

A CRITICAL READING OF THE DISCOURSES OF EUROPEANIZATION  
AND  
MULTI-LEVEL GOVERNANCE WITHIN THE EUROPEAN UNION

A THESIS SUBMITTED TO  
THE GRADUATE SCHOOL OF SOCIAL SCIENCES  
OF  
MIDDLE EAST TECHNICAL UNIVERSITY

BY

NİLGÜN ÖNER

IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR  
THE DEGREE OF MASTER OF SCIENCE  
IN  
GRADUATE PROGRAM OF EUROPEAN STUDIES

JULY 2004

Approval of the Graduate School of Social Sciences

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Prof. Dr. Sencer Ayata  
Director

I certify that this thesis satisfies all the requirements as a thesis for the degree of Master of European Studies.

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Prof. Dr. Ali Gitmez  
Chair of European Studies Department

This is to certify that we have read this thesis and that in our opinion it is fully adequate, in scope and quality, as a thesis for the degree of Master of European Studies.

---

Assist. Prof. Dr. Galip Yalman  
Supervisor

Examining Committee Members

Assist. Prof. Dr. Galip Yalman METU \_\_\_\_\_

Assist. Prof. Dr. Sevilay Kahraman METU \_\_\_\_\_

Assist. Prof. Dr. Kürşat Ertuğrul METU \_\_\_\_\_

**I hereby declare that all information in this document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results that are not original to this work.**

**Date:**

**Signature:**

## **ABSTRACT**

# **A CRITICAL READING OF THE DISCOURSES OF EUROPEANIZATION AND MULTI-LEVEL GOVERNANCE WITHIN THE EUROPEAN UNION**

Öner, Nilgün

Master of Science, in Graduate Program of European Studies

Supervisor: Assist. Prof. Dr. Galip YALMAN

July 2004, 112 pages

This thesis analyzes the transformation of the European Nation State and the effects of the discourses on Europeanization and Governance on the European Union Integration process. European policies had penetrated into the political systems of its member states as a result of European Integration process. As a result, discourses on Europeanization changed domestic political structures and modes of governance. This process of Europeanization requires a new system of governance and the recent debates are shaped on this discourse.

Keywords: Nation-State, Europeanization, Governance, European Integration.

## ÖZ

### **AVRUPA BİRLİĞİNDEKİ AVRUPALILAŞMA VE YÖNETİŞİM TARTIŞMALARININ ELEŞTİREL BİR YORUMU**

Öner, Nilgün

Yüksek Lisans, Avrupa Çalışmaları Bölümü

Tez Yöneticisi: Yrd. Doç. Dr. Galip YALMAN

Temmuz 2004, 112 sayfa

Bu çalışma, Avrupalı Ulus-Devletin geçirdiği değişimi ve Avrupalılaşım ve Yönetişim tartışmalarının Avrupa Birliği Entegrasyon sürecine etkilerini araştırmaktadır. Avrupa Entegrasyon sürecinin bir sonucu olarak, Avrupa politikaları üye ülkelerinin iç siyasetine nüfuz etmiştir. Sonuç olarak, Avrupalılaşım tartışmaları iç siyasi yapıları ve yönetim biçimlerini değiştirmiştir. Bu Avrupalılaşım süreci yeni bir yönetim sistemine gereksinim duymaktadır ve son dönemdeki entegrasyon tartışmaları bu yönde şekillenmektedir.

Anahtar Kelimeler: Ulus-Devlet, Avrupalılaşma, Yönetişim, Avrupa Entegrasyonu.

To Hayri and Nuriye Öner

## **ACKNOWLEDGMENTS**

I would like to express my deepest gratitude to Assist. Prof. Dr. Galip Yalman, for his guidance, advice, criticism and encouragement and insight throughout this study.

I want to express my deep appreciation to Assist. Prof. Dr. Sevilay Kahraman and Assist. Prof. Dr. Kürşat Ertuğrul, for their suggestions and comments that helped me to complete my study.

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## **CHAPTER 1**

### **INTRODUCTION**

Several blind men approached an elephant and each touched the animal in an effort to discover what the beast looked like. Each blind man, however, touched a different part of the large animal, and each concluded that the elephant had the appearance of the part he had touched. Hence, the blind man who felt the animal's trunk concluded that an elephant must be tall and slender, while his fellow who touched the beast's ear concluded that an elephant must be oblong and flat. Others of course reached different conclusions. The total result was that no man arrived at a very accurate description of the elephant. Yet, each man had gained enough evidence from his own experience to disbelieve his fellows and to maintain a lively debate about the nature of the beast (Puchala, 1972).

Puchala in his article "Of Blind Men, Elephants and International Integration" depicts the nature of the international integration as such, about what it is, and about what it is not. While much has been written about the European Union (EU), different perspectives focus on different issues, each grabbing another part of the integration story. From 1971 on, the date of Puchala's metaphoric resemblance between the integration story and the elephant, the baby elephant grew enormously and by 1<sup>st</sup> of May, 2004 it became a giant. Defining different parts of a whole independent from one another is misleading because one can end up with the picture of a beastie creature. This may be the case in analyzing the process of European integration. The economy, politics, social theory, institution building, culture, identity

and many other factors are all interconnected and they together help the animal to survive. Practically, the students of the integration are like blind men because a single theory had never been adequate to explain the process or contain the story as a whole. Puchala believes that the experience of scholars who have been conceptually studying contemporary international integration is not like the episode of the blind men and the elephant. More than fifty years of defining, redefining, refining, modeling and theorizing have failed to generate satisfactory conceptualizations of exactly what is called the 'international integration' and exactly what it is we are trying to learn when we study this phenomenon. Part of the problem stems from the fact that different researchers have been looking at different parts, dimensions or manifestations of the phenomenon. While much has been written about the European Union (EU) in recent years, most of the scholarly work is concerned with the developments at the European level, and focuses on the extent to which domestic conditions affect the outcome of supranational institution building and policy-making. As a result, the study of the impact of European integration at the national level remained inadequate. By the 1990s, we observe increasing attempts to address this research deficit with a growing number of studies concerned with the Europeanization of domestic institutions and, more specifically, with the extent to which the implementation of European policies implies adjustments in domestic institutions, such as the Common Agricultural Policy (CAP).

This thesis analyzes the transformation of the European Nation State and the effects of the discourses on Europeanization and Governance on the European Union Integration process after the signing of the Single European Act (1986). Especially after the signing of the Maastricht Treaty (1991), the integration discussions were

shaped by these conceptions partly because the old discussions and terminology was considered as inadequate to evaluate the process as a whole. As a result the discussions on the integration process changed its course towards the discussions on Europeanization and Governance.

### *Why Europeanization?*

European Union, in terms of its essential political structure or its final destination, is found to be elusive (Caporaso, 1989). Notions of federalism, intergovernmentalism and such have influenced the development of the EU, but they have not determined it. In practice, the institutions of the EU have been created to achieve discrete, diverse, contested and contingent goals (Marks, 1997; 3). Europeanization is a term that has become increasingly used to describe a process of transformation as the European Union challenges and transforms the nation state, which was the most important form of governance and political authority over the last 200 years. The regional dimension gained political significance, while national boundaries became a less important source of political order. A central challenge for current research is to explain how Europeanization affects nation-states, partly because nation-state dynamics are also affected by domestic factors as well as trends of internationalization and global change. However there is little scholarly agreement on how to best conceptualize, describe, and analyze the evolving European governance systems and their effects on the nation-states and other political entities. In this study, Europeanization will be used as a tool to describe a process of transformation within the nation-state actors, such as policy making.

Europeanization has had a deep impact upon the public policy making functions of the member states. However, the impact has not been uniform. Member states have lost much of the scope for independent action in some areas, such as monetary policy or trade. In others areas the impact has been much more fragmented: although not directly, societal actors and interest groups have respective powers as well. In a majority of policy areas the state no longer has its dominant form; rather it displays a mediator role in most of the cases. Analyzing the dynamics of Europeanization, this study explores: what are the processes involved and the effects that are shaped due to these processes? It then relates the processes and effects of policy in order to map the Europeanization of the nation state dynamics.

The notion of the 'Europeanization' is not new but in recent years there has been intensification in its use. There has been an increased academic interest in Europeanization. Some scholars believe that what goes under the label of Europeanization are more often than not a simple re-branding of classic research themes. However, there are also other reasons for the growth of interest in this topic. It provides a terminology to define the discourses on the changing nature of integration in the European Union (EU) and the internal dynamics.

It is more obvious after the Single European Act in 1987, and especially signing of the Maastricht Treaty in 1991 that a unique, or as it is referred 'sui generis' EU political system is in place which produces decisions and policies that has enormous impacts on domestic policies of the 'national' member states. Hence the studying those comparatively new impacts needed a new and apolitical

terminology (Johansson, 1999). It was preferably apolitical partly because there was not a single political system within the EU, especially by the future planned accession countries that were members to the former Warsaw Pact and they are members of the EU starting from May, 1<sup>st</sup> 2004. Although the membership requires a liberal economy from the member states, it is not always the economy that matters but to include the people in the process and create commitment to the ends and the means. This may be the reason why the studies on the European Integration theory, apart from a few exceptions, have never been a Marxist one. Additionally, the model-building nature of the EU is attractive for most of the disciplines and when analyzing the impact of European integration on domestic policy, it is important to know that at the same time domestic politics is a major factor that is shaping the EU political change (Olsen, 2001). The concept of Europeanization is about the impact of European policy within member states. It thus entails two steps: adoption at EU level and then incorporation at the domestic level. That is why Europeanization and EU policy-making are distinct from each other conceptually and the former is the subject of another study. However, the boundaries between cause and effect are not easy to draw, as it is demonstrated in Tanja Börzel's discussion of Europeanization as an uploading and downloading reciprocal process (Börzel 2001). In addition to this, there are two further problems that make Europeanization so complex to define. One is that neither the EU nor the member states are static, so Europeanization is a matter of reciprocity between the moving features. The second is that attribution of domestic change to the EU is not always easy, since agents of globalization is also a 'force majeure'. Europeanization offers the opportunity to take a fresher look at domestic policy change

caused by open, interdependent markets. Classic international political economy has dealt with the implications of globalization for domestic policy choices, often emphasizing the constraints that are imposed. New research topics are being raised associated with Europeanization such as: Is Europeanization a barrier against globalization (in some cases understood as 'Americanization'—Graziano, 2002)? Or does it work in parallel with it?

The impacts of European dynamics on nation-states must come to terms with the European systems of governance which also influence nation-state dynamics. The process of European integration cannot be understood exclusively with internal European dynamics. The cold war is over, and many of the conditions forming the post World War II state have disappeared – largely independently of the EU. Nation-state dynamics have been affected by the general trends of globalization and technological change. Thus the problems of identifying the explanatory power of European systems of governance are often difficult. "Europeanization" in this study is discussed in terms of the implications of evolving European systems of governance on the sovereign nation-state. This study takes an interest in the implications of Europeanization over the agents of the nation state in the European states and will try to depict a definitive outline, partly because the term "nation-state" refers to a very heterogeneous group of European polities. Germany and Denmark, France and Luxembourg, Norway and Iceland, are all considered European nation-states and the impact of European integration is not identical across these states. Even within a single state the impact of Europeanization varies over the national policy arena and/or institutions; for example the political parties. Concept of Europeanization does present an opportunity to systematically

analyze political parties as organizations responding to the effects of European Integration upon their primary operating arena, the national political system. Thus we will pay more attention to this case as an illustrative example.

So it is difficult to address a homogeneous process of Europeanization and single level governance across the European boundaries thus this study aims to define the 'uneven Europeanization' impacts which are different in size due to differences in geographic, historic or economic policy programs, the following chapters will focus on how various interpretations and definitions of Europeanization, and features of European integration, have an impact on the functioning and transformation of the nation-states. At this point, the importance of the EU membership as an important factor in shaping a nation's political scene is widely recognized. It encourages/forces new institutional and administrative structures by reshaping political objectives. Membership to EU has redefined the political relations, given rise to new demands and has provoked new ideological tensions and conflicts within the respective nation states. All these tendencies are conceptualized in the term 'Europeanization'. In the Europeanization process, EU political and economic dynamics become a main part of the logic of the national politics and policy-making. Europeanization 'dictates' that the logic and norms of the EU become absorbed into domestic policy thus it does not simply imply a rhetorical ideological commitment to the objectives of the integration process. The distinction between European and domestic policy requirements shall not be too vivid. The process of Europeanization has increasingly been concerned with a variety of policy fields. This study considers some major issues and developments in approaches to European integration agenda and the process of



'Europeanization'. It looks at actual process towards the development of alternative approaches rather than to serve as a critique on their assumptions. The Impact of Europeanization on the role of the Nation-State provides the basis of my scientific problem that should be investigated. In this sense the subject matter of my thesis will depend on some basic questions:

- To what extent the debates on the concept of Europeanization<sup>1</sup> help us to explain the changing nature of state-society relations since the late 80s?
- What is the impact of Europeanization on the different segments of the society i.e. bureaucracy, political parties and economic structure?

This study considers some major issues and developments in the process of European integration which gained impetus since the SEA. It looks at the actual progress of the terminology, the development of alternative approaches. It intends to identify and

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<sup>1</sup> Part of the literature refers to the effect of the European Union on the Member States as 'Europeanization' (Ladrech, Robert. 1994. Europeanization of Domestic Politics and Institutions: The Case of France. *Journal of Common Market Studies* 32 (1): 69-88.; Radaelli, Claudio M. 2000. Whither Europeanization? Concept Stretching and Substantive Change. *European Integration on-line Papers* 4 (8): <http://eiop.or.at/eiop/texte/2000-008a.htm>.). Others reserve the term Europeanization for the 'emergence and the development at the European level of distinct structures of governance' (Risse, Thomas, Maria Green Cowles, and James A. Caporaso. 2001. Europeanization and Domestic Change: Introduction. 'In Transforming Europe. Europeanization and Domestic Change', edited by M. G. Cowles, J. A. Caporaso and T. Risse. Ithaca, NY: Cornell University Press, 1-20.). Tanja Börzel and Thomas Risse, 2000. When Europe Hits Home: Europeanization and Domestic Change. *European Integration on-line Papers* (15): <http://eiop.or.at/eiop/texte/2000-015a.htm>.; Olsen, Johan P. 2002. 'The Many Faces of Europeanization'. ARENA Working Papers WP 02/2 ([http://www.arena.uio.no/publications/wp02\\_2.htm](http://www.arena.uio.no/publications/wp02_2.htm)).

discuss the ramifications of different approaches rather than to serve as a critique on them. Major works as well as online journal articles are referred in an attempt to bring the relevant works together so that more than one aspect of the subject is unveiled. Although there is little scholarly agreement on how to best conceptualize, describe, analyze and assess the evolving European governance systems and their effects on nation-states and other political entities, an important task for this study is to picture the conceptual and theoretical framework of Europeanization, empirical and normative.

### *Why governance?*

Governance is, however, by virtue of its fuzziness, also a contested term. There is a range of different usages of the term, some more precise than others. Social scientists are the product of both the intellectual and the social traditions in which they deploy their professional skills. Hence, some differences can be observed between the interpretations that come from different parts of Europe, just as we can observe differences among politicians from different political traditions and contexts. One way or another, 'European governance' ranks high on the present research agenda on Europe and has attracted considerable attention. It has opened a wide variety of issues, ranging from explorations into the nature of the European multi-level polity and the democratic quality of the European Union (EU) to the analyses of the processes and politics in specific issue areas and, more recently, to the investigations into the Europeanization of national political systems. Because of this expanding interest, there is little agreement on the meaning of 'European governance'. Despite varying definitions, a rather narrow understanding of governance prevails as most studies concentrate on

the process of policy-making and implementation. In the chapter on governance, these developments are discussed from a different perspective; what do these developments bring into discussion for the political architecture of Europe? Do they consolidate national states or do they weaken them?

