dimensions of integration, varying from considerable via much to very much and total. It is true, as suggested by the neofunctionalist tradition, that the Member States reacted to the demands of the interest groups and the supranational organs as well, but the neofunctionalist tradition ignores the fact that the Member States also had their own agenda with regard to European integration and exaggerates therefore the impact of the supranational organs.

The empirical results seem to back the suggestions of the CP/PP theories like MLG, policy network and collective governance, arguing that the outcomes of EU decision-making can only be explained by taking into account the influence of all actors including the supranational organs and the interest groups. However, this is a general formulation and not a specific hypothesis, meaning that these theories have not yet specified the relative influence of the central actors on the different dimensions of European integration and governance.

The outcomes of the research confirm the hypothesis of the MDA, suggesting that although the Member States are dominant actors in EU decision-making the supranational organs are significant actors especially in the field of socioeconomic policy cooperation. The

supranational organs exerted influence on fifteen of sixteen decisions investigated in this research. As suggested by the MDA, they were most influential on the dimension of socioeconomic policy cooperation, but their influence decreased remarkably on the dimension of institutional change and enlargement. Among the supranational actors, the Commission was the most influential actor, which exerted influence on fifteen of sixteen decisions, varying from slight influence on three decisions, some influence on eight decisions, to considerable influence on four decisions. The EP exercised slight influence on two decisions and slight to some influence on four decisions.

The influence of the supranational organs was concentrated on the dimension of socioeconomic policy cooperation. While the EP had only slight to some influence on two decisions (the principal agreement on the internal market and R&TD), the Commission exerted influence on all seven decisions: The Commission exercised slight influence on one decision (social policy), some influence on three decisions (the principal agreement on the internal market, monetary policy, cohesion policy), and considerable influence on three decisions (the definition of internal market, harmonization and R&TD). The influence of the Commission was based on different factors. Firstly, the Commission always put forward integrative European solutions/options to solve economic and social problems in Europe, for example by arguing that the completion of internal market was necessary to ensure economic growth and to become competitive against Japan and the USA. Secondly, the Commission acted as an entrepreneur among the interests groups and the European companies to develop convergence and to win (and mobilize) support for the completion of internal market. Thirdly, the Commission participated very actively in the IGC by submitting proposals for almost all decisions, which served as an input to the discussion and decision-making. Given the fact that submitting a proposal was not enough to exercise influence, this was then backed, fourthly, by forming a coalition with some Member States who shared a similar or comparable position, in particular with those preferring more integration like Italy and Benelux, for example in the case of the definition of internal market as an 'area' instead of only a 'market'; Fifthly, in the case of monetary policy, the Commission successfully threatened the Member States with the withdrawal of all of its other proposals if the monetary policy was not included in the reform of the Treaty. Sixthly, the power of argument or legitimate criticism of the rigid position of Member States convinced them in the case of R&TD, as a result of which the Commission prevented an excessively detailed framework programme with unanimity decision-making. However, this was done with the support of some Member States like Italy, the Netherlands and Belgium. It should be noted that this would have not been possible if some Member States (and business groups) had not preferred closer cooperation in the monetary field, but the criticism from the Commission contributed to this solution as well. Regarding the limited influence of the EP, it should be noted that the EP had no procedural power in the case of SEA, which implies that the influence of the EP on common policies may increase as a result of successive treaty reforms providing considerable legislative power (under cooperation and co-decision procedure) to the EP in the field of common policies. So some empirical studies have pointed to the significant influence of the EP in the field of socioeconomic policy cooperation, especially in co-decision procedure (see for example Hix, 2005: 106-109; Selck and Steunenberg, 2004: 42, Steunenberg and Selck, 2006: 81)

The supranational organs wielded remarkably less influence on the institutional change than on socioeconomic policy cooperation, as predicted by the MDA. The supranational organs favoured the institutional change in terms of QMV as a rule in the Council, expanding EP's legislative power by its co-decision-making competences and strengthening the Commission's power by its independent management competences. They pursued to obtain more power in the EU decision-making process by arguing that this was the best way to increase the efficiency of EU decision-making in order to solve European problems. However, they only achieved their

goals to a limited extent. The EP exerted only slight influence on QMV in the Council and on the strengthening of the Commission's management power, and slight to some influence on the expansion of the EP's power. While the Commission influenced the decisions in the field of socioeconomic policy cooperation to a considerable extent, it was able to exercise only some influence on the decisions about the institutional change, namely some influence on QMV, some influence on the EP's power and some influence on the Commission's management power. The Commission used similar resources as mentioned above to exercise influence on the decisions in the field of institutional change: submitting detailed proposals about all decisions, which served as (one of the) inputs to the discussion and decision-making; active participation in the discussion and decision-making; coalition with the Member States who had similar goals like Italy and Benelux. However, the effect was less influence than the effect on the dimension of socioeconomic policy cooperation. The reason for this reduced influence of the Commission was that the Member States were reluctant to allow institutional reform, i.e. to give up their veto right and to transfer power to the supranational organs. The United Kingdom, Denmark and Greece were unwilling to agree to institutional reform, France insisted on keeping the existing institutional balance and Germany favoured limited institutional change. Only Italy and Benelux preferred institutional reform in terms of QMV in the Council, expanding the EP's power and strengthening the Commission's management power. The outcome was then a compromise between these positions with a limited institutional reform and limited influence of the Commission.

As in the case of the institutional change, the supranational organs exercised less influence on the dimension of enlargement than on the dimension of socioeconomic policy cooperation. Notably the EP was not able to exert any influence on the decisions in the field of enlargement, except the customs union. The EP had no influence on the decisions about the association agreement (the nature of agreement, the commercial measures and the financial measures), because the EP did not participate in the decision-making and was consulted just after the signing of the association agreement between the Community and Turkey. The Community used, after signing the agreement on the customs union, the EP's assent as a power basis to prompt Turkey to make some democratic reforms. The Commission was able to exert some influence on the decisions in this dimension. The Commission exercised slight (to some) influence on two decisions (rejecting Turkey's candidacy at the Luxembourg European Council and recognizing it at the Helsinki European Council), some influence on two decisions (the nature of the association agreement and commercial measures in that agreement) and considerable influence on one decision (customs union). In spite of the fact that the Commission negotiated with Turkey on behalf of the Community, its influence on the association agreement was limited to some extent, because its room to manoeuvre was restricted by the rigid mandate given by the Member States, which determined not only the strategy and tactics but also possible steps and reactions of the Commission to Turkey's steps. Nevertheless, it could exercise some influence on the association agreement due to its compromise proposals to bring the different positions of the Member States together which served as a basis of compromise. The Commission's considerable influence on the customs union was based on the fact that the Commission put the customs union on the political agenda and participated in the negotiations with Turkey. Although the Luxembourg and the Helsinki European Councils formally made the decisions about Turkey on the basis of Commission's proposals, the Commission knew the preferences of Member States and anticipated them by taking their preferences fully into account: proposals that would not be backed by the Member States were considered unproductive.

### 9.4.3 Influence of interest groups: theories and empirical results

With respect to the influence of interest groups, the empirical results of this research contradict the hypothesis of IR theories like neorealism and neoliberalism, suggesting that interest groups do not have any significant influence on European integration/cooperation. This is because the interest groups were able to exercise influence on eight of sixteen decisions. They exerted slight influence on two decisions (QMV and customs union), some influence on one decision (monetary policy) and considerable influence on five decisions (the principal agreement on the internal market, the definition of the internal market, harmonization, social policy and R&TD). The fact that the interest groups exercised only slight influence on one decision on the dimensions of enlargement and institutional change backs the IR theories. However, their considerable influence on the dimension of socioeconomic policy cooperation clearly falsifies the hypothesis of the IR theories.

The empirical results largely oppose the RI theories. The outcomes of the research disagree with the hypothesis of state-centric theories in the field of regional integration like (liberal) intergovernmentalism, which suggests that the interest groups impact European integration in the field of low politics (socioeconomic policy cooperation) only at the national level. This research shows that they exercised influence on low politics at the EU level as well. On the other hand the empirical results give support to the hypothesis of the society-centric neofunctionalist tradition to some extent, suggesting that interest groups (together with supranational organs) are driving actors of European integration, because the interest groups exerted influence on the decisions in the field of socioeconomic policy cooperation and did not have any significance influence on the dimensions of institutional change and enlargement. It is true that the interest groups put pressure on the Member States to deepen European integration, but their impact was largely limited to socioeconomic policy cooperation. In addition, the neofunctionalist tradition disregards the autonomous agenda of the Member States with regard to European integration.

