Policy-Making and the Integration Process - Implications for Integration Theory

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Abstract

I argue in this paper that it is important to develop a view of the integration process which, while recognising the dominant role of national governments and the importance of intergovernmental bargaining in this process, is also able to take into account the implications of "day to day" politics, and the crucial role played by supra-national institutions and interests, in influencing the choices made by national governments when taking decisions at the "history-making or "constitutional" level. Decisions concerning major institutional change in the European Union (EU) are taken unanimously by the governments of the member states of the EU. Ultimately, the choices made by national governments, and the outcome of the bargaining between national governments, determines the direction of the integration process. It is thus crucial to understand how member state governments choose between the alternatives available to them.

Central to the argument developed in this paper is the thesis that an understanding of developments within the policy process may help us to understand how and why the dominant actors assumed particular negotiating positions on major "history-making" decisions. Hence, events in the "normal" or "day to day" politics of the EU may help to explain the process through which major institutional change takes place in the EU. The insights of the policy process, I argue, play an invaluable role in furthering our understanding of "the nature of the fundamental social actors, their preferences, and the constraints they face" (Moravcsik, 1993:477). The policies which emerge from the policy-making process, moreover, and the impact on the various actors of their participation in this process, may be critical factors in determining the role which national governments play and the positions which they adopt in the negotiations on the future of the EU. Thus, by altering the environment in which the dominant actors (member states) take critical "history-making" decisions, the activities of the institutions and other interests may also have had a major impact upon the integration process.

1. Introduction

The central thesis of this paper is that, to understand the process of European integration, it is vital to understand the dynamics of the European policy process. Any theory which fails to take into
account the impact of the policy environment, and of participation in the European Union (EU) policy process on the integration process, I argue, fails to fully encapsulate the process by which European integration has proceeded. For a number of years scholars of European integration, having observed the apparent stagnation of the integration process and the consequent consignment of neo-functionalist (Haas, 1958, Lindberg, 1963, Lindberg and Scheingold, 1970, Nye, 1968, Schmitter, 1970) and communication school (Deutsch, 1954, Deutsch et al, 1957) approaches to the theoretical wastelands, were, understandably, somewhat hesitant to generate 'grand theories' of European integration. However, during this period, from the early 1970s to the early 1980s (an era which Caporosa and Keeler (1995) have termed the 'doldrums period' for the development of European integration theory), detailed case-studies of developments in the EU policy process proliferated.

In recent years, there has been a return of attempts to conceptualise the integration process on a grander scale and to reassess some of the insights of traditional integration theories (Moravcsik, 1991, 1993, Sandholtz and Zysman, 1989, Sandholtz, 1993, Keohane and Hoffmann, 1991, Tranholm-Mikkelsen, 1991, Burley and Mattli, 1993, Green, 1993). Critically, this theoretical effort is now accompanied by a growing literature examining the functioning of the EU as a system of governance. Drawing on approaches from the areas of comparative politics and policy analysis (Sbragia, 1992, Bulmer, 1994a, 1994b, Peters, 1992, 1995, Majone, 1993, Marks, 1992, Mazey and Richardson, 1993, Peterson, 1995) "increasingly scholars assume that some institutional structure is in place and examine what goes on inside these structures. Politics and policy-making within institutions have assumed an analytic place alongside the politics of institutional change" (Caporaso & Keeler, 1995: 43). The insights of these studies, I argue, may be crucial in facilitating the development of a more rounded understanding of the integration process.

It is increasingly recognised that it is important to focus, not simply on the process through which major institutional change takes place in the EU, but also on the 'day to day' functioning of the EU as a polity. Thus, Bulmer (1994a:353) argues that "analysing governance is not just a matter of the macro or trans-sectoral level. Rather, it is necessary also to take into account the policy or issue-specific level". This, of course, has important implications for our evaluation of the most appropriate "conceptual lenses" (Allison, 1971) through which to view these developments. Peterson (1995:71), for example, distinguishes between the different types of decision taken, the different actors which dominate and the different types of rationality which inform their actions, at the various levels of analysis identified within the EU, conceptualised as a multi-tiered system of governance. He concludes that no single theory can explain EU governance at all levels of analysis. Broad "macro" approaches to the issue of integration (such as neo-functionalism or state-centred "intergovernmentalist" approaches) are particularly useful for explaining the major "history-making" decisions of the EU. When it comes to explaining "policy setting" or "policy shaping" decisions, however, "macro-theories tend to lose their explanatory power" (Peterson, 1995:84). Indeed, as our understanding of the EU policy process, and of the process of European integration more generally, becomes more sophisticated, it may increasingly be the case that "our explanatory goals are best served by specifying the analytic strengths - and limitations- of approaches that work better in combination than alone" (Sandholtz, 1993:39).

It is clearly useful to distinguish between different levels of analysis for analytic purposes. It is important, however, to remember that this divide is not clear cut. The relationship between the politics and processes which accompany "day to day" decision-making, as opposed to "constitutional" or "history-making" decisions, is, in many respects, reciprocal. From this perspective, the studies of the "normal politics" of the EU, identified by Caparosa and Keeler (1995:42), might most usefully be viewed, not simply as occurring alongside the development of integration theory but, rather, as performing a crucial role by enhancing existing understandings of the process of European integration and of the various influences upon the environment in which major "history-making" decisions are taken.

