

Sectoral Dynamics of the EU's Accession Requirements: the Role of Policy Paradigms

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Abstract:

In order to better understand the EU's accession requirements towards the central and eastern European countries (CEECs), or, more specifically, the degree of the EU's flexibility in demanding alignment from the CEECs, we need to conceptualise how the *broader* dynamics that shape the EU's policy towards the CEECs translate into *specific* substantive policy outcomes in particular sectors and policy areas. Theories of the political economy of trade policy, and public choice approaches would suggest that policy outcomes in particular sectors are largely a function of the balance of the pressures of societal groups. By contrast, I argue that the policy impact of the broader dynamics on sectoral policies is crucially mediated by two additional factors, which might under certain conditions counterbalance the pressure of interest groups. The first concerns the structure of the policy coordination process, which affects the access of the respective policy communities to decisions on particular issues. The second factor relates to the policy paradigms that underpin EU policy in the various issue areas. These policy paradigms shape the preference formation of sectoral policy-makers, and therefore affect the ability to build 'winning coalitions' in a particular sector that are sufficiently strong to bring about a policy change.

1. Introduction

The study of 'Europeanisation' in the central and eastern European countries (CEECs) is concerned with the impact of the EU on domestic change in the CEECs. The predominant approach in such studies is to bracket the EU's accession requirements as given and to focus on domestic change as the dependent variable. One central task is then to identify the intervening variables that shape this process - the mechanisms through which the EU influences domestic politics and the factors that mediate the policy impact of regulatory alignment.

By contrast, this paper explores the 'supply side' of Europeanisation in the CEECs and takes the nature of the EU's accession demands as the dependent variable. This focus rests on two main premises. First, to problematise the nature of the EU's accession (and pre-accession) requirements helps to understand the nature and sources of potential 'misfit' between EU requirements and the CEECs' policies and institutions. The EU's regulatory regimes that inform its accession requirements have developed within a very particular context, and thus reflect distinctive tastes and political bargains of the EU incumbents and might thus not necessarily be appropriate as templates for the CEECs (Smith et al. 1996; McGowan and Wallace 1996).

Second, the EU's accession requirements are not simply 'given.' To be sure, the EU has traditionally been very rigid in demanding strict and early alignment with the *acquis communautaire* upon accession (see e.g. Preston 1997), and in the case of the CEECs even during the pre-accession stage. However, at least in principle, the accession requirements are subject to negotiations (both accession negotiations with the CEECs, as well as intra-EU negotiations that define the EU's negotiating position), which might result, e.g. in agreement on transitional periods for adaptation.

A better understanding of the degree of flexibility that the EU shows in demanding adjustment and adaptation from the CEECs is therefore crucial to understand how these conditions interact with domestic politics in the CEECs, and how sustainable policy and institutional change in response to EU demands are.

A central challenge in analysing the flexibility of the EU's accession requirements is to obtain a better conceptual understanding of how the *broader* dynamics that shape the EU's policy towards the CEECs translate into *specific* substantive policy outcomes in

particular sectors and policy areas. These broader dynamics have been analysed in some more recent conceptual and theoretically-informed approaches to eastern enlargement (Fierke and Wiener 1999; Friis 1998; Schimmelfennig 2001; Sedelmeier 1998, 2000). However, while these studies help us to understand why the EU enlarges, they say very little about substantive policy outcomes such as requirements for the CEECs' regulatory alignment with particular areas of the internal market, or trade liberalisation in specific economic sectors which was particularly relevant for the association policy.

This neglect in conceptualising substantive policy outcomes and sectoral dynamics is significant, since the EU's general commitment to integrate the CEECs is often in sharp contrast to rather restrictive positions on substantive issues (see, e.g. Sedelmeier and Wallace 1996). However, while some studies have problematised this discrepancy (Sedelmeier 1994, 2000; Niblett 1995; Friis 1997; Torreblanca 1997; Schimmelfennig 2001), what is missing is an analytical framework that allows us to understand the *nature of the link* between macro- and meso-policies. Which factors shape the impact of the broader dynamics on substantive policy outcomes in specific areas of EU policy towards the CEECs and accession negotiations?

