How to Make a Market: Reflections on the Attempt to Create
A Single Unitary Market in the European Community*

Neil Fligstein and Iona Mara-Drita
Department of Sociology
University of California
Berkeley, Ca. 94720

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Introduction

The European Community is in the midst of attempting to create a "Single Unitary Market" across western Europe (European Community, 1985; Moravcsik, 1991; Garrett, 1992). This project is fascinating for two reasons. First, some think we are witnessing one of the most important peaceful assaults upon national sovereignty in history. The construction of the single unitary market will require nation states to give up power to control their economic and geographic boundaries. Analyzing the negotiations towards a single unitary market - and taking particular notice of which aspects of the market are more difficult to change than others - gives us insights into the multiple dimensions of sovereignty. Second, it provides scholars interested in economic sociology, the sociology of markets, and political economy an opportunity to see if their theories can give them any leverage on what the causes and outcomes of this process are likely to be.

Most of the attention paid to the Single Unitary Market Program (hereafter, SUMP) in the scholarly literature has been generated by economists (Winters, 1988; Pelkmans and Robson, 1987, Cechini, et. al., 1988) and political scientists (Moravcsik, 1991; Garrett, 1992; Sandholtz and Zysman, 1989). The economic literature is focussed mostly on the potential costs and benefits of the unification of the market. The political science literature has been centered on describing and explaining the political process that has generated the SUMP. The core of this latter
debate focusses on the issue of state sovereignty and whether or not the European Community is coming to undermine the sovereignty of nation states or whether it more accurately reflects the outcome of a game theoretic bargaining process that tends to preserve national sovereignty.

Neither of these literatures pays much attention to the actual problem of what it means to construct a single unitary market nor to the actual political process by which the market has been negotiated. This lack of attention has served to produce stylized accounts of the SUMP that neglect the fluidity of the situation and the constantly negotiated features of the project (for an exception to this view see, Sandholtz and Zysman, 1989).

We think that different types of questions must be asked in order to make sense of the negotiations over the SUMP. First, one needs a theoretical view of what social institutions constitute a market. Second, since institutions structure what kinds of action are possible and embed pre-existing societal interests, one needs to understand how institutions will shape market liberalization. Third, one must identify which societal actors would be willing to shift the rules by which they play and how they can influence the constructions of markets. Finally, even where actors have interests to change rules, there must exist institutional entrepreneurs (DiMaggio, 1989) who must seize whatever political opportunities exist and through a political process create new rules that help to redefine actors' interests. In the context of the European Community, the Commission is the institution that
plays this role the most clearly.

In essence, we want to explain the creation of a SUMP as the creation of a new institution whose rules are best seen as the outcome of a set of ongoing political compromises. These compromises are conditioned by the initial institutional conditions (both states and firms), the interests of organized actors (both states and firms), and the existence of political entrepreneurs (European Commission) who facilitate this kind of institution-building.

The results of our analyses suggest that the SUMP is mainly concerned with issues of exchange and not with harmonizing country specific firm-organized markets (what can be called governance structures or conceptions of control), or property rights. We argue that this reflects the initial institutional conditions, organized interests within states, and states' interests in maintaining sovereignty. The focus on exchange is the result of large exporting firms across the EC having interests in making trade easier.

While dismantling the borders and removing industry specific rules that have made trade more difficult clearly will stimulate trade, they do not constitute direct assaults on state sovereignty. Indeed, nation states have reserved regulatory power to themselves and not the EC. And in cases where negotiations were over governance structures or property rights, states resisted the imposition of other states standards and instead, chose to use mutual recognition. The Commission played a pivotal role in this process by shrewdly avoiding issues of potential divisiveness and
using alternative strategies of negotiation when difficult issues could not be avoided.

A Sociology of Markets

The sociology of markets is a diffuse field that contains fragments of theory (White, 1981; Granovetter, 1985; Fliqstein, 1993; Campbell and Lindberg, 1990; Burt, 1983) and interesting empirical results which tend to undermine economic arguments about the operation of the price mechanism (Baker, 1984; 1990; Fliqstein and Markowitz, 1993; Fliqstein, 1990; Gerlach, 1987; Hamilton and Biggart, 1988; Lazerson, 1988). The sociological view of markets presented here is developed in greater detail in Fliqstein (1993).

Markets can be defined as a social situation where there exists trade for an item and a price mechanism exists that determines the value of the item. The price mechanism implies the existence of "money" and the quantity of "money" that one might pay for an item. It does not specify how the arena for trade or the price mechanism itself operates and suggests nothing about the social relations that exist between suppliers, producers, consumers, and the state.

In order for markets to exist, extensive social relations must come into existence to give structure to an arena of trade. At a minimum, these consist of what can be called property rights, governance structures (also called conceptions of control), and rules of exchange. Property rights can be thought of as claims on
profits (what agency theorists call residual claims, see Fama and Jensen, 1981a; b). The problem of such claims is the social forms they take. A number of issues are at stake: 1) what legal forms owners prefer (partnerships, joint stock corporations, etc...), 2) the relationship between stockholders and stakeholders (employees, local communities, suppliers, customers), 3) the issue of worker participation in property rights, and 4) the role of the state in directing investment, owning firms, and protecting workers.

Governance structures, or conceptions of control, refer to sets of ideas and rules that structure inter- and intra-firm social relations. These conceptions include the nature of competitive and cooperative relations between firms, their suppliers, and competitors. They also include a general approach of firms to controlling their internal organization and their market environment. Actors in firms have to have a story about what their firm does and how it is organized to do it. As an orienting principle, such a conception allows actors to interpret information in the market and make future plans. This story operates to reduce uncertainty and at least, give actors a way to attempt to control their worlds. When these stories or conceptions of control are shared across firms, the possibility exists to create a stable world. These worlds are stable to the degree that the incumbent firms are able to reproduce themselves from period to period. To enforce their view of appropriate firm behavior, the dominant firms must be able to threaten or cajole other firms to go along. The state must either explicitly or implicitly ratify the
Finally, rules of exchange are concerned with guaranteeing the flow of goods and services within and across markets. Rules of exchange establish the conditions under which transactions are undertaken. Rules must be established that relate to product or service standards, shipping, billing, insurance, and exchange of money. These conditions are important both within and between societies. States play an important role in the production and enforcement of rules of exchange.