The results of the research seem to provide some support to the CP/PP theories, which argue that the outcomes of EU decision-making can only be explained by taking into account the influence of supranational organs and interest groups as well as that of the Member States. However, as said, these theories have not clearly defined the dependent variable of integration and not specified the influence of those actors on the different parts of the dependent variable (integration and governance).

The research outcomes verify the MDA hypothesis which suggests that the interest groups have more influence on the dimension of socioeconomic policy cooperation than on the dimensions of institutional change and enlargement. The interest groups influenced eight of sixteen decisions, six of which were in the field of socioeconomic policy cooperation. Whereas the interest groups had only slight influence on one decision on the dimension of enlargement and institutional change, they exercised considerable influence on the dimension of socioeconomic policy cooperation, influencing six of seven decisions in this field. Among the interest groups, the business groups represented by the ERT and the UNICE were the most influential, exercising influence on five of seven decisions. The business groups exerted some influence on one decision (monetary policy) and considerable influence on four decisions (the principal agreement on the internal market, the definition of the internal market, harmonization and R&TD). The European labour union ETUC exerted influence on two decisions, namely slight influence on the principal agreement about the internal market and considerable influence on the social policy. The outcomes of the research clearly demonstrate that the interest groups tried to exert more influence on decisions if the intensity of interests was higher (salience of issue) as suggested by the MDA. For example, the business groups (ERT and UNICE) considered the completion of the internal market and R&TD essential in order to become competitive against their counterparts in the USA and Japan. In this case they formulated well-

thought-out preferences on the basis of detailed analysis of situation and attempted many times to influence decision makers (supranational organs, member states and intergovernmental organs) by personal talks with decision makers and lobbying, publishing reports, sending letters, giving messages via media, developing and showing European solutions, and threatening to leave Europe (business groups).

## **9.5 THEORETICAL and METHODOLOGICAL REFLECTIONS and further RESEARCH**

### **9.5.1 Theoretical reflections**

#### **9.5.1.1 Some assumptions about actors**

The basic assumptions of this study about the properties of actors appeared to be useful as they were confirmed by the empirical research (see Section 3.4.5). The research supports the assumption that actors choose European integration when they think it is a better option. The research showed that actors made clear analysis of situation, defined their interests and decided on (further) integration when they perceived it was in their best interests. In the case of the internal market, for example, they chose the establishment of internal market when they concluded that it was necessary to solve the problems of growth, unemployment and wealth and competition with the USA and Japan. All EU decisions about Turkey (enlargement) studied in this research were based on the analysis of the situations and calculation of the interests of the Member States and the EU. Actors' rationality was also to a certain extent socially and culturally determined as the preferences of actors changed (endogenous) in interaction with each other. This study also showed that States were the central actors in the EU politics but not the only significant actors, because they were the dominant actors on the dimensions of institutional change and enlargement (with very much influence), shared the influence to an important degree with the supranational organs and interest groups on the dimension of socioeconomic policy cooperation (with considerable influence). States' action were not only constrained by the institutional framework but also moderated by the intervention of supranational organs and interest groups.

#### **9.5.1.2 Dependent variable**

The definition of the dependent variable 'integration' in terms of its dimensions, namely enlargement, institutional change and socioeconomic policy cooperation was not only able to cover and to specify the different aspects of European integration but also to enable us to understand and explain the varying motivations and influence of actors on the different dimensions of integration. This study reviewed the national interest 'survival' in terms of its elements, i.e. security, power, wealth and identity, which was considered constitutive for each other and complementary in the long run (see Section 3.4.5.2). These elements were related to the different dimensions of integration in order to understand and explain actors' behaviour on these dimensions. This approach seemed very valuable as it was confirmed by the empirical research. As assumed by the MDA, the EU based almost all decisions about Turkey (enlargement) on the considerations of stability, security and peace. The decisions on the institutional change (QMV, EP's power, Commission's power) were motivated not only by functionality and administrative efficiency but also by representation, participation and power. Finally, the socioeconomic policy cooperation (internal market, monetary policy, etc) was mainly motivated by wealth and domestic problem solving such as economic growth and unemployment, and competition with the USA and Japan.

This research also backed the thesis that these dimensions of integration interact with each other and are constitutive to each other: enlargement was considered by the Member States as an instrument to achieve security, stability and peace in Europe, which in turn would create



conditions for wealth and domestic problem solving that required more policy cooperation in different fields. Enlargement and increasing policy cooperation forced the actors to establish more effective institutions to be able to govern a wider and deeper Europe. Enlargement and (deeper) policy cooperation thus had consequences for the institutional change both in terms of the rules of the game and in terms of the distribution of power between the various actors. Enlargement and a changing institutional setting affected the substance of policy. Finally, well functioning institutions might make it more possible to solve domestic problems, to produce wealth and to push European integration further.

As discussed in Chapters 2 and 3, the theories of IR, RI and CP/PP define their dependent variables differently (as cooperation, integration and governance) and partly as a result of which assign contesting influence to the key actors in their explanation of EU decision-making. Furthermore the mainstream RI theories, namely (liberal) intergovernmentalism and neofunctionalism, defined the concept of integration differently (see Section 2.3). The discussion between and within these theories has focused on the independent variables: Z can explain X better than Y. However, there has been hardly a debate on the nature, contents and meaning of the dependent variable X. The problem is here not defining the dependent variable differently, but not taking into consideration the impact of dissimilar definitions of the dependent variable on the outcomes of research.

As a result, one of the most important conclusions and reflections of this study is that new studies/research should be assessed not only on the basis of independent variables, as it has been done so often, but also with regard to dependent variables. Scholars should make it clear not only how they suggest (better) explaining dependent variable X, but should make it clear what X precisely means in comparison with other definitions of X and possible consequences of it for the outcomes of their research.

### **9.5.1.3 The influence of actors in the EU political system**

The study of different decision-making processes in this research has confirmed that the EU possesses all of the main characteristics of an evolving political system (see Section 3.3.2). Not only the definition of the dependent variable but also the description of the EU by the proponents of different theories predetermine to an important extent the role and influence of the central actors in explaining European integration, because it provides the framework and the condition within which actors meet and interact with each other. Although through the history of European integration very different labels were used by the proponents of the existing theories to describe the EU (such as international organization, regime, confederalism, federalism, supranational governance, would-be polity etc., as discussed in Chapter 3) there is a growing agreement between and within the theories of IR, RI and CP/PP that European integration has been producing an evolving political system with certain organs, rules, procedures and patterns of decision/policy-making (see Chapters 2 and 3). In keeping with this agreement this study has considered the EU as an (evolving) political system. The EU is a multi-level, multi-layered political system in which the authority and decision-making influence are shared by multiple level of governments, namely supranational, national and subnational, which are not separated from each other but part of each other and together constitute the EU political system. Within the political system of the EU, not only States but also supranational actors and interest groups play a significant role and interact with each other in order to influence the policy outputs.

If the EU is a political system, it has consequences for decision-making in the EU and for the role, influence and motivations of the actors in EU decision-making. Despite the growing agreement between and within the different kinds of theories that the EU is an evolving political system, they have not adjusted themselves to this reality so as to be able to understand and explain the varying motivations and influence of actors on different dimensions of European integration and governance. This study argued in Chapter 3 that the influences of actors in the

EU political system vary according to the patterns of decision-making in different fields and levels, the dimensions of integration and associated intensity of interest (salience of issues for the actors), and the power of actors to wield influence.

This research has supported the assumption that in order to understand the varying influence of actors on the different dimensions of integration, it is important to take into consideration the different patterns of decision-making on the different dimensions of integration in the EU; because the patterns of decision-making determine which actors how and to what extent participate in the decision-making, providing opportunities and constrains for actors in order to exert influence. The pattern of decision-making on the dimensions of enlargement and institutional change is intergovernmental, whereby the Member States play a dominant role and exert very much influence. However, it is also interinstitutional on the dimension of socioeconomic policy cooperation, whereby not only the Member States but also the supranational organs and interest groups play a significant role with considerable influence. The patterns of decision-making in the EU seem to favour the Member States against the other actors, demonstrating the bias of the system. Further research may show an increase of EP's influence in the field of common policies due to the changing pattern of decision-making by successive treaty reforms through which it has acquired considerable legislative power. In contrast to the CP/PP theories, the IR and RI theories do not take patterns of decision-making into account. They are not interested in the patterns of decision-making in the EU and they do not provide any model to study it. They are blind to the impact of the changing rules of the game and the patterns of decision-making on the different dimensions of integration in the EU. It was a welcome contribution of the CP/PP theories to the study of the EU that in the multi-level system of governance of the EU the patterns of decision-making vary according to different levels and fields. However, the CP theories have not defined integration clearly and have not offered an influence model showing the varying motivations and influence of the central actors on the different dimensions of integration.