A good starting point is provided by some of the earlier analyses of EU policy towards the CEECs which focus explicitly on substantive policy issues, mainly the extent of trade liberalisation under the Europe Agreements (EAs). These include contributions from trade economists (see e.g. Hindley 1993; Messerlin 1993; Rollo and Smith 1993; Baldwin 1994), as well as more theoretically informed studies (Haggard et al. 1993; Nicolaidis 1993; Guggenbuhl 1995). Both bodies of literature share a key assumption with the mainstream approach to studying the EU, liberal intergovernmentalism (e.g. Moravcsik 1993). In line with theories of the political economy of trade policy, they highlight the strength of domestic interest groups that are adversely affected by liberalisation as the key variable constraining the autonomy of policy makers in the EU member states. Put simply, these analyses suggest that while political considerations and concerns about aggregate welfare gains might incline policy makers to accommodate the CEECs' preferences, this is undermined by vested economic interests in particular sectors.

While these studies show convincingly that the pressure of domestic groups is an important factor, such a rationalist pluralist approach has limits. The strength of domestic groups alone is not always a reliable indicator for the extent to which EU

policy accommodates the preferences of the CEECs. The steel sector is one empirical example of a policy in which domestic interests did not effectively constrain public policy makers: the EU liberalised trade considerably, despite strong countervailing pressures from EU producers (see section 5 below). There are also other examples in which the EU changed policy towards a more accommodating policy, despite initial reluctance to do so, and despite opposition from domestic groups (e.g. Sedelmeier and Wallace 1996: 370, 376; 380). Thus, the existence of strong domestic veto groups does not always translate directly into particular policy outcomes.

In this paper, I suggest that that a conceptual framework that conceptualises the link between macro and meso-policies needs to take account of two further factors, in addition to the strength of societal interest groups. The first factor concerns the *structure of the policy process*. While sectoral policy makers might defend the interests of sectoral interest groups, their ability to do so is structured by their access to decision making. Their influence is greatest, the more fragmented the policy process. The more centralised and hierarchical decision making is, the more limited the influence of sectoral policy-makers, and hence there is greater scope to accommodate the CEECs' preferences.

While the structure of the policy process is a more formal constraint (or resource) for policy makers, the second factor is not easily captured by materialist approaches. This factor concerns the preference that sectoral policy makers promote. These preferences are not simply a reflection of the interests of the strongest societal groups in particular sectors. Rather, they are crucially influenced by particular *policy paradigms*, i.e. the sets of ideas that respectively underpin policy in specific areas. These policy paradigms are usually obstacles to changes in the *status quo* in order to accommodate the CEECs' preferences. However, if the certain policy makers are able to challenge dominant paradigms then this might open opportunities to overcome countervailing pressure from domestic groups. This might be the case, for example, if they can align with sectoral policy makers promoting an alternative policy paradigm which is more compatible with policy changes to accommodate the CEECs.

The paper proceeds as follows. The next three sections sketch the analytical framework. Section 2 conceptualises the EU's policy towards the CEECs as a composite policy, in which the EU's flexibility in accommodating the preferences of the CEECs depends largely on the influence of a particular group of policy advocates. Their influence and their ability to counterbalance interest group pressure depends

crucially on the two above-mentioned factors - the structure of the policy process (section 3) and sectoral policy paradigms (section 4).

The last two sections present evidence from two meso-policy areas, focusing primarily on the role of policy paradigms. Section 5 illustrates that an emerging alternative policy paradigm led to a significant degree of accommodation of the CEECs' preferences, despite strong countervailing interest group pressure and a fragmented policy process. Section 6 presents a more mixed picture with regard to the requirements for the CEECs' regulatory alignment during the pre-accession stage. The structure of the policy process allowed to circumvent countervailing interest group pressure at this stage. While this led to a generally more flexible approach, variations across sectors relate to the role of the EU's internal market paradigm. This policy paradigm provided the main obstacle for such a flexible approach with regard to social policy. By contrast, in environmental policy a more flexible was adopted, as the policy advocates successfully argued that such an approach did not contradict a more narrowly defined paradigm focusing on the free movement of goods.