From this sociological perspective, states are implicated in all features of markets. This is because states claim to set the rules for all economic activity in the geographic boundaries. The issue of state sovereignty thus directly follows from a sociology of markets. States claim to make rules that guide economic interactions in their territories and indeed, the rules that allow for interaction across states. This is a "contested terrain" where certain matters are settled and others being contested.

The Case of the EC's Single Unitary Market Program

The perspective we have just outlined is more a conceptual framework than a theory. But, we think it can prove useful in framing the kinds of issues that face societies today that are attempting to create market societies or improve the operation of their markets. In order to demonstrate the usefulness of this view, we consider the current case of the attempt to create a
unitary market in western Europe by 1992. We first introduce the case of the European Community and provide some background to the Single Unitary Market Program. Then we consider how one might account for the problems that appear endemic to creating a SUMP from the perspective of the conceptual frame we have just outlined. Next, we offer some hypotheses about what types of agreements might actually take place and what types of issues will be most problematic for the EC. Finally, we examine the directives that make up the SUMP as a dataset in order to provide support for the hypotheses.

Background on the EC's 1992 Single Unitary Market Program

In 1985, the European Commission decided to attempt to complete the unification of the Common Market by 1992 (European Community, 1985). Practically, this meant passing 281 or so directives that generally affect all forms of trade, such as proposals to simplify taxes, reorganize specific industries, and allow banks and insurance companies free access to all countries. The general goal of the reforms was to promote trade, increase competition, and promote European-wide economies of scale and scope.

The Community has four major institutions: the Commission, the Council, the Court, and the European Parliament (Bulmer and Wessels, 1987; Noel, 1985; European Community, 1981; Thorn, 1981; Groeben, 1985). The Commission is the executive arm that proposes
directives. The Council is made up of ministers from each country who decide whether or not to accept the Commission's proposals. As of 1987, the Council decides all matters pertaining to the 1992 SUMP by majority vote, although other issues still require consensus in voting and individual countries can still resist a given directive (European Commission, 1987; Garrett, 1992). Once the Council has agreed to a new directive, each nation state has to pass a law consistent with the proposal. The Court enforces directives by listening to cases from private organizations and individuals as well as nation states. The Parliament sets the budget and advises the Commission. In the context of the 1992 SUMP, a complex procedure existed that requires the directives move back and forth from the Commission to the Parliament, before eventual consideration by the Council.

The ultimate goal of the EC is somewhat unclear. Certain proponents would like to see a United States of Europe with a federal structure that would resemble the United States. Others believe that national autonomy will be preserved and fiscal policy, social welfare, education, taxation, and defense will be left to the nation-state (for some different views on this debate, see Gatsios and Seabright, 1989; Hurwitz, 1983; Winters, 1988; Pelkmans and Robson, 1987; Taylor, 1983; Shepard, 1975). The basic problem revolves around how much sovereignty nation states will be willing to grant to the EC.²

Theoretical Considerations about the SUMP
The analytic strategy we pursue here treats the directives that comprise the SUMP as a dataset to be explained. Our purpose is to try and understand what kind of market has been negotiated and what political processes were dominant in the negotiation of the market. We will use two tools: the sociology of markets just developed, and an account of the political process of the SUMP that focuses on the states, firms, and the EC, particularly the Commission which functioned as an institutional entrepreneur to fashion the complex agreement.

The SUMP is an interesting setting in which to study the actual attempt to create a market. Western Europe consists of 12 nations that are all amongst the richest and most advanced capitalist countries in the world. From a purely economic standpoint, one would think that it would not be difficult to harmonize the rules that govern markets across the EC and that indeed, such a market would make a lot of economic sense. Yet, any casual observer of the course of events can see that the problems have been enormous and the agreements somewhat ambiguous.

This characteristic of the EC, to announce agreements and then fill them with loopholes and qualifiers, has been part of the process of negotiation since the inception of the EC. There are two ways to understand what is occurring: 1) the complex politics of 12 nations negotiating, and 2) the theoretical and political-cultural problems of deciding what a market actually is. It is useful to consider these processes as complementary, rather than contradictory as they point to different kinds of problems in
negotiating the SUMP.

In the political science literature, there have been two perspectives on what is occurring in the EC: the functionalist or integrationist (Haas, 1958; Lindberg and Scheingold, 1970; 1971; Schmitter, 1992) and the neo-realist or regime theory (Keohane, 1984; 1986; Moravcsik, 1991; Taylor, 1983). The functionalist argument is that nation states create supranational organizations to cooperate on key issues. Over time, this will result in the formation of groups whose interests will be transnational. These include the bureaucrats who run these organizations, the transnational constituencies they build, such as business-people, labor, and academics. These groups put more pressure on their nation state to expand agreements, thereby increasing the power of the supranational organization. From this view, the impetus of the 1992 Program came from EC bureaucrats, economists, and business representatives of multinational corporations (Ludlow, 1988; Calingeart, 1988). This view may also suggest that EC bureaucrats will use SUMP and other EC legislation to increase the number of supranational regulatory or advisory groups.

The neo-realist view argues that nation states will have unitary interests that will be determined by internal economic goals and the politics of the governing party. The interplay of these interests will determine the possibility for cooperation across nations and the extensiveness of that cooperation. Hence, cooperation between nation states is only possible when interests coincide, or more likely over issues that can be reduced to the
lowest common denominator. Nation states will jealously guard their national sovereignty and will only undertake measures that will preserve their power. From the neorealist perspective, Germany, France, and Great Britain were persuaded that the advantages of removing trade barriers of the variety involved in the SUMP outweighed the potential disadvantages and that gave impetus to the 1990 SUMP (Moravcsik, 1991).

There is merit and indeed evidence to support both the functionalist and neorealist accounts of the origins of the 1992 SUMP. What we hope to add here is an account of how the SUMP has turned out. Our account will focus on the political process that has been at the core of the negotiations. We think that a sociology of markets provides us with conceptual leverage on what is at stake. Once that framework is taken into account, we can then see how initial institutional conditions, the varying interests of states and firms, and the role of the Commission have all shaped the outcome of the SUMP.

