

## **Europeanization: A Governance Approach**

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### **Introduction**

Most scholars deal with Europeanization as the impact of the EU's impact on Member States, while others (notably Helen Wallace, 2000) view the EU as one feature of Europeanization. The focus here is on the former. Wallace's arguments are important in highlighting the importance of placing the impact of the EU on Member States in the context of other sources of change. However, the purpose here is to understand the effect on politics in the domestic arena of the EU, which is, as Olson (2002:6) notes, the 'core political project in Europe' (Olsen, 2002: 6).

Europeanization studies reveal considerable variation in the impact of the EU on member states. In this context, this paper argues for an approach to Europeanization that is sensitive to the national context. As such, the governance approach offered here incorporates the insights of the Differentiated Polity (DP) model developed by Rhodes as an organising perspective for understanding contemporary British politics and government.

The paper has seven sections. Section two considers a number of first generation Europeanization studies, which focus on institutional adaptation to EU pressures; section three considers second generation concerns of ideas, values and identity; section four addresses the definitional issues that abound in the literature and suggests a definition that embraces first and second generation concerns; section five develops a governance approach to the study of Europeanization; section six utilises this approach in relation to EU regional policy; section seven concludes by reflecting on the utility of the governance approach to Europeanization.

### **Europeanization Studies**

Studies on Europeanization as the impact of the EU on domestic politics have generally used different definitions of Europeanization, but reveal a number of common themes and conclusions.

In looking at France, Ladrech (1994) defined Europeanization as

‘an incremental process reorienting the direction and shape of politics to the degree that EC political and economic dynamics become part of the organizational logic of national politics and policy-making’ (Ladrech, 1994: 69).

He argued that ‘organizations respond to changes in the perceptions of interest and value that occur in the principles, norms and institutional design of the regime in which they are embedded’ (Ladrech, 1994: 71-72). Ladrech suggested that while the reorientation of domestic organizational logics is a feature of Europeanization, the homogenisation or harmonization of domestic practices across Europe is not a realistic expectation. Instead, pre-existing domestic structures and internal developments are likely to have an important mediating effect on ‘external’ pressures. Thus, Ladrech (1994: 84) advocated a ‘bottom-up’ approach to understanding the effects of Europeanization, one that focuses on ‘national-specific adaptation to cross

national inputs'. In a later contribution, Ladrech left out the reference to Europeanization as an 'incremental process' to broaden his definition of the term (see Olsen, 2002).

Cowles et al (2001) defined Europeanization as:

'the emergence and development at the European level of distinct structures of governance, that is, of political, legal, and social institutions associated with political problem solving that formalize interactions among the actors, and of policy networks specializing in the creation of authoritative European rules'  
(Cowles et al, 2001: 3).

However, while accepting Europeanization as a two-way process, their focus was on the 'downward causation' from the EU level to domestic structures. The study focused on two categories of domestic structure: *policy structures*, a concern beyond policy content, extending to changes in political, legal and administrative policy structures; and *system-wide domestic structures*, which relate to changes in 'the nation-state, its society and economy as a whole' (Cowles et al, 2001: 3).

Their findings echoed those of Ladrech and others (below), namely that there is "domestic adaptation with national colors" in which national features continue to play a role in shaping outcomes' (Cowles et al, 2001: 1). They emphasised the importance of 'fit' between EU level changes and existing structures, policies and practices at the domestic level: poor fit implies strong adaptational pressure, good fit implies weak pressure. However, adaptational pressure does not necessarily lead to domestic change. The extent to which there is change in response to adaptational pressure depends on five intervening factors: 'multiple veto points in the domestic structure, facilitating institutions, a country's organizational and policymaking cultures, the differential empowerment of domestic actors, and learning' (Cowles et al, 2001: 2).

In studying Britain, Bulmer and Burch's (1998) use of Europeanization referred to

'the extent to which EC/EU requirements and policies have affected the determination of member states' policy agendas and goals' and 'the extent to which EU practices, operating procedures and administrative values have impinged on, and become embedded in, the administrative practices of member states' (Bulmer and Burch, 1998: 602).

