

Ambiguity and Adaptation

Europeanization of Administrative Institutions
as Loosely Coupled Processes

by

Ulf I. Sverdrup

Dissertation Submitted to the Department of Political Science, Faculty of Social Sciences,
University of Oslo,
in Fulfilment of the Requirement for the Degree of *doctor rerum politicarum*, May 2000

Table of contents

PREFACE

CHAPTER 1: AMBIGUITY AND ADAPTATION3

1. 1 EUROPEAN INTEGRATION AND INSTITUTIONAL ADAPTATION.....	3
1. 1. 2 A FRAGMENTED PICTURE OF EUROPEANIZATION	3
1. 1. 3 THE AIM OF THE DISSERTATION	6
1. 2 KEY CONCEPTS	8
1. 3 THE ANALYTICAL APPROACH.....	12
1. 4 RESEARCH QUESTIONS.....	20
1. 4. 1 THE SHADOW OF THE FUTURE.....	20
1. 4. 2. THE RELEVANCE OF FORM OF ASSOCIATION AND FORMAL BOUNDARIES....	23
1. 4. 3 THE RELEVANCE OF PRE-EXISTING NETWORKS	25
1. 4. 4 THE SHADOW OF THE PAST	27
1. 5 RESEARCH SITES.....	29
1. 6 RESEARCH DESIGN	32
1. 7 RESEARCH FINDINGS.....	36
1. 8 CONCLUSIONS AND IMPLICATIONS	40
1. 9 REFERENCES	46

CHAPTER 2: ADAPTATION AS ANTICIPATION: THE NORWEGIAN ADMINISTRATION IN THE EEA PROCESS58

2. 1 INTRODUCTION	58
2. 2 EXPLAINING CHANGE – THREE DIFFERENT POINTS OF VIEW	60
2. 3 FRAMES FOR THE EEA PROCESS.....	62
2. 4 POLITICAL RESPONSE AND CONTROL.....	66
2. 5 BUREAUCRATIC EXPERTISE AND NEGOTIATIONS.....	69
2. 6 INSTITUTIONAL DISTINCTIONS AND NORMALIZATION	72
2. 7 NORWAY – AN ENTHUSIASTIC ADAPTER	75
2. 8 REFERENCES	78

CHAPTER 3: NORWAY – AN ADAPTIVE NON-MEMBER81

3. 1 INTRODUCTION	81
3. 2 A HISTORY OF RELUCTANCE	83
3. 3 THE EEA - A DYNAMIC INSTITUTIONAL LINKAGE.....	88
3. 4 POLITICAL AND ADMINISTRATIVE ADAPTATION	90
3. 5 THE SIGNIFICANCE OF MEMBERSHIP?.....	98
3. 6 REFERENCES:.....	101

CHAPTER 4: FUZZY BORDERS AND ADAPTIVE OUTSIDERS - NORWAY, SWITZERLAND AND THE EU..... 104

4. 1 EUROPEANIZATION AND THE BOUNDARIES OF THE EUROPEAN UNION	104
4. 2 PILLAR I: INCORPORATION OF THE <i>ACQUIS</i>	107
<i>Norway</i>	110
<i>Switzerland</i>	115
<i>Comparison</i>	120
4. 3 COMPENSATING STRATEGIES AND SIDE ARENAS – PILLARS II AND III	122
<i>Norway</i>	122
<i>Switzerland</i>	124
4. 4 CONCLUSION: THE SUSTAINABILITY OF LIMITED PARTICIPATION	126
4. 5 REFERENCES	134

CHAPTER 5: EUROPEANIZATION OF THE NATIONAL STATISTICAL SYSTEMS..... 140

5. 1 EUROPEANIZATION OF STATISTICAL INSTITUTIONS	140
5. 2 DYNAMICS OF THE STATISTICAL SYSTEM	141
5. 3 COUNTING AND CONSTITUTING THE NATION STATE.....	143
5. 4 THE BUILDING OF A EUROPEAN STATISTICAL SYSTEM	146
5. 5 DEVELOPING THE INSTRUMENTS FOR STATISTICAL MEASURING IN THE EMU	151
5. 6 ADAPTING AND IMPLEMENTING THE CONVERGENCE CRITERIA	156
5. 7 CONCLUSION: ADAPTATION, AMBIGUITY AND EXPLOITATION	160
5. 8 REFERENCES	162

CHAPTER 6: PRECEDENTS AND PRESENT EVENTS IN THE EUROPEAN UNION - AN INSTITUTIONAL PERSPECTIVE ON TREATY REFORM ... 165

6. 1 THE DYNAMICS OF INSTITUTIONAL REFORM	165
6. 2 TWO THEORIES OF INSTITUTIONAL CHANGE.....	168
6. 3 THE PATH-DEPENDENCY OF THE IGC	171
6. 4 FROM CLOSED AND DIPLOMATIC TO OPEN AND DEMOCRATIC.....	177
6. 5 PRESENT EVENTS AND THE TEMPORAL LOCATION OF THE IGC	188
6. 6 CONCLUSIONS.....	192
6. 7 REFERENCES	194

Chapter 1: Ambiguity and adaptation

1. 1 European integration and institutional adaptation

The topic of this dissertation is the relationship between comprehensive environmental changes and institutional responses. More specifically, the dissertation examines how and to what extent increased European integration has led to adaptations and changes in the domestic administrative institutions of the nation state.

The theoretical point of departure is an interest in institutional change and continuity. The dissertation argues that while European integration has dramatically changed the environments of the domestic administrative institutions, they have responded to these changes in a modest, incremental and differentiated manner. Rather than making extensive structural changes, the domestic administrative institutions have primarily adapted to the new tasks and functions within their existing structures. These findings challenge the commonly held assumption about the tight linkages between environmental shifts and institutional changes. The findings indicate that an understanding of the processes of European integration and domestic administrative adaptation require a better understanding of the match between ambiguous external demands and domestic institutional characteristics.

1. 1. 2 A fragmented picture of Europeanization

European integration is a political, social and economic experiment, involving institution-building at the European level and institutional adaptation at the domestic level. The scale, extent, significance and dynamics of the peaceful integration and disintegration in (Western) Europe have surprised many and it is adequately viewed as 'an extraordinary achievement in the modern world politics' (Moravcsik 1998: 1).

Scholars interested in issues related to European integration have primarily been interested in explaining the dynamics enabling and preventing European integration (Moravcsik 1998, Sandholtz and Stone Sweet 1998), and in revealing the 'nature of the beast' and conceptualizing the emerging European polity and its policy-making processes (Schmitter 1992, Peterson 1995, Risse-Kappen 1996, Laffan 1998). However, there has recently been an increasing

interest in examining the impact of European integration on the policies, identities, politics and polities of the nation state (Arena 1997). This shift in research focus has led to increased scholarly attention to the issue of the relationship between European integration and domestic administrative adaptation (Siedentopf and Ziller 1988, Olsen 1996, Rometsch and Wessels 1996, Hanf and Soetendorp 1998, Bulmer and Burch 1998, Knill and Lenschow 1998, Veggeland 1999, Trondal and Veggeland 1999, Risse et al. 2000).

The literature on the effects of European integration on the domestic administrative institutions contains rich and detailed empirical descriptions of the changes, as well as numerous attempts to conceptualize and theorize such changes. Three questions have been at the centre of these discussions. First, to what extent have the key administrative institutions of the nation state adapted to European integration? To what extent have they demonstrated robustness and remained unchanged, and to what extent have they been radically changed? Second, if the domestic administrative institutions have changed, to what extent, and under which conditions have they gradually moved towards increased convergence across the borders, and to what extent have their responses been different, indicating that differences in administrative styles and structures have prevailed? Finally, to what extent and under which conditions are the driving forces of the domestic institutional changes best understood by examining the external environmental pressure, the intentional design by the political and administrative leaders, or by unveiling the institutional characteristics, histories and routines of the administrative institutions that are involved?

While there is an emerging consensus on the importance and relevance of these questions, the answers that are given to them are contested.¹ The relationship between European integration and the domestic administrative institutions is frequently seen as quite simple. When adaptation is advantageous, institutions adapt to European integration. As European integration increases in any specific domain, so do the costs for the governments of maintaining disparate

¹ An extensive review of the vast literature of Europeanization is needed. Such a review should cover studies of different institution, in different states, conducted within different traditions and in different languages. This is a difficult and demanding task, since several of the studies are designed as limited case studies weakly linked to a theoretical program. The volumes by Hanf and Soetendorp (1998) and Rometsch and Wessels (1996) serve as good starting points for getting an overview of the field. For a review in Norwegian see Veggeland (1999). For an overview of the research on European integration in the field of political science see for instance Azzi (1996).

domestic rules and institutions. Moreover, as these costs rise, so do the incentives for the governments to adjust their positions and institutions (Sandholtz and Stone Sweet 1998: 4). When adaptation are disadvantageous, institutions are not adapting. When the level of European integration is low, the costs of maintaining the domestic structures are limited and the incentives for changing them are small, there will thus be few domestic institutional adjustments. The dynamics driving these changes and securing continuity are believed to be of two kinds. Either they are driven by external pressure from the European level and competitive selection by the environment or by strategic adjustments to shifting environments by the domestic political leadership. Both of these dynamics share the assumption that the linkages between the environment and the specific institution are tight, and that the domestic administrative institutions are adapting precisely and effectively to environmental ‘necessities’ or to human will and intention.

These dynamics are important in explaining institutional change and continuity in relation to European integration. Although necessary for an adequate understanding of the processes of change and continuity, they are not sufficient. Nor do they fit all the empirical findings in the literature, in particular, the institutional continuity reported in many studies. Rather than confirming these simple ideas, the literature paints a patchy and complex picture of both convergence and divergence in the domestic administrations leaving us with few shared understandings (Haverland 1999:18).

Indeed, some scholars claim that ‘there is no strong reason to believe that Europeanization necessarily brings with it any substantial changes in the national administrative structures of the member states (Page and Wouters 1995: 203). It is argued that ‘[n]ational administrations are not coming to resemble one another, nor are they coming to resemble a sort of synthetic EU prototype. The administrations of the member states have, for the most part, retained their distinctive structures and operating procedures’ (Harmsen 1999: 82). Adaptations to European integration in the domestic administrative structures have been moderate, and it has rarely affected the highly embedded administrative arrangements (Knill and Lenschow 1998: 610). Moreover, if there are any signs of convergence in the domestic administrative institutions, these tendencies are perhaps much better explained by the spreading of new public management ideas and techniques, through ‘harmonizing agents’ such as the Organization for Economic Co-operation and Development (OECD), the International Monetary Fund (IMF) as well as numerous private consulting firms, rather than resulting from European integration (Lerdell and Sahlin-

Andersson 1997). These findings support the idea that the building bricks of the nation state are largely unaffected by European integration and that the nation state is still the core unit in securing effective and legitimate democratic governance.

Another branch of scholars holds an opposing view. They argue that the domestic administrative institutions of the nation state are currently being radically transformed as a result of increased European integration. The European level is viewed as exerting a reforming action on the domestic administrative organization and its procedures. The processes of institution building at the European level is seen to create a permanent challenge to the national political and administrative systems, which are forced to adapt to a new normative and functional environment (Mény et al. 1996: 8-9). The outcome of the European integration process, on the action, behaviour and structures of the domestic administrations are considered dramatic, leading to the convergence of a specific type of a European regulatory state (Majone 1996: 265). Increased European integration is leading to the standardization of political agendas, forms of interest representation across the borders and a 'spectacular convergence of the modes of operation of various actors involved in public decision-making' (Mény et al. 1996: 8-9). These findings support the view that the era of the nation state is ending, since the nation state is out of step with the environmental 'necessities' and it is no longer functional (Beetham 1990: 219, Bell 1987).

1. 1. 3 The aim of the dissertation

These divergent positions call for a clarification. The aspiration of this dissertation is to improve our understanding of the dynamics of European integration, and in particular its effects on the domestic administrative institutions. This will be done by examining a limited set of fundamental questions regarding the conditions for, and processes of, institutional change and adaptation.

The first aim is to shed light on how and to what extent the domestic administrative institutions are adapting to European integration as a result of their interaction at the European level, and to what extent the domestic administrative institutions are adapting to European integration as a result of anticipation and autonomous adjustment.

The second aim is to examine how and to what extent the adaptations of the domestic administrative institutions to European integration are dependent upon a specific type of formal relation, or association, with the European Union (EU).

The third aim is to examine how and to what extent the adaptations in the domestic administrative institutions to European integration are dependent upon the existence of pre-established professional networks and institutional ties.

The fourth aim is to examine how and to what extent the domestic administrative institutions are able to adapt to their European environment, by seeking to alter the structures and process of European integration, rather than adapting their domestic structures, processes and policies.

The dissertation is organized as a set of articles. Each article address one of the above mentioned aims. The articles have been written independently in different period of time, they cover different time periods, and they address different audiences. In spite of the fact that the dissertation is organized as a collection of articles, and not as a monograph, the dissertation is still integrated, constituting a unit, in which the articles share several theoretical, empirical and methodological properties. This introductory chapter provide a framework for understanding the various chapters, and to show that the findings in the various articles, separately and when taken together, contribute to enrich our understanding of the dynamics of Europeanization of the domestic administrative institutions.

The chapter is organized as follows. In the next section, the key concepts are defined and briefly discussed. In section three the analytical approach is presented. In section four, the research questions are presented and discussed in somewhat more detail. On the basis of a brief theoretical discussion, a set of specific research questions is formulated in relation to each case. In section five, the research sites are discussed. Each set of research question is empirically examined in a case selected on the basis of its fit with the research question. In section six, certain aspects of the methodology and the research design of the dissertation are discussed. In the final section, the research findings are briefly presented and some general conclusions are made in relation to the dynamics of Europeanization and institutional adaptation.

1. 2 Key concepts

The concept of Europeanization is frequently used when describing the current transformation in Europe. Here, the term Europeanization refers to the process in which European integration become an increasingly more relevant and important point of reference for the actors, leading to adaptations and changes in, and within, policies and institutions at the domestic level (Olsen 1996, Hanf and Soetendorp 1998: 1).

However, there are several alternative interpretations of the concept of Europeanization. For instance, the term Europeanization is sometimes defined as the emergence and the development at the European level of distinct structures of governance (Risse et al. 2000). It is also defined as the mutual dependencies and co-evolving processes between the national and the European level, describing the processes through which the administrations at the domestic and European level are being gradually 'fused' together (Wessels 1998). And finally, the term Europeanization sometimes refers to how European ideas have come to influence the development outside their points of origin, for instance, how certain aspects of European history, culture, economy, society and policy have spread beyond the borders of Europe (Mjøset 1997).² Each of these aspects of the term are important, however, in the dissertation these aspects of Europeanization will be referred to as respectively European institution building, co-evolving processes and diffusion.

The key dependent variable is the adaptations of the domestic administrative institutions to European integration. The domestic administrative institutions are here understood as the patterned and stable elements in the governance of

² According to the current version of Merriam-Webster's dictionary, Europeanization means 'relating to, or characteristic of the continent of Europe or its people'. In the 1913 Webster's Revised Unabridged Dictionary, the term Europeanize meant 'to become like the Europeans in manners or character; to habituate or accustom to European usage'. These cultural aspects of Europeanization are also found in the academic literature. When Max Weber used the concept 'Europeanization of America'; he referred to what he saw as the universal and inescapable processes of bureaucratization (Scaff, 1973: 134). James Coleman wrote, when analysing nationalism in Tropical Africa, that 'the conscious Europeanization pursued by Christian missionary societies has been a frontal assault upon traditional religious systems and moral sanctions (Coleman 1954: 411-12). In social anthropology, Europeanization is used as a term describing the processes leading to a redefinition of forms of identification with territory and people, and the development of organizational and administrative power at the European level (Borneman and Fowler 1997: 488).

the nation states, affecting and structuring domestic decision-making. More specific, the domestic administrative institutions are here delimited to the formal and informal administrative and co-ordination apparatus, the procedures and rules, the accounts and the information systems, as well as the time rhythms and the political calendars that organize and structure the domestic decision making activity. Institutional adaptation is the long-term substitution of existing practices and structures with new practices and structures. Processes of institutional adaptation can include reorganization of institutional forms, rules and standards, reinterpretation of principles, doctrines and frames of understanding and justification, as well as reallocation of resources and capacities, and changes in the principles governing the allocation of resources and capacities (Olsen 2000).

Institutional adaptation in processes of Europeanization means that the domestic administrative institutions of the nation states are becoming structurally tighter connected to the European level. That is, the interdependence between the domestic administrative institutions increases, and the beliefs, values and objectives that are held in the domestic administrative institutions are being shared across the borders.