There are three sets of actors that potentially effect the SUMP: owners and managers of firms, states, and the European Commission. States, or more precisely, their representatives, have to decide what their "interests" are on any given issue. The owners and managers of firms have formal and informal ways in which to express their opinions to state representatives about what their respective interests are. The problem, of course, is that different industries have different interests and this produces contradictions for state actors.
Finally, in this context, the European Community and its institutions, particularly the Commission, play a pivotal role in finding ways for state representatives to discover their interests and find ways to overcome some of their local business groups in order that some agreements can be reached. This complex political process can be usefully approached by using the conceptual framework outlined earlier as a filter to begin to be able to make sense of the problems of the SUMP.

First, consider the abstract problem. If there were no politics involved in the SUMP, the theoretical problem of what constitutes a market still remains. To form a single unitary market, one would need to have rules that: 1) produced a well-defined system of property rights, 2) sanctioned certain forms of competition and cooperation (i.e., governance structures or conceptions of control), and, 3) minimized the cost of transactions between economic units.

One would have to fill these categories with a detailed set of cultural practices that would effect collective agreements about how all of these should work. In other words, one would have to make tough decisions regarding the role of governments in ownership and investments, workers' rights in firms and on boards of directors, the role of debt and equity markets in society, what kinds of competition and cooperation could be fostered, and easy ways to guarantee honoring of contracts, shipping of goods, and clearing of payments. There is probably not one best system that "optimizes" on these dimensions and therefore, this cannot just be
an exercise in applied economics.

What makes these decisions even more complex, is that they must take place in the context of a set of already existing political-cultural arrangements of the 12 nation states, each of whom generally favors their own rules. These rules are the result of several hundred years of experience and involve deep traditions of law, property rights, and state-firm relations.

State sovereignty is both variable and contested. While sovereignty usually refers to a general ability to enforce and make rules in a territory, the fact is that states have very different capabilities to intervene into their economies, and civil societies, more generally. This means that on some issues, states will reign supreme in one society and, on others, they will have little control. In this sense, sovereignty varies in terms of the number of arenas in which states intervene, and in the amount of leeway states actually have in each arena. Further structuring these arenas are those organized groups contesting the extension of state power. Thus, sovereignty is a claim that is more or less, not an absolute given attribute of states.

Part of the core of the nation state's claim to sovereignty is its ability to make and enforce rules of economic interchange within its territory. There are at least three dimensions of this claim. First, states have had important and profound effects on all three institutions necessary to make markets. We argue that regulating competition and property rights is more central to states' claim on sovereignty than rules of exchange. The former
define their relation to their own economic elites. These elites who own and manage firms have created stable worlds in their markets, worlds dependent on current property rights and conceptions of control. To disrupt these arrangements means that nation states face the hostility of their best politically organized firms.

Second, states also have symbolic stakes in making their own rules. This means they will resist conforming to other states' standards or rules, particularly in the sensitive areas of property rights and governance structures. Rules of exchange are less symbolically charged because they facilitate trade with others and do not undermine claims to make rules governing the organization of property. Third, states have a great deal of interest in maintaining their regulatory capacities. Indeed, it is their ability to take action and use legal sanctions that is at the core of what sovereignty means.

So, the problem of the SUMP is two-fold: first, finding agreements that are possible given existing institutional and legal arrangements around property rights, governance structures, and rules of exchange, and second, finding agreements that will please existing centers of power in the private economy. In theoretical terms, to create a single unitary market (in any society) would require harmonizing the rules regarding property rights, governance structures, and transactions. In the practical world of the EC, where twelve nation states potentially have twelve different sets of rules regarding these institutions, where these states are
differently positioned to take advantage of proposed changes, as well as where powerful firms also articulate their interests, one can begin to understand that the creation of the SUMP is a daunting task that by its nature may be impossible to negotiate.

It is useful to be more specific about how these issues break down politically. Which private centers of power would favor the SUMP and what kind of SUMP would they propose? Fligstein and Brantley (1991) found that managers of firms who were already involved in exporting were the most favorable towards the SUMP. These managers felt that their costs of production would be less, their markets larger, and therefore that their firm and country would fare better under the SUMP. Similarly, they found that managers in firms in industries with a high degree of government ownership were less positive about the effects of the SUMP.

The practical political implication of these results is that very few managers were interested in reforming governance structures or property rights and indeed, some (for instance, managers of state owned firms) would be hostile to these reforms. On the other hand, managers of firms involved in exporting were very interested in reducing restrictions around problems of trade, what we have termed rules of exchange. Taken together, this discussion implies the following hypothesis:

Hypothesis 1: It will be very difficult to make rules regarding property rights and governance structure issues and the SUMP will skirt these issues. The focus of most of the directives will be towards rules of exchange.
Rules of exchange may operate as barriers to trade by making it more difficult or expensive to enter into other nation's markets. Negotiating these may be difficult because interests are at stake in preserving local control. This is compounded by another factor. Since exporters are located in different industries across nation states (i.e., in some countries certain industries are more export oriented than they are in other countries), these tend to put additional pressure on nation states to be careful in the types of changes to which they agreed. Since these firms are unevenly located across industries, one can expect that nation states will try and continue to protect existing state-owned firms or firms in industries that states deem important (auto, steel, defense). One important implication of this, is that explaining what the SUMP is about is only half the task: it is equally important to consider what the SUMP is not about.4

One of the critical dimensions to negotiating the SUMP has not just been finding issues about which many different sets of actors could agree to negotiate, but also finding a strategy by which negotiations could proceed. It is here that the role of the Commission has been pivotal. A single unitary market could imply that one set of rules would be applied to every actor; each state would have to conform to the same standard. Since each state in general prefers to preserve its sovereignty, and in particular, has more or less already developed functional standards they are reluctant to abandon, negotiations can be problematic.

Obviously, the EC has had to deal with this problem since its
inception. In the 1980s, the tactic that appeared to be the most useful was called "mutual recognition". Basically, this implied that each side to the negotiation would not demand that the other accept its standard, but instead accept everyone else's standards as legitimate. Application of this principle (made most famous in the Cassis de Dijon case), suggests that all goods and services lawfully produced in one member state should be accepted by all member states. This strategy (which can be termed "agree to disagree") has the remarkable feature of simultaneously allowing countries to open trade for some good or service without yielding their own distinct definitions.