Two basic alternative conceptions are depicted; state-centric governance and multi-level governance, and evaluate their views in examining the European policy process. Prior to this discussion the complexity of the EU political system is analyzed depending on the various academic studies on the nature of the Union on a political economic basis. The global force on the governance is discussed in order to create a basis for further discussion of European modes of governance. The developments in the international arena have enormous effects on the nation states. Although nation states are not capable of keeping growing economic globalization under control, national governments are still the main actors of the international political arena, thus the term of governance, globalization and Europeanization are interactively used in the same field of study from time to time, and here economic governance is examined.

As the nation states are the actors of the EU integration process, the EU itself is an actor of globalization side by side with the nation states. The core presumption of state-centric governance is that European integration does not challenge the autonomy of national states; rather state sovereignty is preserved or even strengthened through EU membership. They argue that European integration is driven by the bargains among national governments and no government has to integrate more than it wishes because the bargains rest on the lowest denominator of the participants.

Supranational actors exist to aid member states by providing them information that are necessary and exercise little independent effect on the policy outcomes. The policy outcomes are confined to the interests of the member states. The multi level governance on the other hand assumes that European integration is a policy creating process in which authority and policy making are shaped across multiple levels of government, subnational, national and supranational. While national governments are organic participants in the EU policy making, control has slipped away to supranational institutions. As a result, states have lost some of their authority over the domestic policy outcomes in economy as well as political arena and the individual state sovereignty is diluted in the EU by collective decision making among national governments and by the autonomous role of the supranational institutions such as the European Parliament, the European Commission, the European Court of Justice and/or the European Central Bank.

All member states have measures to face the challenge of adjusting their internal governance structures in order to compensate for the loss of control to the supranational level and regional level. Since the early 1990s, governments have increased their efforts to introduce effective mechanisms for internal administrative coordination. All member states introduced new mechanisms but the requirements of adaptation have neither led to the fundamental modifications of national institutions nor to uniform examples of reform. However one of the most important reforms is the claim that governance must operate at multiple scales in order to capture variations in the territorial reach of domestic policies. Because externalities arising from the terms of public goods vary worldwide, as it does in the case of global warming to local warming, so

should the scale of governance. To internalize externalities, governance must be multi-level. This is the core argument for multi-level governance, but there are several other perceived benefits. For example, more decentralized jurisdictions can better reflect heterogeneity of preferences among citizens. Multiple jurisdictions can facilitate credible policy commitments (Hooge&Marks, 2001-p.2).

## **CHAPTER 2**

### **THE CHANGING NATURE OF THE NATION-STATE IN THE EU CONTEXT**

#### *Introduction*

As it is indicated above, the debate on Europeanization is much more recent (mid-1990s). Until the early 1990s scholars focussed more on the process of European integration, which differs substantially from the Europeanization of domestic institutions (Radaelli, 2000). Anderssen and Eliassen had already talked about "Europeification" in 1993 but it is only in recent years that the national dimension of European integration and the differences of national and regional responses to this integration have been given greater analytical centrality.

The history of European integration has always been moving between 'Europhoria' and 'Eurosclerosis'. No matter which is when, after the monetary union and further political integration, Europeanization had a major impact on the policy processes at the national level, on the behavior of different policy actors, both public and private, and on the institutions of the member states. Since the mid 1960s there has been a debate in the European political science about the problems confronting the nation state. Long before 1990s there were discussions about the 'future of the State' in parallel with 'the future of the EU'. Despite challenges, national state is still the

most significant site of struggle among competing global, supranational, national, regional and local dynamics. There is loss of national states' formal legal sovereignty as rule and decision making powers are transferred 'up' to the supranational bodies, which take binding decisions for the national states. However as the supranational bodies seem preoccupied with the internationalization of capital and promoting the competitiveness of the national and regional economies, they are often less interested in social conflicts and redistributive policies. These concerns are still mainly the subject of national bodies and indeed without central government support, it is hard for most local or regional states to face the crash of the global events. Thus the national state must become engaged in managing both the process of internationalization and stop the progress of growing divergence between global market dynamics and conditions for integration and social cohesion. In short there remains a central political role for the national state to tackle the domestic repercussions of the global restructuring. This feature of the nation state body makes it the unit of analysis in this study when trying to evaluate the intensity of Europeanization and globalization it faces and the forms of governance it shields *vis a-vis* these elements in its renewed structure and redefined role. Its role is redefined because of the rising expression of the local, regional, national and supranational levels of economic and political organization. Until the supranational political organization acquires governmental powers as well as some degree of popular democratic legitimacy, the national state will remain a key political factor in democratic political accountability.

Much of the academic work on the European Union remained under the classical debate between neo-functionalism and intergovernmentalism. However recent years have witnessed

attempts to consider other perspectives because the classical terms of debate fail to capture adequately what is going on in the contemporary EU. The old debate has been criticized on at least three interrelated counts: its alleged inability to capture the reality of integration and the EU; its supposed entrapment in the disciplinary wilderness of International Relations; and its so called 'scientific' limitations (Rosamond, 2003; 110). There is currently a theoretical as well as empirical debate about the appropriate approach to the study of European governance and the flexibility of the national patterns. The mainstream approach, Intergovernmentalists assumes that, member states are the key actors and that non-state actors play no independent role (Jorgensen; 205). Intergovernmentalists argue that national executives are in control of every crucial step in the construction of the European polity. Moravcsik (1993, 1994), for example, claims that governments, acting in the Council of Ministers and in summit meetings, establish the parameters that determine the content, scope, and pace of integration. Governments cooperate to achieve their policy goals and to enhance their autonomy in domestic politics. Due to the decision-making rules in place in most EC legislative processes (unanimity and super-majority voting); the Euro-rules produced reflect the preferences of those governments which support the least amount of integration in any given area (the lowest common denominator). The behavior of private actors, subnational public authorities, and the EC's organs are secondary; they serve to "consolidate" new levels of integration (Moravcsik 1995).

Developing European-level institutions is an integral part of the process of European integration. Many scholars portray Europeanization as the institutionalization at the European level of a distinct system of governance with common institutions and the



authority to make, implement and enforce European-wide binding policies. Europeanization is defined as:

The emergence and development at the European level of distinct structures of governance, that is, of political, legal, and social institutions associated with the problem solving that formalize interactions among the actors, and of policy networks specializing in the creation of authoritative European rules (Olsen 2001: 9).

Europeanization here includes both the strengthening of an organizational capacity for collective action and the development of common ideas, like new norms and collective understandings regarding citizenship and membership with the help of European institutions from time to time. The Council of Ministers for example, the Council of Ministers and representatives of the member states are important actors in European politics. We understand their effect on integration to be positive when they (1) work with supranational institutions to adopt, at the supranational level, Euro-rules and (2) transpose, on the national level, European directives into national law. They have a negative influence on integration when they (1) block EC legislation (in their capacity as members of the council) and (2) refuse to comply with the Euro-rules they do not like (in their capacity as national governments) (Olsen, 11).

Intergovernmentalists also argue that the ECJ (the agent) serves the interests of the dominant members in the EC (the court's principals). The ECJ, intergovernmentalists claim, codifies the preferences of these states in its case law. It does so in order to secure compliance with its rulings. The EC polity contains strong "intergovernmental" components, that is, EC politics are partly constituted by the interactions among representatives of the

governments. In using the word intergovernmentalism, EC's legal system is expected to serve the interests of transnational society, not individual governments, or even a group of powerful governments. There is no doubt that the intergovernmentalist versus neofunctionalist argument was the most important argument from the mid 1960s onwards. Intergovernmentalism emerged as a rival to neofunctionalism. One of the distinguishing features of neofunctionalist analysis, when compared to functionalism, was its claim that integration could take place within delimited territorial regions. Functionalism was primarily a theory of post territorial governance, whereas neofunctionalism was an early theory of regionalism (Rosamond, 2000; 69).

Until the 1960s, integration theory had been a domain for the elaboration of functionalist perspectives on international restructuring. Indeed, the history of integration theory since the mid 1960s is usually presented as a conversation between these two broad schools. It can also be discussed that the realist approaches, which is referred as the state-centric model in the contemporary literature (see chapter 4), had become quite dominant in International Relations studies by then. Neofunctionalism is still an important issue. It revealed as the substitute of power politics with a supranational style and based its claims over consensus of the domestic political systems. However it was criticised from two main perspectives, one is that there was no reason at the time to think that the power based states system would whither away (state-centric model discussed in the governance models in chapter 4), secondly nation-states were perceived as a guard to freedom and justice for all and the dilution of this entity would threaten the basic freedoms of the people. Despite the criticisms that the neo-functionalism lack the correspondence between its

theory and of integration and the reality of it, it was generally believed that the neofunctionalists had much to offer to the theoretical needs of the European integration with its supranational features.

The fall of the Berlin wall in 1989, in one way or another, marks the end of the predominant form of the national state in which citizenship and protective policies were the main criterion of shared prosperity. As Eric Hobsbawm (1996) depicts, "the short twentieth century" running from 1914 to 1991, was based upon the rise of nation-state as the dominant form of public authority and of class as the dominant form of political and social organization (Tilly, 1997-4). Nation state identities tended to be stable rather than subject to frequent change. However, this does not mean that they are completely stable (Marcussen, Risse, 1999; 616). They may vary over time depending on the specific context. The collapse of the Soviet Union and the reunion of East and West European countries in 1989-1991, along with the conclusion of the cold war mark a new positioning of the post-war order, rather than the end of the post-war order.

The new world order created its own dynamics and terminology to reorder and define the new system. Globalization, Clash of the civilizations, Europeanization and such are some of the ones that have made their way right into the new structure. In the post-war order, the new structure, along with economic and social developments, created new non-state actors such as international companies with regional branches, business companies and international labor unions to challenge and transform the monopoly of the state as the policy making authority. The capacity of the IMF to engage third world

countries to adopt new and more stringent domestic policies is an example of this.

## **2.1. Integration Process**

I'm the left eye, you're the right  
Would it not be madness to fight?  
We come one

Faithless, we come 1, 2002 single

Apparently, European integration did not begin with the Treaty of Rome. Historically the idea of European Integration goes back to the late Middle Ages and the early Renaissance. Due to the continuous wars and conflicts among European peoples, a number of political thinkers and philosophers such as Machiavelli, Hobbes and Locke were searching for some political model to bring about order and stability in Europe. At the same time the notion of the nation-state which, was facilitated by the rise of nationalism in the mid-nineteenth century, along with the Napoleonic Wars, contributed to the idea of European Union. By the end of the World War II two goals became clear: the need for a united Europe and the creation of basic institutions and methods by which union could be possible (Moschonas, 1).

The impact of the World War II on the European nations was enormous. It was not until 1948 that most of the European countries were able to approach the pre-war levels of output and income (Moschonas, 9). The economic destruction had socio-political consequences; in every European country the working classes as well as the fractions of the property owning classes became discontented with the existing socio-economic and political institutions and thus more receptive to new ideas promising major or even radical

transformations. As Claus Offe suggested 'while capitalism cannot coexist with, neither can it exist without, the welfare state' (Jessop, 2002; 275). Not surprisingly, Britain began its recovery program with a labor government committed to nationalizations and socioeconomic planning; France and Italy could not function without the Left's consent (Moschonas-10).

The most dramatic change was the division of the European continent into two parts. Europe thus became "...not only bicentric, but bicentric with one centre in Washington and one in Moscow: in other words with centers located outside itself." (Moschonas, 10). The Soviet presence in Eastern Europe was perceived by the Western governments as a real threat to the survival of the Western world. This perception, whether real or not, escalated the tension and clenched the need for the reconstruction and reorganization of the West. The objective was to unite the West under the American leadership, in order to "contain" the expansion of communism. Truman Doctrine announced on March 12, 1947, promised "to support free peoples" who were resisting to 'outside pressures', while the Marshall Plan, announced on June 5, 1947 was intended to promote a working economy with suitable political and social conditions in the world so that free institutions could exist. Marshall's plan on globalization of the economy was dependent on the recovery and growth of the European economies mainly because surpluses of goods and capital stuck in the domestic market causing a post war recession in 1945-46, followed by a substantial decline in the industrial production and expected rise in the unemployment, and a second recession in 1948-49. Under these conditions, US thought that Europeans with no balance of payment problems sponsored by

American capital would provide profitable markets for US goods (Moschonas, 11).

The capitalist oriented nature of the Marshall Plan kept the Soviet Union unwilling to participate in the plan. Disagreements emerged over the use of the assistance that was given to the European economies and the Soviet Union blocked the Eastern countries to participate in the plan, whereas the Western capitalist countries came together and formed in 1948 the so called Organization for European Economic Cooperation (OEEC). OEEC reflected the postwar mood in supporting greater state intervention into the economy. Britain with a more productive economy was in favor of global liberalization, while continental countries preferred regionalism. OEEC was organized as an intergovernmental body, which is under the control of a ministerial council operating on a unanimity basis just like the British wanted it to be while the continental countries were in favor of some form of supranationalism. For instance, the first postwar elections in France and Italy indicated the voters' willingness to strengthen the position of the left in an attempt to facilitate social transformations. However in May 1947, two months after the announcement of the Truman Doctrine, the Left was removed from government, partly in France and totally in Italy, for the sake of the 'European Solidarity'. This would create a power vacuum and thus increase the necessity for the adoption of authoritarian measures at home to nourish the sense of solidarity. According to Moschonas, this case seems to suggest that the European orientation of the capitalist class of the European countries did reflect domestic realities and pressures. On the other hand, British dilemma was obvious, while a minimum European cooperation was acceptable and necessary for the functioning of the new

international system, a real European Union was not desirable, for a future continental union was perceived to be detrimental to the British interests (Moschonas; 15). The Hague Congress, held in 1948, called the European federalists for the creation of an economic and political union in order to assure security and social progress. The creation of the Council of Europe in 1949 along with the British logic that favored intergovernmentalism convinced the Europeans of the continent that political union was to be established without Britain. "European Community" was established by the Treaty of Rome signed on March 25, 1957, though there was little consensus among the nature of the entity. Discussions on federalism or functionalism did not question the feasibility of the project (Moschonas-15).

The process of European integration has passed through distinctive stages. The first was the period of the institutional establishment of the so-called European Communities. Monnet-Schuman proposal for the formation of the European Coal and Steel Community-1952 (ECSC) was the predecessor of the European Economic Community (EEC) which was established in 1958 together with the European Atomic Energy Community (Euratom). All three were originally composed of six member states: Belgium, France, the Federal Republic of Germany, Italy, Luxemburg and the Netherlands. This period, which continued throughout the 1960s, was marked by two basic developments: the initial formation of and operation of the Common Agricultural Policy (CAP), and the implementation of the common market clauses of the founding treaties centered on the so called negative integration, implying the removal of the traditional barriers to trade among the member states specified in the treaty. In 1973 three new member states: Denmark, Ireland and the United Kingdom joined the club. The following years of Euroscepticism

brought a debate on the form of the political union which was exemplified by the Tindemans Report; entitled "European Union" (1976) resulted in the agreement on direct elections for the European Parliament, initially held in 1979. The second enlargement, known as the Mediterranean enlargement, resulted in the accession of three new members: Greece (1981), Portugal (1986) and Spain (1986). The member states concluded the Single European Act (SEA) in 1986, a major revision of the Treaty of Rome and made their way towards the single market program and the agreement on the 'European Union' in Maastricht in 1992. On January 1, 1995 four new members accessed: Austria, Finland, Norway and Sweden (Norwegian voters rejected membership in a referendum) (Moschonas, Kourvetaris; 2).