Their empirical study looked at the implications of Europeanization on the machinery of central government and argued that 'while change has been substantial, it has been more or less wholly in keeping with British traditions' (Bulmer and Burch, 1998: 603)

Bulmer and Burch's study draws on historical institutionalism, with an explicit recognition of the importance of the *political dimension*. Their study points to the importance of conceptual lenses in shaping responses to Europeanization, arguing that at key junctures, a critical aspect has been how the administrative response has been shaped by how European integration has been perceived and constructed by national elites. They illustrate 'how the construction of the issue of integration interacts with the prevailing characteristics of national governmental machinery to explain the

different starting points for national adaptation' (Bulmer and Burch, 1998: 606). Related to this, is the argument that 'However efficient, the official side of the machine cannot work to full effect if there is a lack of momentum on the political side (Bulmer and Burch, 1998: 608)

Finally, in a study for the Europeanization of the Scottish Office, Smith (2001:160) argued that 'while the culture has undergone subtle realignment in adapting to 'European' administrative practice, the *overall* ethos and parameters of the culture have not been altered to any great extent' Cultural effects were contained within the established boundaries of British administrative culture.

#### *Domestic Adaptation*

Olsen developed the theme of domestic adaptation to Europeanization pressures. In summarizing existing research, he argued that:

'The most standard institutional response to novelty is to find a routine in the existing repertoire of routines that can be used (March and Olsen 1989: 34). External changes are interpreted and responded to through existing institutional frameworks, including existing causal and normative beliefs about legitimate institutions and the appropriate distribution, exercise and control of power' (Olsen, 2002: 10).

The first explanation for variation in the impact of Europeanization is the variation in the adaptive pressures 'coming down' from the EU, according to the degree to which the EU has developed institutions and competences in policy areas. Following Jacobson's (2001: 20) work on adaptive pressures from international bodies, Olsen argued that:

They are more likely to have an impact and be complied with, the more precise their legal foundation; when they are based on hard law rather than soft law; when the affected parties (constituent units) have been involved in developing the arrangement; the greater the independence of their secretariat; if the secretariat is single-headed rather than multiple-headed; and the greater the financial autonomy of the institution or regime.

In a similar vein, Knill (2000: 213) argued that 'it is the specific Europeanization mechanism rather than the nominal policy area that is most important in determining the domestic impact of EU policies'.

Olsen's second explanation for variation in the impact of Europeanization points to different responses to adaptive pressures across member states because 'the (West) European political order is characterized by long, strong and varied institutional histories, with different trajectories of state- and nation-building, resources and capabilities' (Olsen, 2002: 10).

#### *Common Themes*

These studies have employed contrasting definitions and approaches, but the collective view is that the impact of the EU on domestic politics varies both across states and within states across different dimensions (e.g., policy sectors, actors, institutions). In broad terms, this is because there are variations in the pressures

coming from the EU-level and there are variations in the response of domestic actors and institutions according to how these pressures fit with domestic preferences and practices. There is also consensus that, in trying to understand the impact of the EU on domestic politics, this is a two-way process: ‘member states are not simply passive recipients of pressures from the EU; they also try to project national policy preferences upwards’ (George, 2001: 1). Further, while there is a tendency in some literatures to treat the EU as an independent variable affecting the dependent variable of domestic politics, there is an emerging consensus that ‘the language and logic of fixed dependent and independent variables, can become a strait jacket preventing an adequate theoretical and empirical analysis of European dynamics of change’ (Olsen, 2002: 21).

In summary, only by understanding what is being ‘downloaded’ from the EU in relation to what is being and has been ‘uploaded’ from member states, and contextualising this dynamic in relation to broader international processes and independent domestic sources of change can we understand of the process of Europeanization.

### ***Hypotheses***

Drawing on the literature reviewed above, a number of hypotheses in relation to Europeanization are highlighted:

- pre-existing domestic structures and internal developments are likely to have an important mediating effect on ‘external’ Europeanization pressures. The result is likely to be ‘domestic adaptation with national colours’, but adaptational pressure from EU decisions does not necessarily lead to domestic change.
- EU decisions are more likely to have an impact and be complied the more precise their legal foundation and when the affected parties (constituent units) have been involved in developing the arrangement.
- It is the specific Europeanization mechanism rather than the nominal policy area that is most important in determining the domestic impact of EU policies.
- Europeanization is most likely to occur when there is both domestic administrative and political support for compliance.