Von Sydow (1988) terms the strategy of mutual recognition the "old" approach to harmonization. He argues that a new conception of harmonization is required to propel the SUMP forward. This conception, what he calls the "new strategy" is to actually harmonize standards for production. The idea, here, is that certain standards for health, safety, or common technical standards will have to be the same for all nations in order to promote trade. He argues that these technical standards should be devised by experts to produce reasonable rules known by all producers.

The third tactic is not to harmonize standards at all. This reflects a failure of the SUMP. It turns out that some portion of the directives preserve what already exists and this tends to be less than a single market.

Let us treat these strategies of harmonization as a dependent variable. We may fruitfully consider the conditions under which
different types of harmonization are agreed to.

Hypothesis 2: When the countries attempt to harmonize property rights or governance structures, they will tend to use mutual recognition, but when they negotiate rules of exchange, they will tend towards true harmonization.

When states begin to consider negotiations around property rights and governance structures, issues of national sovereignty come to the fore. In order to maintain their control over their national markets, states will resist conforming to a single standard and instead opt out for mutual recognition. Since changing rules of exchange will presumably aid large exporters, states will be more likely to negotiate these issues and want to create conditions that simplify the problems associated with interstate trading. Here, local standards will require less protection and true harmonization can occur.

One reason that even rules of exchange will sometimes involve mutual recognition, is the attempt to protect local, well organized small businesses. Thus, certain health and safety standards may not be harmonized to protect small business. On the other hand, the language of a directive which calls for overall harmonization of a rule of exchange may protect these businesses by including specific derogations.

The other issue at stake in terms of state sovereignty concerns who will enforce directives once in place. If states give up the ability to regulate their economies directly to the Community, then they are giving up their sovereignty to outside
forces. The EC currently employs about 10,000 persons to run a market of 340 million people. In the U.S., the federal government (which does not do all that much regulation) employs 3 million alone (not counting the armed forces). Thus, the EC has not become much of a "state". It lacks both police power and a large regulatory apparatus (although it does have a court). In all of the SUMP negotiations, very little effort has been paid to constructing new regulatory regimes. Instead, the states have decided to keep that power to themselves.

Hypothesis 3: Generally, the regulations will preserve national sovereignty by making enforcement of the regulations dependent upon each nation state and not a supranational organization. We do not expect this to vary by forms of harmonization or the nature of the rule (i.e., property right, governance structure, or rule of exchange).

This issue is key: if there is to be a set of regulations harmonizing markets, it will be necessary to have a way to insure enforcement of the rules. We think that most of the enforcement will be left to the nation-states as a sign that ultimate sovereignty remains with them.

It is useful to explore the issue of sovereignty in several other directions. The difficulty of negotiating directives can be measured in one interesting additional way. If directives contain provisions that allow certain nations to avoid compliance either temporarily or permanently, then this is evidence that the negotiation was potentially threatening to the nation state's view of its sovereignty. The following two hypotheses flow from this:
Hypothesis 4: We expect that directives that concerned themselves with property rights and governance structures contained more loopholes for individual countries than those that negotiated rules of exchange.

Hypothesis 5: We expect that directives that left regulation to the nation states to contain more country-specific loopholes than directives which provided regulation at the EC level.

If the existence of country-specific exemptions indicates an attempt to preserve nation state power, then this should be reinforced by in arenas where issues of sovereignty were also at stake. We have already argued that states had few incentives to bargain property rights and governance structures and were not inclined to provide the EC with more regulatory apparatuses. Thus, it would make sense that these types of agreements would also still be most open to sovereignty types of issues.

Much of what we have argued so far about the SUMP has been concerned with how it was set up to reinforce state sovereignty. We think it is important to realize that the SUMP has gone some distance in producing a single market in a narrow sense. A large number of the directives concern rules of exchange, most of which mandate fully harmonized standards. These directives do benefit some firms.

We think that the firms with the most to gain from the SUMP are the firms that are already involved in export activities (Fligstein and Brantley, 1991). Survey data suggests that managers of firms in industries that already have a substantial amount of their
business accounted for by exports are the most likely to view the SUMP positively. They think their firms and their economies will benefit from the SUMP. The issues that would bring together the largest coalition of exporters across nation states are making interstate transactions less costly.

As we noted earlier, exporters are concentrated unevenly across industrial sectors. In particular, we think that the food, drug, chemical, machines, and transportation equipment industries will have the most directives written directly for them.

Hypothesis 6: A large number of the rules will be oriented towards making export of products simpler by harmonizing national standards for product safety and inspection. These rules of exchange will be highly concentrated in export oriented industries, such as food, chemical, drugs, machines, and transportation vehicles.

This hypothesis is suggested by the fact that one of the chief problems exporters faced, was that standards for product safety and various aspects of product quality were sufficiently different, that exporters needed to produce a multitude of products, each slightly different in order to qualify for sale in each of the countries. One form of harmonization that the exporters could agree to was defining products to have similar safety and qualities. These rules will tend to create minimal standards to which nations must subscribe.

Hypothesis 7: Directives concerning property rights and governance structure issues will be concentrated in a few industries: transportation, professionals, services, and the financial sector. These arenas were chosen because they most closely impinged on the
functioning of the SUMP.

Where will new export markets actually be created in the SUMP? It is important to note that all of the sectors where new export markets may occur are in arenas necessary to the functioning of a single unitary market. The transportation sector is highly organized by the nation states. In order for interstate trucking, shipping, and air travel to be expanded, new Community-wide directives needed to be written. These were focussed on competition (governance) and property rights issues.

Similarly, liberalization of the financial services industry also supports increased transactions across societies. The mutual recognition of diplomas across professional groups would facilitate the exchange of high ranking personnel with specialty occupations such as accountants, engineers, and doctors.

Hypothesis 8: But in these sectors, we expect that mutual recognition will dominate the directives over pure harmonization and that regulation will still be left to the nation states.

Nation states are equivocal about opening up industries, even those directly concerned with creating a SUMP. Hence, they will maintain some control over those industries by keeping regulation to themselves and preferring mutual recognition over harmonization as a strategy to opening the markets. This means that their systems of credentialling and organizing markets is not under assault or threatened by transformation.
Data and Methods

The data for this project are the directives that comprise the SUMP. As of December 31, 1992, 264 directives had passed the Council (About 95% of the original 279 proposals). 18 proposals remained of which 13 were considered to be a priority. The outstanding proposals dealt mainly with issues of property rights, taxation, and the free movement of people. About 75% of the directives have been transposed into national law by the nation states and the rest should come into play relatively quickly (European Commission, 1993).