2. Policy Advocacy in a Composite Policy

A key characteristic of EU policy towards the CEECs, and by extension eastern enlargement, is that it is a 'composite policy' (Sedelmeier 1998; Sedelmeier and Wallace 2000). It is a broad policy framework, which is constituted by a range of 'meso-policies.' This is, it draws its substance from distinctive policy decisions across the range of policy areas which are part of the association policy or accession negotiations. This characteristic requires an analytical distinction between two dimensions of policy: (1) decisions about the macro level of policy, to determine the overall objectives and parameters of policy; and (2) decisions about the specific detail and substance of policy in particular sectors.

Furthermore, it implies that different groups of policy makers, or distinctive policy communities, have primary responsibility for specific parts of this policy. The group of policy makers which has primary responsibility for policy towards the CEECs includes officials from the member states' foreign ministries and the Commission's DG for external relations, as well as, on occasions, the heads of state and government or the Commission president. However, these 'macro policy makers' cannot take decisions of policy substance within the various meso areas autonomously. Such decisions have to be negotiated, in a process of horizontal policy-coordination, with

those sectoral policy makers who have primary responsibility for the respective meso-policies.

This distinction between macro- and meso-policy makers might be a merely formal one, if macro and meso-policy makers from each state member state were to promote strictly certain previously agreed national policy positions. However, the cleavage that characterises the intra-EU debate about substantive policy is not predominantly a national one, in which national representatives defend their respective domestic groups in inter-state bargaining. Rather, the policy process is frequently characterised by a transgovernmental cleavage of cross-cutting coalitions that pitched foreign policy-makers collectively against sectoral policy makers from across the member states (see also Niblett 1995; Torreblanca 1997).

Substantive policy decisions are thus the outcome of interactions between distinctive policy communities: the macro-policy makers and the respective groups of meso-policy makers. There are certain parallels between this notion of a composite policy, and a characterisation of EU policy towards the CEECs as 'overlapping games' (Torreblanca 1998). It also has affinities with John Peterson's analytical framework that distinguishes between different types of decisions (or stages of policy-making) and which emphasises that these are respectively dealt with by different groups of policy makers, each guided by distinctive policy rationales (Peterson 1995; Peterson and Bomberg 1999).

In this debate between distinctive policy communities, the macro policy makers are generally more inclined to accommodate the preferences of the CEECs than the various groups of meso policy makers. More specifically, those policy advocates that promote an accommodation of the CEECs' preferences in intra-EU debate (see e.g. Sedelmeier 1998, 2000; Sedelmeier and Wallace 1996, 2000), are among the macro-policy makers. Their arguments resonate more strongly with the macro policy makers than with sectoral policy makers. The former are generally more receptive to their arguments in favour of accommodating the CEECs, such as appeals to longer-term political and security considerations, aggregate welfare gains, or certain community norms that prescribe certain standards of 'appropriate behaviour' towards the CEECs. At this point, the exact nature of policy advocates' and the macro policy makers' motives for accommodating the CEECs matters less. What matters is that policy outcomes depend on the influence these particular actors can bring to bear on the policy process.

The influence of this group of policy-makers depends on two main factors. The first factor is their *access* to policy-making and decision-making on specific issues. Thus, the *structure of the policy process* affects their impact on policy outcomes. I elaborate on this factor in the following section. However, access to decision-making on particular sectoral issues does not equal influence. In order to influence policy outcomes, the advocates of the CEECs' preferences have to be able to form *alliances* with sectoral policy-makers that are sufficiently strong to overcome countervailing interest group pressure. In section 4, I argue that a key factor affecting the possibility to forge such alliances are the policy paradigms that underpin EU policy in particular sectors.

3. The Structure of EU Policy towards the CEECs

The fact that the main cleavage in the policy process seems to be between different transgovernmental policy communities with primary competences for specific aspects of EU policy suggests to look at particular bodies of literature. These include work on (transnational) bureaucratic politics (see e.g. Risse-Kappen 1995); on 'veto points' in the policy-process (Thelen and Steinmo 1992: 7); and in particular on intra-governmental policy coordination (see e.g. Scharpf 1993). This literature suggests that the structure of the policy process affects the access of particular actors, and hence their influence, in the following way.