### **Ideas, Values and Identities**

Much of the literature on Europeanization surveyed above focused on institutional adaptation. However, as Olsen (2002) argued, Europeanization is not limited to changes in political-administrative structures and policy content, but ‘European values and policy paradigms are also to some (varying) degree internalized at the domestic level, shaping discourses and identities’.

In the same vein, Dyson and Goetz (2002) identified ‘two generations’ of Europeanization analyses, with the second generation placing greater emphasis on non-institutional adaptation. The first generation can be traced back to the early 1970s, while the second generation emerged in the 1990s. The key features of each generation of research are summarized in Table 1.

*Table 1 – Summary of Dyson and Goetz on the ‘two generations of Europeanization research’*

<b>First Generation</b>	<b>Second Generation</b>
• top-down perspective, seeking to explain domestic reactions to pressures from above	• emphasizes both top-down and bottom-up, vertical and horizontal dimensions
• assumed ‘mismatch’ between European and domestic levels – particularly legal, institutional and procedural	• greater emphasis on interests, beliefs, values and ideas: the ‘political’ dynamics of fit
• emphasized reactive and involuntary nature of adaptation	• greater emphasis on voluntary adaptation through policy transfer and learning
• focused on policy and polity dimensions	• greater emphasis on politics, e.g., identities, electoral behaviour, parties and party systems
• expected increasing cross-national convergence	• emphasizes differential impact of Europe
• defined Europeanization in substantive terms – focus on the ‘end state’ effects	• emphasizes impact of Europeanization on domestic political, institutional and policy dynamics

The second generation analyses provide a broader coverage of Europeanization effects that complement rather than invalidate the first wave. Anderson (2002: 9) captures the broader concerns of second generation analyses through the categories of interests, institutions and ideas:

- *Interests* are causally important because they directly shape policy responses by establishing a distribution of societal preferences that national officials take into account as they seek to build electoral coalitions capable of winning and then holding political power.
- *Institutions* influence what actors do or do not do by allocating power to some actors but not others, structuring the content and sequence of policy making, and providing opportunities for and constraints on the state as its officials seek societal support for their policy choices.
- *Ideas* matter because they enable actors to manage uncertainty about the expected consequences of alternative choices, and they provide actors with a symbolic and conceptual language to advance their causes. In the context of strategic interaction among numerous actors, shared ideas can bring about the convergence of expectations and strategies facilitating agreement and cooperative outcomes.

While these categories are separated for analytical purposes, in reality they are not independent. Actor interests are shaped both by the institutional framework, which constrains the range of possibilities, and by the value structure through which individual actors perceive their interests. Moreover, while these categories are identified for analytical purpose as domestic categories, in reality they are not sealed off from the external environment. In short, Anderson (2002: 10) argues, ‘membership in the EC/EU “matters”, in that it automatically entails multilayered interactions of interests, institutions, and ideas at and across the national and supranational levels’.

## Definitional issues

The discussion above referred to a number of definitions of Europeanization. For analytical purposes, three broad types of Europeanization can be identified (Table 2), although, again, the reality is messier. The first type refers to the growing authority and competences of EU level actors and institutions; the second type considers the impact of this growing authority and competences on domestic politics; the third type focuses on interconnections and transfer mechanisms between European states, either with or without an EU focus. As noted at the outset, this paper is concerned with the second type of Europeanization, notwithstanding the argument that this form of Europeanization is likely to be most fully understood by exploring its relationship with the other types. Type 1 Europeanization would seem largely synonymous with the process of European integration, so why rename this process? (see Bulmer and Gamble, 2002). On the other hand, Type 3 Europeanization has concerns that are often separate from the EU.