### **2.1.1. Economic Integration**

Moschonas argues that European Integration is actually a historical process which stems from the expansionist logic of capitalism and this tendency for capitalism to expand undermines the traditional role of the state, thereby reinforcing a form of institutional organization at the supranational level (Moschonas-3). However, state intervention is one of the essentials of the capitalist production and market relations for commodities must be produced before they can be distributed via the market and/or political action. In the European context, European Economic Space is being organized as the appropriate macroeconomic framework for EU intervention (Jessop, 2002; 43). Even if the redistributive policies are becoming more important, they are still of modest size and are limited to certain sectors such as agriculture and social policy (Mény, 1996; 3). For European member states Europeanization represents an even stronger force for change than globalization. As a set of economic



pressures, Europeanization has acted both as a channel for global forces and as a shield against them, opening member states to international competition in the capital and product markets at the same time as they protect them through monetary integration and the single market.

When the economic integration is looked upon, as the intra-European trade in goods and services are rising, the intra-European movements of labour have stagnated at a low level-between 1 and 2 percent of the total labour force. In addition to this, according to Hobsbawm (1997; 274), there is little sign of integration of European capitals and Europe has at best functioned as a common market for its own goods and services. Thus the so called Europeanization of the intra-market is real when intra-trade is concerned but the goods of the third parties are not equally welcomed to the 'liberal' Union nor are their labour force. Hobsbawm also believed that although the European Union has become an accepted part of life for most inhabitants of the member states, there is still no positive "European consciousness", nor one is likely to develop. Politically he believes the nation-state remains the basic reference unit. In terms of private consumption, buyers hardly distinguish on "European" grounds between for example cars made in Europe by European firms like Renault or BMW and those made in Europe by non-Europeans like Ford or Nissan, or those directly imported from Korea or Japan (1997; 75). Depending on Hobsbawm's views, it is hard to speak of some kind of Europeanization of the consumer tastes either.

Two projects in particular have been at the centre stage of the emerging European polity since the 1980s. The neo-liberal project attempts to insulate markets from political interference by combining

European-wide market integration with minimal European regulation. The neo-liberal project rejects democratic institutions at the European level capable of regulating the market, but seeks instead to generate the competition among national governments in providing regulatory climates that mobile factors of production find attractive. The project for regulated capitalism on the other hand proposes a variety of market supporting legislation to create a social democratic dimension to European governance. This project attempts to deepen the European Union and increases its capacity for regulation, upgrading the European Parliament, promoting the mobilization of particular social groups, and reforming institutions to make legislation easier.

## **2.2. Power of the State under Challenge?**

What is the nature of the state? Marxist tradition reveals the coercive and class based nature of the state. Marx insisted that the very existence of the state was the consequence of a society which was divided by social class. In a future society that had ceased to be based upon class, the state as a separate social sphere could be expected to 'wither away'. In Communist Manifesto, he claims that 'the executive of the modern state is a committee for managing the common affairs of the bourgeoisie' (Pierson, 2000, 9). For Marx, capitalism was a social and economic system in which the wealth of the capital owning bourgeoisie was derived from the exploited labor power of a working class of proletarians who doesn't own any property. Class struggle was inevitable in such a society, and the state with its armed forces to ensure the interests of the exploiting minority, the capitalist class. On the other hand, in Engels' words, the state was a 'power, arisen out of society but placing itself above it' (Pierson, 75). To Weber the state is "a human community that

(successfully) claims the monopoly of the legitimate use of physical force within a given territory". Max Weber's famous distinction defines state as a political institution and an organizational form, and nation as a cultural community and an idea. This definition only applies to the nation-state form of the state in which it is the ultimate sovereign.

The nation-state as the source of meaning was differentiated from time to time. Whilst initially embodying a hierarchical system of governance, over time, this became democratized. The modern state is often characterized in terms of its claim to a legitimate monopoly of organized coercion in a given territorial area, its other distinctive state capacities (for example, the ability to raise taxes or the right to make decisions that are collectively binding on individuals) , or its distinctive political logic, rationality or governmentality (Jessop, 1997; 37). As a community the nation is marked not by a sense of hierarchy, but by a sense of solidarity among those who are part of it. As Benedict Anderson has noted: "regardless of the actual inequality and exploitation that may prevail in each, the nation is always conceived as a deep, horizontal comradeship" (Fossum, 2001; 5). 1933 Montevideo Convention defines states as political units with four characteristics:

- (a) a permanent population
- (b) a defined territory
- (c) a government and
- (d) a capacity to enter relations with other states

A population, territory, government and foreign relations authority may be prerequisites to the persistence of the states, but these are static attributes and not core phenomena subject to

variation. Giving this definition and opinion, Rosenau claims that the ambiguity of the state concept tends to discourage formulations in which the state is seen as a variable, as a consequence of antecedent internal or external variables or as source of subsequent internal or external variables. The state in other words, remains fixed even as it may be a site or agent of change (Rosenau, 1989: 30). Today, nation state is challenged by major transformations. Since the 1960s there has been intense debate in European political science about the problems confronting the nation state. In the early days, the debate was heavily on the inability of West European states to ensure their own defense and the future of the nation state. Regarding the territoriality for example Tilly records that 'the Europe of 1500 included some five hundred more or less independent units, the Europe of 1900 about twenty-five' (Pierson, 2000: 13). In fact we do not have to go that further. The most recent and striking examples are Germany and Czechoslovakia; The former founded less than a hundred years ago, was split into two states for nearly half of that time and reunified only in 1991, while the latter has split into two, the Czech Republic and Slovakia two years later in 1993. Now the newly weds and the ex-couples are under the same roof, the European Union. Thus it can be argued that the development of the EU in terms of change is a mirror image of that of the development of the modern nation state.

But to what extent the nation state elements have become European? The core elements of 'state-centered republicanism' in France, 'parliamentary democracy and external sovereignty' in Great Britain, and 'federalism, democracy and social market economy' in Germany are legitimately being replaced by new ideas. Dominant discourses of the three countries during the 1990s are: the liberal

nationalist identity and the modern Western idea of Europe as a liberal democracy. However, both concepts come in distinct national forms and implementations (Marcussen, 1999).

Throughout the history, "Europe", as the word has not been a merely geographical description, has referred to a plurality of separate states lacking any common institutional coordination specifically designed for this continent. Heterogeneity of the Continent is perhaps its principal historic characteristic. According to Hobsbawm, (1996; 269) "Europe", was envisaged as some sort of unity, when a European state conquered or subordinated its neighbours and hoped to establish a permanent hegemony or domination over the continent. Examples are France under Napoleon and Germany under Hitler in which "Europe" was a wartime slogan, directed against their enemy states beyond -usually Great Britain and Russia- and it disappeared from sight after their defeat. Eventually, when the European Community was found in 1959 as a customs union, many people believed that increasing trade among countries would lead to a United States of Europe within a few decades. The literature on economic integration strengthened this belief by arguing that industrialization has an almost inevitable tendency to create larger markets that are beyond national boundaries. By the 1980s it was clear that this goal was far from being achieved (Strikwerda 1997; 60). Gary Marks define the Union 'as a set of institutions performing basic functions of governance' (1997; 24), and the whole integration story is not a failure if one does not expect a United States of Europe.

To formulate policies and instruments to penetrate more deeply into the socio-political systems of its member-states is an EU initiative

in nature. The adoption of the Single European Act (SEA) with all its institutional innovations, is a good example of a measure directly impacting on national political systems, drawing even further distinction between the meaning of 'national' and the 'European'. From 1985 on, the Europeanization logic began to change the whole socio-economic system of the member states. If the increase in regulatory policies of Brussels is regarded, the Single Act has taken up the principle of jurisprudence adopted by the Court of Justice in the famous 'Cassis de Dijon' case-the principle that any product circulating freely in one of the producing states must be accepted in all member states. By sweeping away the protectionist regulations once and for all, the Court of Justice shifted the burden of regulation at the community level. The autonomy given back to each national system (each may regulate as it wishes, provided that its rules are not in conflict with the principles and regulations of the Community, and provided that products and services are able to circulate freely) has created such problems for economic agents that they have become the most pro-active lobbyists for European regulation, thereby seeking to remove the uncertainties of fragmented markets or discordant national regulations (Mény, 1996; 4). Europeanization here is regarded as a process, redefining the role, size, functions and the morphology of the state (Ladrech, 1994).

In some entities this redefinition is less problematic whereas in some, it creates tension and conflict due to the historical and political culture as well as the over centralized structure of the state entity. In some cases the 'resistance' of the state to this redefinition constitutes a major source of friction because it can not resist to the pressures from the interest groups or political actors and elites from time to time. On the other hand when it comes to decision-making, the

implementation of the Treaty of Rome initiated a 'specific Community method', recognizable by its basic principal components: the Council of Ministers' power of decision making, and the consultation procedure of the Parliament. After the implementation of the SEA in 1987 and the preparations for the single market this method triumphed, strengthening the use of qualified majority voting within the Council and then conferring the power of amendment to the Parliament. This was so successful at that time that there was no other example of system of networks functioning the way this method functioned. However by reinforcing intergovernmental procedures and provoking a Euroscepticism that has denounced its technocratic nature, the Maastricht Treaty has destroyed the credibility of this method (Meny, 1996; 19). There has always been, as Strikwerda makes clear (Tilly, 1997; 55), significant domestic support for European integration and trans-border mobility. Borders were always accommodated to frontiers with surprising fluidity. Workers, like goods and capital, have moved across national borders looking for opportunity, except when prevented by the states from doing so. Hence, popular support for the Single European Act, which anticipated the creation of a unified European economic 'space', has been significant, while the objective of a political union shaped by Maastricht Treaty has been widely unpopular (Tilly, 17). The difficulties that the national governments experienced in ratifying the Maastricht Treaty made them realize that this particular phase of the European integration was a marketing disaster. Europe's political elite had moved too far and too fast for the peoples of Europe (Mény, 1996, 2). When the Social Protocol was attached to the Maastricht Treaty, which became part of the constitutional framework for European integration, it was presented as a "Bill of Social Rights" for an integrated European labor market

(Tilly, 11). After years of Euroscepticism and the boom of the Maastricht treaty, the Member States' responses to the impact of European processes and institutions involved more than autonomy and authority of them. If intergovernmentalist approaches (Milward) were correct in assuming that Member State governments controlled European integration while supranational institutions themselves exercised little independent effect, the power of the member states would not be challenged. Rather, European integration should enhance the control of national governments over domestic affairs since it removed issues from domestic controversy into the arena of executive control at the European level (e.g.: environment).

### **2.3. Multi-Level Rescue of the Nation States**

Following Tilly (1997), the European Union can be cited as a fundamental revolt against the national principle in the name of wider (European) civilization loyalties. However, others argue that the rise of the European Union can be explained instead as a new strategy by national elites to maximize their sovereignty in the midst of globalization. Moreover, some see the European Union as hybridization between national and regional loyalties, the start of a process of replacement of the national by the European. The European Union (EU) can be seen as the latest in a series of attempts to politically unite Europe as an instrument of national ambitions. In the modern period, France and Germany, each attempted to establish a European power bloc as a global actor against imperial competitors. What are distinctive about the current project are the alliance of the former enemies, France and Germany, and the voluntary agreement of other European nation states to pool their sovereignty in a supranational institution as an expression of a general revulsion



against the national rivalries that nearly destroyed Europe. Still, EU politics can be explained by national motives. In most cases, support for the EU arose from a particular conception of national interest. For all the member states, participation in the EU gives them status as joint decision makers on the world stage, which is particularly compelling for small countries to which the Presidency periodically rotates.

EU politics are also driven by the national interests of the larger states, notably France and Germany. Strengthening the European Union arose from the French desire to constrain a re-united Germany within a "European" set of economic institutions and German willingness to offer up its economic autonomy in return for admission of the former communist states, which helped stabilize its eastern borders and extend its influence. Nonetheless, the EU has a supranational as well as intergovernmental character, and its range of regulatory functions is steadily increasing. This suggests a Europe wide federation may arise as an indirect effect of the competitive goals and fears of European nation states; just as the nations of Europe themselves arose in part as an unintended consequence of competition between royal dynasties (Hutchinson, 2003; 8).

As Hobsbawm depicts nation states are still and seems to be the major actors in the European Union (Tilly, 275). However the impact of the integration process on these sensitive bodies, especially by the completion of the internal market and insertion of the institutional reforms of SEA and the Maastricht treaty was enormous. These institutional reforms have led to a single but diverse polity—a system of multilevel governance that encompasses a variety of authoritative institutions at supranational, national and sub national levels of

decision making (Hooge&Marks, 2001-70). The multilevel governance model discards the monopoly of the state executives in the decision making process rather they observe that interactive processes of the European Union, for example the decision making process are shared by these actors at different levels. They argue that the focus of political control has changed and state executives are not the only actors in the political and economic arena. Sub-national actors may well be in contact with the actors at the European level such as the European Court of Justice and European Commission by-passing the state at some degree (Marks in Tilly, 1997). Marks argue (1999) that sub-national and supranational actors participate alongside national governments in EU policy making. He defines European integration as an experiment in creating a polity among extraordinarily diverse politics.

Inevitably domestic patterns of conflict are projected into the EU. But at the same time, European integration has the capacity to influence these conflicts within each and every state. As the scope of the authoritative decisions are rising, and as domestic groups and actors mobilize to affect those decisions, European integration has motives to feature the domestic contentions and vice versa (Marks-77). Up to 1980s EU decision making was a contested but still an elitist affair, dominated by a few national and supranational leaders. This has changed decisively from the mid 1980s as diverse groups have mobilized directly at the European level and as national leaders sought to legitimize the process through parliamentary debates and referendums (Marks-72). We see that the integration process is not a one way street, rather there are two sides both passing each other by and sometimes colliding with one another. Moravcsik (1994) argues that the effect of membership of the EU is to strengthen national

executives in comparison with other domestic actors. We will discuss this argument in the section of the Political Parties but the conclusion of the critique is that other actors than the central executive can benefit from Europeanization, and that the impact of pressures from the EU can produce unintended consequences.

#### **2.4. The Impact of Emerging Europeanization**

The issue raised is what Europeanization is, the limits it depicts, and whether the term can be useful for understanding the dynamics of the evolving European polity. That is, how it eventually may help us give better accounts of the emergence, development and impacts of a European, institutionally-ordered system of governance. Institutions and identities are relatively stable elements of political life. Within the Westphalian political order, for example, 'territory' and 'citizenship' have been two basic principles of political organization, and identification in Europe. Today as the EU expands its boundaries through enlargement, Europeanization takes place in the development of institutions of governance at the European level. This signifies centre building with a collective action capacity, providing some degree of political coordination and coherence. Europeanization as political unification and strengthening, involves institutional mutual adaptation. Kourvetaris argues that while economic and to some extent political integration has been the major focus of European Union, cultural and ethnic issues such as assimilation, language, nationalism and similar ideas have not been resolved by most of the Europeans. While most Europeans share certain values, they identify themselves first as members of distinct nationalities and second as Europeans.

Europeanization is a process in which, the impact of deep-rooted identity constructions relating to 'Europe' and of ideas about European political order are embedded but, social identities are unlikely to change frequently. Individuals cannot constantly adjust themselves to the complex and often contradictory signals from the social world around them, as a result of which these perceived signals are integrated into existing intellectual infrastructure and stereotypes or simply rejected outright if they seem to be contrasting/contending with existing world views. Nation state identities therefore tend to be sticky rather than subject to frequent change. However, this does not mean that they are completely stable. They do indeed vary over time according to the following logic: There is always some leeway for the purposive attempt of political actors to alter existing ideational frameworks and boundary definitions, but it is particularly during critical junctures that the likelihood of the success of such attempts is greatest. Critical junctures are defined as perceived crisis situations occurring from complete policy failures, but also triggered by external events. Nation state identities are likely to be challenged under such circumstances (Olsen 1996: 252-3). Empirical examples are the catastrophe of the Second World War and the Nazi regime for German nation state identity, or the end of the Cold War for the French nation state identity. Élités start promoting new ideas about political order and about nation state identity when the old concepts are commonly perceived as irrelevant or as having failed. (Marcussen, 617). To be conceptual, for the French nation state identity the Second World War and the German Occupation served as traumatic experiences and as 'critical junctures' so that French nation state identity became deeply problematic. Many controversies were raised on how to deal with Germany as the most significant 'other' for the French at the time.