Getting copies of all of the directives that have been passed has proved to be a tedious task. Using an electronic database (Eurosphere) that is supposed to be updated weekly, we have found only 247 (about 94%) of the directives. Many are incomplete and require one to go to the Official Journal of the European Community to obtain the whole text. The dataset reported here is being updated as the text for the various directives is published. Presumably, we will have complete versions of the SUMP by the end of the summer.

In order to test the hypotheses we have proposed, it was necessary to content code the directives. The directives are written in a dense, sometimes opaque bureaucratic language. As a result, it was sometimes difficult to code the directives into even the simplest categories. We had spirited discussions about a small
subset of the directives where multiple codings seemed appropriate.

The most important concepts to operationalize included: whether the regulation pertains to property rights, governance structures, or transactions; whether the regulation proposes a single standard for all member states or merely mutual recognition of standards allowed to differ; if the regulation pertains to a particular industry or industries in general; and, what sort of enforcement mechanisms are specified.

The coding of property rights, governance structures and rules of exchange required relatively precise definitions of these concepts. Since all of the directives were supposed to increase competition by decreasing trade barriers, statements to that effect would have classified all directives as governance structures. Decisions to categorize the directives into these categories had to be made on more relevant theoretical criteria.

Property rights imply any issues that pertains to issues of ownership and control. Thus most directives concerned with the recognition of professional credentials, the transfer of property rights, and the protection of trademarks or professions, were considered to be about property rights.

Governance structures refer to efforts to regulate competitive or cooperative relations between firms. Directives taken to be about governance structures were often industry-specific. They regulated the competitive and cooperative arrangements in the food, insurance, air transport, trucking, and banking industries by specifying pricing arrangements, market sharing, and free market
access. Governance structure cases also included those directives which sought to open government procurement to competition from out-of-state firms.

Rules of exchange refer to efforts to control the flow of goods and services across national boundaries. A large number of directives which established or refined health standards for the production and shipment of meat and other food product were coded as rules of exchange because they explicitly dealt with standards that enabled product export. A second important class of measures concerned removing customs barriers of various kinds, and thus are rules of exchange because they govern the movement of goods across national boundaries. A third large class of directives specified safety rules for various products such as machines, medicines, and vehicles. Finally, the directives dealing with the harmonization of value-added taxes on many products were placed in this category.

We categorized the types of harmonization into the following categories: 1) harmonize standards, 2) mutual recognition, 3) no mutual recognition, but reinforcement of national standards, 4) inapplicable. Coding into these categories depended on the types of agreements that were reached. If a single standard applied to all countries, this was considered harmonization. If countries kept their standards, but agreed to accept other countries' products, this was considered mutual recognition. Finally, if no agreement was reached or the directive did not concern harmonization, these were coded as separate categories.
The issue of how the directives deal with the enforcement and regulation are somewhat tricky to code. On the one hand, enforcement implies an agency whose task it is to monitor the environment and prosecute violations of directives. On the other, regulatory bodies might be constructed only to monitor the progress of an industry or set of industries in implementing standards. These regulatory committees would then report to the Commission on how matters were being handled. We approached this matter conservatively, coding any form of regulation mentioned in directives as an enforcement mechanism. The following categories were coded: 1) left to member states (courts or agencies), 2) EC Court, 3) EC existing agency, 4) EC new agency, 5) European Commission in general, 6) inapplicable. For the tables presented here, these categories have been collapsed into regulation left to member states versus left to EC. Since regulatory bodies without statutory power were included in this coding, it will tend to overestimate how much power has shifted to the EC. We are currently recoding this variable into two variables to conceptually separate advising/regulating and enforcement.

Industries are coded as follows: 1) Food, beverage, and tobacco, 2) chemicals, 3) drugs, 4) machines and instruments, 5) telecommunications, 6) finance, 7) transportation equipment, 8) transportation, 9) professions and services, 10) other industries, 11) not industry specific. We have more detailed industry information, but small numbers of cases make this collapse of industry categories attractive.
Exemptions - general and country-specific - were coded in order to capture equivocations in directives which may have otherwise harmonized standards. We specified whether these exemptions were temporary or permanent since temporary exemptions tended to reflect the Community's efforts to allow particular countries or businesses time to catch up to the level of the rest of the community, while permanent exemptions may reflect a more complicated political process.

Most of our hypotheses can be examined by looking at univariate distributions or tables. After data collection is complete, we will embark on multivariate analyses. It should be noted that this analysis treats each directive as a distinct unit of analysis. Since the directives were very different in terms of their relative importance, one could argue that this weighting is somewhat arbitrary. We will leave a more detailed analysis of directives for other work. Instead, we use our content coding to give us a flavor of the whole SUMP taken as a dataset or body of directives.

Analysis

The hypotheses we suggested imply three distinctive features of the SUMP. First, they direct us to consider how legislation create a SUMP in terms of the institutional features they embody. We examine two of those features: whether or not directives change property rights, governance structures, or rules of exchange and
how these changes are achieved: through harmonization, mutual recognition, or failure to reach agreement.

Then we explore the issue of how nation states have or have not preserved their power in the negotiations over the SUMP. Here, we will consider the location of enforcement mechanisms and the existence of country exemptions as indicators of the preservation of state sovereignty. Finally, we will explore what kind of a SUMP is really being created. Here, we focus our attention on which industries are being transformed and how they are being transformed.

(Table 1 about here)

Table 1 presents the distribution of rules of exchange, governance structures, and property rights directives. 73.7% of the directives were about rules of exchange while 16.6% concerned governance structures, and only 9.7% were about property rights. This confirms our first hypothesis that the SUMP was mostly about making trade easier. Table 1 also contains the marginal distribution of whether or not directives used harmonization (80.7% of the directives), mutual recognition (14.7%), or were unable to agree at all (4.6%). While the vast majority of the directives employed harmonization, this distribution does not say anything about the conditions under which harmonization was the preferred strategy.
Table 2 presents a crosstabulation of the type of directive by the strategy of harmonization to assess our second hypothesis. There is a highly statistically significant relation between these two factors in the table (chi-square 14.31, 4 d.f.). The column percentages reveal this relation: 86.2% of the rules of exchange directives were harmonized, while only 64.3% of the governance structures directives, and 60.9% of the property rights directives were harmonized. Mutual recognition was used much more frequently for these cases reflecting the difficulty of negotiating such agreements.