The key independent variable in the dissertation is European integration. To integrate is the process of co-ordinating or incorporating separate parts into a larger unit and a functional whole. In an integrated political entity, the beliefs and objectives are shared, the units are interdependent and they are structurally connected (March 1999: 134-35). In a disintegrated unit the objectives are not shared, the units are independent and they are not structurally connected. Each of these three dimensions are important aspects of integration and disintegration, but they are not necessarily highly correlated. A system can for instance have strong interdependencies and structural connections but diverse objectives. The process of integration involves the co-ordination of policies, the development of common rules and standards, the building of shared institutions with capacities and resources, the development of a public sphere for deliberation and eventually the development of shared beliefs and political identities (Olsen 2000). European integration is the process of co-ordinating and incorporating the nation states of Europe into a European political, legal, economic and administrative order.

Four factors make the relationship between European integration and the responses of the domestic administrative institutions important for students of democratic governance. First, the adaptations in the domestic administrative

structures are important for comprehending the scale and scope of the European integration process, and in determining the possibility for a legitimate and effective governance structure at the European level. European integration is also a highly technical co-operation, populated and operated by the executives and bureaucrats. The domestic administrative institutions are largely responsible for providing information, negotiating, implementing and monitoring the decisions that are made in the EU. Concurrently with the increased capacity and autonomy for the EU institutions, the domestic administrative institutions have become increasingly more involved in EU decision-making (Rometsch and Wessels 1996). Effective and legitimate governance at the European level is therefore increasingly dependent upon the abilities and functioning of the domestic institutions. Consequently, in order to understand the properties and the workings of the EU, the processes of adaptation of the domestic administrative institutions are becoming increasingly important (Stone Sweet and Sandholtz 1998).

Second, for a proper assessment and evaluation of the conditions for future effective and democratic governance in the nation state it is important to determine the extent, quality and character of the domestic administrative responses to European integration. A core feature in analyzing democratic governance is to examine the conditions for institutional design and to clarify the possibilities for the political leadership to shape and alter their institutions (Mill 1991, Goodin 1997, Olsen 1997a, Olsen 1997b).³ This dissertation is rooted in a tradition analyzing democracy and political life by combining studies of administrative institutions with theories of democratic governance (March 1997), acknowledging that the ‘roots of political science are in the study of institutions’ (Peters 1999: 1). Historically, the domestic administrative institutions have constituted the fundamental building-bricks in the nation state in three ways. First, the domestic administrative institutions have been instrumental in effectuating the decisions of national leaders. Second, the domestic administrative institutions have been important in securing procedures for effective and legitimate democratic governance (Badie and Birnbaum 1983). Finally, for a long period of time, the domestic administrative institutions played an important role in building the nation, and in creating a

³ The philosopher John Stuart Mill discussed the problem of to what extent forms of government are matters of choice. He challenged the idea that political institutions are just a political instrument, by arguing that institutions are not designed easily from a deduction of the matching of certain means and distinct ends. However, Mill was also sceptic to the idea that they grow and evolve according to their habits in an organic fashion, and that we must accept institutions as we find them (Mill 1991).

sense of community, trust and identity within the borders of the state (Desrosières 1998). The various developments of the nation state have been matched by a corresponding development in its domestic administrative institutions (Wessels 1990). Significant changes in, or within, one or several of the domestic administrative structures thus indicate that fundamental aspects of governance in the nation state have been altered.

Third, compared with other domestic institutions, the domestic administrative institutions are more affected by European integration. The domestic administrative institutions and executives have better access to information and participate more frequently at the European level, than other domestic institutions, such as for instance the national parliaments and political parties (Egeberg and Trondal 1999, Nordby and Veggeland 1999, Smith 1996). The popular involvement in European politics is a recent phenomenon, and it is still at a low level compared with the interest and involvement in national and regional politics (Niedermayer and Sinnott 1995).⁴ The coverage by the media of the EU is also relatively weak and a recent phenomenon (Schlesinger 1997, Slaata 1999). This bias in exposure and involvement in European issues has triggered a discussion on to what extent European integration increases the importance and influence of the executives at the expense of the parliamentarians and nationally based interest groups (Moravcsik 1994). However, others argue that the capacity of the executives to act independently is more weakened than strengthened by the obligations, decision making styles and so on, following from membership or close ties to the EU (Schmitter 1999). A third view does not consider these arguments as mutually exclusive, but seeks to reconcile them. For instance, Fritz W. Scharpf (1999a) argues that the absolute control of domestic policy choices is greatly reduced if European directives evolve from negotiations among fifteen national governments, still it may well be that the nation states might experience a relative shift of powers from the parliament to the executives and the administration. Since the domestic administrative institutions are more affected by European integration than other domestic institutions, it is more likely that they will experience more changes than other institutions.

⁴ One indicator of the low interest in European issues is the low turnout on the election to the European Parliament. In 1999 the average turnout in EU 15 was 49,4 per cent. Although it varied considerably between different countries, the rate has dropped steadily from 63,0 per cent in 1979, the first time the European Parliament was directly elected, to 61,0 per cent in 1984, 58,5 per cent in 1989 and 56,8 per cent in 1994 (<http://www2.europarl.eu.int/election/results/en/rmenuuk.htm>).

Finally, the scale and historical significance of the European integration process has created a political and institutional laboratory for students of political transformation. It is argued that '[t]oday the EU provides the best laboratory for studying theoretical issues' related to regional integration and domestic institutional adaptation that are 'only just emerging elsewhere' (Moravcsik 1997: 4). The EU and its impact on the domestic administrative institutions provide scholars with unique opportunities for improving their understanding of the nature of politics in general, and their theories of how well established institutions, like the domestic administrative institutions, are responding to extensive shifts in their environments in particular.

1. 3 The analytical approach

Different theoretical perspectives offer competing views on the relationship between environmental shifts and domestic administrative adaptations (Olsen 1992).

The 'environmental determinism perspective', on the one hand, locates the explanatory factors at the environmental level. Variation in the domestic structure is explained by the characteristics of the environment, while the particularities of the institutions involved, as well as the abilities and capabilities of the reformers, are considered irrelevant. The fundamental assumption is that different functional environments place different requirements, functions and tasks on the specific institution (Lawrence and Lorsch 1969). The institution that has its internal structure best fitting the demands of the environment will be achieving the best results and have the best possibility of surviving. The best way to organize the domestic institutions is therefore dependent upon the nature of the functional environment to which the institution relates (Scott 1981: 87). The mechanism of change in this perspective, is that of competitive selection in relation to for instance performance, effectiveness or technological development. Through competition and selection, inefficient and maladapted institutions experience decrease in their effectiveness, and in the longer run they will disappear.

Another version of this perspective argues that selection is not only based upon functional demands, but on the fit between the domestic institutional structure and an environment imposing norms, beliefs and values on the specific institution (Powell and DiMaggio 1991). The values and norms of the institution must be in correspondence with the values and norms held in the

wider society or in the environment in order to have legitimacy. When institutions are maladapted to the dominant norms of the environment, their legitimacy and support will decrease, and they will be effectively eliminated (Meyer and Rowan 1977).

The 'reform perspective', on the other hand, belongs to a rational instrumentalist tradition in the social sciences, locating the explanatory factors at the level of the leadership. Institutions are viewed as instruments for realizing the goals of the leadership. Institutional structures are perceived as tools mirroring the intention, will and power of the decision-makers. A specific institutional structure exists because it fulfils the goals of the decision-makers. It is assumed that there is a tight linkage between a distinct kind of institutional design, and the behaviour within this institution. It is thus assumed that there is a certain element of hierarchy and that the leadership has the power, will and skill to shape the institutions in ways that increases the likelihood for effective goal realization. The path from the intention of the decision-makers to the actual design is believed to be unproblematic and straightforward. The goals and positions of the leadership is clear, the causal relationship between goals and the specific design is easy and transparent, while the actual implementation and realization of the design is seen as unproblematic. A specific institutional structure thus follows from the strategy of the leaders (Chandler 1962). The mechanism of change in this perspective is changes in the goals of the leadership. Such changes can result from changes in the preferences, strategies, and allocation of resources or simply by shifts in the composition of the leading coalition. When the goals and preferences are shifting, it is assumed that the institutional structures will be smoothly reformed and designed in order to reflect the new strategy of the decision-makers.

The dissertation takes an institutional approach to the study of the Europeanization of the domestic administrative institutions. This perspective challenges both the view that there is a tight linkage between the environment and the specific institution, as suggested by the 'environmental determinism perspective', and the view that there is a tight linkage between the will of the leadership and the institutional response, as suggested by the 'reform perspective'.

During the last decade, the interest in institutions and institutional change has exploded, and several scholars now take an institutional approach to the study of continuity and change. As the number of scholars working in the field of institutional theory has increased, the meaning of the label 'institutional theory'

has become equally more ambiguous and contested, and there are therefore numerous approaches to institutions in political science, law, economics and sociology.⁵ In parallel with this development in the general social sciences, the students of European integration and domestic administrative adaptations have turned their eyes on institutional theory (Jupille and Caporaso 1999, Puchala 1999, Risse et al. 2000, Aspinwall and Schneider 2000). The institutional approach is termed 'the central element of the EU toolkit' (Bulmer 1993: 378) and it has been coined the approach of the 'third generation', or the third wave, in the flow of work on European integration (Caporaso 1998:2).⁶

The version of institutional theory applied here is rooted in one version of institutional theory in political science (March and Olsen 1989, 1995, 1998). By institution we mean a fairly stable set of rules and practices defining appropriate behaviour for groups of actors in specific situations. Rules, practices and meanings are embedded in structures of resources, enabling individuals to act in a certain manner, and the collective to sanction non-compliance (March and Olsen 1989, 1995, 1998). Institutions are not neutral arenas where autonomous actors meet, but they have an independent affect on decision making and they mobilize bias (Schattschneider 1975). Institutions matter and have an independent effect on decision-making and changes because they structure, affect and skew decision-making in significant ways. Institutions structure decision-making in two ways: by changing the behaviours of people by establishing formal rules and creating incentives, and by changing

⁵ See for instance Guy Peters (1998) for a recent discussion on the various branches of institutional theory in political science. He discusses what he calls the normative institutionalism, rational choice theory, historical institutionalism, empirical institutionalism, sociological institutionalism, international institutionalism, and institutions of interest representation. Richard W. Scott (1995) has written an overview of the development of institutional theory within sociology.

⁶ The turn towards institutional theory is one attempt to 'main-stream' the study of European integration. For a long period of time the EU was treated as *sui generis*. Comparisons with other polities or political processes were considered impossible and even unfruitful. For instance, Peter Ludlow (1992: 119) argued that 'the Maastricht Treaty should be judged not in relation to federal models created out of quite different materials in quite different circumstances. It should instead be assessed in relation first to the Community system as it has developed, *sui generis*, and second to the goal: a European Union'. This approach has been subject to increased criticism. There is now growing awareness that the EU -- and its effect on the institutions of the nation state -- can, and should, be understood by applying methods, concepts and theories from the general political science, economics and legal studies (Olsen 1996, Moravcsik 1998, Hix 1998:42, Risse 1999). The increased interest in institutional theory is one -- out of several -- attempts to bring the study of European integration in line with the general theoretical developments in political science, sociology, economics and law.

the people and the way they interpret, create meaning and reason, through for instance experiential learning and socialization. When analyzing how institutions emerge, are maintained and change, this version of institutional theory, takes into account both the 'thin' institutional factors, such as rules, incentives, formal arrangements, and the 'thicker' aspects of institutions, such as meanings, norms, identities and standard procedures (Checkel 1999).

An institutional perspective on the dynamics of domestic administrative adaptation rests upon certain assumptions. It is assumed that action is rule-driven. Actors are believed to act in accordance with conceptions of appropriate behaviour and act on the basis of a logic of appropriateness.⁷ That is, action depends on the answers of three key questions. 'What kind of person am I? What kind of situation is this? What does a person such as I do in a situation such as this' (March and Olsen 1995:7). The answering of these three questions constitute the alternative that is chosen. The logic of appropriateness is partly based on normative evaluations, but it is also, and equally important, a matter of perception and cognition under the limitations of bounded rationality. In a complex world, with limited time and energy it is assumed that people act upon their simplified understanding of the world, their experiences, rules, and their understanding of what is appropriate behaviour. However, in most situations there are numerous and often ambiguous norms, identities, rules and loyalties. One important dynamics of change are therefore created by collisions of norms and shifts in the interpretation of their relative importance.

Institutions are believed to evolve in a path-dependent manner (Krasner 1988, March and Olsen 1989). That is, decisions made at one point in time structure and affect the range of possible decisions at a later stage. Adaptations and decisions of the past structure the adaptations and decisions of the present. Institutions gradually learn and develop experience based standardized and 'taken for granted' responses for handling environmental shifts. Search for new solutions tend to be close to existing solutions (Cyert and March 1992).

⁷ I am well aware that institutions as such do not act. Collectives, like a nation, an organization or an institution, can not, at least in a restrictive meaning, have consciousness and intention. Only individuals can act, choose and decide. Social phenomena should therefore be analyzed from the actions and interactions of individuals. However, explanations can not be complete when referring to actors regardless of the structures they operate within or when ignoring the 'uniqueness' created by interaction among individuals in a collective (Hovi and Rasch 1996). When referring to institutions as adapting, or being passive or responsive, I therefore mean that these actions are outcomes produced by individuals acting within these institutions.

Resources and capacities are linked to existing practices and make certain alternatives more likely than others (March and Olsen 1995). During a period of time certain practices and arrangements have become institutionalized. The process of institutionalization is characterized by routinised responses, standardization and authorization of codes of meaning, methods of reasoning and accounts, and it also implies that administrative resources, staffs, budgets etc. are linked to certain values and world-views. Institutionalization does not however imply rigidity, but it means that institutional changes are continuous routine processes of adaptations to a confusing and complex environment (March 1981).

From an institutional approach, institutional change is seen as a process of historical inefficiency (March and Olsen 1989). The opposite, a model of historical efficiency, assumes that pressures from the environment lead institutions to adapt effectively and precisely. The institutions that are not adapting are expected to loose out of the competition and deteriorate. A model of historical inefficiency, however, assumes that the changes are less determined by the environment, and instead follow a slower and internal course allowing for multiple equilibria. In this perspective, institutions are not seen as static, nor as effective and smooth adapters. Institutions are often loosely coupled to their environments. The environment of an institution is rarely uniform and it does not provide a consistent set of factors that the institutions are forced to adapt to. Institutions are faced with confusing and often inconsistent environment. Often the demands from the environment on one part of the institution are different and inconsistent with the demands of another part. The term loose coupling means that the coupling between two or more units is not dense and close in its structure and that there is certain flexibility and slack in the coupling (Cohen, March and Olsen 1972). If the specific institution is responsive to its environments, but retain evidence of separateness, distinctiveness and identity in the adaptation process, the relationship between the environment and the institutions can be characterized as loosely coupled (Glassman 1973, Weick 1976). The external pressure is therefore seen as sporadic and coarse, rather than continuous and refined, and the linkage between environmental pressure and the administrative institutions is seen as imprecise, discontinuous, and frictional, instead of precise, continuous, and smooth. Institutional adaptations are therefore perceived as depending upon a complex match between environmental pressure and institutional characteristics

In order to understand the matching between environmental demands and

institutional characteristics it is important to make an assessment of the experiences, culture and the history the institutions is embedded in, that is, to understand the routes and the roots of an institution (Berman 1983). It is generally assumed that it is most likely that institutional adjustments will be incremental and stepwise, often characterized by routinised responses, reflecting experiential learning, internal capacity and various institutional characteristics. Under certain conditions it is likely that more radical and extensive institutional adaptations can occur. These situations are typically characterized as deep crisis in performance or legitimacy, or when the institution are experiencing extensive external shocks which in dramatic ways alter the conditions under which the institution operates. Extensive reform attempts involving considerable political energy, attention and resources over a long period of time can also lead to more extensive changes (Knill 1998). In a situation with considerable external demand for change and when there is good fit between these environmental pressures and the fundamental characteristics and values of the domestic institutional arrangements, the likelihood for domestic administrative adaptations increases. In situations characterized by weak environmental demands, few reform attempts and strong domestic institutional resistance, it is less likely that change will occur.

When the domestic administrative institutions are adapting to European integration, they are faced with ambiguity. By ambiguity we mean processes that are indistinct, as well as phenomenon that can be understood in two or more possible senses or ways. Ambiguity in the study of institutional adaptation means situations characterized by unclear goals, difficulties in interpreting histories and experiences, unclear organizational boundaries and structure of participation, as well as unclear technologies, (March and Olsen 1976: 8). The EU fits all of these general characteristics of an ambiguous system.

The goals of the EU are ambiguous. The goals listed in the Amsterdam Treaty are vaguely defined and difficult to reconcile.⁸ Since the EU has unclear goals,

⁸ Article 2 in the Amsterdam treaty states that: 'The Union shall set itself the following objectives: to promote economic and social progress and a high level of employment and to achieve balanced and sustainable development, in particular through the creation of an area without internal frontiers, through the strengthening of economic and social cohesion and through the establishment of economic and monetary union, ultimately including a single currency in accordance with the Provisions of this Treaty'. In the same article it is argued that the EU shall also asserts its identity on the international scene, strengthen the protection of rights and interests of the national of its Member States, maintain and develop an area of freedom, security and justice, and

the European integration process is frequently described as a 'journey to an unknown destination' (Weiler 1993). The goals are certainly more specific in some areas than in others, but ambiguous goals can be revealed in most areas of the EU.