This study has confirmed the importance of the intensity of interests (salience of issue) for the actors, which motivated actors as to whether and to what extent they tried to exert influence on these dimensions. Actors attempted to exert (more) influence when they thought their interests were (more) at stake, as a result of which the influence of the actors also varied according to the (varying) salience of issues for the actors on the different dimensions of integration. For example, the business groups' intensity of interest (saliency of issue) on the dimension of socioeconomic policy cooperation was higher because they considered the establishment of internal market necessary to compete with their counterparts in the USA and Japan. Therefore, they developed detailed analyses and preferences for the establishment of the internal market and attempted to influence decision-making many times. As a result they exercised considerable influence on the decisions on the dimension of socioeconomic policy cooperation. On the other hand, on the dimensions of enlargement and institutional change the interest groups made less analysis, formulated hardly any detailed preferences and made fewer attempts to exert influence on the decision-making, as a result of which they had less influence on these dimensions. The Member States considered their autonomy more important and therefore were reluctant to transfer power to the supranational organs and exerted very much influence on the dimension of institutional change. The importance of the salience of the issue was also emphasized by other scholars (see for example, Luitwieler, 2009: 291; Arregui, et.al., 2006: 127). However, the theories of IR, RI and CP/PP do not take into account of the importance of the saliency of an issue on the different dimensions of integration in the EU political system, which helps to explain varying influence of actors on the different dimensions of integration.

Although patterns of decision-making enable or constrain actors who seek to influence decision-making and intensity of interest provides motivations for actors to exercise influence,

they need power to exert influence when possible. As discussed in Chapter 4 (Section 4.2) actors' power is based on the resources actors possess (potential power) on the one side, and the skills to use these resources adequately in a concrete situation on the other side to convert the potential power into actual power to be able to exercise influence in order to achieve desired goals. This implies that actors with more resources do not necessarily exercise more influence, for example the French attempt to separate treaty revision from political cooperation (foreign policy) was rejected by the small states, considering this as an attempt of the French government to strengthen the intergovernmental future of the Community. The relatively high influence of France and Germany on institutional reform was based not on their national material resources, as often assumed by the theories of IR, RI and CP/PP, but on the positional power they created by taking a middle position between the two contesting pools, which the other actors converged on in the end. They took a middle position between those favouring more integration (supranational rules) and those preferring less integration (intergovernmental rules). Similarly, actors with fewer resources at the beginning of decision-making process do not necessarily exercise less influence. The European Commission for example exercised considerable influence on the dimension of socioeconomic policy cooperation despite the fact that it had no institutional power and no decision-making power due to the IGC. It was able to create certain power resources and succeeded in using them adequately in the context of the decision-making process. For example, it developed compromise proposals between the contesting positions of the Member States which were used as a work basis of final solution, and acted as an intermediary between different interest groups to mobilize support for its proposals. The concept of ability is discussed further below in Section 9.6.1.

#### **9.5.1.4 Integration at the nexus of domestic and international politics**

This study has argued that European integration has been taking place and developing at the nexus of internal and external dynamics, as the states, in order to survive, have to adapt to both the external and the internal environment. The external dynamic refers to the impact of international development on European integration, while the internal dynamic means the impact of the domestic politics on European integration. This study has confirmed this assumption. As far as the external dynamic is concerned, this research clearly showed that European integration developed as a reaction to the changing international environment as well. So the Member States, the supranational organs and the interest groups decided to establish the internal market when they concluded that they were unable to solve their problems separately and to compete against Japan and the USA. The establishment of the internal market was thus not only motivated by domestic problem solving but also by survival against the rising competition from the USA and Japan. Similarly the main decisions of the EU in the field of enlargement about Turkey were based on the geopolitical considerations in the changing international environment, in order to achieve or keep security, stability, peace and (international) power. Consequently, understanding and explaining European integration requires the involvement of international politics in the analysis of EU politics, as European integration also responds to the demands of the international environment. This implies, with respect to the future research agenda, the impact of globalization and competition with new powers on (the deepening of) European integration and the impact of geopolitical developments and considerations on enlargement, especially on the disputed Turkish membership.

Among the existing theories, only the IR theories stress the role of international structure in explaining actors' behaviour. However, this empirical research partly contradicts the hypothesis of the IR theories. Firstly, the establishment of the internal market and the inclusion of Turkey in the enlargement were attempts to protect Europe (Member States) and to change the distribution of capabilities in the international structure in favour of Europe. This supports the neorealist theory in the sense that in an anarchical world states seek to survive by obtaining

power through changing the distribution of capabilities. However, it contradicts neorealist theory in the sense that here twelve states cooperated to establish a single market, as result of which they lost an important part of their autonomy and became more dependent on each other, something which was considered impossible by neorealism (see Section 2.1.2). This research provides some support for neoliberalism, assuming that the main goal of states is not only power but also well-being. In an anarchical world, complex interdependence and institutionalization create common interests which make cooperation possible. However, as discussed in Section 3.4.6, interdependence (in Europe) developed as a result of political choices after the Second World War (geopolitical considerations). In addition, cooperation was based not only on interdependence but also on geopolitical considerations in terms of survival, i.e. to succeed in competition with the USA and Japan. Secondly, the institutional development of the EU challenges the IR theories in one way or another. While neorealism neglected the role of institutions in the international politics for a long time, this research showed that institutions played an important role in the development of European integration. On the one hand, institutions helped shape the behaviours of actors, on the other hand, the supranational organs acquired independent institutional power in the EU decision-making process. While neoliberalism recognizes the role of institutions as the rules of the game in shaping actors' behaviours and cooperation, it has trouble explaining the independent institutional decision-making power of the supranational organs and the fact that the individual Member States have lost their veto right on certain issues (see Chapter 2). Furthermore, institutional change was not only motivated by functionality, such as reducing transaction costs, as suggested by these rationalist IR theories, but also by administrative and political efficiency and power in terms of representation and participation as suggested by the MDA. Consequently these theories need to adapt themselves to understand and explain the (changing) institutional dynamic and structure of the EU.

Generally speaking, the RI and CP/PP theories do not take international politics into account, i.e. the political structure of international system in terms of anarchy and distribution of power (rationalist tradition) and the social structure of international system in terms of shared ideas (constructivism) as defined by the IR theories. The RI theories like liberal intergovernmentalism (Section 2.3.2.3) and non-state centric (neofunctionalists) tradition (Section 2.3.1) emphasize the role of economic structure, i.e. economic interdependence in understanding of European integration. Economic interdependence and commercial interest was one of the basic mechanisms and played an important role in the development of European integration due to the fact that no single state was able to solve its own problems and due to the dynamic of 'spill over' as suggested by neofunctionalism, meaning that integration in one sector requires integration in other sectors which constitutes a powerful economic mechanism in understanding of European integration. For example the establishment of the internal market required integration in the fields of monetary policy, R&TD and economic-social cohesion. However, as discussed in Section 3.4.6, economic interdependence developed as a result of political choices after the Second World War on the basis of geopolitical considerations. This implies that it is difficult to explain the behaviour of central actors in the international politics by studying only economic interdependence and domestic politics. In order to survive the actors have to adapt themselves to the international (geopolitical) environment in which they exist and act as well. In addition, economic interdependence cannot explain the varying motivations and influence of central actors on the different dimensions of European integration and governance (such as enlargement and institutional development). Consequently, the RI and the CP/PP theories need to consider the role of international structure in our understanding of actors' behaviours in order to explain European integration and governance.

To understand EU politics, national (domestic) politics should also be taken into consideration. This study has showed that European integration was motivated by domestic

problem solving to an important extent, especially in the field of socioeconomic policy cooperation. The establishment of the internal market was also seen as a means to solve the problems of economic growth, unemployment and wealth. This study has dealt with domestic politics, as part of the EU political system, at a conceptual level but not at an empirical level. As discussed in Section 3.4.4, the preferences of national actors (output at national level and input at EU level) are formulated through domestic politics in interaction with each other and with the EU, and EU policy (output at EU level) is implemented at national level. Although the existing theories try to take national politics into account in one way or another, there seems to be three problems with this. First, they do not take into consideration the fact that preferences at national level are formulated in interaction with the EU level, because the EU level and national level are not isolated but part of each other. Second, partly as a result of this, actors do not have fixed/exogenous preferences as supposed by the rationalist IR theories. This study has shown that their preferences may change (thus endogenous) to a certain extent during negotiations as suggested by constructivist theories. Third, while there is a growing agreement between the different kinds of theories that the EU is a political system, they have not yet offered a model showing the varying interests, motivations and influence of actors on the formulation of preferences on the different dimensions of integration at national level. All of them can be tested by further research, for example by studying decision-making and implementation processes of selected decisions at national and EU level in interaction. The impact of domestic politics on further integration is also subject to further research. It has expressed itself in the rejection of the EU constitution, the opposition to the rising influence of Brussels and the opposition to the enlargement of the EU, for example Turkish membership.