An important criticism levelled at early, neofunctionalist attempts to construct a theory of European integration is that they failed to specify a clear set of underlying assumptions concerning the nature of the fundamental actors in the integration process, how their preferences are formed, and the constraints and opportunities which they face (Moravcsik, 1993:477). In contrast, in Moravcsik's
(1993:474) work on liberal intergovernmentalism, clear core assumptions are specified: "state behaviour reflects the rational actions of governments constrained at home by domestic societal pressures and abroad by their strategic environment". The preferences of national governments, which determine their positions in international negotiations, are determined by domestic societal forces: "the identity of important societal groups, the nature of their interests and their relative influence on domestic policy" (Moravcsik, 1993:483). By distinguishing between "day to day" politics and "constitutional" politics, Moravcsik (1993:508-514) argues that while semi-autonomous supranational institutions do have an important (if tightly constrained) role to play at the "day to day" level, they do not have a significant impact on major "constitutional" developments in the integration process1. This level of decision-making is, he argues, dominated by governments which "are assumed to act purposively in the international arena, but on the basis of goals which are defined domestically" (Moravcsik, 1993:481).

In this paper I question the emphasis which liberal intergovernmentalism places on the distinction between "everyday" politics and "constitutional" decisions. I argue that the insights generated from studies of the policy process present a number of important challenges to the underlying assumptions upon which liberal intergovernmentalism is based. First, as our understanding of the role played by EU institutions becomes increasingly sophisticated, questions are raised concerning the extent to which the fundamental actors in the integration process can be said to be operating in the context of "pure" as opposed to "bounded" rationality. Second, as the relationship between interest groups, both domestic and transnational, national governments and the EU institutions becomes more complex, it must be asked to what extent the process of national preference formation can be considered to be entirely exogenous or whether it should be recognised as an endogenous process. Perhaps, most importantly, questions arise concerning the extent to which activities in the "day to day" EU policy process may act as constraints or opportunities which impact upon the choices made by national governments when negotiating "history-making" decisions. In conclusion, I argue that a crucial insight of the early integration theories has largely been overlooked - namely, that in understanding the outcome of negotiations at the "constitutional" level of EU decision-making it is crucial to take into account the learning and adaptation processes which iterated contact between the various actors in the policy-making process has made possible.

2. Integration Theory and the Insights of the Policy Process

The increased understanding of the intricacies of the policy-process which has been generated by recent studies has been important in at least two major respects. First, in highlighting new questions to be addressed by integration theorists and exposing the shortcomings of existing explanatory approaches, and secondly, in addressing some of the commonly acknowledged explanatory failings of existing theories of integration. Critically, the details of the policy process may help analysts to address the recognised shortcomings in the macro-theories by, for example, justifying the various analysts' focus on particular actors, explaining the process of preference formation through empirical observation, examining the nature of the actors involved (to what extent may they be characterised as rational actors, for example?), and by identifying the relationship between the policy environment and the taking of major constitutional decisions.

Traditional theories of regional integration have, quite appropriately, been extensively criticised: sometimes they failed by their own standards (perhaps no school of integration scholars has, for example, been more self-critical than the neo-functionalists); sometimes they have been criticised for their choice of key actors or analytical focus; and sometimes, perhaps most importantly, they have been criticised for their failure to specify or justify the underlying assumptions on which their conceptualisations are based. Clearly, the analytical foci adopted by the neo-functionalist and the communications schools, for example, over-estimated the importance of day to day political processes and underestimated the persistent central role which national governments have played in the decision process. As early as 1966, for example, Hoffmann questioned any notion of the potential obsolescence of the nation state. Evidence from both the EU policy process and from major Treaty negotiations has
consistently reinforced the evidence of the critical role which national governments play in the integration process. In this context, the insights offered by theories of international relations, and developed and refined most recently by Moravcsik (1991, 1993) in his theory of liberal intergovernmentalism, that national governments are the dominant actors in the integration process and that bargaining between these relatively more or less powerful actors determines the final outcome on most decisions in the EU policy making and integration processes, have been invaluable in developing our understanding of European integration. However, while the criticism of the early approaches is valid and appropriate, it is important to ensure that, in contemporary analyses of the integration process, the proverbial "baby" is not thrown out with the "bath water".

There may have been serious analytical problems with some of the early theoretical approaches. This does not mean that none of their insights were valid. Indeed, just as Haas (1970:607) noted of Deutsch's 1954 work on regional integration, "Deutsch raised all the major questions and introduced many of the concepts that still preoccupy and guide the research effort", the same might today be said of much of the work of the neo-functionalists. The underlying assumptions as to how and why institutions, interactions between the various interests and policy participants, the importance of the types of polices under negotiation, and the capacity of actors to adapt and learn, were important in the process of integration may not have been as clearly articulated by the early theorists as they would have desired, or may even have been founded on false premises. However, the policy literature has clearly demonstrated that many of these actors and processes do, nevertheless, have an important impact on the EU policy process. Perhaps the most important contribution of the recent upsurge in studies which employ the tools of comparative politics and policy analysis to the study of developments in the European Union, is the role it has played, not only in furthering our understanding of the functioning of the EU as a polity or system of governance, but also in extending our knowledge concerning the nature of the critical actors involved in the process of European integration, their motivations, strategies and goals.