When France realized that her policy of keeping Germany weak and totally divided was getting little support from her allies, she then decided to exercise some kind of control over Germany by incorporating it into European institutions vested with supranational powers and properly controlled by France herself (Moschonas-13).

#### **2.4.1. Uploading National Policies to European Arrangements**

Europeanization has had a profound impact upon the public policy functions of the member states. However, the impact has not been uniform. Member states have lost much of the scope for independent action in some areas, such as monetary policy or trade. An effective strategy of maximizing the benefits and minimizing the costs of European policies is to 'up-load' national policies to the European level and shape EU policies accordingly. First, shaping EU policies reduces the need for legal and administrative adaptation in taking or 'down-loading' EU policies that is, incorporating them into national policy structures. The more a European policy fits the domestic context, the lower the costs of adaptation in the implementation process. Second, shaping EU policies prevents competitive disadvantages for domestic industry. While high-regulating Member States seek to impose their strict standards on low-regulating countries, the latter oppose any attempts of European harmonization that may increase their production costs.

Finally, shaping and taking EU policies may enable national governments to address problems, which preoccupy their constituencies but cannot be effectively dealt with at the domestic level anymore due to powerful domestic opposition or because of the cross border dimension (e.g. organized crime, environmental

pollution, immigration). Member States share a general incentive to shape EU policies according to their domestic policy arrangements. They pursue, however, diverging policy preferences and differ significantly with respect to their capacity to shape and take EU policies (Börzel, 2003; 4). Vivien Schmidt (2002) exemplifies the motives of some member states. The French for example, saw European integration as a source of Grandeur from US domination as much as a shield against globalization. The British by contrast, have feared more the challenges to governmental autonomy from European supranational authority –Westphalian sovereignty- than the challenges to governmental control over national economic activity from globalization –interdependence sovereignty-. While being largely supportive for European market integration, monetary integration has been perceived as a threat to national sovereignty and a leeway to globalization. Germany unlike France or Britain, has generally presented both globalisation and Europeanization in positive terms in the discourse. The Germans were happy to use European integration as a political cover for the country's rising economic power, global as much as European, while 'being European' was a way of avoiding the problematic national identity of 'being German' after the Second World War. Finally, Italy and Greece were looking for the rescue of the nation state, with European integration seen as assuring modernization and normalization in both economic and institutional terms and representing a promise of greater governmental autonomy and control rather than any threat to it (Schmidt, 2002; 44).

#### **2.4.2. Characteristics of European Integration**

Membership of the EU enforces national policy makers to formulate national positions and interests with a view to negotiations

with 'others'. Thus, Europeanization and nationalisation can be seen as two sides of the same coin. This double edged challenge can also be interpreted as a paradox of being a member state in the EU. In one way or another European integration brings about the countervailing forces. Moreover, the dynamic of European integration is not an objective process apart from the political projects of the participants. Because it is the project of creative political actors, the EU is an innovative and unpredictable project (Tilly, 1997; 38). Hobsbawm (1996; 578) argues that, institutions, politics and the economic and social change that are occurring, push European integration into unpredicted directions. The judgements of the European court for example, both shape and set the balance between European and national law that is the nature of the principle of subsidiarity determines which activities should be left within the scope of nation states, and which should be undertaken by the European Union. But the implementation of the law to the domestic systems is up to the member states. This means that it is not right to define a unique way of Europeanization of the law systems in the member states. Also, recent changes in the world economy require reinterpretations of European Union's function of strengthening and protecting the global economic competitiveness of a regional bloc against rivals, as well as preventing the freedom of movement of persons into Europe despite the four basic principles of the European Community; freedom of movement for goods, persons, services and capital. So it is not possible to speak of Europeanization of the labour force in Europe either.

## **CHAPTER 3**

### **DOMESTIC IMPACTS OF EU LEVEL INSTITUTIONS**

What is the degree to which development of institutions at the European level creates Europeanization in the form of changing domestic institutions? According to Moravcsik (1994) European level arrangements have been seen as strengthening the territorial state and the state-based order and as creating more national governments rather than less (Milward 1992). They have also been seen as affecting negatively the substantive problem-solving capacity of the state and reducing the role of democratic politics in society (Scharpf 1999). Furthermore, they have been seen as transforming, rather than strengthening or weakening the territorial state or the state system (Kohler-Koch 1999).

Researchers of government and administrative institutions observe a significant shift of domestic attention, resources and personnel to European-level institutions and their decision-making processes. There is also some convergence in patterns of attention, behaviour and policy. Yet, a main observation is that there has been no revolutionary change in any of the national systems and no significant convergence towards a common institutional model, homogenizing the domestic structures of the European states. No new harmonized and unified model of dealing with Union matters has emerged. EU arrangements are compatible with the maintenance of



distinct national institutional arrangements and there is even reconfirmation and restoration of established national structures and practices. In sum, structural diversity persists among the core domestic structures of governance in spite of increasing contact and competition between national models. Olsen argues that established national patterns are resistant but also flexible enough to cope with changes at the European level (Olsen-24).

### **3.1. European Penetration into Domestic Systems**

While European developments have been presented as an important reason for administrative reforms and as creating a need for improved domestic coordination, governments and administrative systems have differentially adapted to European pressures on their own terms. At this point the idea that political, economical and social systems of the European level penetrated the national systems and the vice versa is defined as a process, namely 'Europeanization'. Europeanization is a term that has become increasingly used to describe a process of transformation as the European Union, challenge in a way and transform the state, the most important agent of political authority as well as loyalty over the last 200 years. Especially by the 1980s researchers in the field of the European polity and decision making arena has attempted to diagnose the complex processes by a new terminology. Necessity may be questioned; also it is hard to reject the term totally as the numbers of studies around the concept are simultaneously rising.

Börzel for example, when examining EU environmental policy-making, defines Europeanization as a two way process, which involves the evolution of European institutions that impact on political

structures and processes of the member states and entails a 'bottom up' and 'top down' dimension. She links this description by focusing on the role of the member state governments in the ascending and descending stage of the European policy process. Börzel links the two dimensions of Europeanization by focusing on the ways in which member state governments both shape European policy outcomes and adopt them. Member states have an incentive to 'up-load' their policies to the European level to minimize the costs in 'down-loading' them at the domestic level but they differ in their policy preferences and their action capacities. Accordingly, member states have pursued different strategies in responding to Europeanization (Börzel: 2001). On the other hand the same process is depicted on a different literature without the terminology,

Marks explains the issue with a different view, as the scope and depth of integration have increased and as the stakes of European decisions have correspondingly been raised, an ever wider variety of groups has been drawn into the EU. Marks draws the attention to the groups that are now participating in Brussels including private corporations, sectoral, national and transnational associations, and public interest groups, regional and local governments- in short, a range of interest groups without parallel in any European capital. He suggests that such mobilization has created new linkages between European political actors and domestic or transnational constituencies and it has intensified political pressures on elites to regulate economic activity and provide benefits to strategic constituencies (Marks, 1999; 74). He may be defining some type of Europeanization process occurring between the interest groups and the elites at the national level and their relations with the European political actors. Here we can observe that there is a literature that does not use the

term and another aspect using the term to create some kind of terminology to cover the process. What drives the latter in such a quest?

There is a rich literature on the impact of Europeanization on the state bodies, social services, environmental policies, political parties and so on. This intensive effort to conceptualize the transformation process through which the nation state is evolving has been subject to the various studies. Until recent times, the literature was mainly concerned with how to conceptualize and explain the effect of Member States on processes and outcomes of the European integration. By the 1990s, researchers on European integration became increasingly interested in how the Member States responded to the impact of European processes and institutions. European integration is an experiment in creating a polity among extraordinarily diverse publics. Domestic patterns of conflict, in particular, the left-right cleavage, are projected into the EU. But at the same time, European integration has come to influence conflict within individual countries. As more authoritative decisions are made in the EU, and as domestic groups mobilize to affect those decisions, so European integration has come to feature in domestic contention among -and within- political parties (Hooge, Marks, 1999; 78).

### **3.2. Evidences/Elements of Europeanization**

National governments are the key actors in negotiating treaties, but since the chaotic greeting of the Maastricht treaty in 1993, they have had to compete with domestic actors. In Britain for example, opposition and some members of the parliament almost overturned the treaty in the House of Commons. Ironically, just at the same time

some observers were claiming that treaty making was strengthening national governments at the expense of parliaments but the events in the United Kingdom was just the opposite. Conservative government was held to payoff by a split developed within the party on the issue of European integration that fatally weakened the government during the remaining time of its term and in the subsequent general election held in 1997. In Germany on the other hand, ratification of the Maastricht treaty mobilized German regional governments who tried to block the Treaty in the Constitutional Court. In France, ratification was fought out in a referendum in September 1992, and the result was hardly a victory, 51 percent in favor, 49 percent opposed. In each of these countries, public opinion was mobilized to place national governments in a defensive position. Tension was a predictable outcome. The British conservative party is deeply divided on the question of European monetary integration. In France, the Gaullist party split into two independent factions in the European election of 1999. In Germany cracks were visible in the Christian Democratic Party, and between the Christian Democrats and their Bavarian sister party, the Christian Social Union (Hooge and Marks, 2001-7).

### **3.2.1. The Political Parties**

So while it's true that national governments have a formal monopoly in making treaties, it is not clear that treaty making or the process of European integration in general, has strengthened national governments against parliaments, regional governments or public opinion. Moreover the control of national governments over EU policies and institutions is not quite determined. National governments National governments no longer monopolize EU decision making, partly because the European Parliament has become a co-

legislator over much EU policy; increased public scrutiny of EU decision making increases the weight of public opinion on government policy; and national governments have limited control over supranational agents such as the European Commission and the European Court of Justice. Each of these dynamics is subject to further study topics. Among them the position of political parties regarding the European integration will be examined using Europeanization as a tool or unit of analysis.

European integration has emerged as a major issue for national political parties. The shift of authority that has taken place from the mid 1980s on amounts to a constitutional revolution in European politics. National parties now exist in a multi-level polity in which decisions about further European integration affect virtually all of their established economic and political concerns. Europeanization has made its way into the jargon of the *acquis academique* of European Integration. There is a rich and up to date literature on the different impacts of the issue. Attention should be drawn to an article by Robert Ladrech (1994), cited by most of the researchers in their analysis on Europeanization. Analysing the Europeanization of domestic politics and institutions in the case of France, he defines Europeanization as 'an incremental process reorienting the direction and shape of politics to the degree that EC political and economic dynamics become part of the organisational logic of national politics and policy-making'. The definition offered by Ladrech departs from other scholars picking up the term Europeanization. They all tend to stress the distinct characteristics of Europeanization as a process. Such processes refer to networks of transaction, communication and organization across state borders. For example Johan Olsen (1996; 261) provides a process-based definition of Europeanization as

homogenization and standardization, that is, convergence across European boundaries, or processes that “signify reduced variance in patterns of thinking, behavior and organization.” Ladrech also points out that Europeanization is different from terms such as internationalisation and globalisation because of the geographic delimitation it depicts (Johansson, 1999; 2). Ladrech (1994; 71) has proposed a broad enough definition to include both governmental and non-governmental actors, such as the political parties, organised interest groups, governmental units and administrative agencies.

In another study, ‘Europeanization of the Political Parties’ he claims that a rigorous definition of the concept of Europeanization does present an opportunity to systematically analyze political parties as organizations responding to the effects of European Integration upon their primary operating arena, the national political system. Thus we will pay more attention to this case as an illustrative example. He claims that political parties have been affected by European integration, as a result of the Europeanization of domestic politics and policy making. Ladrech formulates this change under five headings: 1) policy change 2) organizational change 3) change in the patterns of party competition 4) change in party-government relations 5) relations beyond the national party system. He concludes that there are limits to the response by national parties to the impact of Europeanization on national politics and policy making. Finances, electoral considerations, relations with government, opposition status, are all based upon national considerations (Ladrech, 2001).

The first three points will be elaborated for better understanding of the impact of Europeanization over an important domestic agent. Ladrech claims that, national political parties, unluckily and unlike the

government bureaucracies, individual politicians, and interest groups, do not have the opportunity to develop privileged relations with authoritative EU actors while interest groups may independently approach other similar organizations in other EU member states in order to create European level associations. Government agencies and bureaucracies come into contact with EU institutions, or national government politicians may come to develop personal relations with their counterparts in other EU member states. Political parties, he assumes, have the incentive and motivation to 'come to terms' with the changes in their environment as it impacts their fortunes, but they are constrained in a number of ways. Explicit rules in fact forbid a transfer of EU funds to national parties: 'The funding for political parties at European level provided out of the Community budget may not be used to fund, either directly or indirectly, political parties at national level' (Article 191 amendment in Treaty of Nice).

### **3.2.2. Policy Change**

He observes that, one of the most explicit types of evidence of Europeanization is the change made in party programs and references to the EU as an additional factor in the pursuit of policies traditionally considered domestic, such as employment, immigration and asylum, etc., has developed. Additionally, references to co-operation with transnational organizations such as transnational party federations, and European level institutions such as the European Parliament, may be made more explicit. Overall, policy and programmatic references to the role of the EU as a factor in domestic policy pursuits will become more sophisticated over time, as recognition of the impact of the EU becomes clearer.

Example: In the French Socialist Party (PS), the appearance of specific recommendations for the direction of EU policy, e.g. in public services, as well as mentions of the need to strengthen the transnational party federation, the Party of European Socialists, have appeared more regularly since the late 1990's (Ladrech, 2001; 6).

### **3.2.3. Organizational Change**

He assumes that internal party rules and statutes regarding the role and influence of the delegation to the European Parliament in party congresses and leadership bodies may reflect the greater profile of European policy, and the leadership's need to manage it more closely. Organizational links with actors outside of the national territory, as with transnational party federations may also stimulate organizational innovation.

Example: Many parties, for instance the British Labor Party, have included the leader of their national delegation to the EP on party leadership bodies, e.g. the National Executive Committee. Increased liaison between national party and EP delegation has also taken place. Some parties, such as the Dutch Labor Party (PVDA), have gone so far as to elect their delegates to the biennial congress of the Party of European Socialists, thus perhaps unintentionally, causing party management problems for the national party leadership. In Belgium, the EP delegation has full voting rights at Socialist party congresses (Ladrech, 2001; 7)

### **3.2.4. Patterns of Party Competition**

Ladrech believes that to the extent the EU itself becomes politicized in a national political system; new voters may be targeted



in an opportunistic strategy, either in a pro or anti-EU position. The politicization of the EU may become a cause for new party formation. Determinants affecting strategies by parties on the 'EU issue' will be, patterns of competition incorporating the number of parties in a national party system such as the presence of a strongly pro- or anti-EU party, whether such a party strategy will cause internal disequilibrium, etc.

Examples: British politics provides two examples of party strategy emphasizing European policy, one pro, Labor, one anti, Conservative. Although background factors accounting for a new direction regarding the party stance vis-à-vis the EU may be different -policy evolution in the case of Labor, factionalism in the Conservatives- each leadership has sought to incorporate its position on the EU as a means of attracting and/or stabilizing its voter base. In France, a new party, the RPF, formed by defectors from the Gaullist party (RPR) at the time of the 1999 European Parliament elections, fills the political space for a nationalist mainstream conservative party abandoned by the policy evolution of RPR party leaders during the 1990's, especially the European policy pursued by President Chirac (RPR) (Ladrech, 2001; 8)

As a conclusion he claims that organizationally, there are limits to the response by national parties to the impact of the European Union on national politics and policy-making. Finances, electoral considerations, relations with government, opposition status, all are based upon national considerations. The increased relevance of the EU upon domestic policies definitely impacts parties, since strictly speaking the EU is involved in so many policy areas. This emphasizes not only the need for co-ordination between party, government and

European Parliament delegation, but also transnationally between the parties, relevant ministers, and the respective party groups in the EP.