In the EU there are ambiguities in interpreting histories and experiences. For instance, there is no consensus on the basic mechanism driving the European integration process (Milward et al. 1993, Kohler-Koch and Jachtenfuchs 1996, Moravcsik 1998, Schmitter 1999, Sandholtz and Sweet 1999, Weiler 1999). The EU is not a federal state, nor is it an international organization and there is no shared understanding of how to interpret the emerging European polity. In order to conceptualize the emerging polity, some turn to history for appropriate parallels (Schmitter 1992), others compare it to federal systems (Sbragia 1992), and even others, like Jacques Delors, the former President of the European Commission, claimed that the EU is an Unidentified Political Object (UPO).

The boundaries of the EU are unclear and the structure of participation is ambiguous. The multi-level structures of the EU are vertically and horizontally differentiated and only loosely coupled (Benz 1998). The boundaries of the EU, as well as their significance, have continuously changed through enlargements, the increasing number of member states, as well as increasing external and internal fragmentation (Kohler-Koch 1998, Leslie 2000). Compared with other institutions, the patterns of participation in decision-making in the EU are more fluid and less organized (Andersen and Eliassen 1995, Richardson 1996).

In addition, there is ambiguity in the EU about the technology and causal relations. The key question; what specific type of domestic institutional arrangement matches the European level effectively and legitimately, is unanswered and badly understood. In the EU, there is no well-developed encompassing public administration policy, nor is it an 'institutional blueprint' for the domestic administration to adapt to. There are no shared understandings of a distinct 'best practice' for the domestic administrations to adapt to (Hanf and Soetendorp 1998, Lerdell and Sahlin-Andersson 1997: 59). The capability and legitimacy for the EU to impose changes onto the domestic administrative institutions are limited, compared with the capacities of the nation states to

maintain its full *acquis communautaire*. In Article 6 it is stated that the Union is founded on the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law, and that the Union shall respect national identities of its member states.

develop a public administration policy within their boundaries. However, to state the obvious, when we dig into the specific policy fields and various institutional spheres, fragments of a general public administration policy is revealed, and the EU is not longer as ambiguous. In certain areas there are more clear goals, detailed rules, established codes of conduct, standardized patterns of participation, shared understandings and a well established *acquis communautaire*, than in others. Still, an encompassing public administration policy is lacking.

Ambiguity is not only an adequate description of the EU, but also important in explaining the dynamics of the EU. Decision making in the EU is operating under a veil of vagueness -- twisting John Rawls' concept of the 'veil of ignorance' (Olsen 1997a, Gibson and Goodin 1999). The veil of vagueness means that the parties do not know precisely how decisions at the EU level will affect them in the future. In such a system, there is a tendency that the level of generality, and thereby ambiguity, increases to a point at which the actors can reach an agreement without serious threat to their interests. In the EU, for instance, the 'short term preoccupation of institutional designers have led them to make decisions that undermined long-term member state-control' (Pierson 1996: 156). In addition, the EU is a consensus-seeking system (Hayes-Renshaw and Wallace 1997), tending to result in vague policies, since it is easier for the parties to ignore disagreements as long as the text can be interpreted in various manners.⁹

The ambiguous character of the EU and the European integration process makes it difficult to develop a general theory about what the domestic administrative institutions are adapting to when adapting to European integration, and through which processes they are adapting. Cardinal questions, like; what are the domestic administrative institutions really adapting to; which institutions are adapting to European integration and which are not; what kind of institutional designs are most likely to be successful in the adaptation process, are still just barely understood. It is thus evident that an adequate understanding of the dynamics of European integration and domestic

⁹ An early illustration of this aspect is provided by Ernst B. Haas. He explained the convergence of positions among the six initial member states to ratify the treaty for the European Steel and Community in the early 1950s by reference to ambiguity. He argued that the very 'ambiguity of the Treaty made this pattern of convergence possible. Something seemed to be 'in it' for everybody and a large enough body of otherwise quarrelling politicians was therefore persuaded to launch the deliberate peaceful integration' (Haas 1958: 154-55)

administrative adaptation require a richer understanding of the complex linkages and loose couplings between the ambiguous environment and the characteristics and histories of the domestic administrative institutions. Rather than seeking to develop a general theory of how the domestic administrative institutions are adapting under such circumstances, we should therefore take a middle-range approach, carefully examining how European integration in certain fields and certain areas are triggering adaptation in certain domestic administrative institutions.

1. 4 Research questions

The dissertation addresses four sets of questions that are relevant for a better understanding of the dynamics of European integration and domestic administrative adaptations. In the following section these questions are elaborated more in detail and certain specific expectation are formulated.

1. 4. 1 The shadow of the future

The first set of questions is related to the role of interaction in creating institutional adaptations to European integration. To what degree are the domestic administrative institutions adapting as a result of processes of learning and accumulated experiences of interactions within the EU, and to what degree are they adapting as a result of processes of anticipation of future possible functional and normative demands raised by European integration? The literature on the dynamics of institutional adaptation provides different answers to this question.

Adaptation as a result of interaction

One important branch of theories assumes that participation and interaction at the European level leads to adjustments in the domestic administrations. As politicians and civil servants are increasingly interacting with the new European system of governance, by attending meetings, drafting plans, sharing information, participating in joint decision-making, and developing trust they will gradually accumulate experiences of co-operation. Through participation in a wide number of meetings and committees under various institutions at the

European level, the domestic administrations interact.¹⁰ These experiences of interaction, it is argued, will gradually lead to alteration in focus of attention and to changes in interests, positions and loyalties, as well as reorganization and changes in domestic administrations, in order to accommodate and respond these new patterns of interaction (Deutsch 1953, Haas 1958, Lindberg 1963).

Increased exchange across the border provokes behaviours and processes that are decisively shaped by the institutional context of the EU. The more a unit is participating in European co-operation, the more likely is it that the unit will adapt to the new demands. As a result, variation in pattern of adaptation can be explained by patterns of interaction.

From this perspective, the extensive interaction between domestic administrations from various countries are therefore both an indicator of, and the main driving mechanism of, the gradual merging of public administrations and their adaptation to increased European integration (Wessels 1998: 217). As the level of interaction increases at the European level, the likelihood that the domestic administrative institutions adjust their policy positions and institutional arrangements increases (Sweet and Sandholtz 1998: 4-5).

Adaptation as a result of anticipation

Another theoretical branch is less concerned about the importance of interaction. It is argued that anticipation and autonomous adaptation can drive processes of change. For instance it is argued that processes of European integration has 'forced all countries aspiring for membership' to adopt a distinct policy and to rearrange their institutions (Scharpf 1999b: 116). The so-called Copenhagen criteria, for instance, indicate a number of conditions that should be fulfilled before new applicants can become member states. These conditions are: stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities; a functioning market economy, as well as the capacity to cope with competitive pressures and market forces within the Union; and the ability to take on the obligations of

¹⁰ Estimates of the number of committees in the EU differ. Wolfgang Wessels listed more than 1,500 existing committees in the mid 1990s, including 600 committees for the Commission, 270 working groups under the Council, 410 comitology committees and 53 with third countries (Wessels 1998: 219). Van Schendelen (1996) estimated that each year about 50,000 domestic officials are involved in the daily administrative work of the European Union (van Schendelen 1996).

membership (European Council 1993).¹¹ The important driving mechanism is thus the shadow of the future rather than the practice of the present.

Such a process is characterized by an institution adjusting to the decisions that are either already made in the EU or are expected to be made in the EU. The domestic institution does not seek, as a condition of making its adaptation, a response from the EU or experiences from interacting with the EU. However, the domestic administrative institution deliberately avoids impinging adversely on EU's values, as they are perceived by the domestic institutions at the time the institution adapts. The mechanism of anticipation is a supplement to the one claiming that the idea that interaction generate experiences of a certain functional and normative demand. The mechanism of anticipation is characterized by the domestic institutions perceiving and anticipating a potential mismatch between its structural arrangement and those of the EU, hence the domestic institution sets out to explore new ways of pursuing its mission, which would not impose losses or make any conflicts with the EU. Processes of autonomous anticipation are often characterized by transforming complex environments into a relatively simple series of tasks and adjustments. They do not necessarily cause ideal results but the results can be perceived as satisfactory and sufficient (Lindblom 1965).

If the processes of adaptation were resulting primarily from experiences of interaction, they will occur after participants have accumulated experiences of interaction within the EU and therefore expected to be gradual and stepwise. If the processes of adaptations were resulting primarily from processes of anticipation they will occur at an early stage.

If adaptation and institutional reorganization is seen as a requirement for membership in the EU, and the possibilities for the domestic institutions to change these demands when they become members of the EU are perceived as limited, the likelihood of anticipation and autonomous adjustment increases. If there are few institutional requirements for membership, and the possibilities for the domestic institutions to change such demands at a later stage are perceived as rich, it is more likely that the processes of adaptation will be characterized by experience based adaptation and less by anticipation.

¹¹ In 1995 the European Commission published a list of 899 measures in 23 sectors as a mean of helping applicants prepare for entry in the EU. The score of each state on this 'Harmonogramme' is an index of the extent to which domestic legislation and institutions are adapted to meet the requirements of the Single Market before becoming members of the EU (Bainbridge 1998: 94).

Moreover, if membership and close relations to the EU are perceived as desirable and attractive, it is more likely that the domestic administrative institutions will adapt through processes of anticipation and autonomous adjustments. If membership is seen as undesirable and perceived as a threat to certain fundamental values and core principles of the domestic administrative institutions, it is less likely that they will adapt autonomously and it is more likely that adaptations will result from interaction.

1. 4. 2. The relevance of form of association and formal boundaries

The second set of questions is related to what extent the adaptation of the domestic administrative institutions is dependent upon the type of formal linkages or association to the European integration process.

Formal membership in the EU and form of association is perceived as one of the most important distinction in relation to processes of Europeanization. The issue of membership in the EU has appeared as a significant cleavage in European politics (Marks et al. 1996, Hix 1998, Tarrow 1995), and it has been the subject of intense political debates and political struggles in most European countries. Referendums on the issue of membership have led to close results and high turnout (Todal Jenssen et al. 1998). In many countries, political parties have been divided, or suffered considerably, by internal disputes on the issue of formal membership (Heidar and Svåsand, 1997, Young 1998). In Norway, for instance, the policy of ‘No’ to formal membership, but ‘Yes’ to close co-operation with the EU, is one indicator that formal association is perceived as important.

The dichotomy of boundaries

Formal membership in the EU is often treated as dichotomous. Either states are members of the EU or states are not members of the EU. Formally, this distinction is easy to draw. States that have signed the treaties of the EU are the members of the EU, and the states that have not signed the treaties are not members of the EU. Member states have certain rights and obligations in decision making and their actions are limited by shared decisions in the EU, whereas the states that are not members of the EU do not share the same rights and obligations.

In most of the literature on European integration and domestic administrative adaptations, it is argued that membership matter. It is assumed that states and institutions that are members of the EU define their interests and arrange their institutions differently as members of the EU than they would outside of the EU (Sandholtz 1993: 3). Moreover, it is claimed that with membership in the EU the domestic administrations will start moving in the direction of convergence, whereas countries outside the EU will not follow this direction until they have gained full membership (Wessels and Rometsch 1996: 357).

It is thus assumed that there is a strong causal relationship between form of association and the pattern of domestic adaptation. Through legal pressure and financial incentives, as well as interaction and accumulation of experiences at the European level, it is believed that the form of association will be important in shaping the pattern of adaptation at the domestic level. Since the non-member states are not experiencing the same legal and financial incentives and pressures, they will not adapt to European integration in a corresponding manner.

The ambiguity of boundaries

While the boundaries of the EU are often treated as dichotomous, they are frequently also treated as ambiguous. The concepts such as; flexibility, enhanced co-operation, a-la carte, *Feste Kern* and concentric circles, all indicate that the boundaries of the EU are ambiguous. The boundaries of the EU are internally fragmented since various member states have 'opted out' of certain aspects of the integration process. The flexibility clause in the Treaty of Amsterdam has for instance allowed different member states to take on various obligations and responsibilities (Stubb 1997). The boundaries in the EU are also externally fragmented. Several non-member states are associated with the EU through extensive formal and informal arrangements. For instance, the Europe-agreements for the applicant countries in East and Central Europe, and the European Economic Area (EEA) agreement for the former EFTA countries, have blurred the boundaries between member states and non-member states (Egeberg and Trondal 1999, Claes and Tranøy 1999, Leslie 2000).

In areas where formal membership is best perceived as a dichotomy, it is likely that form of association will be important in explaining the variation in patterns of domestic institutional adaptations. In areas where the boundaries of the EU

are more ambiguous, it is less likely that form of association will be as important in discriminating the pattern of adaptation in the member from the pattern of adaptation in the domestic administrative institutions of the non member states.

While the form of association to the EU is one important factor for understanding processes of adaptation in the domestic administrative institution, it is not necessarily a sufficient condition. Functional and real dependencies can force non-member states to adapt. Moreover, states and domestic administrative institutions that are not members of the EU can adapt to the EU on a voluntary basis in order to reduce uncertainty and gain legitimacy. States and domestic administrative institutions that are not members can also seek to adapt to the EU because they consider it as being in their own interest, or being consistent with their standard procedures and established developmental course.

1. 4. 3 The relevance of pre-existing networks

The literature on Europeanization reveals considerable variation in the extent and character of adaptation between different spheres and issue areas. The third set of questions is related to the fact that the domestic institutional adaptations to European integration are more likely to occur in certain areas and under certain conditions than under others.

Adaptation to new standards and institutions

It is commonly assumed that European integration is characterized by the creation of new forms of co-operation and the development of new institutions. New functions and tasks are believed to lead to new organizational forms. Within such a perspective, domestic institutional adaptations are believed to adapt to these new forms and structures.

The extent of domestic adaptation is dependent upon the external demand for change, and how this external pressure fits with the interests of the affected domestic administrative institution. The European level can increase the cost of not adapting by introducing legal sanctions, creating financial and economic incentives, or introducing political pressures. In areas where there are strong capacities at the European level to impose changes in the national

administrative systems through legal instruments or by creating economic incentives, it is expected that it is increased likelihood that changes will occur. Moreover, in areas that are high on the European agenda and issues that attract considerable political interest and attention, it is more likely that changes will occur.

In contrast, in areas where there are few capacities at the European level to impose legal instruments or to create financial incentives or give financial aid, it is believed that the domestic administrative institutions will have limited interest in adapting to European integration. Moreover, it is believed that in areas that are low on the agenda and attracts limited political attention, it is less likely that domestic institutional adaptations will take place.

Adaptation as exploiting pre-existing networks and established ties

An institutional perspective is less concerned about the ‘demand’ for change and more concerned about the ‘supply’ side. The way institutions are created, emerges and adapt is often a function of how they are represented and interpreted by existing institutions, and how they are fitting the existing logic of appropriateness.

When developing new institutions, decision-makers seek solutions that are close to existing solutions (Cyert and March 1992). Since administrative adaptation often is a routine activity exploiting existing institutional structures and experiences, successful reform and institution-building is often dependent upon the existence of pre-established networks and institutional apparatuses. Adaptations and changes are more likely to occur if it is possible to develop and build new forms of co-operation on established domestic institutional arrangements and by exploiting slack resources.

The likelihood for adaptation is also dependent upon the possibility of exploiting existing patterns of international co-operation. If there are pre-established European professional networks, established patterns of contact, and shared models of the world, for instance fairly homogeneous professions or epistemic communities, it is more likely that institutions would adapt easily. However, if there are few pre-existing institutional ties, weak professional networks, few standards and divergent models of the world, it is less likely that adaptations will take place.

Moreover, adaptation are more likely to be supported and be smooth if the suggested reforms are consistent with other domestic and global reform attempts, than if the suggested reforms are isolated reform attempts at the European, coming into conflict with existing institutional and other international practices.

1. 4. 4 The shadow of the past

The fourth set of questions is related to how institutions under certain conditions can seek to alter and change their environments. Institutions can respond to their environments by adapting their institutions to meet new functional and normative demands, but they can also adapt by changing their environments (Nystrom and Starbuck 1981a, 1981b). Do governments adapt to European integration by designing their environments, rather than adapting their domestic institutions and policies?

The choice for Europe

Some argue that the member states are the ‘masters of the treaties’ and that they are able to alter and design the European level in a manner that is consistent with their preferences and powers (Moravcsik 1998). Such reforms can be attempts to affect the institutional framework and structure of the EU, thereby creating the fundamental course of development at the European level in manners that are consistent with their own preferences. For instance, in the 1993 ruling on the validity of the Maastricht Treaty, the German Constitutional Court used the term ‘*Herren der Verträge*’, indicating that the member states are the ‘masters of the treaty’ and that the ultimate competence in the integration process is in the hands of the member states (Kirchhof 1999).