3. Institutions, Agency Slack and Purposeful Opportunism

One of the key insights to emerge from studies of the policy process is that "institutions matter". As a growing body of literature emerges on this issue, this has become less and less of a startling statement. A range of studies, which recognise the role of EU institutions in the integration process, has begun to emerge, both from authors favouring an intergovernmentalist perspective and from those who emphasise the central role of semi-autonomous supranational institutions. Institutions have been characterised in a number of ways: as passive structures; as actively shaping expectations and norms; and as "purposive" actors seeking to influence the development of the EU. Traditionally, analyses which focus on the role of supranational institutions have been characterised as existing in direct conflict with analyses which adopt an intergovernmental focus. However, as current scholarship on the role of institutions becomes more sophisticated this can no longer be said to be the case (Moravcsik, 1993:507).

The notion of institutions recognised as passive structures: as providing the norms, values and procedures, alterable only with unanimous consent, within which the day to day policy choices and major "constitutional" decisions are taken, is quite consistent with the intergovernmentalist perspective presented by Moravcsik (1993:509). The liberal intergovernmentalist approach, following international regime theory, emphasises the critical role played by EU institutions in providing a passive structure which enhances the efficiency of intergovernmental decision-making. By ensuring a shared negotiating forum; joint decision-procedures; a set of shared legal and political norms; institutions to monitor cooperation and defection; and, not least, by disseminating ideas and information, EU institutions provide a framework within which to negotiate major "history-making" decisions (Moravcsik, 1993:508). EU institutions may also, however, have a more active role to play. For example, while also emphasising the crucial role which national governments play in selecting between available alternatives when taking decisions in the EU, Garrett and Weingast (1993) have argued that EU institutions play an important role in coordinating
expectations and in shaping a "shared belief system". Analysing the role of institutions and ideas in EU policy-making, they have argued that "by embodying, selecting and publicising particular paths on which all actors are able to coordinate, institutions may provide a constructed focal point". In this way, "institutions not only provide individuals with critical information about defection but also help to construct a shared belief system that defines for the community what actions constitute cooperation and defection" (Garrett and Weingast, 1993:176).

Garrett and Weingast's (1993) emphasis on the development of a shared belief system is not inconsistent with recent studies which, drawing on the new, or historical, institutionalist perspectives (March and Olsen, 1989, Thelen and Steinmo, 1992), present institutions as more than simply "arenas within political action is played out" (Bulmer, 1994a:357) but as actively playing a role in shaping norms, values and conventions. Analysts applying the tools of new, or historical, institutionalism in the EU context have, however, gone further by stressing the dual role played by institutions (Bulmer, 1994, Peterson, 1995). Thus, institutions are also presented as playing an independent role as actors in the policy process: able to "develop their own agendas and act autonomously of allied interest groups" (Peterson, 1995:81) and perhaps most importantly: able to "generate endogenous institutional impetuses for policy change that go beyond the usual representation of institutional mediation" (Bulmer, 1994a:372).

The agency of the EU institutions is increasingly recognised, as studies reveal how EU institutions have influenced the agenda-setting, policy formulation and implementation processes. There is considerable evidence that institutions, as "purposive" actors, have an important role to play. Recent studies have highlighted: the role of bureaucratic politics in the EU (Peters, 1992); the role of the Commission as agenda-setter (Peters, 1994); and the Commission's role in the promotion of the EU regulatory regime (Majone, 1993, Cram, 1993, Bulmer, 1994). Likewise, the role of the European Parliament as "conditional agenda-setter" has been examined (Tsebelis, 1994). Increasingly too, political scientists have begun to assess the important role played by the European Court of Justice (Weiler, 1991, Garrett, 1992, Shapiro, 1992, Burley and Mattli, 1993, Wincott, 1995a) and, importantly, to examine the critical interactions between the Court and other institutions within the policy process (Alter and Meunier-Atsahalia, 1994, Wincott, 1995b). Scholars have, meanwhile, been forced to recognise the complexity of the role played by EU institutions. Analysts have, for example, cautioned against over-generalisation concerning the role of "the Commission", which is a highly differentiated structure (Cram, 1994a), or of the impact of the European Parliament, as its influence varies between policy sectors (Judge et al, 1994).