## **9.5.2 Methodological reflections**

### **9.5.2.1 Concepts of power and influence**

How valuable were the definitions of power and influence as ‘multi layered’ concept? They have seemed very useful. Considering power not only as resources but as an ability (first layer) and influence as the realisation of an (single) effect on the outcomes of decision-making (goal achievement) in accordance with the preferences of the power holder by using this ability (actors’ intervention) instead of deducing it a priori from the resources actors possess, enables the researcher to trace the actual exerted influence of participating actors on the EU decision-making process, because resources refer only to potential power that should be converted into actual power by adequately choosing and effectively using them in the context of the development of a decision-making process, which provides both constraints and opportunities for actors to exercise influence. This study has showed that resources were necessary but not sufficient conditions to exert influence, which requires skills for adequately choosing and effectively using them in a concrete situation. As argued above (Section 9.5.1.3), actors with more resources did not necessarily exercise more influence, and those with less resources did not necessarily exercise less influence. This definition of power as an ability to exercise influence is fully in agreement with the theoretical model as developed in Chapter 3, suggesting that the influence of actors on EU decision-making also depends on their ability to exercise influence when it is possible to do it (see Chapters 3 and 4). The problem with the concept of ability is that although we can measure an actor’s ability after studying a decision-making process, it is hard to operationalize/measure it before studying decision-making. It is difficult to measure an actor’s ability before it takes action (exercising influence), we can only observe it during or after the decision-making process (after action). So we can identify the ability of actors only on the basis of their past actions, on the basis of experiences.

Considering power as a relational phenomenon (second layer) means that ‘power is always exercised in the context of the relative capabilities of actors in interaction’ (Goverde and Tatenhove, 2000: 106). This was in agreement with the theoretical model MDA, as developed in Chapter 3, arguing that in EU decision-making various actors interact with each other to exert influence on the outcomes of decision-making. This appeared to be valuable in this study as well, because in the EU decision-making processes as examined in Chapters 6, 7, 8, various actors interacted with each other, i.e. exercised power on each other in order to help determine the outcomes of decision-making. Considering influence as a causal relationship (in a power relationship) between power holder and power subject in general and between the participating actors in EU decision-making in particular was also adequate because the influence was the effect, measured as the extent of goal achievement by an actors’ own intervention, of exercising power on the outcomes of EU decision-making in accordance with the preferences of participating actors. Accordingly, political influence presupposes a causal link between an actor’s intervention on one hand and a desired outcome on the other. In terms of counterfactual, it means that an actor’s political goal would not have been achieved or would have been achieved to a lesser extent if the actor had not been present or intervened.

This touches on the distinction between conscious, intended, explicit influence vs. unconscious, unintended, anticipated influence which was brought about by the two mechanisms of influence, namely intentional influence attempt and anticipation. Although this study also accounted for anticipated influence caused by the power subject’s anticipation of the future reaction of the power holder, it mainly focused on the explicit influence caused by the conscious and intended influence attempt (exerting power) of the power holder to exercise influence. Anticipated reaction and influence was especially observed in the proposals of the European Commission, who often took the preferences of the Member States into account. This does not mean that anticipation did not happen between the other actors, but only it has not been proved or observed. This study has confirmed thus that both mechanisms of influence were at work in EU decision-making.

With regard to the distinction between the different faces of power, this study has shown that power is exerted in the process of EU decision-making (first face of power). This is in agreement with the earlier studies of influence, most of which focused on the national level. The added value of this study is its application to EU decision-making, comparatively on different dimensions of European integration and governance. The second face of power, namely agenda setting (and non-decision) was recognized at the conceptual level but studied only with respect to the selected decisions (-making), and not non-decisions, because the domain of this study was decision-making in the EU political system and not non-decision-making. However, as discussed in Chapter 4 (Section 4.2.1.2), non-decision also exists in the EU political system and should be studied by further research, because power is not only exercised on decision-making (first face of power), but also on agenda setting (non-decision, second face of power), which refers to the bias of the system.

With respect to the third layer of power (or third face), namely the structural component of power, this study has assumed that structure and actor are constitutive to each other through interaction between actor and structure. It is thus assumed that actors have the ability to achieve their goals, but their influence also depends on the structure in terms of distribution of resources and the rules of game, i.e. the EU political system (causal field) in which power is exercised. Hence actors are both enabled and constrained by given rules and distribution of resources. In keeping with this assumption the theoretical model as developed in Chapter 3 argued that the influence of actors on European integration and governance also depends on the patterns of decision-making in the EU political system (see Section 3.4), i.e. the rules of the game in the EU political system (structure) that determines which actor in which way and to what extent participates in the decision-making. Although this study was clearly actor-oriented, aiming at

measuring the influence of actors given the structure, on the basis of the empirical results of this study we can also draw the conclusion that structure really matters, although not in an equal way for the participating actors (systemic bias). When the bargaining mode was intergovernmental, as in the case of institutional change and enlargement, the Member States were far and away the most dominant actors with very much influence, as they wielded very much influence on almost all nine decisions on these dimensions examined in this research. The supranational organs and the interest groups could exercise only no/slight to some influence on these dimensions. But when the bargaining mode was interinstitutional, the supranational organs and the interest groups were able to exert considerable influence on decision-making, accompanied with the diminishing influence of the Member States (much influence). Furthermore, actors' attempt to change the rules of game (structural change=institutional change) was defined as one of the dimensions of integration and examined in this study. So this study has also showed that not only did the structure constitute actors' behaviour, but also that actors were able to change the structure in terms of the rules of the game. As examined in Chapter 7, QMV in the Council was expanded, the EP acquired more decision-making power in the EU legislation and the Commission's management power was increased. In turn, these structural changes may alter the influence of actors on successive decision-making processes in the EU political system, which should be the subject of further research.

#### **9.5.2.2 Causality and method of influence analysis: intensive process analysis**

Influence analysis was a causal analysis between the intervention of an actor A in the decision-making process and its effect on the outcome of decision-making. Defining causality as a 'necessary condition (necessity) in the circumstances', as an INUS condition, ('Insufficient but Necessary part of a condition which is itself Unnecessary but Sufficient for the result'), was valuable. This is because the outcomes in the EU decision-making processes, as assumed in Chapter 3 and as appeared in Chapters 6, 7 and 8, were the results of interaction between the various actors, where the intervention of one actor A was a necessary but not sufficient condition for the outcomes, which were caused by the combination of different actors in the context (causal field) of the EU political system. The influence analysis has attempted to assess the relative influence of participating actors on the outcomes of the EU decision-making processes by applying the method of intensive process analysis, based on the reconstructions of decision-making processes.

Although the reconstruction of the decision-making process was useful to assess the influence of actors, it had some problematic aspects. The reconstruction of the decision-making process on the basis of preferences of actors, their access (and timing) to each other, their attempt (and timing) to exercise influence, provided a good picture of how the decision-making process developed and provided a good basis to assess the influence of actors on the outcomes of decision-making process. It stimulated the researcher to collect systematically directed information in order to detect the causes (influence attempts) of an effect (change/decision). However, as complete as possible a reconstruction of a decision-making process was a major undertaking, especially in the context of the complex EU decision-making process which depended on the availability of information that was not always accessible. It means inaccessible information in the chain of reconstruction of decision-making process may revise the outcomes of the analysis. True, this applies to almost all kinds of research and influence analysis. In any case, the lack of information creates room for the researcher's interpretation. In addition, the reconstruction of the decision-making process was a very time-consuming, labour-intensive activity. Consequently, applying IPA is more feasible and useful for limited cases/decisions with the information available, but difficult for more cases in a complex decision-making system (like this study).

Generally speaking, using the rules of the IPA to eliminate actors without influence and to assess the extent of influence of actors on the outcomes of decision-making appears plausible at conceptual level, but is not without problems when applying them in practice. Although the influence scale as developed in Chapter 4 was useful to assess the extent of the influence of actors (when we had no better tools), it needs improving for the sake of precise measuring of influence, as it left room for the interpretation of the researcher (especially in the case of lack of information).