However, the view that the national governments can design their environments is not only confined to the areas of treaty reform, but it equally found when examining the day-to-day politics within the EU. It is for instance argued that: ‘[t]he indirect institutional influence of Germany and the strong European and multilateral ‘mission’ of its political elites have come to shape the rules and norms of the EU and the integration process itself’ (Bulmer 1997:50), thereby creating a development at the European level that does not impose a strong pressure for change at the domestic level.

In addition, some view the EU as an arena in which the political leadership and elite are able to bypass domestic hindrances and create domestic political reform. The strategy of blame avoidance or 'scape-goating' indicates this dynamic. It means that governments participate in shaping policies and institutions at the European level, but later blame the EU for any changes in domestic policies and institutions, thereby reducing the political costs for the national politicians of unpopular policies and institutional changes (Moravcsik 1998: 74). This view rests upon the similar instrumental assumption that the domestic administrative institutions, and the national governments, through coordinated efforts, are able to shape and alter their environments in manners that are consistent with their own preferences and positions.

The path-dependency of the EU

An institutional perspective is less optimistic on the possibilities for the member states to be the 'masters of the treaties' and to arbitrarily alter and reform the institutional arrangements at the European level. Decision making at the European level is not dependent only upon the preferences and the powers of the nation state, but also affected by certain institutional characteristics at the European level, reflecting the shadow of the past. Increased institutionalization at the European level decreases the possibility of choosing institutional arrangements.

The development at the European level is following a path-dependent course (Pierson 1996). Previous decisions have created a developmental course that structure decision making of the present, thus creating difficulties for the member states of the EU to alter the course. European decision making is taking place within a distinct institutional setting and an institutional framework, with established rules, norms and a certain logic of appropriateness, that skew decision making in distinct directions. Established institutional practices and rules make certain alternative more likely than others. Finally, decision making in the EU is situated in a distinct temporal setting and the agenda for reform is ambiguous, being affected by other current events and ongoing processes of reform and change, which is beyond the control of the member states and the national governments.

If the level of institutionalization is weak, and there are few structures that bind the member states to past decisions, it is more likely that the domestic institutions are able to adapt to their environment by altering their environment.

However, if decision making at the European level is more strongly institutionalized and path-dependent, it is less likely that the domestic institutions are able to adapt to their environment by altering their environment. As the EU emerges as an increasingly more institutionalized and established polity, the legacies of the past and the existence of rules and practices play an increasingly more important role in shaping the evolutionary route of the EU

If there is consensus among the governments that they should seek to alter the policies and institutions at the European level, it is more likely that the governments will be successful in doing this, than in a situation characterized by ambiguity and disagreement among the governments.

1. 5 Research sites

These research questions are formulated in a general manner. The dissertation aims at investigating them empirically through a set of case studies. The empirical focus is on the European integration process that has been taking place within the framework of the European Union. The legal, administrative and economic capacities of the EU, combined with its multiple functions and extensive tasks, has made the EU into the most significant institution for political and economic integration.

The history of Europe can be phrased as a history of attempts to integrate and disintegrate the continent. Efforts of integration have been supported by violence, military force and coercion, and by the use of peaceful, diplomatic and political means. The idea of European integration has a long history,¹² and several of the attempts to create European integration have affected the domestic administrative institutions, some of which have left lasting imprints. More recently, and concurrently with the emergence of the EU, the domestic administrative institutions have been affected by other international organizations. For instance the Organization for Economic Co-operation and

¹² For instance, as early as 1306 there was a proposal for the development of a permanent assembly of princes in Europe to secure peace. In the 16th century William Penn argued for the establishment of a European parliament. In the 18th century Jeremy Bentham argued for the same and even the establishment of common army. At same time Jean-Jacques Rousseau suggested to create a European federation. In 1814 Henri Saint-Simon argued for the establishment of a unified institutional apparatus in Europe. By the end of the ninetieth century these issues were discussed extensively and there was even a journal with the name of 'United States of Europe' (Urwin 1995. 2-3).

Development (OECD), the North Atlantic Treaty Organization (NATO), the Council of Europe, the Organization for Security and Co-operation in Europe (OSCE) etc., which have been important and integrated in the activity of the domestic administrations. In principle, it would have been fruitful to investigate the importance and impact of all of these organizations on the domestic administrations, however, the scale and scope of such an inquiry is too extensive for a single dissertation. By focusing on the EU, the focus is on the far most important political, economic, legal and cultural institution that is presently imposing challenges on the nation state.

Analyzing the integration and disintegration processes in relation to the EU also serve to limit the time perspective of this inquiry. The time horizon of the dissertation is the European integration process and the domestic administrative adaptations as they have evolved from the end of the 1980s until the end of the 1990s. This is a crucial ten-year period characterized by an intensification of the European integration process, and a significant increase in the involvement of the domestic administrative institutions.

The *first* case investigates the importance of the dynamics of interaction and the dynamics of anticipation in explaining domestic administrative adaptation. In order to examine this question it is necessary to investigate the character and extent of the processes of change that takes place before the member states start interacting as regular members of the EU. The empirical focus of Chapter 2 is on the processes of adaptation that took place in two Norwegian domestic administrative institutions when they were seeking closer relationship to the European co-operation. The focus is on the processes of adaptation that took place in the period from 1987 until 1993.

The *second* and *third* case investigates the relevance of a distinct formal association to the EU. In order to examine this question we have to examine the pattern of adaptations that are taking place in countries that have different forms of association to the EU. Two articles are devoted to this issue. Chapter 3 is an extensive analysis of the adaptation that has been taking place within the Norwegian domestic administrative system. Chapter 4 is a comparison between the processes of adaptation in Norway and Switzerland as a result of increased European integration.

Norway and Switzerland are small European countries that are not members of the European Union. They have different formal linkages and types of association to the EU. While Norway has several formal linkages to the EU and

participates in multi-lateral co-operation, Switzerland's relationship to the EU is less formalized and more dependent upon informal and limited bilateral agreements. Norway is member of the EEA, the Schengen agreement and has developed some linkages to the third pillar in the EU, while Switzerland has not signed the EEA agreement, is not a member of the Schengen Agreement, and has less tight linkages to the third pillar in the EU.

These two chapters were published as two separate entities. Since they are designed for different audiences, there is some overlap in the data presented in the two chapters. However, there are still important differences between them. The first chapter is a more intensive analysis of the domestic institutional adaptation in Norway, while the second chapter is a more extensive analysis comparing the Swiss and the Norwegian case.

The *fourth* case investigates the balance between the European level pressure for change, and the importance of pre-established institutional networks and structures, in understanding the dynamics of Europeanization. The empirical case is the development of a European statistical system and the implementation of new statistical regulations and requirements by the domestic administrative institutes. Statistics and accounts play an important role in political processes. They provide interpretations, explanations and codification of experiences, and they are providing an informational basis for governmental decision-making. The empirical focus in Chapter 5 is primarily on the development of European statistics in relation to the convergence criteria, which was crucial in determining membership in the Economic and Monetary Union in the EU. This is a case of considerable external pressure for change, but at the same time, there were pre-established institutional arrangements and practices for international co-operation within a fairly homogeneous community of professional statisticians.

The *fifth* case is an analysis of the possibilities for the national governments and the domestic administrative institutions to adapt to their environments by seeking to change and adapt their environments. The empirical focus in Chapter 6 is the 1996-7 Intergovernmental Conference (IGC), which led to the Amsterdam treaty. If the national governments are the 'masters of the treaties' it is believed that they are able to alter and change such treaties in manners that are consistent with their preferences and powers. But how, and to what extent, are the possibilities for the national governments and the domestic administrative institutions to alter their European environments constrained by the shadow of the past and the increasing institutionalization of the EU?

The case of the 1996-7 IGC offered a unique match between a specific theoretical model and an empirical situation, which it was supposed to fit well. Viewing treaty revision processes as stemming from bargaining among the member states is consistent with the theory of liberal intergovernmentalism. The ambition of the liberal intergovernmental perspective is to explain ‘the substantive and institutional development’ of the EU through the sequential analysis of national preference formation and intergovernmental strategic interaction (Moravcsik 1993: 480). This perspective is supposed to fit particularly well with a key bargaining situation of a constitutional nature (Weiler et al. 1995: 24). The good match between this particular theoretical perspective and the case of the 1996-7 IGC thus created a unique opportunity for testing the theory on the basis of a single-case design.

It is worth noting that while the empirical cases examine certain aspects of the questions in detail, the cases do not allow for an equally extensive coverage of all aspects of these questions. Rather than developing general and universally valid answers to these questions, the dissertation aims at improving our understanding of the dynamics of European integration and domestic administrative adaptation, by exploring and revealing the dynamics of institutional adaptation in certain critical cases, under certain conditions in a specific period of time. A more general and universally rigorous examination would require a more extensive research design, with more cases and a longer time perspective. The research questions are not treated as mutually exclusive, i.e. as either/or questions. Instead, the empirical investigations seek to reveal the mixture and combination of these different dynamics when examining processes of Europeanization of the domestic administrative institutions.

1. 6 Research design

Although there are some differences in the research design applied in the different articles, they share several fundamental empirical and methodological properties. The empirical material is based upon qualitative method for data collection. The main sources of information have been open sources. Official documents from the relevant European institutions, as well as the relevant domestic administrative institutions have been systematically collected and analyzed. At the European level these sources have been green papers, white papers, legislation, speeches and various annual reports and publications. At the domestic and institutional level these sources have been internal reports,

strategic plans, budget documents, speeches, and various domestic documentation and research material. In addition, some archival materials in the Norwegian Ministries have been used in the first three chapters. Interviews and meetings with key personnel have been used as an important source for completing, supplementing and cross-checking the official documents.

Open sources and public documents can generally be perceived as valuable and reliable sources of information. When studying the adaptations in the domestic administrative institutions to European integration, we focus on the formal and informal, normative and functional pressure they experience. Large parts of these pressures for change are expressed in official documents. Written and open sources are particularly helpful, since the European integration process is a process where legal texts and documents play prominent roles. Relying upon open sources and official documents has therefore proved to be very fruitful when examining processes of Europeanization.¹³

Other open sources have also been used extensively. The daily news bulletin *Agence Europe*, which covers a wide range of issues and policy developments at the European and domestic level, has been a useful source. The *Agence Europe* has had extensive coverage of the issues examined in chapter five and six. I have also benefited from investigating more specialized journals and periodicals relevant for the various topics. For instance, the newsletter/journal *Sigma* on European statistics, has been a valuable source in analyzing the Europeanization of the statistical system in Europe. In addition, 'European newspapers' covering European issues broadly, like the *Financial Times*, the *Guardian*, the *European Voice*, the *Frankfurter Allgemeine Zeitung* and *Die Zeit*, have been helping sources. The Scandinavian newspapers; *Dagens Nyheter* (Sweden); *Aftenposten* (Norway); *Dagens Næringsliv* (Norway); and *Politiken* (Denmark), in addition to the Swiss newspaper *Neue Zürcher Zeitung*, have been important in finding relevant information related to the first three chapters. In addition, I have made use of a vast amount of secondary literature discussing issues that have been relevant for this study. The secondary literature stretches beyond the literature in political science, and covering research in the field of history, economics and law, giving a valuable

¹³ For instance, when George Ross wrote his acclaimed investigation of the Delors Commission it became obvious that the open sources were very valuable and reliable. Ross states: 'He assigned me to read the bulk of Delors's speeches after 1985. If I wanted a short cut into what the cabinet had done over the years, this was the best way he claimed (...) Delors's strategic ideas and announcements, along with cogent and persuasive arguments to support them were all there' (Ross 1995: 55).

additional dimension to certain of the topics discussed.

Increased popular and academic interest and involvement in the EU have led to improved quality and richness of this material. Extensive use of these sources has also made it possible to track political processes and decision-making processes over time, thereby providing a better understanding of the processes of change. By combining and holding together information from various open sources, with information in internal or gray documents and the information found in more specialized periodicals, and in the secondary literature, it has been possible to create a fairly reliable picture of the changes that are taking place.

All the articles, except chapter six, are designed as exploratory research. An exploratory research design starts out with some basic theoretical assumptions, with a well-defined purpose and with relatively clear evaluation criteria. An explanatory design, in contrast, start with clear and well refined propositions that are tested in experiments and surveys. Although there is a rich empirical base in the field of Europeanization, the established systematic knowledge of the actual dynamics involved is not very strong, rather it is, as already noted, patchy (Haverland 1999). It is therefore difficult to make strong and refined statements and propositions and then go out and test them in a rigorous statistical test. Under such conditions of uncertainty an exploratory research design is preferable. Chapter six, however, is designed as a test of a dominant theory on the basis of a single case.

Case studies rarely allow for generalizations. When making statistical generalizations an inference is made about a population on the basis of data collected about a sample. The design of this dissertation gives limited possibilities for generalizations, because of the sample of the cases and the size of the sample. However, the consistent focus on institutional theory is important for the possibilities for making general conclusions. When a fairly well developed theory, or a set of basic assumptions, is used to establish a ground for comparing the empirical results of the cases studied, and when the cases support the same theory, or the same basic assumptions, there is a potential for making an 'analytical generalization' (Yin 1994:31). Since, each of the articles takes an institutional approach to the study of Europeanization of the domestic administrative institutions, this research design can allow for making analytical generalizations.

Scholars taking an institutional approach have been criticized for being

occupied with the historical evolution of a specific institution in the European integration and disintegration process. Case studies are frequently seen in isolation from other cases. It is argued that the emphasis on case studies are burdening the studies of European integration, tending to underdetermine the outcome of the processes, and lending itself too much towards 'Sonderweg' explanations (Moravcsik 1998: 79). The particular cut of this dissertation -- investigating a set of cases but still closely linked to a set of clearly formulated interrelated theoretical questions -- is one response to this methodological critique. By increasing the number of cases, and by designing comparative cases, we are in a better position to map out certain general features and dynamics involved in processes of Europeanization and domestic administrative adaptation, and perhaps thereby move beyond the Sonderweg-trap.

However, the dissertation does not escape some general methodological difficulties involved in examining processes of Europeanization of the nation state. In particular, two problems are obvious. In relation to studies of Europeanization we are faced with the difficulties of controlling for the fact that different independent variables might lead to the same result on the dependent variable. If we observe that there is a relation between x and y , without being aware of, or ignoring, the factor z , which might have caused y , we might be dealing with spurious effects. It is a difficult challenge to isolate the effects of Europeanization from other external and internal dynamics. For instance, certain changes that we ascribe to European integration could in fact be a result of larger processes of globalization (Keohane and Milner 1996). In order to cope with the risk of spurious effects the dissertation seek to identify the independent effects of these factors by process-tracking and carefully examining the temporal order of various events.

Second, when analyzing institutional adaptation we are well aware that processes of institutional change often take time. When institutional stability and robustness are reported, we should ask whether this result due to having a too short time perspective. Furthermore, since we are observing an ongoing process of change we should be aware that we might observe stages of transition, rather than permanently new states. Any students of current institutional changes are faced with these difficulties. The only way to cope with this challenge is to expand the time-horizon, enlarge our sample and express modesty when making the conclusions.

1.7 Research findings

When confronting the research questions with these sites and this design, we are left with a set of interesting findings. Let me briefly summarize some of them.

In *chapter two* it is argued that the adaptations and changes in the Norwegian domestic administrative to increased European integration, where to a large degree resulting from processes of anticipation and autonomous adaptation, and not resulting from experiences of interaction at the European level.

The Norwegian political leadership perceived the development in Europe both as a potential threat and as an opportunity. Through a series of conscious initiatives and reforms, the leadership initiated administrative reforms enabling the domestic administrative institutions to handle the new challenges stemming from European integration. International deadlines, rather than legal and financial pressures, triggered the attention of the administration and lead to reallocation and shifts in the priorities of the administration.

Despite of the fact that European integration was perceived as a considerable challenge and was perceived as a break with the past, the domestic administrative institutions were primarily passive and reluctant. The new tasks did not lead to major reforms and extensive reorganization. The administration allocated few permanently new resources to the field. New tasks were primarily resolved within the existing administrative apparatus, and few new institutions were established. This institutional robustness, however, did not lead to a dramatic crisis in effectiveness or legitimacy. The domestic administrative institutions were able to resolve the new and demanding tasks stemming from increased European integration within the existing institutional structure, thereby demonstrating considerable flexibility within fixed institutional structures.

In *chapter three and four* it is argued that the form of association with the EU is important in understanding how the domestic administrative institutions adapt and respond to European integration. However, formal association is not equally important in all fields, and it is perhaps not as important as most of the literature in the field of European integration and domestic administrative institutions suggests.

Both Norway and Switzerland have seeked closer relationship with the EU.

Norway has applied for membership in the EU, while Switzerland sought membership in the EEA. In both countries, small majorities have turned down the proposal in national referendums. Nevertheless, the governments in these countries have made substantial efforts to re-orient their political and administrative system toward increased European integration. New organizations have been established and new procedures for securing sufficient co-ordination and control have been developed. Cross-border contacts between domestic institutions and institutions at the European level have increased in scope and importance. European contacts and regulations are considered important within most policy fields, even in the fields traditionally dominated by domestic considerations. Increased attention, time and energy have been devoted to European issues and they have been able to develop shared decision making institutions with the EU.