We can conclude that the SUMP is primarily about making exchange easier across nations states. This process clearly benefits those who are already involved in exporting across the EC. It does not delve much into governance or property rights issues. When it does, it often does not make single standards governing competition or property rights, but instead tends to preserve national definitions. This implies that states were not inclined to negotiate their core rules that define property rights or their ability to govern competition in critical sectors. The actors in the European Commission who negotiated the SUMP were obviously quite skillful in using different principles of harmonization in a way would allow them to attain agreements. They clearly recognized their limits in attaining agreements by not attempting to negotiate around the difficult issues of property rights and governance.
structures, and when they did, they chose to use mutual recognition as a principle.

It is useful to consider how much national sovereignty shifted from the nation states to the EC. We note that only four directives out of 247 (1.6)%, mention the creation of a new EC agency to deal with SUMP issues. 68% of the directives leave enforcement to the nation state and only 32% give that to the EC (see table 1). It should be noted that this is a high estimate of EC power. Many of those EC level institutions are monitoring committees with no enforcement or regulatory power.

(Table 3 about here)

Table 3 presents crosstabulations that demonstrate that all three types of rules are equally likely to be enforced at the nation state level, thereby reinforcing state sovereignty. Similarly, the forms of harmonization were unrelated to where enforcement mechanisms lie. Both of these results are in line with our third hypothesis that argued that preserving nation state regulatory capability was at the core of the SUMP.

(Table 4 about here)

Table 4 extends this analysis by considering the existence of exemptions for nation states across types of rules and location of enforcement mechanisms. It is impressive that about 80% of the
directives contained no loopholes. Further, most of the loopholes were temporary, not permanent. This is a great achievement. However, there is a statistically significant relation between types of rules and whether or not a loophole exists. Directives concerning rules of exchange are less likely to have such loopholes than were directives concerning either property rights or governance structures. Again, this reflects the greater difficulty of negotiating property rights and governance structure directives as well as the attention given to the concerns of individual states. Similarly, directives that left enforcement to the nation state were statistically significantly more likely to contain country exemptions to the directive as well.

The results suggest that states preserved regulatory power to themselves, by and large. They also suggest that when it was difficult to come to an agreement, particularly on issues where state sovereignty was at stake, directives were drafted that contained country-specific exceptions.

(Table 5 about here)

It is useful to consider more closely the industries most effected by the SUMP. Table 5 contains the marginal distribution of directives by identifiable industries. 100 of the directives (41.5%) dealt with food, beverages, and tobacco. This should not be surprising to readers who know that the largest activity of the community is the agricultural sector. No other industrial sector
had even 10% of the directives. Only 12.4% of the directives dealt with industries in general. The large export industries of drugs, chemicals, machines, and transportation equipment manufacturing had a large number of directives as did the reorganized transportation, professions and services, and financial sectors.

The findings in Table 6 assess hypotheses 6 and 7. These hypotheses suggested that the high export industries would have a greater fraction of rules of exchange while the industries that service the single market would have a higher fraction of directives concerning governance structures and property rights. There is a statistically significant relation between these variables and the percentages across the industries confirm the direction of the hypotheses. This confirms our argument that the SUMP was disproportionately directed at export-oriented industries, in general, and to producing directives that made exchange across national boundaries easier.

(Table 6 about here)

The last hypothesis was that in the non-export industries that were reorganized in terms of property rights and governance structures, mutual recognition would be favored over harmonization. Indeed, table 7 reveals that there is a statistically significant relation between these variables as well. It shows that the negotiations were more likely to produce mutual recognition strategies for the transportation, professions and services, and
financial sectors than was the case for the food, drug, or transportation equipment sectors.

(Table 7 about here)

To summarize, the SUMP has most of the directives written (85.6%) specifically for a small set of industries. 100 of the directives were written in food, beverages, and tobacco alone, reflecting the importance of that sector for exporters. Directives oriented towards rules of exchange dominated in these industries. The major industries that experienced reorganization in their governance structures and property rights were industries related to the completion of the single market: professions and services, finance services, and transportation. One can conclude that the SUMP mainly helps industries that are already export-oriented and only offers the possibility for "Europeanization" of industries that are directly related to the needs of these exporters to facilitate trade.

Discussion

It is useful to return to our original question: what kind of market has the EC created and what are its likely effects on interstate trade and state sovereignty?

There is a central contradictory result in our evidence. On the one hand, there is evidence that a large number of directives
were passed that will facilitate interstate trade in industries where such trade already exists. It is also clear that a large fraction of these will force harmonization of standards across nation states. Further, it is clear that the professions, the transportation sector to some degree, and the financial services sector will all become more multinational markets. These would seem to indicate real progress towards a single unitary market.

On the other hand, nation states will continue to do the bulk of regulating within their national borders. They will control property rights and competition in many industries that are not already export oriented or which are not involved in exporting. While they have agreed to harmonize many standards across many industries, they have not had to greatly upset their current institutional practices regarding property rights and the regulation of competition. And in the industries that have allegedly been opened for competition, there remain huge ambiguities of how much of a single market will emerge.

The directives in transportation are particularly interesting. For instance, the directives dealing with interstate trucking essentially allow the free movement of trucks from other countries organized for interstate trade. But they severely limit the expansion of that activity within national borders. Therefore, one nation's trucking firms will be limited in entering the internal trucking market in other nations. One could argue that this cartellizes the industry. So-called airline deregulation shows similar contradictions. Market competition on prices charged for
tickets will be highly regulated as will the entrance of foreign carriers into various airports. Taken together, these hardly seem like major efforts to open important transportation markets.

While the directives concerning the professions appear to prepare Europe for the free movement of professionals and others who have credentials, it remains to be seen as to how many doctors, professors, accountants, skilled workers, and engineers will seek out or be offered jobs in other countries. The directives oriented towards the financial sector appear to open up banking, both commercial and retail, and insurance. But, there will be no European market for corporate control and the financing of industry remains oriented towards nations.

Conclusion

Markets are social constructions that reflect the unique political-cultural construction of their firms and nations. While the creation of all markets implies the necessity of solving the problems of property rights, governance, structures, and transactions, there are many paths to those solutions each of which may be relatively efficient for the society which develops it. To get a market is a long drawn-out process.