Goal achievement, defined as the extent to which the preferences of an actor are reflected in the outcome, i.e. final decision, appeared to be one of the more useful indicators in order to discriminate between actors with and without influence and to assess the extent of actors' influence. We have compared the preferences of the actors, defined as desired outcomes, with the final decisions made (before-after comparison) in order to measure whether and to what extent the preferences of actors were reflected in the final decisions (goal achievement). To those actors whose preferences were in no way found in the final decisions, we have ascribed no influence. This is fully in agreement with the definition of influence as the realization of a single effect on the outcomes of the decision-making in the EU. Comparing preferences with the final decisions made it easy to eliminate actors without goal achievement and thus influence.

Goal achievement seemed to be also a valid criterion to assess the extent of influence of actors: The more goal achievement the more influence. However, it was not always easy to measure the extent of goal achievement of an actor precisely, not only because goal achievement sometimes included preventing an unwanted option but also because a decision sometimes consisted of one or a few sentences, for example the definition of the internal market, which was a compromise between the contesting preferences of actors, as a result of which it was difficult to measure the share of an actor among for instance fifteen actors, especially when various actors preferred the same goal. This also meant that goal achievement might have been a result of the intervention of other actors. To be able to solve this problem, we have applied the other criteria of IPA, namely temporal sequence and time-lag (closer co-variation) and access with attempt to influence.

We have applied two rules of time to identify the influence of actors. First, comparing timing of making a decision by decision makers and timing of taking a position (and attempting to influence) by the actors, who tried to exercise influence, was a useful rule to eliminate those actors who formulated their preferences after the decision makers had made a final choice, because in this case the cause (taking position by an actor) occurred after occurring of effect (decision), as a result of which there was no required temporal sequence and asymmetry (conditional characteristics of causality) between the cause and its effect. In this case the lack of temporal sequence and asymmetry between the cause and its effect could be easily identified (see Section 4.4.2).

In order to determine the influence of actors who took their positions before the final choice of the decision maker we have applied the second rule of time, namely time-lag and (closer) co-variation: The shorter the time-lag between taking a position (together with an influence attempt) by an actor and making a decision by the decision maker is, the larger the influence of the actor is, because the effect (decision) has occurred just after the influence attempt of the actor, conforming to the Mill's method of difference. In this case the conditional characteristics of causality like temporal sequence, time-lag, asymmetry and co-variation could be easily established. At the conceptual level this rule seems valid and in practice was often applicable, but it caused some problems when the contacts between the actors were so intensive within a short period of time that it became difficult for the researcher to trace/observe actual time-lag and influence attempt between participating actors, as in the case of the IGC. The interactions between the participating actors took place not only by means of written documents and formal talks but also by way of informal meetings and talks, which were not always reported



on or available. This meant that not all information was available and the researcher had no better option than basing his assessment on the written (formal) documents available and the proposals of the participating actors, reactions to these proposals by other actors and the reports of discussions between the actors provided by (one of) the actors. In the case of delayed influence, when the decision maker was caused to doubt its preference by an influence attempt of an actor, or was waiting for the reactions of all actors before making a final choice, for example the establishment of the internal market, it was necessary to focus on the actual turning point in the decision-making process and a careful analysis of the considerations of the decision-makers. It is clear, however, that all these factors create room for the interpretation of the researcher.

Goal achievement, (shorter) time-lag and (closer) co-variation were necessary but not sufficient conditions to determine the influence of an actor because these (goal achievement and co-variation) might be caused by a third actor (spurious causation). A necessary condition of causality is the causal link or mechanism between the power holder and power subject (another conditional characteristic of causality), and that is access and influence attempt of an actor to decision maker. The more direct and regular access and influence attempts, the more influence. At the conceptual level this rule offers a valid instrument to identify the causal mechanism in terms of a relationship between power holder (actor exercised power) and power subject (actor made decision), and influence attempt of power holder (intervention). In the practice it was also a useful instrument in order to trace the influence relationship as it forced the researcher to search for access and influence attempts of the power holder, which often produced valuable information about the actual influence relationship in the context of the decision-making process. However, it was not always easy and possible to trace access and/or influence attempts due to the lack of (available) information and it became complicated when, within a short period of time, many actors got access to each other many times behind closed doors as in the case of the IGC. Again in this case the researcher had no better option than to base his analysis on the available written (formal) documents, actors' proposals and the reactions of other actors to them.

As discussed in Chapter 4 (Section 4.4.3), it is almost impossible to prove causality with 100% certainty in an influence relationship. Therefore this study aimed to make it plausible by means of an adequate causal design through the application of the IPA. It is believed that plausibility has been achieved for the decisions studied insofar as the information necessary for applying the IPA had been accessible and available. But after this huge research attempt it should be said that not only is it almost impossible to prove causality in an influence analysis/relationship but it is also difficult to achieve plausibility, especially in the context of a complex decision-making process like that of the EU. As Arts (1998: 302) stated, methodological shortcomings and practical limitations are difficult to overcome with regard to any analysis of political influences in complex decision-making processes. Hence, the inferences in this research have been based on imperfect information and remain thus uncertain, because not only have some influence relationships between the participating actors appeared to be impossible to trace but also not all information about the influence relationships observed were accessible or available. To put it another way, not all influence relationships between the participating actors were observable and not all the information about the observable contacts between the actors were (fully) available. Within these limitations this study has managed to identify the actual influence of the central actors on European integration and governance as much as possible and formulate a plausible answer to the research question. This is also called 'inference to the best explanation' (Okasha, 2002: 29).

## 9.6 SUMMARY and CONCLUSIONS

Scholars have disagreed about the driving forces of European integration, their motivations and their influence on EU decision-making. Since different theories (IR, RI, CP/PP) present contradictory assessments of the influence of key actors on EU decision-making in their explanation of European cooperation, integration and governance, this study has examined, empirically and comparatively, the influence of key actors on EU decision-making on the different dimensions of European integration and governance. Integration is defined in terms of its dimensions, namely enlargement, institutional development and (socioeconomic) policy cooperation, as treated by the key actors. Since the proponents of the existing theories did not use any clear method and/or criteria to assess the influence of actors on EU decision-making (see Chapter 4), this study has employed the method of intensive process analysis to study the influence of actors, based on as full as possible a reconstruction of decision-making processes. The influence of actors has been assessed on the basis of the criteria: (the extent of) goal achievement, time-lag, access and influence attempt (see Section 4.5). The outcomes of decision-making in the EU are caused not only by one actor A, but by a combination of different actors. The influence analyses in this study attempted to analyse the relative influence of participating actors on the outcomes of EU decision-making in 'mutual connection' and interaction. In sixteen concrete decision-making processes it examined which actors had influenced the final decision and to what extent, and which actors had not. The main conclusions of this study can be summarized as follows:

Focusing on and specifying the dependent variable appears to be useful to solve some important problems at a theoretical and empirical level. It is therefore valuable to assess new studies not only on the basis of their independent variables but also on the basis of the dependent variables. The problem is here not defining the dependent variable differently, but failing to take into consideration the impact of dissimilar definitions of the dependent variable on the outcomes of research. Therefore scholars should make it clear not only how they suggest (better) explaining dependent variable X, but also what X precisely means in comparison with other definitions of X and possible consequences of it for the outcomes of their research.

Generally speaking, as discussed above (see Sections 9.4, 9.5.1), the outcomes of this research partly support but partly contradict (the hypotheses of) the existing theories (IR, RI, CP/PP). Some conclusions of this study thus fit into existing theoretical frameworks well, but the other parts do not. The added value of this study lies, among other things, in clearly showing on which part of the dependent variable (dimensions of integration) the hypotheses of these theories (to what extent) are supported, and on which part they are opposed. At the same time, by comparing different dimensions (combining data on these dimensions) this study brings some nuances and refinements to these frameworks.