These findings challenge the standard assumption, that the effects of the EU on the non-member states are significantly different than its effects on the non-member states. It is showed that domestic institutions and policies are affected by the linkage between the EU and the nation state, as well as by the domestic institutional structures and the policies involved. The evidence indicates that while membership in the EU does matter, it is not sufficient in determining the extent and direction of national institutional adaptation. It is demonstrated that non-member states and member states are linked to the EU in formal and informal ways. Non-member states experience a higher level of uncertainty regarding access to EU markets compared with the member states. In order to reduce uncertainty and increase legitimacy non-member states make extensive adaptations in their political and administrative systems, enabling them to cope with changes in their environment. They develop linkages to the EU system, try to influence European policy, and activate side-arenas to promote their interests. Aiming at reducing their costs of non-integration and at increasing their effectiveness in European co-operation, non-member states adapt in more or less similar ways as member states do. However, since they also have fewer possibilities and capacities to influence and control decision-making in the EU, than the member states, these arrangements raises questions about the legitimacy and sustainability of such forms of association. In addition, there are variations between Norway and Switzerland in the extent and dynamics of Europeanization. These could be explained by the variation in their form of association with the EU. Norway is linked to a legal process of continuous adaptation within the EEA framework, Switzerland is linked to the EU through political agreements based on case-by-case co-operation.

Chapter *five* examines the balance between the creation of radically new forms of co-ordination and organization at the European level, on the one hand, and the exploitation of pre-existing institutional ties and networks, on the other. I argue that the Europeanization of the domestic statistical institutions were dependent upon a specific match between a political pressure for achieving a satisfactory level of adaptation to new standards, and the possibility of exploiting pre-established professional networks.

The issue of implementing the Economic and Monetary Union, brought the issue of integrating the national statistical systems, and developing a joint statistical system in Europe, to the top of the political agenda. The new tasks and political goals of creating the EMU sparked a wave of efforts to develop a new statistical system, and the new statistical system was one instrument designed for measuring and monitoring economic activity. The political initiative and commitment for creating the EMU gave legitimacy to developing extensive statistical co-operation, and it gave momentum to the domestic administrative adaptation. The newly created European statistical system and the European statistical institution (Eurostat) could be perceived as a normative environment imposing changes and providing new standards for the domestic statistical institutions. However, since the Eurostat had limited capacity, administratively, legally and financially, to impose such changes, the power of the Eurostat was not the one of an independent strong supra-national body and a strong functional environment demanding changes.

The driving mechanism of change was rather the exploitation and use of pre-established networks and professional communities. There had been a long history of international statistical co-operation within the UN and OECD, and there was a professional statistical community with shared understandings, methods and standards. In creating the statistical system required for the EMU, the Eurostat, close co-operation and interplay with the domestic statistical institutions, developed and authorized the statistical system in accordance with standards consistent with other international regimes. This commitment to comply with the international standards and the professional logic of appropriateness of the statistical community eased the adaptation process.

Still, the adaptation to the new standards and tasks proved to be an uneasy process. Statistical systems were firmly entrenched in the nation state, and statistical agencies differed in their capacities to adapt and resolve the new tasks. Strict deadlines, few resources, a strong political willingness to meet the convergence criteria, combined with ambiguous European standards and rules

for approving the statistical indicators, led to an extensive use of creative accounting, rather than actual economic changes. Consequently, as the EMU triggered a wave of increased technical specialization and refinement of European statistics, it also fostered a wave of politicization of statistics, questioning the normative bias of statistical indicators.

In chapter *six*, the examination of the decision-making in the 1996-7 IGC shows that the increasing institutionalization at the European level, limited the possibilities for the domestic administrative institutions to respond to their environments by seeking to manipulate their environments.

Three mechanisms were particularly important. First, past decisions created the framework and the agenda for the 1996-7 IGC. This path-dependency dictated the issues on the agenda, and determined the manner in which they were framed, limiting the possibility of radical solutions to existing problems. Second, the very model of intergovernmental bargaining in the EU had changed from previous conferences. The increase in the number of member states and the changes in the procedures for handling the IGC increased the complexity of the bargaining process. Information and communication became more costly and more complicated, reducing the possibilities for the national governments to affect and manage the agenda. The Europeanization of the domestic administrative institutions of the nation states made it difficult to maintain the idea of a clear separation between domestic position formation and international negotiation, as argued by Moravcsik (1993, 1998). The normative crisis concerning the democratic deficit in the EU had ultimately transformed the mode of institutional reform in the EU, altering its logic of appropriateness. The gradual democratization of the EU made the process of treaty revision different to that of secret bargaining among national governments within a system of technocratic diplomacy. Finally, a series of other pressing events, as well as the location of the conference in a distinct temporal order created an ambiguous agenda and ambiguity about the issues addressed during the treaty revision process. These three factors; the path-dependency of the EU; the organization of the conference and the impossibility of the national governments to firmly control the agenda, contributed to reduced the possibility of the national government to act as the masters of the treaty and adapt to the EU, by seeking to alter their environments.

1. 8 Conclusions and implications

These findings have implications for how we think about processes of Europeanization of the domestic administrative institutions. Three questions have played a prominent role in relation to the Europeanization of the domestic administrative institutions. First, to what extent are the domestic administrative institutions adapting to European integration? Second, if they are adapting, to what extent can we observe a move towards convergence? Finally, are these changes best explained by reference to external developments, domestic leadership or institutional characteristics? The point of departure of this dissertation was that these questions were badly understood and the answers provided to them were fragmented. While some claimed that the EU had limited impact on the domestic administrative institutions, others argued that the EU imposed radical demands on the domestic administrative institutions, ultimately leading towards convergence in the domestic administrative institutions. The findings in the dissertation indicate different balances of change and continuity, and they show some of the mechanisms leading to this variation.

The considerable extent and scope of the Europeanization process demonstrated in this dissertation challenge the view that the Europeanization does not bring with it any substantial changes in the national administrative structures of the member states (Page and Wouters 1995). The findings demonstrate that the processes of European integration are affecting most areas of the domestic administrative institutions, and that the impact of the EU is significant. Domestic administrative institutions have incorporated European rules and standards into their ordinary activity. The agendas, beliefs, values and objectives that are held in the domestic administrative institutions are being increasingly shared across the borders. The interdependencies between the domestic administrative institutions have increased within and among the countries.

Moreover, processes of Europeanization are not limited by the formal boundaries of the EU. The impact of the EU stretches well beyond the impact on the member states, and onto the states that are not members of the EU, and even states that have weak linkages to the EU. Naturally, the states that are not members of the EU have experienced less extensive pressures for change, and are affected by the EU in fewer areas, and to a lesser extent, than the member states. Like some of the member states, the non-member states are also able to buffer themselves from the EU agenda in certain areas. Nevertheless, the

domestic administrative institutions of the non-member states are still affected by the EU to such an extent, that it challenges the view that non-member states are adapting in a pattern that is radically different than the pattern in the member states (Sandholtz 1993, Wessels and Rometsch 1996). Europeanization is therefore not dichotomous. We should clarify the magnitude of Europeanization, instead of asking whether or not these states are affected by European integration.

However, while the dissertation demonstrates that the EU has had significant impact on the domestic administrative institutions, the findings are not supporting the view that there is a move towards administrative convergence (Majone 1996, Mény et al. 1996). Three different mechanisms explain this lack of convergence. First, the ambiguities of the European level are creating a fragmenting pressure on the domestic administrative institutions, creating considerable leeway for local and domestic variation in the pattern of adaptation. In the EU, there is no clear general European public administration policy, and there are few institutional blue-prints for the domestic administrative institutions to adapt to, and there are no shared understanding of a 'best practice' to adapt to. Since there are ambiguous pressure for change, the leeway for local variation in the adaptation increases, and the likelihood for convergence decreases.

Second, in coping with the challenges faced by increased European integration, the domestic administrative institutions have experienced few attempts of comprehensive domestic administrative reorganization. The new tasks and responsibilities have primarily been handled within the existing administrative structures. New tasks have been resolved through the use of existing domestic administrative structures, and by exploiting slack resources. Since, the adaptation process is exploiting existing arrangements; it is thus less likely that there will be a process of convergence of the domestic administrative institutions across the borders.

Third, processes of Europeanization are not characterized by the development of co-operation in radically new areas. In many areas the European integration process is driven by, and benefiting from, other forms of international co-operation, and by exploiting pre-established professional networks of co-operation. Since the domestic administrative institutions have already well established procedures and institutions for handling these issues, the likelihood for further convergence decreases.

These findings, indicating adaptability combined with modest institutional structural changes, raises important challenges for students of institutions and institutional change in general, and students of Europeanization in particular. Since changes primarily seem to take place within existing institutional arrangements, we are reminded that we have to be careful when assessing how institutions operate and change. Rather than perceiving institutions as fine tuned 'Formula 1' racing machines, fitting perfectly with a competitive environment, or being fine tuned instruments for the domestic political leadership, the institutional perspective suggest that institutions should perhaps be perceived as rough 'terrain vehicles' able to perform and reform a wide variety of tasks. Institutions have a large repertoire of standard operating procedures, enabling them to resolve many tasks within fixed structures (March and Simon 1993). Students of institutions and institutional change should therefore be careful when treating institutional structures as determining, and instead perceive them as holding a wider repertoire of potential actions and rules, which could be activated under different circumstances.

The dissertation also contributes to improve our understanding of the fundamental driving mechanisms of processes of Europeanization. Processes of Europeanization are not tightly coupled to a clear environmental pressure, nor are they carefully designed and planned by the domestic leadership. The processes of adaptation should be seen as loosely coupled and co-evolving processes. Loosely coupled processes mean that the European level is not imposing imperatives, but causes some kind of responsiveness. The domestic administrative institutions adapt in a distinct manner, and their adaptations can take some time and follow different routes. This loose coupling is evident because the European level affects the domestic administrative institutions negligibly rather than producing a specific pattern, often indirectly, rather than directly, and eventually rather than immediately. European integration is thus giving direction to a co-evolving developmental course rather than creating imperatives for administrative and political organization at the domestic level.

When examining loosely coupled processes it is not obvious that one specific theoretical model is superior to the others in capturing these complexities (March and Olsen 1998: 958). The dissertation indicates that the processes of Europeanization seem to depend upon a matching between environmental pressures, domestic reform attempts, and institutional characteristics in a specific period of time, involving several layers of adaptation. In the EU, the variation in these matches varies considerably. Since the processes of

Europeanization are complex, involving many problems, solutions and institutions, it is likely that we as students need to enlarge our repertoire of explanatory models.

Despite a prevailing ambiguity at the European level, and considerable variation in the degree and extent of adaptation at the domestic level, the dissertation suggests a development towards less ambiguity and less leeway for domestic institutional variation. As the EU is becoming more institutionalized, with more and better established collection of rules, practices and regulations, it is becoming increasingly more likely that for new members the processes of adaptation through anticipation will take precedence over processes of adaptation through interaction. The EU is widening its boundaries, through a range of formal and informal linkages to countries not yet being members of the EU, reducing the likelihood that even non-member states pursue an alternative course. In addition, the path-dependent development of the EU with a growing collection of rules and procedures makes it difficult for the member states to adapt individually to their environments, and to alter and change the European level.

These tendencies indicate that the processes of Europeanization are moving from loosely coupled processes, towards more tightly coupled processes. The ongoing reforms of the European Commission can be viewed as one attempt to develop an encompassing European public administration policy.¹⁴ This reform is primarily aimed at altering the European institutions, but it is also representing challenges for the domestic administrative institutions. The demands imposed upon the domestic administrative institutions of the applicant countries from Eastern and Central Europe (Biernat 1997, Friis and Murphy 1999) can be perceived as another attempt to impose demand on the domestic administrative institutions. Both of these reforms can be potentially be the embryo of a more extensive and wide-ranging European public administration policy, indicating more tight couplings between the European level and the domestic administrative institutions.

However, there are also counter-forces to this development. The crisis of the

¹⁴ For instance: 'Kinnock began work on his reform program by asking two questions: What tasks and functions will the Commission perform in years to come, and what sort of organization must it be in order to fulfil those duties. These are questions which have rarely been addressed in the years past, and never answered until now, and yet they are crucial for the institution if it is to rise to the challenges facing it' *European Voice*, 20-26 January 2000.

European Commission, which revealed fraud and mismanagement, has contributed to decrease the status, legitimacy and relative importance of the European institutions in general, and it has strengthened the relative importance of the role of the member states in decision-making within the EU. Moreover, as more of the attention and interest in the EU is being allocated to areas where the EU is weakly institutionalized, for instance in areas like Justice and Home Affairs (JHA), as well as in the development of a Common Foreign and Security Policy (CFSP), the balance between the European level and the domestic level might, at least temporary, shift.

The developmental tendency towards less loose couplings in processes of Europeanization raises opportunities and challenges for the possibility of effective and democratic governance at the European and national level. On the one hand, the local variation in pattern of adaptation, and the lack of a clear general European public administration policy can be perceived as a threat to the EU. The lack of a uniform European public administration, and the lack of a converging pattern of domestic administrative institutions, leads to heterogeneity in interpretation and implementation of EU regulations. This variation creates a growing 'implementation deficit', threatening the cooperation within the EU and in the longer run potentially undermining the very foundation of the EU (Metcalf 1994). It is argued that domestic variation leads to reduced ability and capability of the domestic administrations to fulfil their responsibilities following from being EU member. Local notions of 'justice' and local rationality are weakening the overall effectiveness of the EU (Dehousse 1997). Similarly, difficulties of accountability and transparency are reducing the legitimacy of the EU system (Everson 1998). By tightening the couplings and developing a less ambiguous European public administration policy, the effectiveness, legitimacy and sustainability of the integration process might therefore increase.

On the other hand, as this dissertation has demonstrated, the lack of a clear overarching public administration and the relatively weak European powers to impose specific changes in the domestic administration might also be considered as a factor facilitating European integration. Since there is no 'blueprint' to adapt to, the likelihood that the domestic administrative institutions are exploiting existing institutional arrangements, rather than exploring and experimenting with new institutional forms increases. Moreover, the lack of a fixed European public administration policy has created slack for the domestic administrative institutions enabling them to exploit existing arrangements and increase their ability to resolve problems in a satisfactory manner within short

deadlines. Since processes of reorganization and administrative reform, in general, tend to be filled with conflicts and trigger resistance to change (March and Olsen 1989), adapting to European integration through the dynamic of exploiting existing institutional arrangements can therefore be seen as one way of smoothing the adaptation process. A tighter coupling in processes of Europeanization, might therefore, at least in the short run, lead to decreased legitimacy and effectiveness.

1. 9 References

Andersen, Svein S. and Kjell A. Eliassen (1995) 'EU lobbying – the new research agenda' *European Journal of Political Research*, Vol. 27, No. 4, pp. 427-41.

Arena (1997) 'Dynamics of Europe – Europeanisation of the Nation-state, Arena's Research Profile', Oslo, Arena.

Aspinwall, Mark and Gerald Schneider (2000) 'Institutional Research on the European Union: Mapping the field' in Aspinwall, Mark and Gerald Schneider (eds.) *The Rules of Integration: The Institutionalist Approach to European Studies*, Manchester, Manchester University Press (Forthcoming).

Azzi, G. Ciavirini (ed.) (1996) 'Survey of Current Political Science Research of European Integration World-wide: 1994-1997', International Political Science Association, Research Committee on European Unification, presented at the XVIIth IPSA Conference, Seoul, Korea.

Badie, Bertrand and Pierre Birnbaum (1983) 'The Sociology of the State', Chicago, University of Chicago Press.

Bainbridge, Timothy (1998) 'The Penguin Companion to European Union', Second edition. London, Penguin Books.

Beetham, D (1990) 'The Future of the Nation State', In MacLennan, Held, David and Hall, S (eds.) 'The idea of the Modern State', London, Open University Press.

Bell, D. (1987) 'The World and the United States in 2013', *Daedalus*, Vol. 116, No. 3, pp. 1-31.

Benz, Arthur (1998) 'Politikverflechtung ohne Politikverflechtungsfälle - Koordination und Strukturpolitik im europäischen Mehrebenensystem', *Politische Vierteljahresschrift*, Vol. 39, No. 3, pp. 558-89.

Berman, Harold J. (1983) 'Law and Revolution: The Formation of the Western Legal Tradition', Cambridge, MA, Harvard University Press.

Biernat, Stanislaw (1997) 'The Impact of European Integration on the

Organization and Functioning of Poland's Legislative and Executive Authorities', *European Review of Public Law*, Vol. 9, No. 4, 1187-1207.

Borneman, John and Nick Fowler, (1997) 'Europeanization', *Annual Review of Anthropology*, Vol. 26, pp. 487-514.