The more centralised the policy making process, the greater the influence of the macro policy makers, and of the policy advocates among them. Hierarchical decision-making either explicitly subordinates the concerns of the meso policy makers, or implicitly circumvents them. By reducing the access of the meso policy makers to decision-making, the outcomes of such a process are more likely to reflect the concerns and priorities of the macro-policy makers. Of course the flip-side is that such decisions might create problems for coherent policy in the meso areas, and their sustainability might be doubtful. By contrast, the more fragmented the policy process, the more the preferences of the meso-policy makers should be reflected in the policy outcomes in the meso-policy areas. The influence of the meso-policy makers is greatest, if fragmentation means that they can decide policy autonomously, or if the meso-policy makers have the power to veto an policy changes in their policy area.

Variations in the structure of the policy coordination process between macro- and meso policy-makers can be observed at different levels. First, policy-making in the

EU is generally more fragmented than in the member states. Second, there are strong variations across the member states' coordination of their EU policy-making. Third, variations might depend on the particular policy area in question. Finally, the degree of fragmentation of the policy coordination process might vary according to different stages of policy development, depending on the overall framework in which policy is conducted, and can thus be influenced to some extent by the macro policy-makers themselves.

The development of the EU's policy towards the CEECs reflects the relevance of the structure of the policy process in mediating the policy impact of the preferences of the macro-policy makers on substantive sectoral policy outcomes. One general feature of the evolving policy was the lack of continuous oversight by the foreign ministers in the Council (Sedelmeier and Wallace 1996), and the disengagement of the European Political Cooperation (EPC) framework from the association policy in early 1990 (Nuttal 1992). This greatly weakened the scope for more centralised policy coordination. Coordination largely took the form of bilateral consultations, between macro policy makers and individual groups of sectoral policy makers, in which the latter had sufficient autonomy to block concessions in their respective policy areas. Neither the Council nor the Commission established multilateral consultation networks or task forces for the association policy which might have been able to lead to 'positive coordination' (Scharpf 1993), i.e. agreement on collective burden sharing across sectors and issues.

These constraints were apparent in the process of establishing the Commission's negotiating directives for the Europe Agreements (EAs). DG I's original framework had been rather far-reaching in accommodating the CEECs' preferences, but the final negotiating directives turned out to be much more restrictive, after the concrete substance of the EAs had to be filled in by sectoral DGs in the Commission, and agreed with sectoral policy makers in the Council. Likewise, the scope for the CEECs to press for a more far-reaching accommodation of their preferences during the EA negotiations was limited, since these negotiations were characterised by a high degree of fragmentation, and a hands-off approach of the foreign ministers in the General Affairs Council. Fragmentation of the policy process became most pronounced during the implementation of the EAs, which, e.g. made it very hard to resist the use of trade defence instruments.

However, there were also instances in which policy became insulated at the level of the macro policy-makers, which facilitated an accommodation of the CEECs'

preferences. Such instances of more centralised and hierarchical coordination, were apparent during the negotiations of the Europe Agreements (EAs) during 1991. The context of the negotiations allowed the Commission negotiators on a number of occasions to force the General Affairs Council, rather than the Council's sectoral working groups, to become more directly involved in deciding hierarchically on revisions to the negotiations directives. This was most obvious in the two formal revisions, but worked also in some less publicised instances of circumventing sectoral opposition (see also, e.g. Torreblanca 1998).

Similarly, in the lead-up to the Copenhagen European Council in June 1993, the endorsement of the CEECs membership perspective was decided by the foreign ministers in the Council, acting in considerable autonomy from sectoral policy makers. The package of trade concession announced at the Copenhagen European Council was agreed by a high-level group of foreign ministry officials. In the negotiations of the pre-accession strategy, presented at the Essen European Council in December 1994, the German presidency, in close cooperation with the Commission, considerably restricted the access of sectoral policy makers to the policy process. Discussions were kept at the level of the Permanent Representatives (Coreper), and the final decision was even taken in a 'Coreper *restraint*.' More generally, the fact that the story of the association policy is so closely linked decisions announced at specific European Council meetings also reflects the deliberate strategy by the Commission to use the anticipation of the political bias at the European Council to focus attention in the Council.

In sum, a focus on the structure of the policy process suggest that the existence of 'veto groups' might not directly or necessarily translate into policy outcomes. This is, as such, perfectly compatible with a pluralist view of politics in which public policy makers in specific sectors are essentially passive instruments of the strongest 'clients' in this sector. The following section will argue that this is not the case. In order to understand what preferences the respective meso policy makers defend, we need to take account of the particular policy paradigms underpinning EU policy in the various areas.