Nevertheless, the 'deepening' of the EU is increasingly presenting parties with a governmental vocation a challenge in terms of conceptualizing government policy as purely a self-contained national exercise. Concerning the apparent growing lack of competition between parties may contribute to the overall de-politicization of national politics. So the EU matters in national party politics, although this varies across member state political systems. In another study on 'Social Democracy and the Challenge of European Union' (2000), what Ladrech diagnoses is not simply the decline of parties politically, but an erosion of their legitimacy getting worse by the impact of the EU on national policy-making. The interruption of the EU's expanding competences into areas that were once considered sacred domains of domestic policy increases decision makers' isolation from electorates and contribute to the democratic deficits that weakens the legitimacy of the EU itself. Considering that electoral democracy is an essential qualification for EU membership, its absence from the institutions of the European Community is striking. The EC was constructed top down, and outside the scope of the democratic politics of its member states. Hence it is misleading to speak of the "democratic deficit" of the European Union because it was explicitly constructed on a non democratic (i.e. non-electoral) basis (Hobsbawm, 1997; 268).

If political parties in general have seen their *raison d'être* undermined by the forces of Europeanization, it applies even more expressively to social democratic parties. As Ladrech points out that transfer of powers from the nation-state to the EU level press down

hardest on political parties that identify strongly with state action and the result is a challenge for social democracy in the 1990s to reconsider its policies and how to reposition itself for some sort of collective action at the EU level. Ladrech argues that the Party of European Socialists (PES) provided just such a vehicle in the 1990s, a vehicle that was intended not only to preserve some relevance at the national level but also to contribute to policy formation at the EU level. The PES is viewed thus as an important mechanism for party leaders, who are not compelled to adopt a particular policy, but all benefit from the environment in which they are engaged, an environment that is well beyond any Member State. The PES has become indispensable, the author argues, to its member parties by establishing new priorities and policies, and yet it is not similar to national parties in structure, organization or purpose. Assuming that parties-as-organizations respond to the changes in their environments, we should expect to witness many forms of response to the impact of the EU on domestic politics, i.e., Europeanization.

### **3.2.5. Top-Down / Bottom-Up Perspective**

Tanja Börzel differentiates the bilateral relation as the 'bottom-up' and the 'top-down' effect (Börzel-2003). The top-down literature has focused on the effect of the evolving European system of governance on the political institutions, policies, and political processes of the Member States and the 'bottom-up' perspective analysing Member State responses to the so called 'Europeanization'.

Börzel (2003) argues that for decades, research in the field of European studies adopted a 'bottom-up' perspective in analyzing Member State responses to Europeanization. The literature was

mainly concerned with how to conceptualize and explain the effect of Member States on processes and outcomes of European integration. Theoretical debates were dominated by two competing paradigms of European integration that significantly disagree on the role that Member States play at the European level (Caporaso 1989). Intergovernmentalist approaches take Member States and their governments as the principal agents driving European integration and policy-making to protect their geopolitical interests and the economic concerns of their constituencies (Moravcsik, 1998). Neofunctionalism and multi-level governance approaches, which will be discussed in the next chapters in more details, by contrast, privilege domestic interests (such as business associations, trade unions, and regions) that press for further integration to promote their economic or political interests, as well as supranational actors (particularly the European Commission and the European Court of Justice) that seek to increase the power of European institutions over the Member States (Stone Sweet 1998, 2002; Hooghe and Marks 2001, Marks, Hooghe and Blank-1996). Börzel observes that, in the 1990s, students of European integration became increasingly interested in how the Member States responded to the impact of European processes and institutions. The first 'top- down' studies focused on the consequences of European integration for the autonomy and authority of the Member States. In order to theorize the domestic impact of Europe, the explanatory logics of the two major paradigms of European integration were essentially turned around. As mentioned in the previous section, if intergovernmentalist approaches were correct in assuming that Member State government's controlled European integration while supranational institutions themselves exercised little independent effect, the power of the Member States would not be

challenged. Rather, European integration should enhance the control of national governments over domestic affairs since it removed issues from domestic controversy into the arena of executive control at the European level (Milward 1992; Moravcsik 1994). Neofunctionalist or supranationalist approaches suggested exactly the opposite, namely that European integration provided domestic actors, such as regions and interest groups, with independent channels of political access and influence at the European level enabling them to by-pass their Member States in the European policy process (Marks 1993; Marks, Hooghe, and Blank 1996, Börzel-2003).

Börzel adds that between these two competing paradigms, a third group of scholars emerged that rejected the zero-sum game conception of the relationship between the EU and its Member States, in which one level was to be empowered at the expense of the other. They argued that the different levels of government would become increasingly dependent on each other in European policy-making. As a result, European integration would neither strengthen nor weaken but transform the Member States by fostering the emergence of cooperative relationships between the state and non-state actors at the various levels of government (Kohler-Koch 1996; 1999).

In recent years, the 'top-down' literature has grown significantly to analyze the effect of the evolving European system of governance on the Member States (Marks, Hooghe and Blank 1996; Cowles, Caporaso and Risse 2001; Featherstone and Radaelli 2003). Most studies agree that Member State responses to Europeanization are differential, i.e. differ across policy sectors, institutions, and time. There is also consensus that the relationship between the EU and its Member States is not a one-way street, but how Member States

responses to Europeanization feed back into EU institutions and policy processes is another aspect of Europeanization. Börzel considers member states not merely passive takers of European demands for domestic change. They may proactively shape European policies, institutions, and processes to which they have to adapt later. Moreover, the need to adapt domestically to European pressures may have significant return effects at the European level, where Member States seek to reduce the 'misfit' between European and domestic arrangements by shaping EU decisions (Börzel 2002).

She links the bottom-up and top-down dimension in the relationship between the EU and its Member States by focusing on the role of national governments as shapers and takers of the EU policies. This does not mean to undermine the power of supranational actors, such as the European Commission, the European Parliament, and the European Court of Justice in the European policy-making. Nor do Member State governments necessarily hold the key to the access of domestic interests to the European policy arena. Nevertheless, national executives hold a key position in both the decision-making and the implementation of European policies and thus influence the way in which Member States shape European policies and institutions and adapt to them (Börzel, 2003; 3).

Thus the European policy process can be conceptualized as a 'reciprocal relationship' between political negotiations at the domestic and the European level. At the domestic level, actors pressure their national executives (elites in particular) to shape EU policies in a way that favour their interests. At the European level, the member state governments push for European policies that satisfy their electorate, while minimizing the unpleasant consequences at the domestic level.

Two-level game approaches establish a systematic relationship between domestic and European politics, with the national governments functioning as the core intermediators between the two. Furthermore, two-level game approaches provide a link between the shaping (decision-making) and the taking (implementation) stage of the European policy process. Member State governments may be the most important shapers of EU decisions. Yet, domestic actors are their main takers. Compliance problems with European policies often arise when public administrators, economic and societal actors, who are usually not involved in the decision-making process, are not willing to bear the implementation burden (Börzel 2000, Börzel 2003). They usually blame their national governments for the costs, which European policies activate on them. At the same time, Member State governments are held responsible by the Commission and the European Court of Justice, if European policies are not properly implemented and complied with. Consequently, Member State governments tend to be rather cost sensitive in the European policy process.

### **3.3. Uneven Nature of Europeanization**

This term points the fact that functional subsystems of society are Europeanized to largely different degrees and that the action capacity of politically relevant actors on the European level and with regard to European affairs differs widely. This is not a new insight but it seems to me that the consequences of this trend for political responsibility and governance both within the member states and of the EU are not yet sufficiently discussed. Institutionalisation of the single market is one of the reasons for the re-direction of the intellectual debate towards Europeanization. Although the EU is in a

sense still completing the internal market, the total volume of EU directives, regulations affecting domestic markets increased dramatically from the Single European Act (1986) onwards. The second reason refers to the initiation of Economic and Monetary Union (EMU). Not only has EMU created a euro-zone (single currency) across member states but it has intensified the degree of interdependency amongst other policies. Within the Euro-zone, the 'culture of stability' preserved in EMU has provided direction to the debate on major issues such as labour market reforms and changes in national pension regimes. The consequences are not confined simply to the character of national policy but also affect the process by which it is formulated. Thus employment policy has become more subject to EU-wide considerations as a consequence of EMU. Europeanization is not simply the product of a widening in the array of policies carried out at EU level. Europeanization may thus be a process whereby national policies adjust to seek competitive advantage within a broad EU policy context. In other words the adjustment of national policy is not simply some EU requirement but in this case a market dynamic set free by the global economy but 'framed' by a set of EU rules (Bulmer, Radaelli, 2004; 2).

The Europeanization of functional systems does not proceed in parallel to the Europeanization of the actors in these systems. Despite remaining deficits in the implementation of the 'four freedoms' of the internal market, the Europeanization of the economy is the most advanced. As a result, economic transactions can take place in the entire EU without any significant difference to the domestic context. It does not mean that a homogeneous economic area with an even distribution of economic activity had emerged, that borders do not create additional transaction costs or that economic agents



can act on the European scale independently of their seize. It means, however, that the possibility of capital owners to move freely in the entire EU constrains national governments in their economic policy. Contrary to the Europeanization of the economy, politics and society largely remain organized within nation states. Despite a general and long-term trend towards renovation in the Western world, political culture, social structures and political identities to a large extent remains national. European societies have many similar but few common problems (Jahtenfuchs, 1997, 5).

Party systems, democracy and the welfare state in their respective national versions cannot be easily Europeanized because of the necessity to link them to a societal base. Political parties are the well known example. High expectations of the emergence of a European party system on the occasion of the first direct elections of the European Parliament were largely disappointed. Even parties of the same ideological orientation but from different member states had difficulties to agree on the minimal commons. As their organizational and electoral basis remains within the member states, they follow the necessities of the national political game instead of showing at least a programmatic solidarity, with a party in a different country. Similar limits to Europeanization apply to social movements which usually are even deeper rooted in small-scale social relationships. Contrary to popular criticism of an overwhelming influence of interest groups on European policy-making, this also applies to interest groups. Already in the national context, interest groups have to balance the 'logic of membership' and the 'logic of influence'. On the European level, heterogeneity is much stronger and decision making much more complicated. For this reason, European umbrella associations have a limited capacity for action. Only representations of single

multinational enterprises are capable of effective targeted action. As a result, Commission and European Parliament are not faced with a few homogeneous actors representing economic interests as expected in the early years of the integration process but with a multitude of European associations, national associations and representatives of single enterprises. On the whole, the limits to the Europeanization of interest groups strengthen rather than weaken the executive, although this very general statement should not lead one to fail to see the existing asymmetries, for instance between trade unions and industrial associations (Jahtenfuchs, 4).

In western societies, governance usually takes place in a rather stable institutional context. Both formal and informal institutions such as government, parliament, intermediary institutions, democracy, rule of law, the welfare state, as well as the relationship between the rulers and ruled are more or less stable. The exceptional cases are intentional reform (e.g. federalization in Belgium) or cases of severe system crises (e.g. Italy). The European Union on the other hand is characterized by a long process of institutional change. This process of change does not only concern the institutions of the EU but also those of the member states. The latter process is being perceived only slowly (Jahtenfuchs, 4).

Institutional change within the member states is not restricted to highly politicized measures to make these states 'fit' the European Union, such as the new constitutional arrangements or the creation of specialized parliamentary and governmental bodies dealing with European politics. More importantly, a general process of disintegration and change of political structures is taking place at member state level. Interest groups and political parties are most

concerned by this process. Both do not only have to mediate between the interests of their members or their electorate on the one hand and the political system on the other. In addition, their margin for action is often severely constrained by European law or by the pressure of competition in an open European market. Because of their embeddedness in national traditions, Europeanization is only possible to a limited extent. Although there is a transfer of authority to private or public institutions on the European level, the politically crucial point is, however, that changes induced by Europeanization have to be dealt with in national political systems. In the case of political parties, what is at issue is the capacity to mobilize political support, in other words, a vital element of the stability of national political systems. This transformation also concerns institutions in a broader sense, e.g. the particular national versions of the welfare state, democracy, rule of law and labor relations which are also important factors which could be the subject of analysis for further studies.

## **CHAPTER 4**

### **DEFINING GOVERNANCE**

The European Union, containing a population of more than 500 million people that has extended up to the borders of Russia, is a continent wide political and economic union with extraordinary ambitions. The form of such a union has to be thought through. The assumption that the institutional framework of the Union was suitable for the European Economic Community of six members was already altered by the group of fifteen. Now the number has dramatically shifted. A Union that has started with limited economic goals is in a continuous process of transformation but there is a growing realization that just extending the order of the existing European Union will not be adequate for a continent wide system of government.

'Governance' has become a fashionable term in political science for analyzing the pattern of rule generally and in the EU specifically when trying to identify the governance of the EU. Although the term has been criticized as imprecise (Rhodes, 1996; 652), it has particular value in examining the pattern of rule in the EU. The EU does not resemble, or have, a government, so governance offers some descriptive outline on the character of the polity. Moreover, within Europe the integration process has been bound up with the

transformation of both the traditional system of 'nation states' and of the role of individual Member States. This transformation has not been solely the product of integration but has derived from other developments such as globalization, new developments in economic management, the move towards the regulatory state, and domestic moves towards 'new public management' as a way of better administering policy. Beate Kohler-Koch (1996; 371) has seen the transformation of governance as affecting: the role of the state; the rules of behaviour; the pattern of interaction; and the level of action. Above all, the task for those utilizing the term governance as a research tool is to benefit from its great flexibility as it is in this study. The term governance also problematizes the pattern of rule within the EU polity. This post-modern deconstruction seems to facilitate the connection of macro and micro-level studies of the EU under a new terminology.

In this study on governance it is argued that the state's role has moved from "authoritative allocation and mediation from 'above' to the role of partner and mediator" (Kohler-Koch, 1996; 371). That perspective underlines the character of supranational governance: of finding joint solutions through multi-leveled partnerships and through mediating the claims of affected interests. This mediating role is precisely the one assigned to supranational institutions by the individual states. In focusing upon the supranational level of governance, it is important to take into account the elements of power-sharing that are involved. In many ways, the EU cannot function without sharing power with other levels of governance. The sharing of power with national governments is most obviously expressed through the Council of Ministers, the European Council and the group of intergovernmental committees across all the three

pillars of the EU. In domestic terms the EU is also engaged in power-sharing. EU governance is not just about the institutions; they are mediating diverse political forces coming from socio-economic interest groups organized at the EU level, from individual firms, and from wider political sources and public opinion. Political parties, both nationally and at EU level, and public opinion show an ability to seek to engage with the broader constitutional issues of integration, such as monetary union. However, the intermediary role of national opinion exposes such issues to considerable manipulation. Moreover, much of EU decision-making is concerned with the regulatory detail of market integration. In these areas it tends to be the best organized interest groups in Brussels together with the interests represented by national governments that shape the policy debates conducted in EU institutions and party elites. This regulatory character of policy encourages the development of insider groups. Marks, Hooghe and Blank (1996) provide in their study, a multi-level governance explanation of integration, and this displays strong consistency with an historical institutionalist approach, for they look not only at the intergovernmental institutions but also examine the role of supranational and subnational institutions and actors.