The outcomes of the empirical research have supported the theoretical predictions of MDA as developed in Chapter 3. The empirical research in this study has confirmed the hypothesis that in the multilevel EU political system, the influence of key actors varies according to the different dimensions of integration; because the patterns of decision-making vary according to those dimensions, actors have different intensity of interests (salience of issues for them) and varying power on different dimensions. Since the patterns of decision-making were intergovernmental and intensity of interest were higher for the Member States on the dimensions of institutional development and enlargement, they exerted very much influence on the decisions studied on these dimensions; the supranational organs, especially the European Commission, wielded some influence on these dimensions, and the interest groups had no/slight influence. However, on the dimensions of socioeconomic policy cooperation the influence of the Member States significantly diminished (much influence), because the supranational organs and the interest groups were very active and wielded considerable influence on the decisions studied on this dimension; because the pattern of decision-making on this dimension was

interinstitutional, the salience of issues was higher for them and they had relatively more power to exert influence. In contrast to the decisions on the dimensions of institutional change and enlargement, on the dimensions of socioeconomic policy cooperation the interest groups developed extensive analyses of issues, formulated clear preferences, were very active and able to wield considerable influence on this dimension. The EU system is thus biased in favour of the Member States, but offers access and the possibility to exert influence for other actors, both the supranational organs and interest groups, especially on the dimension of socioeconomic policy cooperation.

The motivations of actors also vary according to the different dimensions. Enlargement is seen as an instrument of spreading the fundamental principles and objectives of the EU and mainly motivated by geopolitical considerations such as security, stability, power and peace. Institutional development/change is related to the management of a deepened and widened Union and motivated not only by its functionality (reducing transaction costs and solving imperfect contracting problems), but also by obtaining more power, representation and participation, as well as political and administrative efficiency. Socioeconomic policy cooperation is seen as an instrument to solve some problems and primarily motivated by domestic problem solving and the struggle for wealth.

These dimensions of integration interact with each other and are constitutive to each other. Enlargement serves for security, stability and peace in Europe, which in turn create conditions for economic growth, wealth and domestic problem solving, that requires more policy cooperation in different fields. Enlargement and increasing policy cooperation force the actors to establish more effective institutions to be able to govern a wider and deeper Europe. Enlargement and (deeper) policy cooperation thus has consequences for institutional development both in terms of the rules of the game and in terms of the distribution of power between the various actors. Enlargement and changing institutional settings affects the substance of policy. Finally, well-functioning effective institutions help to solve (domestic) problems, produce wealth and push European integration further.

As these dimensions interact with each other and are constitutive to each other, European integration reacts both to domestic demands and to the demands of internal environment. This study has confirmed that European integration has been developing at the nexus of domestic politics (internal dynamics) and international politics (external dynamics), as the states, in order to survive, have had to adapt themselves both to the external and to the internal environment. The empirical research clearly shows that the Member States, the supranational organs and the interest groups decided to establish the internal market when they concluded that they were unable to solve their problems of growth, unemployment and wealth and competition from the USA and Japan separately. The main decisions of the EU about Turkey (enlargement) were based on geopolitical considerations in the context of a changing international environment to achieve or keep security, stability, power and peace. Understanding (and explaining) European integration and governance requires thus the involvement of domestic politics and international politics in the analysis.

Accordingly, this study has also verified the assumption that the actors choose integration when they consider it to be in their best interest. Generally speaking, while the Member States seemed willing to integrate on the dimension of socioeconomic policy cooperation to solve some (domestic) problems, the majority of them showed reluctance regarding the institutional reform to transfer power to the supranational organs (and to give up veto right). In the end they did so because 'all others have failed' to make the Community decision-making effective. They then transferred those powers necessary to make the decision-making effective (to manage deepened and enlarged Union) but tended to keep the final say in their hands. This tendency can still be observed, for example in the establishment of the open method of (policy) coordination (OMC), which is widely seen as the desire of the Member States

not to further transfer power to the supranational organs of the EU. However, both the economic developments, such as the establishment of the internal market and the recent economic crisis, and the geopolitical developments, such as the collapse of the Soviet Union (which resulted in Eastern enlargement) and the war in the Balkans, may still push the Member States to transfer those powers necessary to govern the Union effectively to the transnational and/or supranational level. The in-depth analyses of sixteen decision-making processes in this study demonstrate that European integration has developed in response to both to domestic and to international demands. Though globalization, rising competition from other international powers, geopolitical developments, the need to solve certain domestic problems, 'spill over' mechanisms and 'path dependency' may push European integration further, it may receive some resistance from the Member States and their citizens who do not wish to transfer power to the EU level and oppose the further intervention of the EU in their domestic affairs. Nevertheless, if history says something about the future, European integration, the monumental project in modern history called the 'construction of Europe', will likely develop further...

## NOTES

### Chapter 1

1. The name of the European Commission was 'the Commission of the European Economic Community' between 1957/1958 (Treaty of Rome) and 1965/1967 (Treaty of Merger/Brussels); it became 'the Commission of European Communities' between 1965/1967 and 2007/2009 (Treaty of Lisbon); after the Lisbon Treaty, it is called 'the European Commission'. For the sake of simplicity and clarity in this study I use 'the European Commission'.
2. The summit of the heads of governments and states has been calling the 'European Council' since 1975. For the sake of simplicity and clarity in this study I use the 'European Council' as from 1957/1958.

### Chapter 2

1. This classification includes only empirical political theories claiming to explain European cooperation, integration and governance. The disciplinary perspectives on the EU such as History (Milward, 2006), legal approaches (Wessel, 2006), economics (Crowley and Mayes, 2006) and Sociology (Fawell, 2006) have been excluded. This applies also to the normative or critical perspectives (see for a review Manners, 2006) like 'historical materialism'(neo-marxism), 'Frankfurt School critical perspectives', 'postmodernist approaches', 'feminist/gender perspectives' and 'discursive approaches' (see Wæver, 2004).

2. In his *A Working Peace System*, Mitrany (1966; first published 1943) suggested, in contrast to the political-constitutional approach of federalism, a functional-technical approach for achieving peace (1966: 36-39, 1971: 533-35). He defined the functional approach as an effort to link 'authority to a specific activity, to break away from the traditional link between authority and a definite territory' (1966: 27). This means a progressive transfer of specific functional responsibilities and authorities away from national governments to international functional agencies, in a specific area of human life, such as health care, railways and communication.

According to the federalists European unification in terms of Federation could be achieved not via a functional but via a political path. In contrast to functionalism, federalism sought explicitly to transfer *political* authority from national to supranational institutions. Coudenhove-Kalergi (1928, 1939), the founder of the Pan-Europe Movement before the Second World War, argued that this could take place step by step, on the basis of democratic regimes and a moral foundation ('gradualist federalist approach'). In the harsh climate of the Second World War Spinelli and Ernesto Rossi produced the Ventotene Manifesto (1941), which was adopted by the European Union of Federalists (EUF) formed in December 1946, calling for a 'European Federation' by establishing a federal constitution for Europe ('constitutional immediacy federalist approach') through the establishment of a European Constituent Assembly and the pressure on governments by autonomous movement for the European federation to take action in favour of genuine unification (Spinelli, 1966: 11, 1972: 9; Pistone, 1990: 134, 136).

Deutsch (1954, 1957, 1968) focused on the background conditions necessary for the development of security communities, defined as one in which members of the community settle their disputes not by war, but in a peaceful way. Deutsch et.al. (1957: 36-58, 1968: 192-93) concluded that a successful integration had four requirements: firstly, a *mutual relevance* among units in terms of a multiplicity of transactions and communications among them, such as trade, travel, mail and other communications; secondly, *mutual joint rewards* based on superior economic growth at least around core areas, leading to increasing expectations of joint reward; thirdly, *mutual responsiveness*, referring to the presence of significant capabilities and resources of the participating units to respond to each other's needs, messages, and actions adequately; finally, *common generalized loyalty* which results from the perception of joint interests, compatibility of major values (and a way of life), common subjective feelings of the legitimacy of the integrated community (a sense of community, we-feelings), and (leading to) predictability of behaviour.

3. Liberal /pluralist theory in the field of international relations, namely interdependence and regime theory, had a profound impact on the development of the regional integration theories, despite the fact that it did not focus directly on European integration. Interdependence theory (Keohane and Nye, 1974, 1977) examines how complex transnational activities among nations create vulnerabilities and sensitivities to each other's influence. According to it conflict is not the rule between states and states do not monopolise contacts between societies, but multiple channels of contact connect societies, such as interstate, transgovernmental and transnational relations. In addition, there is no hierarchy of issues and military force is not used by governments toward one another (Keohane and Nye, 1977: 24-5). In this context, international institutions have their own dynamics. This interdependence is

accompanied by regimes, defined as norm, rules and procedures (see also, Krasner, 1983), which have important effects on national governments that participate in them.