Approaches which emphasises the "purposive" role of EU institutions are usually portrayed as representing a direct contrast to intergovernmentalist approaches as a result of their focus on the agency of these semi-autonomous actors. Indeed, this view is traditionally presented as being most consistent with the neo-functionalist emphasis on the role of the EU institutions and, in particular, with studies which focus on the role of the European Commission. However, Moravcsik (1993:508), in developing his liberal intergovernmentalist framework, has explicitly recognised that, within the "everyday" process of legislation, administration and enforcement, the semi-autonomous EU institutions, to whom national governments have chosen to delegate certain powers, have a role to play. Moravcsik argues, however, that this role is strictly circumscribed by the national governments and "is acceptable to member governments only insofar as it strengthens, rather than weakens, their control over domestic affairs, permitting them to attain goals otherwise unachievable" (Moravcsik, 1993:507). Institutional autonomy is permitted only to the extent that the advantages to national governments outweigh the political risk. Thus to emphasise the role which EU institutions play, for example, in the agenda-setting process is, from the perspective of liberal intergovernmentalism, simply to emphasise a role which governments, operating as self-interested, rational, actors, have delegated to these institutions as a means of increasing the efficiency of collective decision-making and which may be curtailed if the political risk becomes too great.

Crucially, the current debate on the significance of EU institutions is not about whether or not they have a role to play. Rather, the debate is about whether the role played by EU institutions is simply that ascribed to them by the national governments of the EU member states, and strictly limited by these
member states, or whether the EU institutions have developed their role beyond that predicted for them by the member states. Moravcsik (1993:513) does, in fact, concede, that the decisions of one supranational institution, the European Court of Justice, have had a greater impact than many national governments either anticipated or desired. Here, I argue that the Court is not alone in enjoying some limited room for manoeuvre within the constraints placed upon it by the dominant role of national governments. Moreover, I argue that is possible to develop a conceptualisation of the behaviour of the Commission as a "purposeful opportunist" which is largely compatible with the line of reasoning developed in the liberal intergovernmentalist approach to explain the relationship between national governments and the domestic interests which (largely) shape the preferences of those governments.

Within the framework of liberal intergovernmentalism, Moravcsik (1993:484 & 488) allows for a degree of what he terms "agency slack". Thus, within the principal-agent relationship, in which societal principals delegate power to governmental agents, there is on occasion some limited discretion allowed to those agents. Where the interests of societal groups are ambiguous or divided, the constraints upon government are loosened: allowing politicians "a wider range of de facto choice in negotiating strategies and positions". Here, I argue that just as national governments enjoy, under certain circumstance, some limited autonomy from domestic interests, so too the EU institutions have, under certain circumstances, been able to pursue a wider set of interests than those delegated to them by the member states. In figure 1, I have attempted to draw out the parallels between the behaviour of the Commission vis à vis the member states, which ultimately constrain its actions, and the behaviour of national governments vis à vis the domestic societal interests which, Moravcsik, argues, determine the actions of these governmental agents.

Building upon, the work of Majone (1992a, 1993), which has emphasised the European Commission's ultimate goal of extending the scope of its competence, I have argued elsewhere that the European Commission, acting within the tight constraints placed upon it by national governments, has consistently enjoyed some limited autonomy from these governments (Cram, 1993, 1994a). Importantly, this approach while emphasising the crucial role which supranational institutions play, does not ignore the central role played by national governments.

The question remains, of course, is the impact of the supra-national institutions restricted to influencing events in the 'day to day" policy process or to those events which do not significantly impact upon the broader process of European integration? I argue that this is not the case. First, continuing to follow the line of reasoning developed by Moravcsik (1993), national governments have not simply passively enjoyed the benefits of the occasional discretion allowed to them by divided or unclear domestic pressures, but have actively sought to maximise their room for manoeuvre. Thus, Moravcsik (1993) has argued, national governments have used EU institutions as part of a two-level game (cf Putnam, 1988) to increase the policy autonomy of national governments in relation to domestic interests: "particularly where domestic interests are weak or divided, EC institutions have been deliberately designed to assist national governments in overcoming domestic opposition" (Moravcsik, 1993:515). As Wincott (1995b) has pointed out this raises an important question: namely, in the absence of clearly defined domestic "demand" how are national government preferences formed? In the next section I argue that a crucial aspect of the preference formation of national governments has resulted from their participation along with other transnational interest groups and domestic interests in the EU policy process. I argue, further, that the EU institutions, in particular the Commission (see Sandholtz & Zysman, 1989) but also the European Court (Alter & Meunier-Aitsahalia, 1994), have played a crucial role in drawing a range of interests into the policy process, thus influencing the constitution of policy-networks and epistemic communities (Haas, 1992) in the EU policy process and, ultimately, in influencing the "socialisation" of transnational and domestic interests (Sbragia, 1994).

In this way, EU institutions have enjoyed a degree of active input into the preference formation of national governments (both directly and through the socialisation of domestic interests) and thus a degree of influence over the choices which national governments make in intergovernmental negotiations over "history-making" decisions.