This is an introduction to the debates on governance as an emerging political strategy for states to modify its role in the international and national arena. The roots of the term 'governance' can be traced back to classical Latin and ancient Greek words for the 'steering' of boats. It originally referred to the action or manner of governing, guiding or steering conduct and overlapped with 'government'. For a long time, the use of the term was mainly limited with the constitutional and the legal issues concerning the conduct of 'affairs of state' and/or to the direction of specific institutions or

professions with multiple stakeholders. Today, the key issue is to distinguish between 'governance' and 'government'. According to Bob Jessop governance would refer to the modes and manner of governing, governing to the institutions and agents charged with governing, and governing to the act of governing itself (Jessop, 1998; 30). The revitalization of this 'buzzword' (Jessop, 30) in the last twenty years may be partly due to dissatisfaction with the capacity of social sciences to describe and explain the real world. This dissatisfaction is reflected in various disciplines. In institutional economics for example, there is a growing interest in mechanisms which co-ordinate economic activities such as trade associations. In international relations, international regimes are discovered that are forms of international co-ordination which avoid international anarchy and in one way or another by-pass the nation-state and which have therefore been described as involving 'governance without government' (Rosenau, 2000).

In political science, the focus was on the forms of coordination which not only covers the conventional public-private divide but also involve other forms of complex interdependence across different tiers of government and functional domains. The growing interest in the self regulation of complex systems lays in the unstable environment and the problems created by the attempts to steer such systems from outside. In these contexts, governance is seen as a missing 'third term' which both criticizes and complements more dichotomous approaches (Jessop, 31). Jessop claims that, the link between conceptual interest in governance and social change involves nothing more than transferring old wine into new bottles. However, contemporary governance could be seen as a response to the rapid changes in the state's environment. These changes

increased the interest in governance as a tool for coordination of both public and private projects.

In the political theory, 'government' refers to the formal institutions of the state and their monopoly of legitimate coercive power or in another way, government refers to the formal and institutional processes which operate at the level of the nation state to maintain public order and facilitate collective action (Stoker, 17). Actually, governance, in the end, is also concerned with creating the conditions for ordered rule and collective action. Therefore, the outputs of governance are not different from those of government; it is rather a matter of difference in processes. The traditional use of governance defines it as a synonym for government. However, the growing literature redirects its use; governance rather signifies 'a change in the meaning of government, referring to a new process of governing; or a changed condition of ordered rule; or the new method by which society is governed (Stoker, 17).

The roots of governance vary in the academic literature; economics, international relations, political science public administration and so on. This variety requires a governance perspective. The importance of governance perspective rests in its capacity to provide a framework for understanding the changing processes of governing. According to D. Judge, such conceptual frameworks provide a language and frame of reference through which reality can be examined (Stoker, 18). When it comes to the reality, governance tackles the formal understanding of systems of government. Unitary state for example, was seen as the dominant and legitimate form of governing for a long time in the political arena. Governance suggests that this institutional/constitutional model is



limited and misleading because in a unitary state, there is only one centre of power. But in practice, there are many centres and various links between many agencies of government at local, regional, national and supranational levels. There is a complex systems of government which governance seeks to emphasize and focus attention on (Stokeri, 19). Generally, the governance perspective challenges conventional assumptions in which government is focused as if it were a single institution separated from other public actors. Thus, the long standing balance between state and society is about to change by notions of governance.

#### **4.1. Fields of Governance**

According to Paul Hirst (2000), the term governance is mainly used in the field of economic development, in which the international development agencies and western governments are parts of effective economic modernisation under the umbrella of 'good governance'. Recent Latin American experience can be used to illustrate some of the problems that arise when elements of a 'good governance' agenda are implemented at the national level while global economic context is unstable and the international society remains indifferent to the needs of the majority of the population in these regions. The World Bank and the IMF are examples of advocacy of building state capacity in developing countries. The good governance strategy is based on creating in non-western developing countries a version of the societal architecture of classical liberalism, that is, a clear separation between a limited state and a largely self-regulating civil society and market economy. The new theory of governance takes the opposite view to the traditional theory. Within the traditional theory it is possible to put forward the hypothesis that good governance corresponds to what

was called the strong state, which is, sharply differentiated from civil society. As the state gets stronger, its ability to pursue autonomous policies expands. The new theory on the other hand, asserts that good governance is when the state retrenches, becomes less powerful, assumes a low profile and operates in a network with private interests and groups as a partner that is scarcely more important than the other. According to new 'good' governance, all the actors who are involved join together with the state institutions unite their resources expertise, skills and plans and form a new coalition for action based on the sharing possibilities (Merrien, 1998, 58). The new theory of Economic governance deserves more attention as the basis of the terms of governance and will be subject of further discussion.

The second major use of the concept of governance is in the field of international institutions and regimes. It is widely recognized that certain important problems cannot be controlled or from time to time contained by action at the level of national states alone. Environmental problems like global warming, the regulation of the world trade, fighting with crime, drug traffics are the few examples. The recognition of the possibility of 'governance without government' (Rosenau, 2000) has led to the discussions of the role of international agencies as methods of governance. Early twentieth century was requiring the creation of a world government as a way out from the international problems such as the League of Nations. From today's perspective, such attempts are considered inefficient and impossible because, as Hirst suggests, a world government with claims to sovereignty would be remote from domestic publics and even more unaccountable than the existing nation states. However 'governance without government' creates some parallel problems. It proposes the control of the central features of the social and political life by the

agencies like the International Monetary Fund (IMF) or World Trade Organisation and this has vital consequences on the public life, without their democratic control. Thus the international body consisting of technocrats interacting with the elites of the major wealthy states, most of whom are not elected, is a threat as it underestimates the role of national democratic politics (Hirst, 16). In addition to this, governance by an international technocracy and the powerful members of the G-8 countries ignores many smaller countries and the poorer developing countries. The link between internationalization, governance and democracy is a central problem for politics as well as for political science. Main critic about course of globalisation is that world markets and transnational corporations are beyond control (Hirst, 1997). Hirst argues that global markets are far from ungovernable and the scope of national economic and welfare policy remains substantial, the problem is how world affairs are governed and how that governance is reflected in national states. This will be discussed further in the case of the European models of governance.

Governance is being used by groups of very different ideological purposes and ends. Within the international financial community or the OECD world, it is generally used to reduce the role of the state in economic management and social welfare. In each country the social democratic ideals were replaced by market forces. The view that the direction of the economy should be determined through a process of political negotiation supported the view that the political interferences were the reasons of most of the economic problems of the developed and the developing nations (Hewitt, 106). However the experience in the Latin America as a result of the economic reforms implemented by the donor countries showed that, no economic project was likely to

succeed unless minimum conditions of political legitimacy, social order and institutional efficiency were met. The picture was more or less same in the disintegrated Soviet Union, the fresh capitalist economies in the Eastern Europe and the Commonwealth of Independent States (CIS), as well as the rapidly growing Asian Tigers. The concept of governance was very useful at this point by allowing the organisations like the World Bank, IMF and the regional development banks to interfere the social and political affairs and agenda of the sovereign state without annoying the respective governments who would otherwise be reluctant to have the donors give advice on sensitive internal affairs and political issues. The countries receiving assistance were required to deregulate and liberalize their economies, to open their borders to foreign investment and trade, to keep wages low and flexible, and to adopt macroeconomic policies favouring price stability over growth. By talking about governance rather than state reform or social and political change, the sensitive issues are packed with economic constraints under a rather safe topic surrounded by technical terminology thus avoiding any repercussion that these institutions were exceeding their authority (Hewitt, 107).

#### **4.2. Economic Governance**

With rapidly advancing liberalisation of world finance and trade, relentless technological change a growing simplicity of communication among people in various distances around the world, a new world economy and society are under construction. Who will manage their governance and how is one of the main questions. Although nation states still play a dominant role, and are likely to continue to do so, their actions are fundamentally constrained by the workings of global markets in which large corporations and private financial interests

exercise great power. If these so called 'captured markets' are to be regulated for social ends or to promote economic stability, new international institutions must be created and old ones be reformed (Hewitt, 1998; 111).

Governance is mainly concerned with effective economic and political performance. Thus, it finds blurring of boundaries among these areas acceptable for tackling the social and economic issues. Eventually this intimacy led to a rise in the number of 'third sector' agencies; voluntary groups, non-governmental organizations, community enterprises etc. These organizations range over a variety of social and economic issues and operate as a 'social economy' that has been emerged between the 'market economies' and the 'public sector'. The governance perspective demands that these voluntary third force organizations contribute to common problems of the various sectors without reliance on the formal resources of government. Stoker claims that, needs are met and problems are managed through such organizations without central authority or a formal system of control (Stoker, 1998; 21). This means that these groups take over some of the traditional tasks which were formerly performed by the agents of governments or the state itself. One estimate suggests that in Britain alone, the so called 'social economy' contributes about £12.3 billion to the Gross National Product, employs about 400.000 full time workers and involves about 4 million in some form of voluntary activity (Stoker, 1998; 21). However, the growing fascination with governance mechanisms as a solution to market and/or state failure should not lead one to overlook the risks involved in attempts to substitute governance for markets and the resulting likelihood of governance failure. The market failure is seen as the failure of the markets to provide economically efficient allocations

in and pursuit of monetized interests. State failure is a failure to achieve substantive political objectives defined as the public interest and enforced as necessary against particular interest. The believers of the market forces regard state failure as normal and market failure as rare and exceptional and generally respond to market failure by more market solutions not less, as it was the case in the recent crisis in Latin America. On the other hand, the believers in the rationality of the state and its description of the public interest consider market failure as inevitable and state failure as, if not exceptional, depending on the international conjuncture. However, the criterion for governance failure is not so overt because there is no clear reference point to evaluate governance success, as there is in the economy with profit outcomes in the perfect market structures or the realization of political objectives in the state concept. In the field of governance the goals are modified through negotiation thus, governance failure would rather consist in the failure to redefine objectives for the various partners in the face of a disagreement (Jessop, 1998; 39).

The past couple of decades have witnessed the erosion of traditional bases of political power. The institutional strength of the nation state has been challenged from several different developments. For instance the deregulation of financial markets as a result of the recent economic crisis, the subsequent increased instability of international capital has affected the state's traditional capability to 'govern' the economy. Not only the environment was changing, but the state itself has been restructuring in ways which seem to move it from many of its resources of power and policy capacity. What remains from the liberal-democratic notion of the state is under discussion, whether the decline of the state is on the scene, or is it the transformation of the state due to changes in the globalising

world. The state has played a critical role in regulating the markets for a long period of time after the Second World War, defining regulatory frameworks for markets. In addition, governments in most western countries during the post-war period have intervened in markets in order to promote political objectives and collective interests and also to resolve market failures.

The rise of governance is partly due to shifts in political economy. The capitalist market has a rationality of its own, an endless pursuit of profit maximization. By contrast, government has a substantive rationality. It is goal oriented, prioritizing 'effective' pursuit of successive policy goals. The mutual effective governance supplements market exchange and government hierarchy with institutionalized negotiations to mobilize consensus and build mutual understanding. Individual economic partners give up part of their autonomy in economic-decision making in exchange for political influence and a better overall functioning of the system; and the state gives up part of its capacity for top-down authoritative decision-making in exchange for influence over economic agents and more effective overall economic performance (Jessop, 1998; 36). So we can say that, the nature of governance depends on a mutual type of interactive rationality that requires the co-ordination of the relevant actors.

When political economy is evaluated from the governance perspective, it is observed that the state performs in two different roles in economic governance; it constitutes and defines the rules and norms of the economic order and it can be an interventionist agent in the economy. Andrew Gamble investigates the extent to which the state is embedded in the economy and whether the state has the

political and institutional capabilities to govern the economy. According to Gamble, the idea of economic governance implies that although the economy is *governed*, it is not necessarily governed by the state. There are different modes of governance and many of them are non-state, including markets (Gamble, 1998; 111). In addition to this, he points to the possibility that the diversity in capitalist economies around the world can be explained by the particular institutional combinations of modes of economic governance which are found in different countries. The degree of involvement of the state will vary between economies, but it is not a good guide to understand the steering capacities of that political system. State involvement may be low, but the steering capacity may be high because of reliance on other institutions in that system. At this point Hayek may be right to argue that an economy can be governed without direct involvement by the state, but according to Gamble, it is wrong to suggest that this can be achieved without prior state intervention at the constitutional level and minimize the contribution of modes of governance other than markets. Gamble depicts economic constitution central to economic governance because the existence of an economy implies a degree of order, constituency, and predictability in the way which the agents behave in that country, implying rules, constraints and norms upon them. According to Gamble, governance arrangements are often not planned, but that does not mean that they are somehow natural, rather they are the outcome of a particular collective choice (Gamble, 112). One function of governance is to enable decisions with long term implications by separating them from short term political calculations. Although governance mechanisms acquire specific economic, political and ideological functions, the state typically observes their effects on its



own capacity to secure social cohesion and reserves to itself the right to open, close and organize functioning of governance from the viewpoint of partisan and global political advantage (Jessop, 1998; 39). Jessop (1998; 39) claims that the complexity of economic governance is that the global economy consists of some set of factors that limit the success of governance in guiding economic development. First of all the capitalist growth depends on the market-mediated exploitation of wage-labour, not the efficiency of the unfettered markets and markets search for added value but they cannot produce it. This creates some basic contradictions that are visible in forms of capitalist market society where the commodity is both an exchange value and a use value, the wage is both a cost of production and a source of demand, money is both national money and international currency and so on. In this sense Jessop remarks what we have defined earlier as the market failure is actually an expression of the underlying contradictions of capitalism.

### **4.3. Impact of Globalization on Governance**

Whether inflation or globalisation,  
Fear is a weapon of mass destruction  
Faithless-No Roots, 2004

Globalization has been used as a "buzzword [...] reflecting an important if yet poorly understood reality" (Rhodes, 2000). It is by now common knowledge that over the past 25 years the network of trading relations, the globalization of production (in particular, multinational corporations) and the growth of FDI have grown to unprecedented levels. Some authors have pointed out that the degree of global economic and financial interactions was quite similar in the late eighteenth and early nineteenth centuries (Graziano, 2002,-3).

For other authors writing in a more sociological perspective, globalisation has mainly involved a cultural dimension and the work of Robertson, Beck and Bauman moves rather in that direction. Graziano (2002, 4) defines globalisation as a set of processes through which global political, social and economic dynamics supported by specific interests become part of the logic of domestic political discourse, identities, representation structures, public institutions and public policies. It is a quite broad but useful definition because it enables to consider the four main dimensions involved in the processes: discourse and patterns of communication, identities and mass/élite culture, representation structures (parties, pressure groups, etc.), public institutions (bureaucracies at different levels of government) and public policies. This paper will try to focus in particular on public institutions and public policies. Taking a closer look at the nature and the impact of globalisation within Europe, one realises that what are considered as deriving from global transformations might originate instead from European political and policy transformations, which are increasingly important over the past two decades. In fact, "for most European countries, the changes related to globalisation cannot be considered apart from those related to the regionalization represented by European integration" (Schmidt, 1999; 174). This does not imply that European integration was strengthened in order to oppose and confront globalisation. In fact, European integration does not even seem to be a response to globalisation but a companion for the third parties. Nevertheless, looking at the processes and their political effects, one can realize that during the 1990s Europeanization has increasingly meant, from a public policy perspective, trying to control and respond to globalisation. As Schmidt has pointed out, more recently "Europeanization has acted both as a conduit for global forces

and as a shield against them, opening member states up to international markets and competition at the same time that they protect them through monetary integration and the single market" (Schmidt, 1999; 172). Moreover, since 1988 a complex and important reform of Structural Funds has increased the funding for compensation policies aimed at local development targeting "underdeveloped" regions (Sbragia, 1992; Hooghe, 1996).