The EC is trying to create a single market and at the same time preserve national sovereignty. The Commission has played a pivotal role in finding issues upon which the nations could agree. The preservation of local interests, property rights, and
governance structures means that SUMP can only concern itself with enabling large firms with export orientations to make their business easier. The only industries that might actually form new European-wide markets are those with direct connections to interstate trade.

It is useful to explore our results in terms supplied by others who are trying to map out the trajectory of the Community. Recently Keohane and Hoffmann (1991) have described the EC as an emerging network organization. They see the EC as an outcome of a set of intergovernmental bargains that have produced a pooling of sovereignty. In this view, states continue to dominate decisionmaking and do not give up sovereignty to a center regime. Instead, they create a kind of federation that does not impose a central regime, but instead centralizes bargaining, but decentralizes enforcement.

Schmitter (1992) has characterized what is occurring in a somewhat similar fashion. He describes the EC as moving towards what he calls a "condominio". He argues that the endpoint of these negotiations would not be a central European state, but instead "multiple regional institutions acting autonomously to solve common problems (p. 56)." These multiple states would have conflicting geographic and functional sovereignties.

The results presented here reinforce both of these views. The SUMP is not a direct assault upon national sovereignty. It does not create centralizing regulatory mechanisms nor does it force harmonization of different national traditions in the organization.
of capital. Yet, it does bond the 12 nations closer together. It allows for the freer flow of goods and services across national borders and facilitates current exporting industries.

One major source of ambiguity in both of these perspectives, is the role of the EC, and in particular, the Commission. The results presented here suggest that the Commission (see Weiler, 1991, for an interesting discussion of the forceful role played by important actors in the legal institutions of the Community) is better thought of as an opportunistic organization that is trying to promote whatever goals it can. Its interest is in negotiating new agreements that continue to promote and expand its usefulness. It may be populated with actors who are federalists, but they act to take advantage of whatever opportunities might make sense in a given historical context. The Commission has gotten a great deal of agreement on a set of very complex issues. But, it is severely limited by issues of nation state sovereignty, and it will only be successful as long as it takes the central issues of sovereignty seriously.

From this perspective, the problems of the EMU seem insurmountable. EMU clearly undermines state sovereignty by removing monetary policy from nation state control. It cannot be done ambiguously or through mutual harmonization. To attain EMU would actually mean a real shift in the way that the EC works. Perhaps that goal is possible, but one should not underestimate the difficulty in attaining it.

The SUMP and its negotiations should serve as a cautionary
note about what are the limits and possibilities for the EC given its current institutions. The EC is likely to remain an association as opposed to a nation. But, this means that it may be becoming something entirely new: a polity without sovereignty.
Bibliography


Luxembourg: Office for Official Publications of the European Community.


Gerlach, M. 1987. "Business alliances and the strategy of the


Endnotes

1. Counting the number of directives is somewhat problematic. 279 proposals were on the original White Paper, but two were subsequently added bringing the total to 281. Some of the proposals have turned into multiple directives and therefore there is not a one-to-one correspondence to the original proposals. Some of the other proposals have been dropped and still others have been added.

2. The question of what exactly sovereignty is, is one of the enduring questions of political science and political sociology. We accept the view that it refers to "the claim of final authority within a given territory" (Krasner, 1988: 86). For an interesting discussion of the nation state in the EC before the SUMP, see Hoffman, 1982).

3. The SUMP has been almost entirely the product of elite negotiations. There has been little input from labor or consumer groups. Therefore, it is safe to argue that these groups have not been part of the policymaking field.

4. I will return to this issue in the discussion. By studying the directives, one has already selected on the dependent variable. That is, we cannot give an account of what was not selected or the issues that were dropped because agreements were impossible to reach. One can only speculate by understanding the SUMP, what the SUMP does not include.

5. This categorization reflects our hypotheses. It offers confirmation of those hypotheses by showing that directives were written for a very small number of industries. The "other industry" category generally showed less harmonization and more concern with property rights and competition issues than the export industries. This suggests that industries in this category were fighting to protect their existing state definitions.
Table 1: Frequency distributions of variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Number of cases</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Directive type</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rules of Exchange</td>
<td>182</td>
<td>73.7%</td>
</tr>
<tr>
<td>Governance Structure</td>
<td>41</td>
<td>16.6%</td>
</tr>
<tr>
<td>Property Rights</td>
<td>24</td>
<td>9.7%</td>
</tr>
<tr>
<td><strong>Form of Harmonization</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Harmonize</td>
<td>176</td>
<td>80.7%</td>
</tr>
<tr>
<td>Mutual Recognition</td>
<td>32</td>
<td>14.7%</td>
</tr>
<tr>
<td>Not Harmonized</td>
<td>10</td>
<td>4.6%</td>
</tr>
<tr>
<td><strong>Regulation Mechanism</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member State</td>
<td>158</td>
<td>67.5%</td>
</tr>
<tr>
<td>EC</td>
<td>76</td>
<td>32.5%</td>
</tr>
</tbody>
</table>

1 See text for variable definitions
Table 2: Crosstabulation of Type of Directive by Form of Harmonization (Tables percentaged by columns).

<table>
<thead>
<tr>
<th>Form of Harmonization</th>
<th>Rules of Exchange</th>
<th>Governance Structure</th>
<th>Property Rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harmonize</td>
<td>144</td>
<td>18</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>86.2%</td>
<td>64.3%</td>
<td>60.9%</td>
</tr>
<tr>
<td>Mutual Recognition</td>
<td>16</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>9.6%</td>
<td>32.1%</td>
<td>30.4%</td>
</tr>
<tr>
<td>Not Harmonized</td>
<td>7</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>4.2%</td>
<td>3.6%</td>
<td>8.7%</td>
</tr>
<tr>
<td>Number of Cases</td>
<td>167</td>
<td>28</td>
<td>23</td>
</tr>
</tbody>
</table>

Chi square = 14.31, 4 d.f., p = .006
Table 3: Crosstabulations of Regulatory Mechanisms by other variables (Tables percentaged by columns)