To put this point differently, this section suggests that the structure of the policy process is a crucial factor affecting the access of the policy advocates to decisions in a particular policy area. However, such access is only a necessary, but not a sufficient condition for influence on policy outcomes. They still need to be able to form 'winning coalitions' among the of actors involved in this decision. Policy paradigms

are an important factor that affects the likelihood of forming such a coalition within a particular policy area.

4. The Role of Policy Paradigms

In contrast to pluralist approaches in comparative politics, or a liberal intergovernmentalist view of domestic politics, this paper argues that public policy makers do not simply act according to the interests of the strongest societal groups. Rather, public policy makers have preferences of their own, and might pursue these even against societal pressure (see also e.g. Evans *et al.* 1985). These preferences are to an important degree shaped by policy paradigms (Hall 1993):

policy makers customarily work within a framework of ideas and standards that specifies not only the goals of policy and the kind of instruments that can be used to attain them, but also the very nature of the problems that need to be addressed. Like a *Gestalt*, this framework is embedded in the very terminology through which policy makers communicate about their work, and it is influential precisely because so much of it is taken for granted and unamenable to scrutiny as a whole (Hall 1993: 279).

Policy paradigms can best be seen as one feature of the overall terms of political discourse. They suggest that the policymaking process can be structured by a particular set of ideas, just as it can be structured by a set of institutions (Hall 1993: 290).

Policy paradigms are thus an interpretative framework, based on a coherent set of ideas that underpin policy-makers' understanding of policy in their respective areas of responsibility. Policy paradigms are specific to particular policy areas, and can thus be seen as a distinctive feature within the normative institutional structure of these policy areas. They become embedded by acquiring a dominant position in the policy discourse that characterises a policy area. This framework has strong affinities with the concept of 'policy frames' (Rein and Schön 1991) which has recently found wider application in analyses of EU policy-making (see Jachtenfuchs 1996; Lenschow and Zito 1998; Dudley and Richardson 1999). There are also certain parallels to a view of individual EU policy areas as distinctive 'governance regimes' (Armstrong and Bulmer 1998). In this paper, I use the term policy paradigm for the set of ideas that underpin policy in a particular meso policy area. Policy paradigms shape the preference formation of meso policy makers, albeit not exclusively, but independently from the material structure of the interests in this sector.

The ability of policy advocates to build winning coalitions in the meso policy areas is thus not simply a function of the configuration of societal interest. Conversely, sectoral policy makers might oppose an accommodation of the CEECs' preferences not simply because of interest group pressure. Rather, the preferences of the meso

policy makers, and the policy paradigms on which these are based, are an important independent factor.

Policy paradigms might be a significant additional obstacle to an accommodation of the CEECs. While policy paradigms generally underpin the *status quo*, accommodation usually requires a policy change in particular sectors. However, in such cases accommodation might still be achieved, if such a policy change is compatible with *alternative* policy paradigms that challenge and successfully replace the dominant policy paradigm. In this case, an accommodation of CEEC interests within specific meso policies might be possible, despite strong opposition from domestic groups. An important question is therefore whether the policy advocates can challenge dominant policy paradigms, or form a strategic alliance with policy makers in the meso area that promote the emergence of a competing policy paradigm that is more compatible with their preferences.

To clarify, such paradigm competition does not usually take place *between* the macro policy and a meso policy. In this case, the debate is more setting priorities in a trade-off between conflicting policy goals (e.g. between security gains and the welfare of particular domestic producers). Paradigm competition takes place primarily *within* particular meso-policies, between sectoral advocates of rival paradigms for this policy area. However, macro policy makers might influence this process if they form an alliance with one of these groups.

Methodologically, policy paradigms can be identified within the policy discourse of a particular meso policy. Public statements and documents in which policy makers justify their action with reference to certain problem definitions or normative ideas reflect such policy paradigms. Sometimes these might be more implicit. The identification of policy paradigms requires an inductive analysis of the history of policy development in a particular meso policy, and of whether policy is indeed based on coherent sets of ideas about cause/effect relations between different policy options. To assess their political impact requires an analysis of how consensual or fragile these understandings are, and to what extent they are challenged by alternative ideas. A key implication for the analysis is thus that it is difficult to make predictions about the way in which policy paradigms affect a political process prior to the analysis.