*Table 2: Types of Europeanization*

Type	Focus	Characteristics
Type 1 Europeanization	Growing competence and authority of EU actors and institutions	Largely synonymous with conceptions of European integration
Type 2 Europeanization	Impact of the EU on domestic politics and policies	Emphasis on varying responses to varying adaptational pressures
Type 3 Europeanization	Focus on interconnections and transfer mechanisms between European states	Has concerns broader than and/or separate from EU

While not wishing to add unnecessarily to the many definitions of Europeanization that exist, there is a need for a broad definition of Type 2 Europeanization that incorporates the concerns of both first and second generation analysis. To this end, Europeanization is simply defined here as:

*a redirection of policies and/or practices and/or preferences in the domestic arena towards those advanced by dominant EU level actors/institutions.*

## A Governance Approach

A governance approach to Europeanization is taken here for a number of reasons:

- it facilitates investigation of the whole policy process, from policy formulation through to policy outcomes: this is a specific advantage in this context because of the importance of national institutions and actors at the implementation stage of EU policies.
- it points to the importance of variation by sector (an observation made in Europeanization studies) and thus facilitates cross-sectoral comparisons;
- it investigates the role of a broad range of actors in policy-making, rather than assuming in advance that some are more important than others
- it points to a segmented rather than unified executive: a feature of extant Europeanization studies is that government departments respond to Europeanization pressures in different ways;

- it focuses on interdependence between actors, while acknowledging that this interdependence may be asymmetrical.

Definitions of governance abound (for different perspectives, see Pierre, 2000). However, common in most definitions of governance is the idea that there is wide participation of public, private and voluntary actors in the policy process. However, wide participation does not necessarily mean the diffusion of power. The extent to which power is diffused is a matter for empirical investigation by sector and/or if necessary, by issue.

For purposes of domestic sensitivity outlined earlier, the governance approach presented here draws on the notion of the differentiated polity and the related concepts of policy networks and the core executive to provide a framework for investigating Type 2 Europeanization in Britain.

#### *The Differentiated Polity*

The Differentiated Polity (DP) model of British government was developed by Rhodes (1997) as a critique of the dominant Westminster Model (WM). The DP model highlights the changing nature of politics and policy-making in Britain and, in particular, identifies constraints on executive power. Table 3 (below) develops the notion of the differentiated polity by contrasting its central features with those of the Westminster model.

*Table 3. Comparing the Westminster Model with the Differentiated Polity*

Westminster Model	Differentiated Polity
Centralised state	Hollowed-out state
<b>General</b>	<b>Principles</b>
Hierarchy	Heterarchy
Control	Steering
Clear lines of accountability	Multiple lines of accountability
<b>'External'</b>	<b>Dimensions</b>
National sovereignty	Shared/Negotiated sovereignty
British foreign policy	Multiple foreign policy
<b>'Internal'</b>	<b>Dimensions</b>
Unitary State	Quasi-federal state
Parliamentary sovereignty	Inter-institutional bargaining Multi-level bargaining
Strong executive	Segmented executive
Unified civil service	Fragmented civil service
Political constitution	Quasi-judicial constitution
British foreign policy	Multiple foreign policies

Source: Bache and Flinders (forthcoming)

While the DP model suggests the policy process is characterized by fragmentation, contestation and the exchange of resources, it does not imply that power is equally distributed: the precise distribution of power is a matter for empirical investigation. Moreover, there is acknowledgement within the literature that central government retains a pivotal position through its relatively greater control of resources relative to other domestic actors (Rhodes, 1997: 15). In general terms, the relationship between the centre and other domestic ones is characterized by asymmetric interdependence, but the specific balance fluctuates across sectors and over time.

In one sense, the governance approach reveals nothing particularly new: central government has always depended on other actors in the policy process (particularly for policy implementation). It is the *degree* of interdependence that has changed due to the scale of fragmentation and subsequent proliferation of actors involved in policy-making, whether driven by internal reforms (such as privatisation, quangoization and devolution etc.) or external pressures (such as European integration and globalization). As a theory of the policy process, the notion of governance awaits further refinement. However, in the context of contemporary British politics it offers a more suitable lens through which to view the domestic mediating processes of Europeanization than does the Westminster Model. In examining these processes, the policy networks approach provides a valuable framework.

### ***The Policy Networks Approach***

#### ***The Rhodes Model***

RAW Rhodes (1981) developed the policy networks model, which was subsequently applied to the study of the EU by Peterson (1992; 1995), and others. According to the Rhodes model, a policy network is a set of resource-dependent organisations. Networks have different structures of dependencies that vary along five key dimensions: the constellation of interests; membership; vertical interdependence; horizontal interdependence; and the distribution of resources (Rhodes 1988: 77-8).