4. Some scholars consider the European Community as a confederation between sovereign states defined as a voluntary and contractual union of states, but not peoples, and arranged for their mutual advantage (Forsyth, 1981; Taylor, 1975; Warleigh, 1998). It is 'a treaty-constituted political body.' (Forsyth, 1981). It is distinguished from international organizations and thus intergovernmentalism by a higher level of (supranational) institutionalization necessary to supply stability and durability to the system. European confederation is the voluntary union of states having a common interest in establishing larger markets (Warleigh, 1998: 2; Forsyth, 1981: 183- 187).

Contrary to classical federalism, which placed a great emphasis on the concept of constitution-building as a single act by a European assembly, Neofederalism (Pinder, 1986) suggests to follow a more incrementalist strategy, referring both to a federalizing process and to a federal end. This implies 'substantial transfers of sovereignty' in 'an evolutionary development' with 'resistance of member states to this process and the pressures that may induce them to accept it' (Pinder, 1986: 51). Following the idea of incremental federalism Burgess (1989) seeks to demonstrate that there has been a fundamental continuity of federal ideas, influences and strategies in the gradual political development of the Community as a 'unique European federal state' (Burgess, 1989: 2-3, 218).

5. Deliberative theory (see for example Erikson, 2005a) asserts to offer an alternative to both (neo)functionalism and (liberal) intergovernmentalism. Deliberative theory, drawing on Habermas' communicative action theory, is based on the 'logic of arguing', which means that political actors do not simply bargain on the basis of fixed preferences and relative power, but they may coordinate their action by arguing, 'questioning their own beliefs and preferences, and being open to persuasion and the power of better argument'. Cooperation is seen as a response to societal problem solving, which requires dispute-resolution mechanisms, triggering reflexive and self-reflexive processes conducive to the establishment of authoritative institutions, which leads to polity building. Deliberative theory considers the EU as a 'law-based supranational polity' (a non-hierarchical system based on voluntary cooperation), which lacks a demos (the collective identity of people necessary for majority vote) and the coercive means of a state (forceful compliance mechanisms) to be able to function. It seeks to compensate for this lack by an extensive process of deliberation, as the problem-solving is inherently connected to reflection, reason-giving and achieving common understanding. Deliberation explains integration when the polity does not possess the required means for representative government, such as monopoly of violence and common identity for majority vote (Erikson, 2005c: 267). Integration occurs 'through reflexive reason-giving and entrenched commitments' (Erikson, 2005b: 3).

6. The theories of the policy process recently applied to the EU which do not comment on the influence of actors or institutions have been excluded. For example, *punctuated equilibrium* theory (PET) argues that policy-making is characterized by dual pattern of long period of stability (equilibrium), punctuated by a radical change. PET explains policy change by focusing on allocation of attention (cognitive limitation of policy-makers and limited task of governmental organizations) and processing of information (True et al., 1999; Princen, 2013; Alexandrova et al., 2012). The *multiple streams framework* (MSF) emphasizes the impact of context, time and meaning/framing on policy change. MSF examines how the three streams, i.e. problems, policies and politics are coupled by an policy entrepreneurs (windows of opportunity) in a certain context and at a critical time in order to explain policy process (Zahariadis, 1999; Ackrill et al., 2013; Ackrill and Kay, 2011). *Learning theory (LT)* focuses on the micro level of individuals (like civil servants and politicians) and their social interactions concerning problems, norms, goals, instruments etc. in order to understand European integration and governance, as these exchanges produce changes in information, goals, values, behaviors, policies and outcomes (Zito and Schout, 2009; Montpetit, 2009, Radaelli, 2009). *Normative power Europe framework (NPE)*, developed by Manners (2002), originally aimed at understanding the EU's international identity, the role of the EU as a global actor and external policy formation of the EU. NPE considers the EU as an 'ideational' actor based on the common principles promoted by the EU like democracy, human rights and post-sovereign polity to diffuse norms within international relations (see for example, Birchfield, 2011; Haukkala, 2011). Now, Birchfield (2013) argues that NPE can and should be used as an analytical framework for understanding of EU policy making process. But see for a critical evaluation of NPE (Cebeci, 2012).

7. It has long been assumed that international politics and domestic politics are different. 'The former is a competitive anarchy where formally similar states rely on self-help and power bargaining to resolve conflict. Domestic society is, by contrast, rule-based; conflict is resolved through appeal to institutions and law. International politics is concerned with survival; domestic politics has to do with life within the polis.' (Caporaso, 1997: 564; see also Waltz, 1979: 88-107). Therefore international relations seeks to understand political behaviour, institutions and policy-outcomes 'between states', whereas comparative politics/public policy seeks to understand political behaviour, institutions and policy-outcomes 'within states' (Hix, 1998: 44, emphasis original).

### Chapter 3

1. This implies that actors' rationality is also socially and culturally determined and actors and institutions are co-constitutive, as suggested in varying degrees by new institutionalist theories. However, I am not interested here in the role of institutions but in the influence of actors on EU decision-making.

### Chapter 4

1. This is similar (but not identical) to 'smart power' defined as the ability to combine hard (coercion and payment) and soft (persuasion and attraction) power resources into effective strategies in differing contexts (Nye, 2011: 20, see also 2008, 2009).

2. Unintended influence in terms of anticipation should not be confused with a side-effect (thus unintended effect) of an intended influence attempt- unintended influence can also be a side-effect of an intended influence.

3. Affecting others' wants and preferences by co-optive means of agenda setting, persuasion and positive attraction is called 'soft power' in the context of international relations, which does not necessarily include a structural component (Nye, 2011: 14-21, see also 2008, 2009).

4. The decision-making body of the Council can be summarized as follows: The European Council brings together the heads of state and of government of the Member States and the President of the Commission, accompanied by the ministers of foreign affairs of the Member States and by a member of the Commission. The Council of Ministers brings together ministers from each Member State in specific policy sectors to deal with more sectoral matters, for example, Econfin brings together economics and finance ministers, the Agriculture Council brings together agriculture ministers and so on. These are called 'technical councils'. While the Commission is not a member of the Council, it generally participates in Council sessions at all levels (Hayes-Renshaw and Wallace, 1997: 16, 2006: 15). The most important is the General Affairs (and External Relations) Council (GAC), which brings together the foreign ministers of member states to deal with internal and external relations, European security and defense policy, politically sensitive issues and proposals for new laws, and prepares the meeting of the European Council (Hayes-Renshaw and Wallace, 1997: 29-30, 2006: 36-41; McCormick, 2008: 79-82; Nugent, 1995: 126). A complicated network of committees and working parties assists and prepares the work of the Council of Ministers and the European Council (Nugent, 1995: 131-33, 2010; Hayes-Renshaw and Wallace, 1997, 2006; Petersen and Bomberg, 1999). The Committee of Permanent Representatives (COREPER) is composed of the national delegation or the ambassadors of the Member States to the EU and is responsible for preparing the work of the Council and carrying out the tasks assigned to it by the Council. It meets at two levels: COREPER II is the ambassadors or permanent representatives, dealing with the more conflictual dossiers; COREPER I is deputies, dealing with more technical dossiers. The Special Committee on Agriculture (SCA) prepares technical aspects of the dossiers to be treated by the Council of Ministers. The Article 113 Committee is responsible for trade agreement with third countries. The Political Committee (PC) prepares the work of General Affairs Council on issues of foreign policy. K.4 is the coordinating committee on Justice and Home Affairs and responsible for issues like illegal immigration and drugs trafficking. The Council Secretariat provides administrative, logistical and technical service (and legal services, among others) especially through conference organization and committee servicing at all levels of Council organization. Furthermore, there are about 50 permanent and 50-150 ad hoc working groups composed of national officials and experts that assist the Committees by undertaking the technical groundwork and scrutinizing Commission proposals (Hayes-Renshaw and Wallace, 1997, 2006).

### Chapter 6

1. The name of Single European Act means including the revision of EEC Treaty and political cooperation that was added to the SEA as separate title (title III), in one act, thus not as separate treaties for revision of Treaty and political cooperation. The France's proposal of an 'Act of European Union', suggesting that 'the European Union shall comprise the European Communities on the one hand and Political Co-operation on the other', was rejected (French government, 1985e; Agence Europe, 1985j: 3). Hence, the title name is the Single European Act, 'a sort of overall heading'.

2. The European Confederation of Free Trade Unions (ECFTU) became in 1973 European Trade Union Confederation (ETUC), with the affiliation of Christian trade unions and the Italian Communist union.