5. Trade Liberalisation in the Steel Sector under the Association Agreements

The case of the EU policy of steel trade liberalisation towards the CEECs illustrates how the emergence of an alternative policy paradigm which is more compatible with the preferences of the CEECs, facilitated accommodation, despite opposition from interest groups. In this case, the alternative policy paradigm emerged to a large extent independently of the association policy. But the interplay between those meso-policy-makers who promoted a change in EU steel policy on the one hand, and the advocates of an accommodating policy towards the CEECs on the other, played an important role in the ascendancy of the alternative policy paradigm.

The EU's liberalisation of steel trade in the framework of the association policy accommodates the CEECs' preferences for free and unconditional access to the EU market to a considerable extent (see also Rollo and Smith 1993). Before the negotiation of the EAs, the steel trade was regulated by a highly restrictive regime of Voluntary Restraint Agreements (VRAs), which imposed both quantitative and price restrictions on CEEC exports (see e.g. Wang and Winters 1993). The EAs ended the VRAs, immediately eliminating all quantitative restrictions, and the advocates of the CEECs' preferences in the Commission successfully resisted the insertion of provisions to maintain the possibility of re-introducing VRAs. The greater autonomy of the meso-policy-makers in the implementation phase meant that, on a few occasions, EU trade defence instruments were used against CEEC steel producers. However, the advocates of the CEECs' preferences inside the EU were able to resist interest group pressure for the wholesale re-introduction of a restrictive regime as part of the 1993-4 EU plan for the restructuring of the steel industry. This outcome contradicts pluralist predictions, since EU producers in the steel sector were strongly opposed to liberalising trade with the CEECs, and there was no countervailing pressure from consuming industries on the EU side.

The policy paradigm which dominated EU steel policy since the inception of the European Coal and Steel Community (ECSC) could be described as a 'managed restructuring paradigm.' This paradigm is based on the assumption that, because of the specific production and market structure of the steel industry, the nature of competition in this market differs crucially from other sectors (see e.g. Glais 1995). During periods of depression, the free play of market forces would thus not induce firms to undertake the necessary adjustment measures. It would merely lead to cut-throat competition, in which not necessarily the most economically

viable firms would survive. Rather, firms would only restructure and cut over-capacity if this was organised as a collective effort, under the guidance of public policy-makers, and in a stable external environment. An accommodation of the CEECs' preferences for liberalisation is thus at odds with this dominant policy paradigm.

However, since the early 1990s, an alternative policy paradigm which I call the 'non-intervention paradigm' has emerged (see also, Dudley and Richardson 1999). This paradigm rejects the idea of the steel sector as a special case. In contrast to the dominant paradigm, it regards external competition as a positive contributing factor to restructuring. This paradigm no longer places the emphasis on the protection of the EU market, but on the need for open markets abroad. It is thus much more compatible with the CEECs' preferences.

The ascendancy of the non-intervention paradigm increased support among the steel meso-policy-makers for trade liberalisation towards the CEECs, despite strong opposition from organised interests in the sector. Although this alternative policy paradigm emerged largely independently of the association policy, the interaction between advocates of the non-intervention paradigm for EC steel policy and the advocates of an accommodating policy towards the CEECs also played an important role. The advocates of the non-intervention paradigm provided arguments and a supportive alliance for the advocates of an accommodating policy towards the CEECs who pushed for greater CEEC access to the EC steel market. In turn, references to the need to open EC markets in order to support the CEECs provided an impetus for the ascendancy of the alternative steel policy paradigm in the steel sector.

In sum, initiatives to liberalise market access in the context of EU policy towards the CEECs coincided with the rise of an alternative policy paradigm in the steel sector in the early 1990s. This provided scope for policy advocates among the macro policy makers to forge a strategic alliance with certain policy makers in the sectors. This alliance was sufficiently strong to bring about, and sustain, a significant liberalisation of the EU steel market for CEEC exporters, despite the strong opposition from EU steel producers.