Rhodes (1988) distinguished between five different types of networks ranging from highly integrated policy communities to loosely integrated issue networks. Between these, on what is seen as a continuum, are professional networks, intergovernmental networks and producer networks respectively. At one end of the continuum, policy communities are characterised by 'stability of relationships, continuity of a highly restrictive membership, vertical interdependence based on shared service delivery responsibilities and insulation from other networks and invariably from the general public (including Parliament). They have a high degree of vertical interdependence and limited horizontal articulation' (Rhodes 1988: 78). At the other end of the continuum, issue networks are distinguished by their large number of participants and limited degree of interdependence. The structure tends to be atomistic and stability and continuity are 'at a premium' (Rhodes 1988: 78).

#### ***Power dependence***

A central feature of the policy networks approach is the notion of power dependence. Organisations within networks are considered interdependent: each organisation is dependent on others for certain resources - financial, informational, political,

organizational or constitutional-legal – and it is the extent to which an organisation controls and can mobilise these resources which determines its power in a given situation. These 'resource dependencies' are the key variable in shaping policy outcomes. As Peterson and Bomberg (1993: 28) put it, 'They set the "chessboard" where private and public interests manoeuvre for advantage'. However, interdependence is 'almost always asymmetrical' and in some cases it is possible to talk of 'unilateral leadership' within networks (Rhodes 1986b: 5).

#### *Policy implementation*

A particular strength of the policy networks approach is its emphasis on policy implementation as an important phase in policy-making, which Rhodes described as:

'a process of bargaining between conflicting interests. Policy does not 'fail' but is actually made in the course of negotiations between the (ostensible) implementers' (Rhodes 1986a, p14).

The implementation stage of EU policy-making can offer domestic actors considerable scope for shaping policy outcomes. This is an important aspect of both Type 1 and Type 2 Europeanization, a point that has been long recognized.

'it is only by examining the implementation phases that we can begin to gauge the effectiveness of Community policies in relation to the objectives sought, or to assess whether the experience of member governments and other national agencies at this stage increases or decreases their support for an extension of Community activity' (Wallace, 1977: 57).

While the policy networks approach can help explain policy outcomes, it does not constitute a predictive theory. As Peterson and Bomberg (1993: 31) argued:

'Policy networks are essentially descriptive theoretical tools which simply help order facts and evidence in novel ways. However, policy networks can be used to anticipate and explain policy outputs by providing insights into how and why decisions were taken which produced them'.

#### ***The Core Executive Approach***

The core executive approach suggests that the heart of government should be seen not merely as the important formal institutions (government departments, the Prime Minister's Office, the Cabinet and related committees etc.), but also the networks that surround them. The relative influence of the core executive in a given situation is related to the extent to which it controls and mobilises resources of the type outlined above. Formal institutional structures provide a framework of resource distribution within which actors operate, but do not determine policy outcomes. The effectiveness of actors is in large part dependent on 'the tactics, choices and strategies they adopt in using their resources' (Smith, 1999, 5).

Central government is not a monolith and traditional domestic politics concepts of cabinet government and prime ministerial power do not provide the tools for us to investigate the interdependence that is at the heart of government. By contrast, the emphasis of the core executive approach on this interdependence, on both formal

institutions and informal processes and on the need to disaggregate government provides greater sensitivity to understanding the influence of central government in mediating the pressures of Europeanization.

### **Case Study: European Regional Policy**

It is well established that policy implementation does not necessarily flow easily from policy decision. Studies of the EU have revealed considerable barriers in the way of policy implementation, with EU actors largely dependent on domestic actors for this stage of the process. As such, we cannot read from EU level agreements that this will inevitably result in Type 2 Europeanization. Studies of Europeanization have shown varying degrees to which preferences, practices and policies in the domestic arena have been redirected towards those advocated by dominant EU actors. But there are two issues that need separating here: one is the direct (or intended) impact of an EU initiative (e.g. EU regional policy) on the Member State; the other is the indirect (or inadvertent) impact on the Member State (e.g. on domestic regional policy measures).