Bulmer, Simon (1993) 'The Governance of the European Union: A New Institutional Perspective' *Journal of Public Policy*, Vol. 13, No. 4, pp. 351-80.

Bulmer, Simon and Martin Burch (1998) 'Organizing for Europe: Whitehall, the British state and European Union', *Public Administration*, Vol. 76, No. 4, pp 601-628.

Bulmer, Simon J. (1997) 'Shaping the Rules? The Constitutive Politics of the European Union and German Power' in Katzenstein, Peter J. (ed.) *Tamed Power. Germany in Europe*, Itacha NY, Cornell University Press, pp. 49-79.

Caporaso, James (1998) 'Regional Integration Theory Understanding our Past and Anticipating our Future' *European Journal of Public Policy*, Vol. 5, No 1, pp 1-16.

Chandler , Alfred. D (1962) 'Strategy and Structure' Cambridge MA, MIT Press.

Checkel, Jeffrey T. (1999) 'Social Construction and Integration' *Journal of European Public Policy*, Vol. 6, No. 4, pp. 545-560.

Cohen, Michael D, James G. March and Johan P. Olsen (1972) 'A Garbage Can Model of Organizational Choice' *Administrative Science Quarterly*, Vol. 17. No. 1, pp. 1-25.

Coleman, James S. (1954) 'Nationalism in Tropical Africa', *American Political Science Review*, Vol. 48, No. 2, pp. 404-426.

Claes, Dag Harald and Bent Sofus Tranøy (eds.) (1999) 'Utenfor, Annerledes og Suveren? Norge under EØS-avtalen', Oslo, Fagbokforlaget and Arena.

Cyert, Richard M. and James G. March (1992) *A Behavioral Theory of the Firm*, Second edition, Cambridge MA, Blackwell.

Dehousse, Renaud (1997) 'Regulation by Networks in the European Community: The Role of European Agencies', *Journal of European Public Policy*, Vol. 4, No. 2, pp. 246-6.

Desrosières, Alain (1998) 'The Politics of Large Numbers – A History of Statistical Reasoning', Cambridge MA, Harvard University Press.

Deutsch, Karl (1953) 'Nationalism and Social Communication: An Inquiry into the Foundations of Nationality, Cambridge MA, MIT Press.

DiMaggio, Paul J. and Walter W. Powell (eds.) (1991) 'The New Institutionalism in Organizational Analysis', Chicago, University of Chicago.

Egeberg, Morten and Jarle Trondal (1999) 'Differentiated Integration in Europe: the Case of the EEA Country Norway', *Journal of Common Market Studies*, Vol. 37, No. 1, pp 133-42.

European Council (1993) 'Conclusions of the Presidency', SN 180/93, 12.

Everson, Michelle (1998) 'Administering Europe?', *Journal of Common Market Studies*, Vol. 36, No. 2, pp. 195-216.

Friis, Lykke and Anna Murphy (1999) 'The European Union and Central and Eastern Europe: Governance and Boundaries', *Journal of Common Market Studies*, Vol. 37, No. 2, pp. 211-32.

Goodin, Robert E. (1996) 'The Theory of Institutional Design', Cambridge, Cambridge University Press.

Gibson, Diane and Robert E. Goodin (1999) 'The Veil of Vagueness: a Model of Institutional design' in Morten Egeberg and Per Lægveid (eds.) (1999) '*Organizing Political Institutions – Essays for Johan P. Olsen*', Oslo, Scandinavian University Press, pp. 357-85.

Glassman, R. B. (1973) 'Persistence and Loose Coupling in Living Systems' *Behavioral Science*, Vol. 18, No. 1, 83-98.

Haas, Ernst B. (1958) 'The Uniting of Europe: Political, Social and Economic Forces 1950-1957', Stanford CA, Stanford University Press.

Hanf, Kenneth and Ben Soetendorp (eds.) (1998) 'Adapting to European Integration – Small States in the European Union', London, Longman.

Harmsen, Robert (1999) 'The Europeanization of National Administrations: A Comparative Study of France and the Netherlands', *Governance*, Vol. 12, No. 1, pp. 81-113.

Haverland, Markus (1999) 'National Autonomy, European Integration and the Politics of Packaging Waste', AWSB Utrecht, Thela Thesis.

Hayes-Renshaw, Fiona and Helen Wallace (1997) 'The Council of Ministers' London, Macmillan.

Heidar, Knut and Lars Svåsand (eds.) (1997) 'Partier uten grenser?', Oslo, Tano and Arena.

Hix, Simon (1998) 'The Study of the European Union II: the 'New Governance' Agenda and its Rival', *European Journal of Public Policy*, Vol. 5, No. 1, pp. 38-65.

Hovi, Jon and Bjørn Erik Rasch (1996) 'Samfunnsvitenskapelige analyseprinsipper' Oslo, Fagbokforlaget.

Jupille, Joseph and James Caporaso (1999) 'Institutionalism and the European Union: Beyond International Relations and Comparative Politics', *Annual Review of Political Science*, Vol. 2, pp. 429-44.

Keohane, Robert O. and Helen V. Milner (1996) 'Internationalization and domestic politics', Cambridge, Cambridge University Press.

Kirchhof, Paul (1999) 'The Balance of Powers Between National and European Institutions', *European Law Journal*, Vol. 5, No. 3, pp. 225-242.

Knill, Christoph (1998) 'European Policies: The Impact of National Administrative Traditions', *Journal of Public Policy*, Vol. 18, No. 1, 1-28.

Knill, Cristoph and Andrea Lenschow (1998) 'Coping with Europe: the Impact of British and German Administrations on the Implementation of EU Environmental policy' *Journal Of European Public Policy*, Vol. 5, No. 4, pp.

595-614.

Kohler-Koch, Beate (1998) 'Effizienz und Demokratie: Probleme des Regierens in entgrenzten Räumen' *Politische Vierteljahrschrift*, Vol. 39, Sonderheft 29/1998.

Kohler-Koch, Beate and Markus Jachtenfuchs (eds.) (1996) 'Europäische integration', Opladen, Leske + Budrich.

Krasner, Steven (1988) 'Sovereignty: An Institutional Perspective' *Comparative Political Studies*, Vol. 21, No. 1, pp. 66-94.

Laffan, Brigid (1998) 'The European Union: a Distinctive Model of Internationalization', *Journal of European Public Policy*, Vol. 5, No. 2, pp. 235-253.

Lawrence, Paul R. and Jay W. Lorsch (1969) 'Organization and Environment: Managing Differentiation and Integration, Homewood, Il, Richard D. Irwin.

Lerdell, David and Kerstin Sahlin-Andersson (1997) 'Att lära över gränser – en studie av OECD:s förvaltningspolitiska samarbete', Rapport til den Förvaltningspolitiska Kommissjonen, Stockholm, Statens offentliga utredningar (SOU) 1997: 33.

Leslie, Peter (2000) 'The European Regional System: A Case of Unstable Equilibrium' *Journal of European Integration* (Forthcoming)

Lindberg, Leon N. (1963) 'The Political Dynamics of European Economic Integration' Reprinted as 'Political Integration: Definitions and hypothesis' in Nelsen, Brent F. and Alexander C-G Stubb, (1994) *The European Union – reading on the Theory and Practice of European Integration*, Boulder, Lynne Rienner Publishers, pp. 99-109.

Lindblom, Charles E. (1965) 'The Intelligence of Democracy – Decision-making Through Mutual Adjustment', New York, Free Press.

Ludlow, Peter (1992) 'The Maastricht Treaty and the Future of Europe', *Washington Quarterly*, Vol. 15, No. 4, pp. 119-137.

Majone, Giandomenico (1996) 'The Future of Regulation in Europe' in

Majone, Giandomenico (ed.) *Regulating Europe*. London, Routledge, pp. 265-283.

March, James G. (1981) 'Footnotes to Organizational Change', *Administrative Science Quarterly*, Vol. 26, pp. 563-77.

March, James G. (1997) 'Administrative Practice, Organization Theory, and Political Philosophy: Ruminations on the Reflections of John M. Gaus', *PS-Political Science & Politics*, Vol. 30, No. 4, pp. 689-698.

March, James G. (1999) 'A Learning Perspective on the Network Dynamics of Institutional Integration' in Egeberg, Morten and Per Læg Reid (Eds.) (1999) *Organizing Political Institutions – Essays for Johan P. Olsen* Oslo, Scandinavian University Press, pp. 129-155.

March, James G. and Johan P. Olsen (1976) 'Ambiguity and Choice in Organizations' Bergen, Universitetsforlaget.

March, James G. and Johan P. Olsen (1989) 'Rediscovering Institutions' New York NY, Free Press.

March, James G. and Johan P. Olsen (1995) 'Democratic Governance' New York NY, Free Press.

March, James G. and Johan P. Olsen (1998) 'The Institutional Dynamics of International Political Orders' *International Organization*, Vol. 52, No 4, pp 943 –69.

March, James G. and Herbert Simon (1993) 'Organizations' 2nd ed. Cambridge, MA., Blackwell.

Marks, Gary et al. (1996) 'European integration from the 1980s: State-Centric vs. Multi-level Governance', *Journal of Common Market Studies*, Vol. 34, No. 3, pp. 341-378.

Mény, Yves et al. (1996) 'Introduction' in Mény, Yves, et al. (eds.) *Adjusting to Europe – the Impact of the European Union on National Institutions and Policies*, London, Routledge, pp. 1-22.

Metcalf, Les (1994) 'International Policy Co-ordination and Public

Management Reform' *International Review of Administrative Sciences*, Vol. 60, pp 271-290.

Meyer, John and Brian Rowan (1977) 'Institutionalized Organizations: Formal Structure as Myth and Ceremony', *American Journal of Sociology*, Vol. 83, pp. 340-63.

Mill, John Stuart (1991) 'Considerations on Representative Government' in John Stuart Mill *'On Liberty and Other Essays'*, Oxford, Oxford University Press.

Milward, Alan et al. (eds.) (1993) 'The Frontier of National Sovereignty: History and Theory 1945-1992', London, Routledge.

Mjøset, Lars (1997) 'The Historical Meaning of Europeanization' ARENA Working paper no 97/24, Oslo.

Moravcsik, Andrew (1993) 'Preferences and Power in the European Community: A Liberal Intergovernmental Approach', *Journal of Common Market Studies* Vol. 31, No. 4, pp. 473-524.

Moravcsik, Andrew (1994) 'Why the European Community Strengthens the State: Domestic Politics and International Co-operation' *Paper presented at the Annual meeting of the American Political Science Association*, New York, NY, USA.

Moravcsik, Andrew (1997) 'Does the European Union Represent an n of 1?', *ECSC Review*, Vol. 10, No 3, pp. 3-4.

Moravcsik, Andrew (1998) 'The Choice for Europe – Social Purpose & State Power from Messina to Maastricht', Ithaca, NY, Cornell University Press.

Niedermayer, Oscar and Richard Sinnott (eds.) (1995) 'Public Opinion and Internationalized Governance', Oxford, Oxford University Press.

Nordby, Trond and Frode Veggeland (1999) 'Lovgivningsmyndighetens suspensjon"', *Tidsskrift for samfunnsforskning*, Vol. 40, No. 1, pp 87-109.

Nystrom Paul C. and William H. Starbuck (1981a) 'Handbook of

Organizational Design – Vol. 1, Adapting Organizations to Their Environments’, Oxford, Oxford University Press.

Nystrom Paul C. and William H. Starbuck (1981b) ‘Handbook of Organizational Design – Vol. 2, Remodelling Organizations and Their Environments’, Oxford, Oxford University Press.

Olsen, Johan P. (1992) ‘Analyzing Institutional Dynamics’ *Staatswissenschaften und Staatspraxis*, Vol. 3, No. 2, pp. 247-71.

Olsen, Johan P. (1996) ‘Europeanization and Nation-state Dynamics’ in Sverker Gustavsson and Leif Lewin (eds.) *The Future of the Nation-State*, London, Routledge, pp. 245-85.

Olsen, Johan P. (1997a) Institutional Design in Democratic Contexts, *Journal of Political Philosophy*, Vol. 5, No. 3, pp. 203-229.

Olsen, Johan P. (1997b) ‘European Challenges to the Nation state’ in Steunenberg, Bernard and van Vugt, Frans (1997) *Political Institutions and Public Policy*, Dordrecht, Kluwer Academic Publisher, pp. 157-188.

Olsen, Johan P. (1997c) ‘The Changing Political Organization of Europe: an Institutional Perspective on the Role of Comprehensive Reform Efforts’ in Joachim Jens Hesse and Theo A.J. Toonen (eds.) *The Yearbook of Comparative Government and Public Administration*, Vol II, Baden-Baden, Nomos.

Olsen, Johan P. (2000) ‘Organizing European Institutions of Governance – A Prelude to an Institutional Account of Political Integration’, in Helen Wallace (ed.) *Whose Europe? Interlocking Dimensions of Integration*, London, Macmillan, Forthcoming.

Page, Edward (1998) ‘The Impact of European Legislation on British Public Policy-Making: A Research Note’ *Public Administration*, Vol. 76, Winter, 803-809.

Page, Edward and L. Wouters (1995) ‘The Europeanization of National Bureaucracies?’ in Jon Pierre (ed.) *Bureaucracy in the Modern State*, Aldershot, Edward Elgar, pp. 185-204.

Peters, Guy B (1999) 'Institutional Theory in Political Science – the 'New institutionalism'', London, Pinter.

Peterson, John (1995) 'Decision-making in the European Union: Towards a Framework for Analysis', *Journal of European Public Policy*, Vol. 2, No. 1, pp. 69-93.

Pierson, Paul (1996) 'The Path to European Integration: A Historical Institutional Analysis', *Comparative Political Studies*, Vol. 29, No. 2, pp. 123-63.

Powell, Walter W. and Paul J. DiMaggio (eds.) (1991) 'The New Institutionalism in Organizational Analysis', Chicago, The University of Chicago Press.

Puchala, Donald J. (1999) 'Institutionalism, Intergovernmentalism and European Integration: A Review Article', *Journal of Common Market Studies*, Vol. 37, No. 2, pp. 317-31.

Richardson, Jeremy (1996) 'Actor-based Models of National and EU Policy Making' in Kassim, Hussein and Anand Menon (eds.) *The European Union and National Industrial Policy*, London, Routledge, pp. 26-51.

Risse, Thomas (1999) 'Approaches to the Study of European Politics - ECSA Review Forum', *ECSA review*, Vol. 12, No 2, pp. 6-7.

Risse-Kappen, Thomas (1996) 'Exploring the Nature of the Beast: International Relations Theory and Comparative Policy Analysis Meet the European Union', *Journal of Common Market Studies*, Vol. 34, No 1, pp-53-80.

Risse, Thomas et al. (eds.) (2000) 'Transforming Europe. Europeanization and Domestic Change', Ithaca, Cornell University Press, Forthcoming.

Rometsch, Dietrich and Wolfgang Wessels (eds.) (1996) 'The European Union and member states: towards institutional fusion?', Manchester, Manchester University Press.

Ross, George (1995) ' Jacques Delors and European integration', Oxford, Polity Press.

Sandholtz, Wayne (1993) 'Choosing Union: Monetary Politics and Maastricht', *International Organization*, Vol. 47, No 1. pp. 1-39.

Sandholtz, Wayne (1996) 'Membership matters - Limits of the Functional Approach to the European Institutions', *Journal of Common Market Studies*, Vol. 34, No. 3, pp. 403-29.

Sandholtz, Wayne and Alex Stone Sweet (eds.) (1998) 'European Integration and Supranational Governance', Oxford, Oxford University Press.

Sbragia, Alberta (ed.) (1992) 'Euro-polity – Institutions and Policymaking in the 'New' European Community', Washington DC, The Brookings Institution.

Scaff, Lawrence A. (1973) 'Max Weber's Politics and Political Education' *American Political Science Review*, Vol. 67, No.1, pp. 128-41.

Scharpf, Fritz W. (1999a) 'Legitimacy in European Polity', in Egeberg, Morten and Per Læg Reid (eds.) (1999) '*Organizing Political Institutions – Essays for Johan P. Olsen*' Oslo, Scandinavian University Press, pp. 261-288.

Scharpf, Fritz (1999b) 'Governing in Europe. Effective and Democratic?' Oxford University Press, London.

Schattschneider, E. E. (1975) 'The Semisovereign People: A Realist's View of Democracy in America', Hinsdale, Il, Dryden Press.

Schlesinger, Philip (1997) 'From Cultural Defence to Political Culture: Media, Politics and Collective Identity in the European Union' *Media, Culture and Society*, Vol. 19, No. 3, pp. 369 –391.

Schmitter, Phillippe C. (1992) 'Representation and the Future Euro-Poliy', *Staatswissenschaften und Staatspraxis*, Vol. 3, No. 3, pp. 379-405.

Schmitter, Phillippe C. (1999) 'Reflections on the Impact of European Union upon 'Domestic' Democracy in its Member States', in Egeberg, Morten and Per Læg Reid (eds.) (1999) '*Organizing Political Institutions – Essays for Johan P. Olsen*' Oslo, Scandinavian University Press, pp. 289-98.