Second, just as Moravcsik's (1993) approach allows for the potential of governments to maximise this degree of autonomy from domestic interests, by promoting ambiguity and the diffusion of
entrenched domestic opposition, EU institutions have also sought to maximise their autonomy from the constraints placed upon them by the member states. Thus, in section five, I argue that by promoting particular "types" of policy, the Commission has sought to minimise the likelihood of member states adopting entrenched positions in opposition to particular issues. In particular, by promoting the use of regulatory policy it has been possible for the Commission to disguise the "winners and losers" in particular policy debates. In this way significant progress may be made in policy areas to which national governments have traditionally opposed the development of an increased EU presence. While, the intention of national governments may have been to restrict the role of the EU institutions to activities in the "day to day" politics of the policy process, the implications of EU activities at this level may have far-reaching implications for the choices made by national governments at the "constitutional" level. The significance of this argument essentially hinges on its challenge to the notion of national governments as adopting negotiating positions and making choices on the basis of "pure" rationality. National governments do not always possess full or adequate information with which to accurately predict the impact of their actions. The Commission, for example, has often actively sought to package particular issues in such a way as to maximise the likelihood of their acceptance by national governments at the "history-making" level, while enhancing its own flexibility of action and room for manoeuvre at the level of the "day to day" policy process.

4. Policy Participation, Socialisation and Preference Formation

In this section, the impact of participation in the policy process on the formation of national government preferences is examined. Recently, the major theoretical approach to have focussed our attention on the process of preference formation, and its impact on the integration process, is liberal intergovernmentalism. Moravcsik (1993) argues that the preferences, on the basis of which national governments bargain in intergovernmental negotiations, are ultimately derived from domestic pressure on these national governments. However, as was highlighted above, the liberal intergovernmentalist framework, by allowing for a degree of autonomy for national governments from domestic interests, in itself, requires the development of a broader conception of preference formation. In this context, it is important to ask "what consequence does the process itself have for forming and reforming - perhaps for inventing or discovering interests and values?" (Lindblom, 1965: 15). As Sandholtz (1993:3) argues:

"membership in the EC has become part of the interest calculation for governments and societal groups. In other words, the national interests of EC states do not have independent existence; they are not formed in a vacuum and then brought to Brussels. Those interests are defined and redefined in an international and institutional context that includes the EC".

Here, it is argued, that the participation by national governments, domestic and transnational interests, in the EU policy process may have a critical impact on the preference formation of the actors involved and thus upon the formation of national government preferences. EU institutions, operating both as passive structures and as "purposive actors", may have the capacity to alter the very perceptions which national governments and domestic interests hold of their own interests. Thus participation in the "day to day" policy process may significantly influence the environment in which major "constitutional" decisions are taken in a number of important respects.

First, EU institutions, percieved as a structure within which major "history-making" decisions are taken, impact upon each member state's calculations of the risks and opportunities associated with the various choices available to them in intergovernmental negotiations. For example, it has been argued that, the existence of EU institutions facilitated some degree of "preference-convergence" between national governments in the EU which, in turn, allowed a degree of consensus to be achieved concerning the overall objectives of the Single Market programme (Keohane and Hoffman, 1991:23).

"The existence of a "regime" - in this case, the EC - though it did not provoke the new definition of French and British interests, affected these states' calculations of incentives and made it possible for them to see a policy of relaunching Europe as advantageous" (Keohane and Hoffman, 1991:25)
Iterated contact within the framework of the EU may, moreover, play an important role in encouraging the development of a set of "shared assumptions and expectations" (Vickers, 1965:15) amongst national governments. This, of course, would be consistent with Garret and Weingast's (1993) emphasis on the role of EU institutions in encouraging the development of a "shared belief system". Actors involved in EU decision-making, both at the level of "day to day" politics and of "constitutional" politics, are involved in an ongoing process of socialisation. National political and administrative elites, business elites and judicial elites have all had to learn to come to terms with the Community as an aspect of their daily lives: "socializing new actors is therefore a central component of the Community-member state relationship" (Sbragia, 1994:75). There is increasing evidence of the mobilisation of transnational business elites at the EU level which have, in turn, pushed for further integration in the EU (Sandholtz & Zysman, 1989, Sandholtz, 1992, Green, 1993). The importance of the "socialisation" process or the development of "a sense of community" was, of course, a central tenet of Deutsch et al's (1957:36) work on the background conditions necessary for successful integration. While, this approach has long been out of favour, not least because the process of integration appeared to take place for the most part with very little involvement of the European citizenry, recent developments in the EU policy process might require a modest reassessment of the insights of this approach. For example, in the area of high technology the emergence of a community of individuals, who know and trust one another, has been highly significant for the development EU technology policy (Sharp, 1990). Recently, scholars have also begun to reevaluate the relationship between public support and the process of integration (Eichenberg and Dalton, 1993).

As the number of interests involved in the EU policy process has proliferated, a growing literature has emerged examining the role of organised interests in the EU policy process (Greenwood, Grote & Ronit, 1992, McLaughlin et al, 1993, Mazey and Richardson, 1993). The policy network approach has, for example, been applied to the EU in an attempt to explain the complexities of interest involvement in the EU policy process, to describe the complicated interactions between policy-makers and Euro-interests in the policy process, and to account for the evident sectoral variations in this process (see eg. Bomberg, 1994, Mazey and Richardson, 1993, Peterson, 1991, 1994, Dang-Nguyen et al, 1993). One crucial aspect of this work has been the recognition that pressure from organised interests has often been rather like "pushing against an open door" (Mazey and Richardson, 1993).