It is based on these observations that the definition for Type 2 Europeanization preferred here refers to changes in policies and/or practices and/or preferences ‘in the domestic arena’ rather than changes in ‘domestic policies and/or practices and/or preferences’. The latter suggests an emphasis on the impact on domestically determined initiatives only, while the former incorporates these and the broader impact of EU-led initiatives also.

Drawing on the policy transfer literature (see Dolowitz and Marsh, 1996) a further useful distinction may be drawn between Europeanization that is *voluntary* (i.e., embraced by key domestic actors) and *coercive* (opposed by key domestic actors). Again, there may be a distinction here between direct and indirect impacts. Thus, *voluntary-direct* Europeanization would be the ready adoption of EU decisions in a given area; while *voluntary-indirect* would refer to adaptation of EU preferences and/or practices and/or policies in another area (e.g. adopting EU approaches to regional policy in domestic regional policy). Similarly, *coercive-direct* Europeanization refers to the forced acceptance of European preferences and/or practices and/or policies in a given area, while *coercive-indirect* refers to spillover consequences of coercive-direct Europeanization in one area to another.

The two case studies consider both voluntary and coercive Europeanization in relation to two aspects of EU regional policy: policy content and delivery structures.

#### *Policy Content*

Since its creation in 1975, European regional policy has required that projects funded by EU grants be additional to any planned domestic regional projects. It also required that EU grants be matched by domestic funding (usually a 50-50 split between domestic and EU funds). This ‘match funding’ requirement was designed to secure ‘complementarity’ between EU regional policy and national regional policies. This also implied that a significant proportion of domestic funds would be steered towards regional development projects that reflected EU priorities.

For reasons that are well documented elsewhere (for example, Bache, 1999) the Commission had good reason to believe that EU regional funding was not treated as additional spending in the British localities targeted, but was instead treated as general

income to the Treasury and used to subsidize financial allocations to the Department of Environment (DoE) and other ministries responsible for financing local government. UK Central Government allocations to local authorities did not distinguish between domestic and European components, making it impossible for the Commission to prove that EU grants had merely been used to reduce planned domestic allocations to local authorities.

Central government could anticipate the likely sums it would receive through EU regional funding because ‘indicative quotas’ for each member state were agreed by the European Council at the start of each programme period. However, before any EU grants were allocated to Britain, projects had to be forwarded to the Commission for approval. In the selection process, these projects were heavily vetted by the Department for Trade and Industry (DTI) to ensure that they reflected government priorities. By not overbidding for EU grants (i.e., not submitting projects of financial value in excess of the indicative quota), the British government left the Commission with little discretion over project approval.

In short, European funds were largely spent on projects that would have been funded by local authorities and/or central government in the absence of EU grants: additionality was largely absent and, in terms of changing domestic policy, so was Europeanization.

A turning point came after the 1988 reform of the structural funds. The new regulation agreed made additionality more difficult to avoid and introduced the partnership principle for administering the funds. The British government’s refusal to meet the new requirements on additionality led to a dispute over the RECHAR programme for coalfield local authorities in 1991-92. The Commission refused to release RECHAR funds to Britain until central government changed its policy. In doing this, the Commission had the full support of British local authorities in the eligible regions (see Bache, 1998).

This dispute led to Cabinet splits that leaked into the public domain and threatened Conservative Party electoral prospects in coalfield seats in the February 1992 general election. Following this dispute, the British government agreed to make its accounting procedures for European funds transparent. Despite initial evidence to the contrary, this did not ensure that European regional funds were additional to planned domestic regional spending, but did mean at least that European funds went to the localities the Commission intended. In addition, the partnership principle – which made the Commission and local authorities formal partners in the process of project selection for the first time – made it more difficult for central government to shape funding priorities: more difficult, but not impossible (below).