Scott, Richard W. (1981) 'Organizations: As Rational, Natural and Open

Systems', Englewood Cliffs, Prentice Hall Publishers

Scott, Richard W (1995) 'Institutions and Organizations, Thousands Oaks, Sage.

Siedentopf Heinrich and Jacques Ziller (eds.) (1988) 'Making European Policies Work: the Implementation of Community Legislation in the Member States', London, Sage,

Slaatta, Tore (1999) 'Europeanisation and the Norwegian News Media: Political Discourse and News Production in the Trans-national Political Field', Dissertation, Department of Media and Communication, University of Oslo.

Smith, Eivind (ed.) (1996) 'National Parliaments as Cornerstones of European integration', London, Kluwer Law International.

Stone Sweet, Alec and Wayne Sandholtz (1998) 'Integration and Supranational Governance' in Sandholtz, Wayne and Alec Stone Sweet (eds.) '*European Integration and Supranational Governance*', Oxford, Oxford University Press, pp. 1-26.

Stubb, Alexander C.G. (1997) 'The 1996 Intergovernmental Conference [IGC] and the Management of Flexible Integration', *Journal of European Public Policy*, Vol. 4. No.1, pp. 37-55.

Tarrow, Sidney (1995) 'The Europeanization of Conflict: Reflections From a Social Movement Perspective' *West European Politics*, Vol. 18, No. 2 pp. 223-51.

Todal Jenssen, Anders et al. (eds.) (1998) 'To Join or Not to Join: Three Nordic Referendums on Membership in the European Union' Oslo, Scandinavian University Press.

Trondal, Jarle and Frode Veggeland (1999) 'Norske myndigheter og EØS: mellom utenrikspolitikk og innenrikspolitikk', *Sosiologi i dag*, Vol. 29, No. 3, pp. 57-78.

Urwin, Derek (1995) 'The Community of Europe – A history of European Integration Since 1945' Second edition, London, Longman.

Van Schendelen, M.P.C. (1996) 'EC Committees: Influence Counts More than Legal Powers' in Pedler, R.H. and G.F. Schäfer (eds.) *'Shaping European Law and Policy. The Role of Committees and Comitology in the Political Process'*, Maastricht, EIPA.

Veggeland, Frode (1999) 'Institusjonelle tilpasninger til Europeisk integrasjon', *Norsk statsvitenskapelig Tidsskrift* Vol. 15, No. 1, pp. 3-39.

Weick, Karl (1976) 'Educational Organizations as Loosely Coupled Systems', *Administrative Science Quarterly*, Vol. 21, No. 1, pp. 1-19.

Weiler, Joseph H. (1993) 'Journey to an Unknown Destination: a Retrospective and Prospective of the European Court of Justice in the Arena of Political Integration', *Journal of Common Market Studies*, Vol. 31, No. 4, pp. 417-446.

Weiler, Joseph H. (1999) 'The Constitution of Europe: Do the New Clothes Have an Emperor? And other Essays on European Integration', London, Cambridge University Press.

Weiler, Joseph H. et al. (1995) 'European Democracy and Its Critique' *West European Politics*, Vol. 18, No. 3, pp. 4-39.

Wessels, Wolfgang (1990) 'Administrative Interaction' in William Wallace (ed.) *'The Dynamics of European Integration'*, London, Pinter.

Wessels, Wolfgang (1998) 'Comitology: Fusion in Action. Politico-Administrative Trends in the EU system', *Journal of European Public Policy*, Vol. 5, No. 2, pp. 209-34.

Wessels, Wolfgang and Dietrich Rometsch (1996) 'Conclusion: European Union and National Institutions' in Rometsch, Dietrich and Wolfgang Wessels (eds.) (1996) *The European Union and Member States: Towards Institutional Fusion?*, Manchester, Manchester University Press, pp. 328-65.

Yin, Robert (1994) 'Case Study Research: Design and Methods', Second edition, Thousand Oaks, CA, Sage.

Young, Hugo (1998) 'This Blessed Plot: Britain and Europe from Churchill to Blair', London, Macmillan.

Chapter 2: Adaptation as anticipation: The Norwegian Administration in the EEA Process

2. 1 Introduction¹⁵

In May 1992, the EC and EFTA signed the agreement to create the European Economic Area (EEA). The parties agreed to create a dynamic and homogeneous European economic space, based upon common rules and equal conditions for competition. In addition, the parties agreed to develop a set of institutions securing that the initial agreement could be implemented and effectuated.¹⁶

This chapter is an examination of how and to what extent the creation of the EEA agreement affected the Norwegian domestic administrative institutions. The EEA process carried both challenges and possibilities for the political-administrative system in Norway. In the work with the EEA agreement the administration faced new and different tasks. A high degree of political attention and short deadlines together contributed to give the adaptation process a special manifestation. This article analyzes the adaptation process in the Norwegian Ministry of Justice and the Police and in Ministry of Finance. The empirical material article builds partly on the results from the more extensive analyzes of the Ministry of Justice and the Police (Farsund 1993) and of the Ministry of Finance (Sverdrup 1994). Both of these ministries are significant in the Norwegian political organization; both have long histories and traditions and could show robustness when it came to changes.

Domestic administrative institutions play a central role in the formation and implementation of policies within the European co-operation. Earlier studies nevertheless have either been directed toward the European institutions, for example the European Commission, the Council of Ministers, the European Court of Justice and the European Parliament, or toward different policy areas

¹⁵ This chapter was first published as 'Norsk Forvaltning i EØS –prosessen – noen empiriske resultat' published in *Nordisk Administrativt tidsskrift*, Vol 75, 1994, pp 48-67. The article was written in co-operation with Arild Aurvåg Farsund. Many people have contributed with invaluable comments to earlier versions. We would especially like to thank Johan P. Olsen, Linda Sangolt and Lars Chr. Blichner. The work has been partially financed by the LOS Centre and by ARENA (Advanced Research on the Europeanisation of the Nation-state).

¹⁶ The content of the EEA agreement and the shape of the EEA institution is presented in chapter 3 and chapter 4.

within the EC co-operation such as agriculture, the environment, energy and so on. Few systematic studies have so far been done of the changes and adaptation found in EC and EFTA countries' national political and administrative institutions. Nevertheless it appears that there is increasing interest in political science to understand the national political and administrative adaptation processes (Siedentopf and Ziller 1988, Klöti 1991, Toonen 1992, Olsen 1992, Keohane and Hoffman 1992, Jacobsson 1993, Blichner and Sangolt 1993).

Our approach to the study of policies is what is called a (new) institutional perspective (March and Olsen 1989, Olsen 1993, March and Simon, 1993). These approach views political processes as highly imprinted by the historical and institutional structures they operate within. Institutional structures provide possibilities and determine limitations as to what policies it is possible to carry out. This article argues that national and institutional traditions and character contribute to shaping different and unique solutions to the same possibilities and challenges. Institutional and political changes are thereby just as much expressions of characteristics of the domestic political system and traditional institutional solutions as responses determined by the European co-operation, or following from intense interaction at the European level.

In this article, attention is directed toward the processes of Europeanization (Olsen 1992, Blichner and Sangolt 1992, Jacobsson 1993). Europeanization includes adapting to and participating in a political, administrative, cultural and legal change process. The process can also be understood as a part of a larger historical transformation or modernization, where expressions of national identity, sovereignty and democracy are challenged, and it can involve change of meaning and content. Approaching the Europeanization process will demand historical studies with long time horizons. In the shorter term, Europeanization also includes a question about the terms for controlling, co-ordinating and governing the changes. Here we concentrate on this last understanding of Europeanization. For Norway the term is tightly associated with the binding European co-operation within the frame of the EEA agreement and an eventual EC membership (Blichner and Sangolt 1993).¹⁷

¹⁷ Blichner and Sangolt (1993) also show how the 'neutral' term internationalization is systematically preferred in the Norwegian public documents over the presumptively more politically controversial term Europeanization. Internationalization means that there has occurred a graduate growth of networks of organizations, communication and transactions across countries' borders (Underdal, 1984).

Thematically, the article is divided into four main parts. In the first part three different points of view of domestic institutional adaptation are discussed. In the next section three central frames within which the adaptation process took place are presented. The institutional approximation that is chosen has a basis in history's relevance; therefore a good deal of space is dedicated to analyzing framework conditions. Additionally, the adaptation processes in the two ministries are analyzed. The analysis is divided in three phases representing three time periods. In each of the phases features of both EEA process and institutional adaptation are analyzed. The conclusion discusses some possible challenges that Europeanization represents for democratic control and co-ordination of European policies.

2. 2 Explaining change – three different points of view

There are different contexts regarding the processes society and the administration are faced with when it comes to increased participation in European co-operation. It is possible to identify at least three different points of view or pictures of reality in the public debate. These contexts can be found among politicians, as well as in the academic debate. Often, the different explanations are used more or less unconsciously about each other. Here, however, we shall try to isolate the different viewpoints. The aim is to clarify which political change mechanisms are implied in the different points of view.

The first point of view is tied to the concept that Norway is forced to adapt more or less to already established European norms, standards, rules and behaviours. In such an understanding adaptation has no reference to individual actors or isolated occurrences. The development is an adaptation to forces outside of the institution, such as for example the economy or technology. The mechanism in such a point of view is that if the Norwegian society in general, and the administrative institutions especially, is not able to adapt effectively to the external terms, they will lose in the competition. If Norwegian institutions are not able to further their viewpoint, they will lose legitimacy. It can also be expected that institutions can have different rates of adaptation. It is therefore possible to divide adapters into fast and slow adaptive institutions due to, among other things, space for learning. The logic is the same; there is one best solution and some are more effective in relation to tempo in the adaptation process. Statements of the type, 'the logic of economic and social integration continuously demonstrates the need for increasingly tighter political unity in the EU system', illustrate that adaptation is more or less a compelled necessity

that is a result of forces outside of the Norwegian system (Andersen and Eliassen 1993: 267). In the same manner, it has been asserted that the administration, through increased European co-operation, is forced to adapt to a new administrative culture and working methods (Smidt 1989). In principle there is no possibility for free choice in a functional explanation such as this.

The second point of view is tied to the concept that increased participation in European co-operation is an expression of conscious political design and attempts at control. While the first view implies that there is limited, if any, possibility for deliberate design, the second point of view is characterized by optimism as regard to the condition for design. The logic in this model is that there is a clear differentiation between politics and administration. The administration is viewed as an instrument for realizing the sitting government's goals and priorities. Narrowly formulated it can be said that the institutional structure is a result of the political leaders' strategy. Institutional solutions are therefore a result of design (Egeberg 1984). In such a model, changes will be a result of changes in goals by the political leaders or shifts in political leaders. Statements of the type, 'Organizational solutions in the administration in Norway will be a Norwegian choice', illustrate such an understanding of reality.¹⁸ There are degrees of freedom for the political leadership to make real choices. This view assumes that the political leaders have insight, have willingness, and are able to realize their goals.

The two first points of view hold that change in itself is relatively unproblematic. Either it is a result of a necessary forced adaptation or a result of free choice. Neither of these points of view emphasizes that institutional change often can be difficult and some cases take a very long time. Often, change occurs only as rhetoric or as symbolic change, while the fundamental institutional structures and forms of behaviour remain unchanged. Statements of the type, 'One does not sweep away several hundred years tradition and administrative culture with a stroke of the pen', illustrate a minimal belief in fast and flexible adaptations.¹⁹ A third view of the adaptation process asserts the importance of the individual institution's historically developed routines and experience. Conscious control attempts are often viewed as difficult and will seldom succeed. Institutions are autonomous, and over long periods can exist out of step with their surroundings. An extreme variant of this point of

¹⁸ Europe report, 1992, p. 65.

¹⁹ The leader in the Danish Personnel and Administration Ministry Søren Christensen quoted in *Stat og Styring*, 1991.

view is where institutional changes only occur to the degree they conform to the institution's internal behaviour logic, goals, procedures and identities.

It has been argued that there is a need for more complex and constitutive contexts for what control is and for what terms exist for control in an Europeanization process than the views that are presented in the three previous models (Olsen 1992). An analysis of the Europeanization process should be understood as the coupling over time between the environment, political choice and the institutional identities, in order to get a more adequate presentation of which conditions and possibilities exist for political control. Such a constitutive adaptation has three basic assumptions. The first is that rules, standard procedures, routines and norms steer behaviour. The second is tied to the opinion-forming processes that exist in organizations. Experience forms the context for what is appropriate, right and wrong ways to behave. Experiences, interpretations and symbols are often more important than actual decisions for understanding organizational behaviour. The third assumption is tied to the fact that organizations do not adapt quickly and effectively. Adaptation to the environment can take a long time and often follows a path-dependent development. Earlier choices and decisions provide possibilities and at the same time set limitations on decision that can be taken at a later stage.

State administrations in such a model are therefore viewed as loose couplings of different autonomous institutions with their own identity, history and self-dynamic. Such a point of view means that there can be space for political control, but such control must be carried out within and with consideration for the already existing historically developed institutional frames. It also follows with such an approach that different institutions will have differing experiences, histories and identities. Controlling the Europeanization process therefore must build on understanding of the institutional character. Using these different points of views as background, we shall analyze how this coupling has taken place and changed over time in the Norwegian EEA process.

2. 3 Frames for the EEA Process

An understanding of the political and administration adaptation process must have a basis in the history and framework of the EEA process. In connection with the Norwegian policy and attitude towards Europe, our research shows that there are especially three factors that have large significance.

First, the development of the European co-operation was a central factor for the European question once again becoming an actual political area in Norway. In the relatively short time period of 10-15 years, the co-operation within the EC experienced extensive changes. From a period of stagnation in the 1970s, integration gained speed during the 1980s. The Single European Act in 1986 gave at least three contributions to the realization of the Single Market by 1993; working out common rules within 279 cases areas, carrying out a principle regarding mutual recognition when it comes to technical standards, and implementing qualified majority decisions in the Council of Ministers. These changes contributed to the revitalization of the EC co-operation. Central decisions by the European Court of Justice during this period also contributed to forwarding a quicker harmonization (Weiler 1991). The deadline for carrying out the Single Market promoted an increase in the tempo of expectations for integration. In many ways it can be said that the renewed idea about an integrated Europe was actualized and seriously established as myth and reality during the 1980s through the plans for establishing the Single Market by 1992. 1992 became almost like a magic number. In this period European integration as a political phenomenon was not seen as very problematic. Integration was primarily viewed as a good in itself, without anyone demanding a reason for why it was preferred. Many of the questions that later created difficulty within the EC co-operation, for example the lack of publicity and low popular participation, were only to a small degree considered problematic and these issues ranked low on the agenda.

The EFTA countries perceived the Single Market both as a threat and a possibility in relation to their economy and business and industry. There was a fear that the EFTA countries would be shut out of the large market through the building of toll barriers. At the same time, the Single Market was viewed as a possibility when it came to increasing sales of their own goods. The intensified co-operation in the EC therefore contributed to realizing a renewed debate around the political and economic ties between EC and EFTA countries.

The second factor that formed the background for the Norwegian Europe policies was the historical experiences of the Norwegian society on the question of European co-operation. The Norwegian historical experiences in this area were mixed. Firstly, adaptation and internationalization through small steps characterized the experiences. Even if there had been large political controversies around some central decisions, for example NATO and aid policies, it is correct to say that there was broad political support for increased internationalization. More and more political and administrative tasks were

acquiring an international dimension. Already in the 1970s it was shown that three of four employees in the Norwegian administration worked with international cases. During the period after the War, international units were established in a number of departments and external services (Egeberg 1978, Einstabland 1987). It is fair to say that much of both policies and the administration have been internationalized. For a long time therefore it has been possible to talk about the establishment of a fourth level of government in the Norwegian steering system (Egeberg 1980). The developments have given the Norwegian political system experience and knowledge about dealing with international cases. They have become routine and thereby institutionalized as a natural part of the administration's daily work.

In addition to the gradual continual involvement, historical experiences also represent a jolt or shock. The traditional consensus-oriented Norwegian steering system went through a wide political battle in 1972. The EC dispute involved large public resistance and division that left a deep imprint. The bureaucracy was roundly criticized for their role in the conflict both during and after the EC dispute.²⁰ The administration participated in the public debate and directly forwarded partisan debate to the advantage of the yes side. Scientific evaluation was set aside for the benefit of political interests. The criticisms of the bureaucracy helped weaken the legitimacy of and confidence in the administration, and in retrospect the 'EC fight' has come to be viewed as an historical exception in the relation between the bureaucracy and politicians in Norway (Erichsen 1988).