Globalization has many dimensions, economic and non-economic. Processes of globalisation transform the ways in which law, politics, economics and social structures are governed. Furthermore, the efficiency and relevance of existing governance structures is subject of question by the processes of globalization. The state as a basic unit of analysis in explaining the new global governance structures is now being questioned and considered as insufficient by many scholars. Defining the state as the most excellent form of governance is considered as a cliché. Rather as one of the key unit of governance in the study of international political economy, governance is defined simply as organizing collective action. In this sense, governance entails the establishing of institutions that permit, prescribe or prohibit certain actions (Prakash; 2). Prakash argues that institutions are political objects and once they are established, they may preserve a life of their own and become political actors in their own right. Thus, it is important to examine how governance institutions evolve, and whose preferences they reflect.

This conceptualization of governance is not limited to governments since other social institutions may provide governance services as well. As societies become more complicated with modernization and industrialization, the opportunities for both

governmental and non-governmental governance increase. Private organizations, formally or less formally organized communities may be subjects to study of governance as well. However, in an international economy, cross-national trade and investment flows are regulated by the state or supranational institutions established by the states. In contrast, in a global economy, production is organized in cross border networks largely out of control of the states (Prakash, 2). Globalization here refers to a set of processes leading to the integration of economic activity in factor, intermediate and financial goods and services and markets across geographical boundaries. Although globalization has many dimensions economic as well as non-economic, this part will consider the economic denominators to measure its affects on governance on the sate level.

#### *Modes of International Governance*

The major pattern of governance within the "global setting" is intergovernmental and scarcely institutionalized. Scholars of international relations who have done research on this matter are very clear on this point. According to Krasner, "the international system is weakly institutionalized" (Graziano, 7). According to the most important research on decision making in international organizations, the latter could provide "only the services that governments would accept, and the levels were determined by the decisions of a few of the most important powerful states" (Cox and Jacobson in Graziano-8). Although they are not capable of keeping growing economic globalization under control, national governments are still the main actors of the international political arena. Furthermore, there is no global democratic representation: the UN and the other international organizations are formed by the

representatives of national governments who have quite uneven statuses and are not directly elected by world population.

As Susan Strange points out, globalization is "a polite euphemism for the continuing Americanization of consumer tastes and cultural practices" (Graziano-8). Also the capacity of governing global transformations democratically is considered to be weak (Graziano, 9). At the international level, not only are governmental actors from "poor" countries of minor importance, but also social actors are far from being taken into consideration in the decision-making processes. WTO decision-making is considered particularly closed and non-transparent not only by anti-globalization activists (Public Citizen, 1998) but also by member states such as Canada and the European Union. In a recent Joint Statement on the WTO, the EU and Canada stressed "the importance of transparency inside and outside of the WTO and the need for a dialogue with individuals and organizations outside of government [...] in order to ensure its efficient operation, [and] the effective participation by developing countries" (Graziano, 2000, 10).

The old debate between the neo-functionalism-intergovernmentalist disputes tended to discuss two main scenarios for the future of Europe; the EU as an intergovernmental organization and the EU as a supranational state. There were also intermediate perceptions noting that there are a variety of outcomes between these two poles (Rosamond, 105). Over the last decade, the idea that the dispute between neo-functionalists and intergovernmentalists fails to dispose all of the possible questions about contemporary European integration because it problematizes the EU and integration in the preferred disciplinary terms of international relations was widely

accepted by the comparative political scientists<sup>2</sup>. The integration theory, up to mid-70s, was declared as 'obsolescent' by Haas (Rosamond, 88). According to Rosamond, Haas meant that some of the core concepts of the integration theory were no longer appropriate to explain the developments in the nature of the European integration. However Haas was not saying that the study of integration was irrelevant, rather he was signalling a turning point in conceptualizing the nature of the EC integration.

It is generally believed that internationalization undermines governance and democracy. This phenomenon constitutes a challenge for a number of concepts and theories in the social sciences as well as in law which are implicitly based on the idea of a sovereign nation-state. It is difficult to conceptualize the transformation of the state as a result of internationalization. This general problem is most strongly visible in the European Union which over time has developed into a political system of a new type. This system has significant consequences on democracy and governance in its member states (Juhtenfuchs, 1997-6). However the emphasis on governance takes the debate about authority away from the zero-sum discussions of sovereignty (Rosamond, 110).

The conceptualization of EC as a complex political system was deeply discussed in a paper by Donald Puchala, 1972. According to Puchala, no model was describing the integration phenomenon with complete accuracy because all the models were presenting images of what integration could be or should be rather than what it is now. Puchala portrayed EC as a 'concordance system'. A concordance system was a complex entity where nation-states remained important

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<sup>2</sup> see Sbragia, Hix, Mark-Hooge-Blank, Marks, Risse-Kapen.

and were still probably the primary actors, but where arenas of political action operated at several levels (sub-national, national, trans national and supranational) and levels of influence according to different issue areas. In this system bargaining was not zero-sum in nature; rather it enables the construction of convergent goals. Puchala depicted some of the themes of multi-level governance as an objection to the previous approaches of integration in his studies.

What makes EU so complex to analyze? According to Rosamond, any full scale attempt to push the study of the EU into the area of comparative politics lasts with the observation that EU is not necessarily a precise analogue for the processes of politics within nation states. Indeed EU is a hybrid form: neither political system nor international organisation, but something in between (Rosamond, 110). Thus this hybrid form needs new forms of arrangements. This evaluation corresponds to the multi-level governance approach to the EU which criticizes the state centric perception of treating the EU as operating only in the institutional arena of Brussels.

According to Giandomenico Majone, the study of EU has largely shifted from the study of integration to the study of governance. Governance has been usually defined as the exercise of authority with or without the formal institutions of government. In recent years, the term is being used to conceptualize the drift of authority away from the government, and so the term "governance without government" (Rosamond, 109) is widely used as we have previously mentioned when defining governance in the field of international institutions. The shift from government to governance is difficult to describe in specific terms. Jeremy Richardson defines it as a move from conventional direct governmental action to a more complex system of rule making

and implementation, with new sets of formal and informal rules and new sets of actors and relationships (i Müller, 1994; 194).



## **CHAPTER 5**

### **MODELS OF EUROPEAN GOVERNANCE**

The European-specific research agenda portrays the EU polity as *sui generis*. The key question is what competing analytical approaches and interpretations can contribute to a better understanding of the specific EU dynamics and continuities, i.e. institutional formation and change in the particular European socio-economic and historical-cultural context. The basic importance of the emerging European institutions of governance is a sufficient reason for the attention. However, there is also a more general theoretical agenda. This agenda goes beyond understanding the ways in which the EU polity is developing. It aspires to give an account of institutional change and reform that captures developments outside the Union and Europe at large.

'Governance' has become the popular term in both academic and practitioner discussions of how the European Union currently operates, as well as a proposition to improve the operating performance of the EU. In the absence of a legitimate European government, governance, a fuzzier concept, has emerged as an apparently more malleable term for addressing the way in which the EU operates. Before it became fashionable among practitioners, the academic community had accepted 'governance' as a useful term for

analysing the various ranges of political processes through which policies emerge and politics is practised in and around the EU. One of the reasons for the adoption of governance is that, it is an antidote to traditional studies of government, a term which sounds tidier and more legitimate in contemporary politics. Another reason is that the political process of the EU is incomplete, it is rather a polity, not a state, and built from a consortium of states each of which has a government of its own. A third reason is that a focus on governance creates space for an extended analysis of EU politics and policy allowing us to analyse what happens at the high level of EU politics (Wallace, 2000).

'European governance' has attracted considerable attention in public debate. It has opened a wide variety of issues, ranging from explorations into the nature of the European multi-level polity and the democratic quality of the European Union to the analysis of the processes and politics in specific issue areas and, more recently, to the investigations into the Europeanization of national political systems. Governance is, however, by virtue of its fuzziness, also a contested term. As pointed out in the previous sections, there is a range of different usages of the term, some more precise than others. It is not surprising that, because of this expanding interest, there is little agreement on the meaning of 'European governance'. Despite varying definitions, a rather narrow understanding of governance prevails, still most studies concentrate on the process of policy-making and implementation and the interest is focused on mainly three aspects: on the ways and means of accommodating diverse interests, on setting targets for public action and on the production of public goods.

Governance concerns both the organization of collective decisions in a given institutional setting among actors with pre-established preferences and resources, and the shaping of constraints relevant for political action, in particular, by building and restructuring institutions. Political institutions are favored objects of governance because they offer orientation for behavior. In recent decades, the EU has been subject to continued efforts of institutional change. Most noticeable have been the Treaty revisions negotiated in successive Intergovernmental Conferences. Thus, the interrelationship between EU and national governance is quite important. They give evidence of the high degree of interconnectedness between the different levels of governance and the constraints and costs associated with it. The way in which decision-making powers are exerted at one level has repercussions at other levels. These do not just change the constraints economic and social actors face, but they also alter the conditions of governing. The EU and member states together constitute a system of institutionalized interdependence in governance. Therefore, this interconnectedness is shaped as a multi-level governance model sensitive and vulnerable to the individual systems involved in the complex texture of. While European integration, thus, puts considerable pressure on the systems affected, interconnectedness also raises the adaptive capacities of the member states' to manage a changing environment (Koch, 2003; 13).

### **5.1. State Centric and Multi-Level Governance Models**

The governance literature is slightly confusing in conceptualizing governance as mentioned before. Governance has a dual meaning; on the one hand it refers to expression of states adaptation to its political, social, economic environment. On the other hand,

governance denotes a multi-levelled and multi-faceted structuring. In referring to the reconstruction of state authority, and by rejecting that authority flows in one direction, we necessarily are describing a phenomenon of multi-level governance. Our perception of the governance of the EU is broadly consistent with that of Marks, Hooghe and Blank (1996), although we take a different route to reach these conclusions. According to Bulmer (1997; 17) the importance of seeing the governance of the EU as multi-level governance is important for the social sciences. In contrast to the narratives of integration offered by neo-functionalism and intergovernmentalism, multi-level governance facilitates a discourse in which the primary focus is the national political arena into which the supranational level has imposed. This multi-levelled character of governance is also important for linking up the political science and legal analysis of the EU.

Developments in the European Union over the last two decades have fostered the debate about the consequences of the European integration on the autonomy and the authority of the state in Europe. The frequent qualification of the European Union as an institution 'sui generis' reflects the difficulties in science as well as in the political debate to find an appropriate analytical or normative approach to the European Union. The reason for this is that scientific as well as political thought is deeply marked by the idea that modern societies organize themselves in the form of nation-states. With the institutional reforms of the Single European Act (SEA-1987) and Maastricht Treaty (1992) absorbed and the internal market almost completed, the main discussion came to the fore. The stasis and lack of institutional building at the European level well over, in what ways do these developments affect the nation states, do they consolidate or weaken them? This chapter will discuss two basic alternative

answers to these questions, the state centric governance and the multi level governance conceptions in analyzing the European policy process.

### **5.1.1. State-Centric Governance**

The core presumption of state centric governance is that European integration does not challenge the autonomy of the nation states (Milward, 1992, Moravcsik, 1998). They believe that state sovereignty is preserved or even strengthened through EU membership. They also argue that European integration is shaped by the bargains among member state governments and no government has to integrate more than it wishes. The specific pattern that has characterized EU bargaining ever since is: specific interstate bargains and compromises tend to reflect the priorities of the EU's core countries, and disproportionately the most powerful among them, even as more peripheral countries benefit as much or more from the overall result.

During the enlargement negotiations with Britain, Ireland, Denmark, Greece, Spain, Portugal, Sweden, Finland and Austria track this pattern, in each case, bargaining demands by applicant countries for recognition of their particular circumstances were stripped away one by one until an agreement was reached, which disproportionately reflected the priorities of existing member states. Thus Britain in 1973, though relatively poor, ended up a large net contributor to the EU budget. Ireland, Denmark, Greece, and Spain were subsequently forced to accept agricultural arrangements not particularly well suited to their particular comparative advantages, and often involving lengthy transition periods. In the 1990s, the enlargement to include

Sweden, Finland and Austria imposed full membership on countries that initially sought greater market access in the context of a less comprehensive commitment.

In this model supranational actors exist to aid the member states to facilitate their agreements. According to state centric assumption, the outcomes reflect the interests and relative power of the member state executives and supranational actors exercise little independent effect on the policy outcomes (Marks, Hooge, Blank; 342). Moravcsik claims that the net effect of the internationalization of domestic policy issues is to strengthen national executives in comparison with other domestic actors and the EU enlargement process and its likely consequences for the future are hardly mysterious. When viewed from the perspective of national interests and state power, this viewpoint also offers a more optimistic prediction for the future. Just as occurred in the past, Moravcsik claims, EU leaders promote accession because they consider enlargement to be in their long-term economic and geopolitical interest. While some interest groups in current member states are opposed to enlargement because they will bear a disproportionate share of the short term costs, the EU bargaining process is working this out much as it has prior conflicts about the uneven distribution of the costs of integration projects that are beneficial overall. Moravcsik exemplifies the East European states, taking part in the laborious accession process because EU membership brings tremendous economic and geopolitical benefits—particularly as compared to the uncertain and potentially catastrophic costs of being left behind as others move forward. While the candidates have had to comply with the EU's requirements and acquiesce to certain unfavorable terms, EU membership has remained a matter of net national interest.

On balance, the sacrifices demanded of them seem entirely in keeping with the immense adjustment, and the immense benefits, involved. Most of the conditions have motivated East European governments to implement reforms that improve the state and increase aggregate economic welfare (Moravcsik, 1998). This motivation for membership in one way or another strengthens the state with reforms when compared with the other agents in the society. According to Moravcsik, EU member states and the eastern applicants will both benefit from EU enlargement, but the applicants (now the new members) will benefit more. The basic asymmetry of interdependence and thus power is evident from the simple fact that the collective GDP of the ten new members for membership totals no more than 3-5 percent that of the current EU-15, which is less than any other major enlargement of the EU.

The state-centric model perceives the states as ultimate decision makers. Only limited authority is given to the supranational institutions to achieve specific policy goals and as the supranational institutions rise, they serve the goals of the state executives. Although the overall policy making is directed by the state control, policy making is not determined by the state executives in every detail. Moreover member states are not obliged to accept the policies which they oppose to because decision making on important issues operates on the basis of unanimity which allows them to maintain individual as well as collective control over outcomes.

Another important claim of the state centric model is that the policy making in the EU is determined primarily by the state executives constrained by the political interests nested within the autonomous state arenas that connect sub-national groups to

European affairs. That means, decision makers within the member states respond to political pressures that are nested within each state. So state executives are located in the domestic political arenas and their negotiating positions are influenced by domestic political interests in a way by sub national interests.

### **5.1.2. Multi-Level Governance**

The frequent qualification of the European Union as an institution 'sui generis' reflects the difficulties in science as well as in the political debate to find an appropriate analytical or normative approach to the European Union. The reason for this is that scientific as well as political thought is deeply marked by the idea that modern societies organize themselves in the form of the nation states. Multi-level analysis claims that EU has become a polity where authority is spread between the levels of governance and actors and that there are important sectoral variations in governance patterns. It does not claim that states are unimportant rather it views the states as arenas where different ideas, agendas and interests are contested. Wolfgang Wessels describes the EU as 'a system of complex, multitiered, geographically overlapping structures of governmental and non-governmental élites' (Rosamond, 111). However, to understand and judge the European Union one possibility is to deal with the present state of the EU without losing its particular features out of sight is to regard it as a 'dynamic multi-level system'. 'Dynamic' refers to the permanent process of institutional change, 'multi-level system' indicates that the EU includes its member states in an surrounding system while at the same time, national political, economic or legal system continue to exist. Such a concept also directs the analytic attention to the dynamic character, i.e. to the constantly changing



division of competencies and the permanent state of institutional change within the system which result in numerous tensions, cleavages and pathologies (Jachtenfuchs, 3).