6. Requirements for the Regulatory Alignment of the CEECs with the Internal Market

The case of EU policy for the regulatory alignment of the CEECs illustrates a different way in which a policy paradigm affected the accommodation of the CEECs' preferences. Accommodation was facilitated through the ability of the policy advocates in the Commission to successfully challenge the viability of certain elements of the policy paradigm underpinning the EU's internal market with reference to the specific situation in the CEECs. On the current evidence, this was particularly the case for environmental policy. Yet in the area of social policy, officials in the Commission's DG XV resisted accommodation with reference to the EU's internal market paradigm, despite the absence of societal groups which would have pressurised them into doing so.

The process of regulatory alignment is similar to that of regulatory harmonisation to remove non-tariff barriers (NTBs) in the single market programme, and to the EEA regime which extended the internal market to most of the EFTA countries. The regulatory alignment of the CEECs, as the economic core of the EU's pre-accession strategy, is based on a Commission White Paper (WP) (Commission 1995), endorsed by the Cannes European Council in June 1995. The WP provides a guide for the CEECs, while final, legally binding decisions in this respect will only be taken in actual accession negotiations.¹

Essentially, the CEECs' interest in the EU's regulatory alignment policy lies in *selective alignment*, which would allow the CEECs to prioritise alignment with product standards which could form NTBs, while delaying the adoption of those EU rules which regulate the production process (see Smith *et al.* 1996; McGowan and Wallace 1996; Young and Wallace 2000). Such process regulations primarily concern measures in the area of EU social policy, such as health and safety at the workplace, and certain elements of EU environmental policy, such as pollution from stationary sources. These regulations would impose considerable costs on CEEC firms, as well as to some extent, governments, which they would prefer to delay at the current stage of their economic transformation.

EU producers strongly oppose accommodating the CEECs' preference for selective alignment (see e.g. UNICE 1997; Chiris 1998). They press for demanding from CEEC companies strict compliance with process regulations

¹ It should be noted, however, that there is some ambiguity in this respect with regard to the Accession Partnerships, which follow on from the WP (Grabt e 1999).

from an early stage, in order to reduce the latter's competitive advantage. A second source of opposition could be identified in those member state governments which are more generally reluctant about an eastern enlargement, and might insist on extensive alignment and the strict and early application of EU regulations as a means of delaying the accession of the CEECs.

Two main elements of the policy paradigm underpinning the EU's internal market militate against accommodating the CEECs' selective alignment. The first is a distinctive understanding of the nature of economic competition. It is based on the 'level playing-field' argument, which suggests that the internal market regulations do not only have to remove NTBs in order to guarantee the free circulation of products. For competition to be 'fair', also requires to harmonise regulations of the production process, such as environmental standards, as these affect firms' production costs. The second element is the broad acceptance inside the EU that the internal market is not merely based on a rationale of competition and market integration, but that it also serves the protection of broader public policy objectives, notably high levels of social and environmental protection (Wallace and Young 1996). In sum, both these elements of the EU's internal market paradigm constrain the extent to which EU policy-makers view the CEECs' demands for selective alignment as feasible and legitimate.

However, while these arguments dominate the EU discourse on the internal market, the assumptions on which the EU's internal market paradigm is based are far from generally accepted among economists. The argument can be made that while the harmonisation of product standards is essential for the functioning of the internal market, the harmonisation of *process standards* is not. The latter affect the production costs of firms, and thus indirectly affect *competition* in the internal market. However, they do not constitute NTBs to a free circulation of products. Furthermore, it can be argued that there is nothing 'unfair' about competition in the absence of harmonised environmental or social standards (see, for example, Smith *et al.* 1996). From such a perspective of the internal market, there would be no reasons to refuse the CEECs the possibility of selective alignment and for implementing process regulations in the course of long transition periods *after* accession, rather than at the pre-accession stage. This might grant CEEC firms a certain temporary competitive advantage, but it would not endanger the integrity of the internal market.

Despite the fact that strong groups inside the EU, as well as the EU's internal market paradigm, are opposed to selective alignment, the WP accommodates the CEECs' preferences to a significant extent. The EU's regulatory alignment policy was essentially driven by a small team of policy-makers inside the Commission, composed of officials from the CEEC unit in DG I and from the *cabinet* of Leon Brittan, the external relations Commissioner. These policy-makers' understanding of the specific situation in the CEECs led them to question the viability of the EU's internal market paradigm. They successfully convinced the policy-makers of DG XV, responsible for the internal market and the drafting of the WP, to take a selective approach to the CEECs' regulatory alignment. Thus, the single market measures outlined in the WP essentially concentrate on product regulations and exclude process regulations. This selective approach is most clearly reflected in the area of environmental policy, where such process regulations as the pollution from stationary sources are excluded from the WP.