Crucially, the EU institutions have often played a critical role in bringing particular groups of interests together in the EU context and in creating policy networks. The Commission, in particular, may have an important role to play in providing the "catalyst for collective action", whether amongst member states (Sandholtz & Zysman, 1989), big business (Sandholtz, 1992a, 1992b, Green 1993) or amongst broader social groupings (Cram 1994b). The Commission has, for example, frequently offered "selective incentives" (Olson, 1971) (ranging from funding opportunities to the opportunity to play a role in policy formulation) to encourage collective action. Likewise, the Commission plays an important part in initiating research and promoting particular sets of ideas which may encourage collective action amongst the various trans-national and domestic interests. Critically, "analysis and ideas are needed to discover opportunities of collective gains and to elicit support in favour of the most efficient way of exploiting such opportunities" (Majone, 1994: 5). An important aspect of the involvement of domestic and transnational interests in the EU policy process is the critical role which supranational institutions or political leaders at the supranational level have played in encouraging and promoting the mobilisation of these interests (see Sandholtz, 1992a, b &c, Green, 1993). More recently, the role of the Court in encouraging the mobilisation of individuals at the EU level has also been highlighted (Alter & Meunier-Aitsahalia, 1994). In this context, even if it is accepted that the involvement of domestic interest groups in transnational interest activity is primarily important as a result of its impact via the "transmission belt" of domestic politics (Moravcsik, 1993:483), it is significant that the preferences determined for national governments by domestic interests, on the basis of which, it is argued, negotiating positions are adopted in intergovernmental bargaining, may have been significantly influenced by the activities of the EU institutions acting, with a degree of relative autonomy, as "purposeful opportunists".
5. Maximising Institutional Autonomy: The Selection of Policy Types

“...day by day, drafting regulation after regulation, the Commission and its Eurocrats have been constructing a public policy foundation for the integration envisaged by those political acts. Likewise, their seemingly incremental and bureaucratic activities interpret and ramify the meanings of political actions and may at times push integration even further than intended (or would be possible) by the more politicized Council.” (Peters, 1992:87)

There is a clear conflict between, on the one hand, accounts which emphasise the importance of EU institutions and of the "day to day" politics of the European Union for the process of European integration, and, on the other hand, the intergovernmentalist position. The liberal intergovernmentalist view, while recognising the role played by the Commission, for example, in the area of agenda setting, maintains that the flexibility allowed to the Commission is strictly circumscribed and may be curtailed if member states view the political risk arising from the delegation of this task to the Commission as too great. Thus, Moravcsik points out that while the Commission had already proposed many of the almost three hundred proposals which were to form the basis of Cockfield's White Paper, national governments had "simply rejected them" (Moravcsik, 1991:66). The Commission, viewed from this perspective is simply carrying out a task delegated to it as one of the neutral agents empowered "to propose, mediate, implement and interpret and enforce agreements" (Moravcsik, 1993:509). Where the EU institutions are not tightly constrained, Moravcsik argues, their actions do not significantly affect the direction of the integration process: "In the intergovernmentalist view, the unique institutional structure of the EC is acceptable to member governments only insofar as it strengthens, rather than weakens, their control over domestic affairs, permitting them to attain goals otherwise unachievable" (Moravcsik, 1993:507).

Increasingly, scholars are challenging the distinction between events in the "day to day" policy process of the EU and the major "constitutional" decisions taken when, for example, new Treaties are negotiated. As noted above, the institutions of the EU have enjoyed a degree of discretion in pursuing their tasks. By making use of this limited degree of discretion, the EU institutions may also have an important impact upon the formation of preferences at the national and transnational level and thus upon the negotiating positions adopted by member states. Majone (1994) has argued that "everyday" events and interactions in the policy process played an important role in "softening up" the environment into which Delors programme for "Completing the Internal Market" was launched:"Because of the work already done by the staff of the Commission and by other members of the European policy community, the programme for 'Completing the Internal Market' could be presented to the heads of government in the form of a white paper already on 14 June 1985 and was endorsed by them at Milan on the 28th and 29th of the same month"(Majone, 1994:11). Meanwhile, Wincott (1995b), for example, has emphasised the important role played by the interaction of the Court and the Commission in fashioning the innovative policy technique which made the intergovernmental decision to launch the 1992 project possible: namely, the strategy of 'mutual recognition'.

In evaluating the extent to which EU institutions have extended their reach beyond the confines of the day to day policy process, and have been able to influence the direction of the integration process, it is important to take into account the ability of the European Commission to propose the selection of particular policy types. By setting the basic parameters within which policies are implemented by national actors, the European Commission may have a significant impact, not only upon the implementation of specific EC legislation at the national or local level but, more importantly, upon the extent to which Community intervention in a particular policy area is considered to be acceptable by national governments. Critically, the presentation of issues to be decided upon by national governments and the selection of policy instruments proposed, is not a neutral task. The choice of policy instrument is highly political (Hood, 1983:136). The European Commission, I argue, has not only made use of the limited autonomy allowed to it by national governments in this area but has actively sought to maximise this autonomy. By promoting the use of regulatory policies in the EU the
Commission has presented sensitive issues, as far as possible, as matters affecting 'efficiency' rather than as issues with major 'distributional' consequences.