According Jachtenfuchs governance is a concept but not yet a theory. Speaking of the EU as a dynamic multi-level system is still more a conceptual approach, a particular way of looking at reality rather than a developed analytical model. It is useful, however, to overcome the intellectual ties with the idealized model of the modern state which increasingly appears as an analytical obstacle not only in integration research. Instead of regarding the EU as being in a permanent state of transition, it is more productive to analyze and assess the organizational structure of the EU and the relationships of different actors within this structure in a particular way. In the European Union, there is a strong degree of both internationalization and functional differentiation. Analyzing the European Union from a governance perspective denies that it is a 'sui generis' institution which by its very nature precludes arriving at general conclusions. On the contrary, such a perspective also allows for comparisons of the EU with the most diverse kinds of governance systems in the sense of a 'most different systems design'. If the European Union is regarded as a dynamic multi-level system from a governance perspective, it is possible to study the central problems of the integration process from a more general point of view and at the same time recognize the possibility that the EU has developed into a unique and new type of political system. In this sense, the EU is a political system 'sui generis' but could be compared with other political systems and their solutions to the problem of responsible and responsive governance from an analytic as well as from a normative standpoint.

First, according to multi-level governance model, decision making abilities are shared by the actors at different levels rather than monopolised by the state executives. This means that supranational institutions (European Commission, European Court and the European Parliament) have independent influence in European policy making along with the state executives. Second collective decision making among states involves a significant loss of control for individual state executives. Important decisions that are displayed in the EU level (labour working conditions, environmental care etc.) have a zero sum character and necessarily involve gains or losses for the member states. Thirdly, political arenas are interconnected rather than nested (Marks, Hooge, Blank, 346). National arenas remain important but the multi-level governance model rejects the view that subnational actors are nested completely within them. Instead, subnational actors operate in both national and supranational arenas, creating transnational associations in the integration process. States do not dominate the links between domestic and European actors. The separation between domestic and international politics which the state centric model depicts is rejected by the multi-level governance model. States share the activities between supranational and subnational arenas, rather than monopolizing it (Marks, Hooge, Blank, 346).

## **5.2. Conclusion**

Multi-level Governance does not confront the Sovereignty of the states directly. Instead of being explicitly challenged, states in the European Union are being melded into a multi-level polity by their leaders and the actions of numerous subnational and supranational actors. State-centric theorists are right when they argue that national

states are extremely powerful institutions that are capable of crushing direct threats to their existence. We can not argue that the nation states are fading away just because the *modus operandi* of this historic entity has been restricted. It is not necessary to look far beyond the state itself to find reasons that might explain such an outcome. When we disaggregate the state into the people and organizations that shape its diverse institutions, it is clear that key decision makers, above all those directing the national government, may have goals that do not coincide with projecting national sovereignty into the future. The state is a means to a variety of ends, which are structured by party competition and interest group politics in a liberal democratic setting. Even if national governments want to maintain national sovereignty, they are often not able to do so. A government can be outvoted because most decisions in the Council are now taken by qualified majority. Moreover, the national veto, the sovereignty, is constrained by the willingness of other national governments to tolerate its use. But the limits on sovereignty run deeper. Even collectively, national governments do not determine the European agenda because they are unable to control the supranational institutions they have created. The growing diversity of issues on the Council's agenda, the sheer number of national principals, the mistrust that exists among them, and the increased specialization of policy making have made the Council of Ministers reliant upon the Commission to set the agenda, forge compromises, and supervise compliance. Since the 1980s, these changes in EU decision making have crystallized into a multi-level polity. With its various competencies, competing but interconnected institutions, and shifting agendas, multi-level governance opens multiple points of access. In this process of mobilization and counter-mobilization,

national governments no longer serve as the exclusive nexus between domestic politics and international relations. Direct connections are being imitated among political actors in different political arenas.

Multi-level governance may not be a stable equilibrium. There is no explicit constitutional framework. There is little consensus on the goals of integration. As a result, the allocation of competencies between national and supranational actors is contested. It is worth noting that the European polity has made two u-turns in its history. Overt supranationalist features of the original structure were overshadowed by the imposition of intergovernmental institutions in the 1960s and 1970s (Weiler, 1991). From the 1980s, a system of multi-level governance arose, in which national governmental control became diluted by the activities of supranational and subnational actors. The secret development of a multilevel polity has provoked strong reactions. The EU-wide debates unleashed by the Maastricht Accord have forced the issue of national sovereignty onto the public agenda. Where governing parties themselves have shied away from the issue, opposition parties, particularly those of the extreme right have raised it. States and state sovereignty have become objects of popular controversy (Hooge and Marks, 28).

This recent evolution of the EU institutions has made a particular political system where European institutions have started to erode the sovereignty of the nation state within a multilevel pattern of governance (Hooghe&Marks, 1996), giving birth to a system of "shared sovereignty" (Marks, Hooge, Blank, 1999). Although intergovernmentalist bargaining is quite important in Europe (Milward, 1992; Moravcsik, 1998), evidence from policy analysis has shown that Europeanization implies an increasing sharing of sovereignty and

competencies which takes place in a quasi-federal institutional setting where domestic and global networks have been established and more recently reinforced. In the previous chapter, features of the EU's political system which seem to be most important for its possible development as well as for the responsive governance were discussed. It highlighted those assets indicating that the EU is neither a state nor an international organization and will not develop in both direction and the degree to which this unique experience could be explained by the Europeanization terminology. The discussion was not concerned with details but focuses on the persistent lines of conflicts and problems which have existed for some time and will most likely remain important. Connected to the discussions on European governance, over the past twenty years, the institutional interactions in Europe have not only constituted a "two-level game" between supranational and national actors, but have also given birth to a multilevel governance system where subnational actors have also begun to play a significant role.

## **CHAPTER 6**

### **CONCLUSION**

The literature on Europeanization has flourished, but the term has been constructed in different ways and used for different purposes. Ladrech (1994, 69) provides a starting point, defining Europeanization as a process reorienting the direction and shape of politics to the degree that EU political and economic dynamics become part of the organizational logic of national politics and policymaking. Other scholars present Europeanization as a sort of yardstick to measure the impact of EU policy-making on specified national institutions, styles or policies. For instance Börzel (1999, 574) describes it as a process whereby domestic policy areas become increasingly subject to European policy making. (see also Mény, 1996). For their part, Risse, Cowles and Caporaso (2000) define Europeanization as the emergence and development at the European level of distinct structures of governance. This latter definition seems almost synonymous with European integration, as opposed to an analytically distinct process to which European integration gives rise. Moreover, it appears to neglect the key dynamic which is the focus of most work on Europeanization: the penetration of the European dimension on the national arena. Bulmer and Burch (2000) use Europeanization to characterize the impact of the European integration process upon the national level, and specifically upon the domestic institutions of government. For them, it is a distinct concept

identified with a political process (European integration) and a system of governance, the EU. This definition can help us distinguish Europeanization from other extra-state processes such as globalization, multilateralism, privatization, the rise of international civil society, etc. (Boomberg, 2000)

Most of the existing literature on Europeanization is highly specialized in terms of focus and thus there is a vague use of the terminology. Ladrech (1994) and confront the process of Europeanization in France; Bulmer (1987) analyze its effect on Germany; and Schmidt (2000) compares Europeanization in Germany, France and the UK. For example, Börzel (1999) have examined the effect of Europeanization on sub-national governance and European integration has been defined as the shifting of the activities and loyalties of national actors towards a supranational centre. It is a process whereby national actors give up the desire or ability to conduct policies independently and choose instead to make joint decision or delegate decision-making power to new organs and are persuaded to shift their expectations and activities to this new centre. Part of the process involves (according to Article I of the EU's consolidated Treaties) creating an ever closer union of the peoples of Europe relationships between national and sub-national levels of governance, again in selected EU member states. The specialization that characterizes the literature is probably both necessary and inevitable given that Europeanization is a broad concept with multifaceted effects. But the nature of the subject matter makes it attractive to observe Europeanization on the basis of relatively narrow case studies of one or a few Member States, types of institution or policy areas. The problem with this kind of generalization is that Europeanization has the potential to have markedly

different effects across different states, as well as across different domains or dimensions of domestic structures. Bulmer and Burch (2000) and Radaelli (2000) analytically specify the different domains of Europeanization. Bulmer and Burch for example specify three such domains:

- *Policies*: e.g. agriculture, monetary, competition, etc;
- *Politics*: the Europeanization of parties, interest groups and what Schmidt (1997) calls national political discourse;
- *Polity*: or national institutions, i.e. the effect of European integration on political and administrative structures and processes arising in particular from how states organize themselves to handle EU affairs.

Yet, this schema seems incomplete (Boomberg, 2000). In particular, it shows little concern with the Europeanization of citizens or European *peoples*. The missing additional, fourth dimension incorporates questions of citizenship, community, identity and culture. In other words, how have citizen identities adapted or evolved, if at all, in response to European integration? How have European citizens reacted to the imperatives of EU policies? Do they feel European? Radaelli (2000) is sensitive to this dimension and thus defines Europeanization broadly as a set of processes through which EU political, social and economic dynamics become part of the logic of domestic discourse, identities, political structures and public policies. However, the Europeanization of citizens is a dimension that is both crucial and mostly unexplored in the literature (Boomberg, 2000).

As we know, the result of the rise of policy transfer to the EU has weak public support for the Europeanization of policies, politics and polities. A second dynamic that has been mostly neglected is the



interactive character of Europeanization. The portrayal of Europeanization as a two-way street arises from this study's particular concern with the way in which many European policies, especially new ones, are now made, and with what implications for Europeanization. Most of the literature characterizes domestic structures as mere receptors of motivation from Europe. As defined by Radaelli or Ladrech, EU Member States play a seemingly passive role, responding to Europe by adapting their own domestic structures or practices, or making domestic policy and structures compatible. Yet, as Bulmer and Burch (2000, 9) argue European integration is not just out there as some kind of independent variable; it is itself to a significant degree the product of member governments wishes. In other words, European integration also brings out active responses, or the projection of national priorities or practices into the mix of forces that determine the trajectory of the European project and its resultant policies. In particular, Member States clearly organize their domestic institutions and systems for coordinating national policy positions so as best to project their own concerns into EU institutions and decision-making. National EU governments, as well as other actors at the national or sub-national levels, often seek to export domestic policy models, ideas and detail to the EU. Alternatively, governments may import policy models, ideas and practices from elsewhere in the EU in the pursuit of changes that suit their domestic political interests. The broader point is that Europeanization is a two-way process: European integration shapes domestic policies, politics and polities, but Member States also project themselves by seeking to shape the trajectory of European integration in ways that suit national interests. Thus, for us, Europeanization is a shorthand term for a complex process whereby national and sub-national

institutions, political actors, and citizens and adapts to, and seeks to shape, the trajectory of European integration in general, and EU policies in particular. The result is usually some convergence in policy outcomes, but of a kind that is neither widespread nor uniform.

Over time, the European Union has developed a variety of diverse methods for making policy (Wallace, 2000). For most of its history, the EU's traditional policy method was the so-called Community method of decision-making. In simple terms, the method involved the sharing of powers between EU institutions: the European Commission proposed, the European Parliament (EP) amended, the Council of Ministers disposed. The Community method specified a procedure for making policy which fit with a broader political agenda pursued via the so-called Monnet method of partnership. Inspired by Jean Monnet, one of the EU's founding fathers, the Monnet method tasked the EU's institutions with defining and delivering shared European public goods. It was assumed that the Union's institutions would, coexist with the institutions of the participating countries for a while but would eventually, according to neofunctionalist logic, displace them as the primary focus of political activity in those issue arenas where they had significant authority (Wallace 1996, 43). The goal was never really specified until the Maastricht Treaty. It was an ever-closer political union along federalist lines. National institutions, policies and citizens were expected to become ever more Europeanized. However the picture was not that bright. The enormous political difficulties faced by European governments in ratifying the Maastricht Treaty, as well as the Treaty's content, were important factors in triggering a process whereby the traditional goals of the Monnet method were gradually abandoned, and its procedures called into question. By the end

of the 1990s the Community method seemed to have been exhausted as a formula for agreeing common policies in response to pressures, mostly arising from market forces unleashed in the world's largest capitalist market. Extending the Community method to new policy areas began to seem invalid both because the process of European integration itself became subject to new resistance and because EU governments faced pressures to converge policies in new and politically sensitive sectors, such as monetary and immigration policy.

In addition to this, we should not presume that Europeanization is specific to the EU member states. The Central and Eastern Europe Countries were also affected from the processes long before their membership to the Union. Many theorists of globalization predict the decline of the nation-state, as a sovereign political community. In their different versions they argue that the autonomy of the nation-state is diminished by the growth of transnational institutions that have resulted in a pooling or loss of sovereignty. The possibility of another World War between great powers is weak and this means the loss of the traditional perception: us versus them. Global migration and the international recognition of the rights of minorities denote that homogeneous national cultures are turning into heterogeneous ones. The future entails either new forms of community or weakened nation-states having to come to terms with multiculturalism. These discussions tend to be Western Europe centered. The problem in Eastern Europe and the Balkans is to contain the resurgence of nationalism in post-communist states; and in many parts of Asia, including Afghanistan, to establish a common national identity as well as a stable political order. Scholars from very different perspectives have argued that, in the modern world, centralized states and national communities are inextricably

linked. Several thinkers, have argued that nations are an unintended consequence of the rise of the modern centralized territorial state, which itself was formed in large part through war. It is true that warfare from the thirteenth century onwards has encouraged a growing centralization of administration in order to maintain order and facilitate taxation; cultural unification as a way of ensuring loyalty.

Recent accounts of the new European Union suggest that EU policy-making has witnessed the return of intergovernmental politics or, a new sort of transgovernmentalism. This latter perspective does not entirely allow the triumph of intergovernmentalism but recognizes that Europeanization is unfolding to a large extent outside the classical Community framework. (Wallace, 2000; 6). The result is a kind of intensive transgovernmentalism that depends mainly on interaction between the relevant national policy-makers, and with relatively little involvement by the EU institutions. New areas of sensitive public policy are being assigned by EU governments to collective regimes, but using an institutional framework over which they hold considerable control. (Wallace, 2000; 33-5).

From the unity of sovereign nation states to structures of multi-level governance, the basic normative patterns of the democratic and governance institutions of the nation states have evolved gradually over the last two hundred years. The EC/EU have evolved over the last forty years and have in this time created immense institutions with wide powers and sanctions unlike any other international organization in this region. Armed with legislative powers, they have also changed the governing conditions of the nation states and their sovereignty. The treaties and institutions of the EC/EU have however evolved not on a linear and consensual basis, but rather in an uneven

form. The evolution of the EC/EU institutions may be described as vital political institutions, with significant consequences for the existing forms of governance. Vital and decisive elements of the new institutions have also come about without much previous public debate and not as any step-by-step consensual process. Examples would be the declarations of supremacy and direct effect by the Court, and the decisions on majority voting. The same would be true for several of the reforms of the Maastricht treaty.

The 'project' of constructing a more institutionally stable European association has had some vague goals of keeping peace in Europe and of constructing some kind of inner and common market. These vague goals required a new terminology to define and analyze the processes such as Europeanization, preferably an apolitical one that would fit into any system. Although, there have not been any specific and clear ideas as to how to embody and realize these goals from the start, there have been political, legal and administrative battles and sudden decisions instead of a gradual debate leading to the new reforms. One reason behind these uneven and unpredictable processes might be the fact that the possible institutional reforms were of such a large scale and with such vital consequences. Some of the institutional changes such as declaring supremacy and direct effect and the introduction of majority voting make a great difference -as separate decisions. Thus they would hard to handle in open, public and transparent decision-making processes. The process of the EMU would be a good example of this. After Maastricht there have been public debates, but at the same time they hardly seem to have had any significance for the elite politicians in the core of the EU. The decision was taken, by its nature it then seemed impossible to stop.

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