By contrast however, the area of social policy constitutes an exception to the general rule. Officials from DG V insisted on the inclusion of process regulations, such as health and safety at the workplace. Significantly, their opposition to selective alignment was not the result of external pressures: Rather than defending the interests of particularist groups inside the EU, these policy-makers defended the dominant internal market paradigm as an expression of their specific understanding of, and preference for, the operation of the EU's internal market. In turn, the presentation of their arguments with reference to assumptions underpinning the broadly accepted internal market paradigm made it hard for DG XV to deny their legitimacy.

In sum, regulatory alignment with the internal market shows two contrasting examples of how policy paradigms structured the interactions of macro- and meso-policy. In the area of social policy, the defence of the dominant policy paradigm by public policy makers was the main obstacle to accommodating the preferences of the CEECs. This was the case although, at least at that stage, there was no interest group pressure for doing so. The case of environmental policy is, by contrast, one in which the ability of policy advocates to challenge the rigidity of the dominant paradigm provided an opportunity to accommodate the interests of the CEECs. It is thus similar to the case of steel policy, in the sense that the promotion of an alternative policy paradigm allowed to overcome interest group pressure. There is a difference, however, in the way in which the policy advocates were able to challenge the dominant paradigm. In steel case, they did so by

forming a strategic alliance with a group of policy makers within the sector who promoted an alternative paradigm. In the case of environmental policy, it was a through a process of persuasion. The policy advocates successfully persuaded the sectoral policy makers that the dominant paradigm was unsuitable for the particular situation of the CEECs, and that during a transitional period a more flexible approach would still be compatible with the functioning of the internal market.

7. Conclusion

This paper has suggested that although a number of recent studies have started to address the theoretical neglect of the EU enlargement, these have mainly focused on the macro level of EU enlargement: the whether and why of EU enlargement. What is still missing are conceptualisations of the link between the broader dynamics and substantive sectoral policy outcomes.

Liberal intergovernmentalism, or theories of the political economy of trade policy, suggest one key variable that mediates the impact of the macro-policy on individual meso policies: the strength of domestic interest groups. However, while this factor is certainly important, as a single-variable explanation it is insufficient for eastern enlargement and EU policy towards the CEECs.

I have suggested two additional factors. (1) The *structure of the policy process* through which macro and meso policy makers coordinate their positions, and which affects their respective access to decisions about particular policy areas. Generally, a centralised and hierarchical process favours influence of the macro policy makers, a fragmented process the sectoral policy makers. (2) The *policy paradigms* that underpin individual policy areas. Policy paradigms are usually an obstacle to policy change, and their susceptibility to challenges is an important factor that mediates the influence of the macro policy makers on decisions about such policy areas.

This paper has illustrated three ways in which policy paradigms might be important correctives to interest group pressure: (1) in the case of regulatory alignment with EU social policy, the policy paradigm has been an *obstacle* to an accommodation of the CEECs preferences, despite the absence of interest group opposition; (2) in the case of steel trade liberalisation, domestic groups were overcome, because the policy advocates were able to forge a *strategic alliance* with sectoral policy makers who

promoted an alternative policy paradigm; finally (3) in the case of regulatory alignment with EU environmental policy during the pre-accession stage, the policy advocates were able to *persuade* the sectoral policy makers to agree temporarily to a more flexible approach. They were able to argue that such an approach would not endanger the fundamental policy objectives of the single market, while challenging the suitability of certain aspects of the dominant policy paradigm in the particular context of the CEECs.

Allow these insights to conceptualise the link between macro policy and meso policies in EU enlargement? The factors that I have highlighted do not lend themselves easily to generalisations, deductive research, or to the formulation of falsifiable hypotheses. A cautious conclusion would suggest that more conceptual and empirical work is necessary to gain a better understanding of the relationships and interactions between these variables, and under which conditions they are likely to translate into particular policy outcomes.

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