<table>
<thead>
<tr>
<th>Type of Directive</th>
<th>Regulation</th>
<th>Rules of Exchange</th>
<th>Governance Structures</th>
<th>Property Rights</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Member State</td>
<td>114</td>
<td>27</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>EC</td>
<td>55</td>
<td>14</td>
<td>7</td>
</tr>
<tr>
<td>Number of Cases</td>
<td>169</td>
<td>41</td>
<td>24</td>
<td></td>
</tr>
</tbody>
</table>

Chi square= .17, 2. d.f., p=.92

Form of Harmonization

<table>
<thead>
<tr>
<th>Regulation</th>
<th>Harmonize</th>
<th>Mutual Recognition</th>
<th>Not Harmonized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member State</td>
<td>112</td>
<td>21</td>
<td>7</td>
</tr>
<tr>
<td>EC</td>
<td>55</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Number of cases</td>
<td>167</td>
<td>29</td>
<td>10</td>
</tr>
</tbody>
</table>

Chi square=.35, 2 d.f., p=.84
Table 4: Crosstabulation of Country exemption by other variables (Tables percentaged by columns)

<table>
<thead>
<tr>
<th>Exemption</th>
<th>Type of Directive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rules of Exchange</td>
<td>Governance Structure</td>
</tr>
<tr>
<td>None</td>
<td>154 (85.6%)</td>
</tr>
<tr>
<td>Permanent</td>
<td>8 (4.4%)</td>
</tr>
<tr>
<td>Temporary</td>
<td>18 (10.0%)</td>
</tr>
</tbody>
</table>

Number of Cases 180  

Chi square=15.9, 4 d.f., p=.003

Regulation Location

<table>
<thead>
<tr>
<th>Exemption</th>
<th>Member States</th>
<th>EC</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>122 (77.2%)</td>
<td>71 (93.4%)</td>
</tr>
<tr>
<td>Permanent</td>
<td>10 (6.3%)</td>
<td>1 (1.3%)</td>
</tr>
<tr>
<td>Temporary</td>
<td>26 (16.5%)</td>
<td>4 (5.3%)</td>
</tr>
</tbody>
</table>

Number of Cases 158  

Chi square= 10.86, 2 d.f., p=.004
Table 5: Frequeuncy distribution of directives by industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Number of Directives</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food, Beverages, and Tobacco</td>
<td>100</td>
<td>41.5</td>
</tr>
<tr>
<td>Chemicals</td>
<td>10</td>
<td>4.1</td>
</tr>
<tr>
<td>Drugs</td>
<td>19</td>
<td>7.9</td>
</tr>
<tr>
<td>Machines</td>
<td>10</td>
<td>4.1</td>
</tr>
<tr>
<td>Finance</td>
<td>22</td>
<td>9.1</td>
</tr>
<tr>
<td>Transportation</td>
<td>15</td>
<td>6.2</td>
</tr>
<tr>
<td>Transportation Vehicles</td>
<td>8</td>
<td>3.3</td>
</tr>
<tr>
<td>Professions, Services</td>
<td>14</td>
<td>5.8</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>4</td>
<td>1.7</td>
</tr>
<tr>
<td>Other</td>
<td>9</td>
<td>3.7</td>
</tr>
<tr>
<td>No Single Industry</td>
<td>30</td>
<td>12.4</td>
</tr>
</tbody>
</table>
Table 6: Crosstabulation of Forms of Directives by Industry (Table percentaged by columns)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Rule of Exchange</th>
<th>Governance Structure</th>
<th>Property Rights</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food</td>
<td>94 (52.5%)</td>
<td>3 (7.9%)</td>
<td>3 (12.5%)</td>
</tr>
<tr>
<td>Chemicals</td>
<td>10 (5.6%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>Drugs</td>
<td>17 (9.5%)</td>
<td>0 (0%)</td>
<td>2 (8.3%)</td>
</tr>
<tr>
<td>Machines</td>
<td>9 (5.0%)</td>
<td>0 (0%)</td>
<td>1 (4.2%)</td>
</tr>
<tr>
<td>Finance</td>
<td>1 (.6%)</td>
<td>13 (34.2%)</td>
<td>8 (33.3%)</td>
</tr>
<tr>
<td>Transportation</td>
<td>6 (3.4%)</td>
<td>9 (23.7%)</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>Transportation Vehicles</td>
<td>8 (4.5%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>Professions and Services</td>
<td>4 (2.2%)</td>
<td>4 (10.5%)</td>
<td>6 (25.0%)</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>3 (1.7%)</td>
<td>1 (2.6%)</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>Other</td>
<td>7 (3.9%)</td>
<td>1 (2.6%)</td>
<td>1 (4.2%)</td>
</tr>
<tr>
<td>No Single Industry</td>
<td>20 (11.2%)</td>
<td>7 (18.4%)</td>
<td>3 (12.5%)</td>
</tr>
</tbody>
</table>

Number of cases 179 38 24

Chi square=130.92, 20 d.f., p=.0000
Table 7: Crosstabulation of Form of Harmonization by Industry (Table percentaged by columns)

Forms of Harmonization

<table>
<thead>
<tr>
<th>Industry</th>
<th>Harmonization</th>
<th>Mutual Recognition</th>
<th>No Harmony</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>79 (45.4%)</td>
<td>7 (21.9%)</td>
<td>2 (22.2%)</td>
</tr>
<tr>
<td>Chemicals</td>
<td>8 (4.6%)</td>
<td>1 (3.1%)</td>
<td>1 (11.1%)</td>
</tr>
<tr>
<td>Drugs</td>
<td>13 (7.5%)</td>
<td>1 (3.1%)</td>
<td>5 (55.6%)</td>
</tr>
<tr>
<td>Machines</td>
<td>8 (4.6%)</td>
<td>2 (6.3%)</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>Finance</td>
<td>10 (5.7%)</td>
<td>11 (34.4%)</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>Transportation</td>
<td>9 (5.2%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>Transportation Vehicles</td>
<td>8 (4.6%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>Professions and Services</td>
<td>7 (4.0%)</td>
<td>5 (15.6%)</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>3 (1.7%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>Other</td>
<td>7 (4.0%)</td>
<td>1 (3.1%)</td>
<td>1 (11.1%)</td>
</tr>
<tr>
<td>No Single Industry</td>
<td>22 (12.6%)</td>
<td>4 (12.5%)</td>
<td>0 (0%)</td>
</tr>
</tbody>
</table>

Number of Cases 174

Chi square= 53.15, 20 d.f., p=.00008