A number of scholars have observed the emergence of what might be termed a regulatory regime in the EU (Majone 1992b, 1993, Peters, 1992, Bulmer, 1994). The advantages to the Commission of a regulatory approach are clear: in the absence of an expansionary budget, regulatory policy provides a cost-effective means of increasing the scope of the Commission's competence (Majone, 1993: 96). As regulatory policy plays an important role in "obscuring who wins and who loses in the policies" (Peters, 1992:119), regulatory options are often the most acceptable to national governments. Thus, the promotion of regulatory policies, with their diverse outcomes which vary between countries, may play an important role in allowing the Commission to maximise its autonomy from national governments. By diminishing the likelihood of overt conflict and avoiding the development of entrenched negotiating positions, the conditions most conducive to the Commission's pursuit of its own objectives (see Figure 1) are created.

The Commission's role in the generation of ideas in the EU is commonly recognised. It is, important, however, to take into account the particular circumstances under which "ideas matter" and the extent to which the Commission has been able to facilitate the emergence of these conditions. Majone (1994:9) has argued that, "policy ideas and public deliberation matter most when public choice is about issues of efficiency - how to increase aggregate welfare - rather than about redistributing resources from one group of society to another". In this context, the ability of the Commission to disguise the redistributive impact of, for example, certain social interventions by promoting policy solutions which emphasise the "procedural" aspects of policy for achieving the most "efficient" outcome may be a crucial aspect of the Commission's ability to maximise its impact on the integration process via the generation of ideas. By disguising "the direction and magnitude of domestic policy adjustment" (Moravcsik (1993: 479), as the costs of regulatory policies fall largely on producers and individuals rather than on national governments, the use of regulatory policies makes it difficult for national governments to realistically assess the significance of policy coordination. Yet, crucially regulatory policies may have a significant impact upon the direction of domestic pressures on national governments. Thus, while regulatory policies may emerge from the "day to day" policy process, unopposed by national governments to whom they appear rather innocuous, they may, ultimately, have a major impact on the preferences on the basis of which national governments make their choices in intergovernmental negotiations.

Clearly, this perspective raises fundamental questions concerning the extent to which particular choices and decisions, made by national governments can be said to have been unaffected by the activities of the EU institutions in the policy process. The focus adopted by intergovernmentalist approaches, which emphasises the conflict between the potential winners and losers in the process of policy coordination (Moravcsik, 1993:487), and hence those elements of major Treaty negotiations which have resulted in "lowest common denominator bargaining", underestimates the important role which EU institutions may play by packaging debates as concerned with issues of "efficiency", promoting regulatory solutions and thus, to some extent, blurring the stark divide between the winners and losers in major intergovernmental negotiations. From this perspective, the outcome of "day to day" politics in the EU may act as an important constraint upon the ability of national governments to take "rational" decisions, based on a clear understanding of national self-interest.

6. Knowledge, Learning & Adaptation in the Policy Process

The argument developed above, has major implications for the way in which negotiations over major "history-making" decisions are interpreted and understood. Viewed from this perspective, for example, perhaps one of the more innovative developments in the Single European Act was to present
issues concerning the, traditionally highly conflictual, social dimension of the EU as matters of procedure rather than of substance. Arguably one important reason for the relative lack of conflict over this issue during the SEA negotiations was the rather low profile approach adopted by the Commission and the focus it encouraged on procedural, rather than substantive issues. The Commission early on dropped its plans for major social reforms, focussing on "efficiency" issues rather than those which would draw attention to the "distributive" implications of policy innovations. Advances in the social dimension were extremely limited in the SEA, the provisions of Article 118A, for example, which allows for majority voting on matters of health and safety regulation for workers, were vague and likely to lead to interminable political controversy over their appropriate use (Rhodes, 1991, p.253). However, importantly this vagueness may have facilitated the agreement by member states on procedural reform in this area. Arguably, the focus on regulatory and efficiency issues, promoted by the Commission, allowed national governments to sign up to these proposals without fully understanding or anticipating the potential uses to which the procedures would be put.

The SEA was rapidly followed up with a high-profile onslaught by the Commission on the social dimension. In a very short time, member states were to become aware of the implications of their actions. In particular, the UK government was so disturbed by the use made by the Commission of its new-found powers in the social area, that it chose not to sign up even to the non-binding Community Social Charter in 1989. The UK government feared that the social proposals, emanating from the associated Commission action programme, would be linked to Article 100a thus allowing for qualified majority voting in the Council (Rhodes, 1991, p.262). This fear was further exacerbated when the then Commissioner for Social Affairs, Vasso Papandreou, announced that the Commission would also use Article 118a as a basis for the implementation of the Action Programme wherever possible.

The approach advocated here, which emphasises the bounded rationality of the fundamental social actors in the integration process, which recognises the process of preference formation as endogenous, and which recognises the policies which emerge from the policy process as acting as forming constraints upon the ability of national governments to make, fully informed, self-interested calculations, requires the analyst to take into account the importance of events in the day to day policy process when attempting to explain the outcome of major "history-making" decisions. In this context, it may be important, to take into account the implications of the activities of the Commission in the "day to day" policy process, subsequent to the signing of the Single European Act, in interpreting the stance adopted by the UK government during the Maastricht negotiations which subsequently resulted in the UK "opt out" from the social dimension.