In terms of the governance approach, this brief case study illustrates a number of things. First, it points to the specificities of this particular policy area: principles of EU regional funding challenged domestic control over both public expenditure limits and public expenditure priorities. As such, it was fiercely resisted by a central government committed to the control of public spending. Second, the governance approach points to the need to disaggregate central government: in this policy area, there were tensions between departments within government, but studies have revealed that in this case at least, the Treasury was the key actor within the Core

Executive: it secured an outcome from the RECHAR dispute that did not challenge its control over public expenditure limits, even though the deal that was struck did have implications for the policy control of the DoE and DTI (see Bache and George, 2001). Third, the governance approach emphasises the importance of implementation: EU policy has not been made until domestic actors have implemented it and this case illustrated the degree to which domestic actors can frustrate EU policy intentions. Fourth, the policy networks approach highlights interdependence between actors involved in EU policy-making. While central government retained a pivotal role in the policy process, and its relations with subnational actors were highly asymmetric, all actors had resources. For example, in supporting the Commission during the RECHAR dispute, British local authorities mobilised their political resources to support the Commission and in doing so reduced the legitimacy of central government policy.

Underpinning this dispute over additionality between the Commission and central government was ideological conflict. While it was a British Conservative government that was instrumental in the creation of EU regional policy, funding from this was always seen (by both Conservative and Labour governments) as reimbursement for Britain's contributions to the EU budget. With the election of a neo-liberal government in 1979, this position was reinforced by the dominant idea within government that markets should be subject to minimal intervention by the state. In short, the post-1979 Conservative governments did not support the principle of state intervention in disadvantaged regions, as illustrated by the reduction of domestic regional policy measures in this period. The government welcomed EU regional funds, but not for the purposes the Commission intended. Interestingly, while the election of a Labour government in 1997 with a greater ideological commitment to regional intervention led to more central funding to provide matching funds for EU grants, it did not lead to the Treasury relaxing its grip over the financial controls even in context of political devolution (see Bache and Bristow forthcoming).

#### *Process: the partnership principle*

The 1988 reform of the structural funds introduced the partnership principle. This meant that, for the first time, subnational and supranational actors would play a formal role in the administration of programmes within member states. Initially, this would include local and regional authorities and the Commission, but would go on to incorporate a broader range of societal interests, including trade unions and non-governmental organisations.

While justified by the Commission in terms of administrative efficiency, the partnership principle was viewed as having a strong political dimension in the context of competing models of capitalism at the European level. Hooghe (1998: 3) argued that during this period at least, the Commission was a 'bastion of European regulated capitalism', with Jacques Delors as the 'driving force'. Delors 'forged the link between this project and current cohesion policy in the years 1986-88' (Hooghe 1998: 3). The partnership principle was a central feature of this policy.

In the period from 1988 to the mid-1990s, the Commission's concept of partnership was resisted both institutionally and politically within Britain. The principle of partnership itself was not opposed within Britain. Indeed, the Conservative

government had encouraged the formation of public-private partnerships for implementing domestic urban policy. It was specifically the *Commission's* concept of partnership that was opposed. Central government resisted the transfer of authority both downwards to local authorities and upwards to the European Commission. In addition to this institutional resistance was political resistance. The neo-liberal Conservative government was ideologically opposed to enhancing the role of trade unions in policy-making and to empowering the local state. The government's response was to exclude trade unions and local councillors from the policy process (officers represented local authorities instead) and to chair and administer the partnerships to ensure a firm central government steer.

The only significant variation in how British structural fund partnerships operated in this period was in Western Scotland, where partnership thrived. This happened because the nature of the policy community in Western Scotland differed from those of the eligible regions in England and Wales. Here, the policy community was relatively cohesive. This cohesiveness was built on an established tradition of partnership working within a geographically concentrated policy community pursuing common objectives. The relative autonomy of the Scottish Office from Whitehall, facilitated in part by political pressures in Scotland, allowed it to play a role in the policy community that was distinct from its counterparts in England and Wales.

The Commission proved a useful ally to partners in Western Scotland seeking to develop mechanisms for effective partnership. However, while the Commission sought to place pressure on the British government to operate more partnerships in a similar manner in the rest of Britain, it did so with little success. In short, where there was evidence of Europeanization in partnership forms before the mid-1990s, this was limited. Moreover, while the Western Scotland partnership model was closer to that of the Commission's in terms of both involving and empowering subnational actors, this model was very much in line with existing practices and was willingly adopted by the Scottish Office and other partners.