3. 'The term "technical barriers" actually covers a multitude of abstruse, complex and often esoteric regulations with which producers must comply before putting their products onto the markets of Member States.' (European Commission, 1978: 7). There were 24 directives between 1967-1972, 36 directives between 1973-75, and 40 directives between 1976 and June 1978. This was seen a considerable achievement in itself (European Commission, 1978: 7-9).
4. Since the Community had difficulties with the development of the Common market due to the recession and protectionist tendencies, it tried to develop European integration further in other fields (European Commission, 1982a: 17).
5. It was first proposed in January 1981 by Genscher, Chairman of the German Liberal Party (FDP) and Minister of Foreign Affairs, later joined by his Italian counterpart Colombo and backed by the Commission.
6. The Commission was under the leadership of Etienne Davignon, who served as the commissioner in charge of the internal market in 1977-81 and became vice president of the Commission with special responsibility for industry, energy, and research in 1981.
7. Pehr Gyllenhammer, Chief Executive Officer (CEO) of Volvo, the Swedish automobile manufacturer, began promoting a 'Marshall Plan for Europe' in 1982, and EC industry Commissioner Etienne Davignon initiated the establishment of ERT. On 6-7 April 1983, the CEOs of the ERT (17 of Europe's leading businessmen) held their initial meeting in Paris to discuss plans for Europe's economic future (Cowles, 1995: 504-5, see for the list of original members, p.506).
8. The group initially published three reports: one on the need for development of a European-wide traffic infrastructure, one containing proposals for Europe's unemployment crisis, and one, *Changing Scales*, describing the economies of scale that would benefit European business in a truly unified market (Sandholtz and Zysman, 1989: 117/note 43). The ERT also undertook several high-visibility projects to give practical expression to the meaning of a unified market. The European Venture Capital Association (EVCA) was designed to 'encourage transnational investments in Europe.' (ERT, 1984a). In a major news conference in London in December 1984, Gyllenhammer unveiled the second project undertaken by ERT members: 'Missing Links: Upgrading Europe's Transborder Ground Transport Infrastructure' (ERT, 1984b).
9. Scholars from different traditions like Moravcsik, Garrett, Sandholtz/Zysman and Keohane/Hoffmann agreed upon the argument that the failure of (socialist) national economic policy has moved the French government from national French industrial policy to European level co-operation (Cowles, 1995: 11; Morvcsik, 1998: 332-33).
10. The single document for the reduction of formalities in trade within the Community (the amount of information which traders had to supply) was one of the key elements for strengthening the internal market. It replaced a large number of administrative documents required in intra-Community trade – about 70 altogether for all the Community countries (European Commission, 1985a: 96).
11. Delors was announced by Member States on 28 July in Dublin shortly after the Fontainebleau European Council and took office begin January 1985. Hence he was not an initiator of internal market as suggested by some scholars. Moreover, several observers believe that Dekker's Paper was the source of influence behind Delors' single market proposals, but by that time, the internal market initiative was already under way.
12. The Council, meeting on 7 May 1985, adopted a resolution on a new approach to technical harmonization and standards, on the basis of a communication from the Commission on 31 January 1985, setting out a new approach to standardization policy: legislative harmonization and technical harmonization (European Commission, 1985c, 1985e, 1985b: 14-16, 1985f: 10-11).
13. Here I will not examine the environment policy, because it was not controversial (between states) and it was not possible for me to get access to the archives of the pressure groups (environment movements) in order to trace and determine their contribution and influence on the environment policy. The discussion about the environment policy was based on the proposals of Presidency, borrowed from the Commission and adjusted many times to the demands of the Member States. As a result, according to Delors, the initial text of the Commission was distorted and became simply 'window dressing' (European Commission, 1985r: 87; Agence Europe, 1985m: 5). I will also not examine the foreign policy, because it was not controversial and it was added to the end of the SEA as a separate chapter (title III), but not as an amendment of the Treaty ('not Treaty incorporation'). The agreement on



the foreign policy cooperation was prepared, discussed and achieved totally by the intergovernmental bodies. There is no evidence that the pressure groups and the supranational organs had any contribution to and influence on the foreign policy. The agreement was based on the proposals drawn up by the Political Committee using the British, Franco-German, Italian and Dutch texts (Political Committee, 1985; European Commission, 1985q: 20-21). These four proposals were very close to each other as they all were based on the early documents in this field. The agreement was not a decision on foreign policy, but a decision on the framework, parameters and provisions of foreign policy cooperation in order to develop a common foreign policy. According to the agreement, the Member States would endeavor jointly to formulate and implement a European foreign policy. In order to achieve this objective the Member States would consult each other on any foreign policy matters of general interest to make sure that their combined influence was exerted as effectively as possible through coordination, the convergence of their positions and the implementation of joint action.

14. 'No influence': When an actor had not formulated any preference; or did not achieve any part of its goals; or formulated its preferences after the decision had been made; or had no access to the decision-makers and not attempted to influence the decision-making; or its attempt did not change the position of the decision-maker, it has been assigned no influence. The reality can be nuanced, but when a case has tended to 'no' I have used the term 'no influence' for the sake of clarity.

## Chapter 7

1. Moreover, QMV was also extended to the fields of some new common policies (examined in Chapter 6) and to those issues concerning cooperation procedure: 118A (social policy, harmonization of minimum requirements of working conditions), 130E (cohesion, implementing decisions relating to European Regional Development Funds), 130q (research and technological development, provisions concerning implementing framework programme relating to Articles 130K, 130L, 130M, 130N, 130P), Articles 7 (prohibiting of discrimination), 49 (measures to bring about freedom of movement for workers), 54 (2) (freedom of establishment), 56 (2) (right of establishment), 57 (2) (establishment self-employed persons), 100a (harmonization of regulations aimed at the establishment and functioning of the internal market), 100b (mutual recognition). See further EP's power: cooperation procedure (Section 7.3).

2. ECFTU became in 1973 ETUC: see note 2, Chapter 6.

3. 'No influence': See note 14, Chapter 6.

## Chapter 8

1. The Association Council is composed, on the one hand, of members of the Turkish Government, on the other hand, of the members of the Governments of Member States and members of the Council, and of the Commission of the European Economic Community. The Council acts by unanimous vote. The Association Council has power of decision in matters covered by the Agreement and might also make recommendations. Any dispute arising out of the application or interpretation of the Agreement may be referred to it (Article 23 of the Association Agreement).

2. The amount of products was finally divided between Member States as follows: Tobacco was 12.500 metric tons (BRD 6.600 tons, FRG 2.550 tons, IT 1.500 tons, BEL-LUX 1.250 tons, NL 600 tons). Raisins were 30.000 metric tons (BRD 9750 tons, FRG 2800 tons, IT 7.700 tons, BEL-LUX 3250 tons, NL 6500 tons). Dried figs were 13.000 metric tons (BRD 5000 tons, FRG, 7.000 tons, IT zero, BEL-LUX 840 tons, NL 160 tons). Hazelnuts were 17.000 metric tons (BRD 14.500 tons, FRG 1250 tons, IT zero, BEL-LUX 540 tons, NL 710 tons) (Council of European Economic Community, 1963g; COREPER, 1963d; see also European Communities, 1964: 3694).

3. The additional protocol ruled free movement of goods; movement of persons and services (workers, right of establishment, services and transport); and closer alignment of economic policies like competition, taxation and approximation of laws, economic policy, commercial policy (See for the text of the Additional Protocol, European Communities, 1972).

4. Independent studies showed that about 70% of the Turkish economy could confront the freedom of exchange, the rest would have to make a great effort of restructuring and adaptation (Agence Europe, 1990: 5).

5. On the basis of the Community's determination to develop an increasingly close relationship with Turkey, the European Community proposed to hold: meetings as necessary between the President or Prime Minister of Turkey and the Presidents of the European Council and European Commission; Association Councils at Foreign Minister level on the present pattern to intensify cooperation under the existing Association Agreement; In Presidencies when no Association Council takes place, Ministerial meetings between Turkey and the EC Troika or the Presidency, normally with the Commission; Meetings of senior officials, including Political Director Troikas; Ad Hoc official level meetings on specific regional issues; format, frequency and level of attendance to be decided by each President; to make full use of existing diplomatic channels, including within the UN and CSCE framework.

6. The draft text: 'The European Council of Helsinki will, in the framework of all the decisions relating to enlargement, take the necessary decisions to include Turkey in the enlargement process' (Agence Europe, 1999b: 6).

7. Moreover, the European Council recalled that compliance with the political criteria laid down at the Copenhagen European Council was a prerequisite for the opening of accession negotiations and that compliance with all the Copenhagen criteria was the basis for accession to the EU (European Council, 1999a: 8).

8. 'No influence': See note 14, Chapter 6.

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