The social aspects of the Maastricht Treaty, from which the UK government has chosen to opt out, do not represent any startling substantive advances when compared with the ongoing activities of the EU in the social dimension. So what were the factors which caused the UK to take such a dramatic stance over the Treaty negotiations? The UK "opt out" from certain aspects of the social dimension during the Maastricht negotiations has been interpreted as the result of a rational calculation of "self-interest" on the part of the UK government (Lange, 1993, 25-27). As Moravcsik (1993:504) argues, exclusion from the social policy provisions of the Treaty, limited as they are, was only likely to improve the competitive position of UK companies. However, viewed as a purely rational interest calculation, the same could have been said had the UK chosen to opt out from the social policy advances in the SEA. The question remains: what made Maastricht different?

One of the crucial insights of the early integration theorists which has often been overlooked is the importance of social learning in explaining the behaviour of actors (Haas, 1970:643). Here, I suggest that an important element in explaining the UK opt out from the social dimension, may have been a result of its learning from past "mistakes". Subject to the constraints of "bounded" rationality, the UK government when negotiating the SEA was unable to fully anticipate the implications of its actions in signing up to apparently minor reforms concerned with "efficiency" issues in the area of health and safety regulation. Presented, however, with the evidence of a flurry of legislative proposals based on this provision, which would ultimately extend its scope (Cram, 1993), and with a new action
The interpretation of the UK opt out suggested here is important in two respects. First, it emphasises the importance of social learning and hence encourages us to view events in the policy process not only as constraining the actions of national governments but also as providing opportunities for learning and adaptation. Second, it recognises that the activities of the institutions may have an important impact, not only in facilitating the integrative process but also in creating disintegrative outcomes. Just as national governments act within the constraints of "bounded" rationality, so too, the EU institutions are not always in possession of the full information required to predict the consequences of their actions. Thus, while the low-profile approach adopted by the Commission may have facilitated the agreement of national governments on the, in retrospect, important procedural advances agreed in the SEA, so too, the high profile relaunch of the social dimension and the Commission's manipulation of the SEA provisions, may have contributed to the UK decision to "opt out" and, effectively, to the curtailment of the Commission's powers in this field.

Although enhanced procedures have been provided for policy development amongst the remaining eleven signatories, that the Commission considers the opt-out, and the curtailment of the geographical scope of its competences, as a negative development has been made clear:

"the Commission's principal objective is to promote the development of a European Social Policy which will benefit all citizens of the Union and will therefore enjoy, as far as is possible, the support of all member states. The Commission hopes, therefore, that Community social policy will once again be founded on a single legal basis. A major opportunity to achieve this will be the conference of representatives of Member State governments in 1996" (COM (93) 600: 9-10)

What the outcome of the IGC negotiations in 1996 will be remains to be seen. Certainly, the Commission appears to have learned a lesson from the UK opt out and has consciously adopted a low profile approach since the Maastricht negotiations. In the Commission's recent White Paper on Social Policy (COM (94) 333 final), for example, it explicitly states: "Given the solid base of European social legislation that has already been achieved, the Commission considers that there is not a need for a wide-ranging programme of new legislative proposals in the coming period". Meanwhile, by promoting an extensive consultation process, which has drawn a wide range of domestic and transnational actors into the various policy networks at the EU level (Cram, 1994b), the Commission is likely to have, at least, some influence on the domestic pressures to which the UK government will be subject during the IGC negotiations. Ultimately, in accounting for the position which will be adopted by the UK government at the 1996 IGC, it will be important to include an evaluation of the impact of events in the "day to day" policy process of the EU.

Conclusion:

Clearly national governments play the dominant role in negotiating the future of the integration process. However, here I have argued that events in the "day to day" policy process have also had a crucial impact on the direction of the integration process. 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 may also have had a major impact upon the integration process.

Insights from the study of the policy process have, moreover, played an important role in furthering our understanding of "the nature of the fundamental social actors, their preferences, and the constraints they face" (Moravcsik, 1993:477). Thus, I have argued that the process of national preference formation is not exogenous but is fundamentally influenced by membership of the EU; that the actual policies which emerge from the "day to day" policy process, and the activities of the institutions in promoting and manipulating particular policy instruments, may act as constraints upon the abilities of governments to make rational calculations of self-interest when negotiating major "history-making" bargains and; that the fundamental social actors in the integration process operate within the constraints of "bounded rationality".

National governments simply do not always possess full or adequate information with which to accurately predict the impact of their actions. The EU institutions, however, also operate under similar constraints. In this context, it is argued, that the impact of past policy participation and the processes of learning and adaptation within the policy process are crucial weapons in the actors’ battle to minimise surprises. Thus, an understanding of the importance of policy learning and adaptation, in informing the actions of both the EU institutions and those of the member states, is crucial for any rounded explanation of the manner in which European integration has proceeded.

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