From the mid-1990s onwards there was less variation in partnership working across Britain. While the Conservative government took the first steps towards inclusivity, this process accelerated following the change of government in 1997. Evidence suggests a decline in the Conservative government's resistance towards the Commission's partnership model, partly through policy learning and partly for pragmatic reasons. In particular, conflict over partnership composition was increasingly seen as a distraction from focusing on policy-making and thus hindered policy effectiveness. Poor policy performance in some British regions undermined their prospects for receiving further discretionary funding from the Commission.

In the run-up to the 1997 general election, the Conservative government began to make some concessions towards the Commission model and hinted at more should it be re-elected (although it did not suggest any ground would be given over trade union participation). However, the election of a Labour government reduced ideological conflict with the Commission model and trade unions were included immediately after the election.

In relation to this case study, the governance framework again reveals the importance of the core executive approach. One of the explanatory factors in relation to variation

in the degree of Europeanization was the relative autonomy of the Scottish Office within the core executive. Interdependence is also a key feature of this key study. Central government's position on partnership was undermined by the disruption and distraction it caused within the partnerships themselves. Objections by some partners to government policy on councillor and trade union involvement meant meetings often focused on this issue, to the detriment of policy delivery. This in turn led civil servants in the regions to signal the need to the centre for some relaxation of policy to improve policy performance and enhance the prospects for further discretionary funding from the Commission.

As with the case study on additionality, disputes over the Commission's partnership model were underpinned by ideological differences. While changes in partnership arrangements were beginning under the Conservative government, that this process accelerated under Labour illustrates the importance of shared preferences in relation to Europeanization. While policy learning and political pragmatism may have moved the Conservative government closer to the Commission model of partnership, ideological opposition to some aspects of this (notably, trade union participation) remained. This final barrier was removed with the election of a government tolerant of trade union participation in policy-making.

### **Conclusion: assessing the governance approach**

A number of hypotheses were generated from the survey of 'first generation' Europeanization studies. For the most part, these hypotheses were validated in the case study on regional policy. First, pre-existing structures influenced both domestic adaptation to policy content and process. The consequence was an initial mix of non-adaptation and domestic adaptation with national colours, with the latter response more evident over time. The reason this response pattern occurred was in part explained by the second hypothesis: as the legal foundation for EU regional policy requirements was clarified and strengthened, the prospects for coercive Europeanization increased.

It is difficult in one case study to test the third hypothesis – which it is that the specific Europeanization mechanism rather than the nominal policy area is most important in determining the domestic impact of EU policies. The evidence presented here suggests that the policy area *was* important in shaping the domestic response; in particular the challenge of the additionality requirement to domestic control over public spending. However, the claims of the third hypotheses can only be tested when regional policy is compared with other policy areas. Finally, the fourth hypothesis was proven: that Europeanization is most likely to occur when there is both domestic administrative and political support for compliance. The case study here illustrated that when both important institutions and political actors opposed elements of EU regional policy, Europeanization was limited. When, for a variety of reasons, this opposition softened, voluntary Europeanization was more evident.

The arguments in favour of the governance approach to Europeanization have been outlined above. To summarize, this approach has the advantage of conceptualising both first and second generation Europeanization concerns. The policy networks approach highlights top-down, bottom-up, vertical and horizontal exchanges between actors. It incorporates ideas and 'the political dynamics of fit' through the concept of

political legitimacy, resources of which fluctuate according to the convergence or divergence of actor preferences, which are partly shaped by ideas. The process of both voluntary and involuntary adaptation to Europeanization pressures can be conceptualized through the framework of power dependence, which highlights the range of resources that actors control and mobilise in a given situation. Smith's (1999) work on the core executive further highlights the importance of actor tactics and strategies in utilising resources. Sectoral variation is anticipated by the governance approach, which highlights the importance of the different nature of resource exchanges within sectoral policy networks to explain such variations.

Finally, the case study of EU regional policy by definition deals with the direct effects of EU decisions, rather than indirect consequences on other areas. In this policy area, there is initial evidence of voluntary-indirect Europeanization in terms of domestic regional policy funding cycles being brought into line with those for EU funds to enhance policy effectiveness and maximize EU grant take-up (Catney, forthcoming). The full extent of this impact on domestic regional policy and the possible consequences of the Europeanization of regional policy in other policy areas await further investigation.

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