Both the yes and no sides experienced the political unrest around Norwegian membership in the EEC in 1972 as an unfortunate and difficult development. Just a short time after the dispute was resolved, there was total calm on the subject of Europe policies in Norway. The EC and Norway's relationship to the European co-operation in a short time had gone from being the most important political topic to being a non-topic. Political parties, the administration and research and educational institutions omitted discussing both the developments in the EC and Norway's relationship to European co-operation. The absence of a real debate lasted for 15 years. In this period it was deemed to be politically impossible to create a new debate on Norway's relationship to Europe. The importance of this historical understanding of Europe politics is further emphasized by the fact that the old political dividing lines have been

²⁰ For analysis of the EF dispute in 1972 see Gleditsch, Østerud and Elster (1974) and Gleditsch and Hellevik, 1977. All of these authors were on the no side.

reconstructed and strengthened in the new Europe debate, that gradually arose by the end of the 1980s.

The third factor was the framework that was given the Norwegian administration in connection with the EEA process. The Norwegian administration had to carry out the work within the ordinary budget frames. Norway during the 1980s was one of very few countries within the OECD area that increased the use of resources in the public sector.²¹ It was still a political goal with the EEA process that extra resources would not be used. It was emphasized that the increased tasks and functions following from closer ties to the EC, were not tasks in addition to -- but rather a natural part of -- the ordinary work within the administration. At the same time it was emphasized that when it came to the EEA process this could be the basis to save money, rather than to increase spending on the administration (Godal 1992).

The Ministry of Finance took a routinely skeptical attitude that there should be a link between increased resources and new tasks. The Ministry of Finance worried that the EEA process would be used as an excuse for the other ministries to increase their resources. The ministry had a very sober budget in relation to the EEA process, based on the desire to be a role model for other ministries. This of course contributed to it being difficult for other ministries to have access to means. Even if some units, for example the Foreign Ministry, received appreciable resources in connection with the process, the process as a whole was characterized to a large degree by resource shortages and strict budgets (Sverdrup 1994). In the first phase of the work with the EEA, the government was criticized for having a minimal staff (Sverdrup 1994). A comprehensive and more extensive plan for expanding the administrative apparatus in such a politically controversial case would have been difficult, potentially providing the no-side with additional arguments against Norway seeking closer ties to the EC.

The three factors -- the European co-operation, the historical experiences, and the resource situation -- are creating the background for understanding of the adaptation process. The next part of the article analyzes the adaptation process's progress. In the analysis of the change process it is possible to identify three different phases. The transition between the phases is smooth, so that it is not possible to put exact times on them. Each of the different phases

²¹ See the general outline of the administration and personnel policies in Stortingsmelding no. 35 (1991-92).

has a dominant logic in relation to explaining the progress of the adaptation process.

2. 4 Political response and control

The first stage of the Europeanization process can be called initiation phase. Time-wise this period stretches from 1986 up to the summer of 1989. This period saw the national political leadership forming an institutional apparatus for handling European cases. The political leaders actively controlled the European policy. They interpreted the changes in the environment both as a threat and as a possibility for political and economic development. On the other hand, the bureaucracy was largely noncommittal and passive to the developments.

The Norwegian Europe policy was based on a report to the parliament (Stortinget) called 'Norway, the EC and European co-operation', which was put out in 1986 (Stortingsmelding 61 1986-87). The document was the first report on Europe and Norway's ties to the co-operation that was put forth to the Storting since 1972. The report was based on the EC countries' plans for establishing the Single Market and concluded by recommending that Norway adapt to and harmonize with these processes. The Storting supported the government's plans. This meant that the Norwegian Europe policy was placed under an already existing time frame for implementing the Single Market. The Norwegian political leadership took the initiative to establish a formalized co-operation between EFTA and the EC, which later became the EEA. The declaration from the EFTA meeting in Oslo in March 1989 illustrated the will to establish a binding two-pillar system between the two organizations.

Up until now the Norwegian administration had only to a limited degree participated in the process. The attention in the bureaucracy was primarily directed toward other cases, and the Europe policy was not evaluated as especially important. In the Ministry of Finance's international work, for example, attention was primarily on co-operation within the frame of OECD and the ongoing changes in the American economy (Sverdrup 1994). The Ministry of Justice and the Police was primarily occupied with criminal policies and EC cases were only taken up after direct requests from the Foreign Ministry (Farsund 1993).

The Norwegian political leadership had as a goal to pull into the work representatives from all ministries. The participation of professional expertise

was viewed as important so that the Europe policy was not reduced to a purely 'foreign policy'. The Prime Minister's office closely followed the Europe policy and thus signaled that this was a political priority area. Strong steering from the Prime Minister's office contributed to bringing in the other ministries into the process, at the same time as the control made a supra co-ordination possible. One of the key means that was employed in the work was the publication of the information pamphlet, 'Who in the State can answer questions about the EC'. Here were presented and portrayed those responsible for EU questions in the different departments, something that was viewed as an untraditional method in the public sector. The work with European issues was assigned to the existing units and the different ministries did not set up their own Europe units. Therefore, with the exception of some changes in the Foreign Ministry, there were no new institutions or extensive structural changes internally in the individual ministries. Similarly, the ministries were not given appreciably more positions because of the EEA process. They were given some new positions later in the process, but shortages and reticence distinguished their treatment. How to deal with tasks was primarily solved through reprioritizing, increasing working hours or through putting off other cases.

The priority that the political leadership gave the Europe case was emphasized by their broad participation in the process. In the bureaucracy there was widespread uncertainty and ambiguity regarding what kind of processes they were involved in. The continuity of the Norwegian Europe policy was broken because of 1972. In addition to the low level of knowledge when it came to the EC, the memories of the criticism and unrest around the bureaucrats' role in 1972 were present 15 years later. The bureaucracy took a cautious and professional role. They experienced the Europe policy as a first and foremost as a political process that demanded initiative and steering from the political leadership.

It was with small steps and caution that Norway approached the Europe policy. The political leadership wanted to establish consensus regarding adaptation. Gro Harlem Brundtland emphasized the relevance of history in her speech to the European Parliament, where it was said 'The 1972 debate left us with a trauma that has still not been overcome'.²² The search for consensus was supported through the organizational apparatus that was built up for handling

²² Prime Minister Gro Harlem Brundtland's speech, 'Norway, the European Community and European Co-operation' to the European Parliament, 26 October 1988.

Europe cases. In addition to the broad ministerial participation, most large interest organizations also participated. In the post war period, there had been a tradition of broad participation by affected parties in Norway. The participation of the major interest organizations, such as the Labour Organization (LO) and the Confederation of Norwegian Business and Industry (NHO) had been regarded as legitimate, and even as an extension of democracy. In spite of the fact that the involvement of national interest organization has been exposed to increasing criticism, this pattern of corporate involvement proceeded in connection with the Europeanization process. The organizations' participation was taken as given and was never a question of debate or criticism. The same occurred in Sweden in spite of the fact that corporate involvement there have been subject to much more criticism than in Norway (Eklund 1993). The affected parties got to participate in what was called the Contact Committee/EC Committee. In this way the organizations received information on the adaptation process and they were able to put forth their own viewpoints on the process. Some organizations rightly enough did not get to participate or always have the chance to directly discuss the negotiating position Norway would take.

The caution and the historical experiences also contributed to explaining how parts of the Europe issues were taken out of the bureaucracy and given to the newly established State Secretariat Committee for European Cases. The committee was responsible for informing and administering reports on Norway's ties to the EC so that the criticism that was raised against the bureaucracy in 1972 would not be repeated. The establishment of this committee for handling and controlling political cases that the political leaders gave high priority later became a standard procedure.

In addition, there were established a total of 16 inter-ministerial working groups. Their tasks were to compare the EC's regulations with the Norwegian, to uncover eventual exceptions, and thereby clarify the Norwegian negotiating position. Even if the Foreign Ministry was the dominant actor in the group, the Ministry of Finance, the Ministry of Local Government and Regional Development and the Ministry of Justice and the Police, among others, were active participants. Parts of the bureaucracy received first hand knowledge through the working groups of the content of the EEA process and the challenges and possibilities they were facing.

In the summer of 1989, the process had proceeded to such a point that there existed the basis for putting into action negotiations for an EEA agreement. To

this point, consensus and political steering had distinguished the Norwegian process. Uncertainty around what the EEA meant was still large both in the bureaucracy and in society. In this first phase the political leadership had taken the initiative and emphasized the importance of the adaptation process.

2. 5 Bureaucratic expertise and negotiations

The second stage is called the negotiation phase. This phase lasted from the summer of 1989 to the summer of 1991. In this period political attention was not as much directed toward the EEA process in general, but rather much more toward individual select case areas. At the same time the Norwegian Europe policy became more politically controversial and conflict-filled. The bureaucracy with its professional and legal expertise became an active participant in a negotiation process with a very high tempo and great working stress. Short, pre-set European deadlines and national co-ordination and co-operation created the dynamic of the negotiation phase.

The negotiations themselves were organized in five different negotiation groups that were to negotiate within the different areas. The groups were: 1) free movement of goods, 2) free movement of capital and services, 3) free movement of people, 4) adjacent areas, and 5) legal and institutional questions. This was the organization of work that EFTA and the EU had agreed on.

The Ministry of Finance and the Ministry of Local Government and Regional Development had responsibility for leading two of the groups in Norway (groups 2 and 3), while the other groups were led by the Foreign Ministry. The Foreign Ministry pulled in the Ministry of Justice and the Police to act as juridical counsel for some of the groups. The Ministry of Justice and the Police's traditional retiring counseling role in such cases also applied to the EEA process (Farsund 1993). Each of the groups also established their own reference groups comprised of representatives from different ministries, external services and affected parties.

It was initially intended that there should be a forum for information and co-ordination of the different Norwegian viewpoints. Some of the groups functioned well and it became a fruitful place to exchange views. Other groups met very seldom and therefore there was no real exchange on the different negotiation positions. Because of short deadlines there was often no time to set up meetings. Instead, information was sent to those who were assumed to have

interest in the case. Afterwards contact was more or less informal and unwritten between those who had received information. The high degree of informal conversations and contact, together with the lack of reporting from the different groups, made handling cases overly complex and difficult to follow for outsiders.

After the election in 1989 the country was ready for a shift in government. The conservative-centre coalition created the Syse government, which took over from the labour government lead by Brundtland. The changes in political leadership had little significance. The negotiation position continued pretty much unchanged, personnel were not changed in the bureaucracy, and there were only small changes in the political administrative apparatus in connection with the shift. As the negotiation between EFTA and the EC progressed it became clear that all the EFTA countries had to give up their demands for exceptions. This led to the question of, among other things, the concession law²³ becoming more and more difficult internally in the Syse regime the fall of 1990. This eventually provided the basis for a new shift in government. The question on the concession law was solved only a few days after the new Brundtland government was in place, and the process continued forward at a high tempo.

The level of political conflict and participation from the bureaucracy increased in the negotiation phase. The increased participation from the bureaucracy is attributed to cases needing more technical expertise and also to the political leadership later turning their attention to a few special areas such as fish, the concession legislation and questions on the constitution. The sequential attention from the political leadership, combined with a steadily increasing degree of work with 'technical' and 'legal-technical' questions contributed to the bureaucracy receiving more responsibility and influence in the process. The initiative to a certain degree was taken from the political leadership and left to the bureaucracy. Concurrently, there was a gradually intensified debate around the content of the EEA process, and organizations were created that worked for and against an EEA agreement. Participants in the negotiation process were always cautious in relation to the political conflicts surrounding the situation. Constant orientation from the government and an assurance that they had political 'coverage at their backs', was viewed as very important for the Norwegian negotiation position. A great deal of attention and high priority was

²³ The Norwegian concession law provided the possibility to keep foreign citizens from taking over property in Norway.

also given the national co-ordination regarding the negotiations. The goal of being able to forward a co-operative national interest under the negotiations went ahead of different institutional and sector interests. In practice, it was the ministries that were early in achieving influential positions in the Norwegian Europe apparatus that had first-hand access to information and rights of participation in the different co-ordinating organs.

The quantity of work in this phase was large. The negotiations kept a high tempo and the deadlines therefore were short. Additionally, there were few people who were involved in the different areas, so that working stress on the individual participants was great. For example, information work, co-ordinating, policy approval and carrying out the negotiations were done by a small group of civil servants in the Ministry of Finance. Similarly, the stress was great on a couple of people in the Ministry of Justice and the Police. There were primarily two civil servants in the Ministry of Justice and the Police that worked with the EEA up and including this phase. That EEA was existent in only a very limited number of areas and in only two departments in the Ministry of Justice and the Police. This says something about the working stress and about the institutional scepticism to new cases. The attention and resources that were set in motion against the time limits were nearly non-existent.

It is not an exaggeration to say that the organizing principle was the use of deadlines. This applied both to set European deadlines through the EC or EFTA and to a large degree those in the Norwegian apparatus. Deadlines were made national in that they were accelerated in order to co-ordinate and politically manage the established time limits. This meant that the working stress, at least in the short term, was increased significantly. The Foreign Ministry's understanding that international deadlines were 'absolute' became the dominant perception in the administration. Other ministries, such as the Ministry of Finance, which traditionally had controlled and set time limits within the Norwegian administration by controlling the budget cycle, had had a more flexible and loose interpretation of deadlines. This procedure for dealing with deadlines in the Ministry of Finance was also replaced under the adaptation process by the Foreign Ministry's interpretation of the international time limits as unalterable.

The negotiation phase was characterized by large parts of the Norwegian administration being faced with new and challenging tasks. Fixed European frameworks and institutional procedures marked the adaptation process in the

administration. The increased degree of specialization and bureaucratizing contributed to the political leadership directing attention toward some especially important cases, in a gradually more politically controversial process.

2. 6 Institutional distinctions and normalization

In the implementation phase the work was still characterized by a very high working stress, but the work took on another character than in the negotiation phase. While there earlier had been uncertainty and ambiguity regarding what the EEA would mean, the work in this phase became normalized and adjusted to the existing national and institutional rules and procedures. This phase stretches from the fall of 1991 to the beginning of 1992, the period when the agreement should actually be implemented.²⁴

Even if the final agreement was not signed before the beginning of May 1992, negotiations in most of the areas were completed already in late summer of 1991. At this time pretty much all that remained were the fishing questions and the question on the institutional formation of the EEA organs. The Norwegian bureaucracy was therefore in full swing with making the necessary adjustments and changes in the Norwegian legislation such that the EEA could be operative from 1 January 1993, simultaneous with the implementation of the EC's Single Market.

The working tasks were primarily carried out in the units that had traditional responsibility for the individual case areas. Very few tasks were moved around and there were few shifts in responsibility. The legislative changes were done in a totally traditional way and based on standard procedures in the Norwegian bureaucracy. The tempo was also high in this phase. In the implementation phase the Foreign Ministry, which through the entire process emphasized the importance of maintaining the international fixed deadlines, was also a powerful influence over the other ministries. In questions on simple changes in the legislation the tempo became so high that it affected the professional quality of the changes. The ministries emphasized the need for the changes being done in a professionally defensible way so that the legislation could be used in the future. However, the strict deadlines were in conflict with the need for adequate professional evaluation. Loyalty obligations went before own

²⁴ The EEA agreement was made effective from 1 January 1994.

professionalism and they tried to maintain the deadlines. Nevertheless, in some areas in the Ministry of Finance some doubt was raised about whether the changes was professionally defensible and questions of legal protection were experienced as not having been adequately evaluated (Sverdrup 1994).

Hearings for eventual legislative changes are a part of the standard procedures in the administration. Hearings in connection with the EEA were carried out, but they were marked by the high tempo in the process. The deadline for hearings in the Ministry of Finance was set at only 10 days, something that was characterized as very short. Several of the hearing bodies answered that they were not able to provide good and adequate comment when the deadlines were so short.²⁵ Additionally, it came out that at this time the institutional frames themselves around the EEA were unclear, something that contributed considerably to increasing uncertainty. Also, in other institutions the hearing bodies were challenged on the grounds of time pressure. For example in several cases the Ministry of Justice and the Police neglected to send law changes out for hearing and did not invite parties to a hearing meeting so that they could meet the political goal of quick changes.

The EEA case had a high political priority. This means that other case areas had to wait. The large working stress meant that there was established queue arrangements for other cases and many cases were postponed for unusually long periods of time (Sverdrup 1994). The effect of low resource setting was also reflected in other tasks and case areas that the administration had to handle. In the Ministry of Justice and the Police's legal department this led to, among other things, an understanding that other cases could be postponed because other ministries were busy with the EEA and therefore did not have time or resources to work with them.

As the Norwegian administration organs gradually became more knowledgeable of the EC's regulations and the content of the EEA agreement, uncertainty around the process was reduced. An understanding that the new regulations did not vary substantially from the traditional Norwegian regulations began to spread. The Ministry of Justice and the Police sent around a letter where it was written that the rule of thumb rule for changes should be to follow the traditional Norwegian legal principles because Norwegian law pretty much would be in accordance with the EEA decisions (Farsund 1993,

²⁵ Comments around the hearings are found in, among others, the Odelsting propositions that were put forth by each ministry.

Sverdrup 1994). The development and modernization of Norwegian regulations that had been carried out in the decade before EEA process could explain that the EEA regulations did not vary significantly from the Norwegian. Different types of standardization and change work have primarily been a result of Nordic and international bilateral or multilateral co-operation. Broad procedures for Nordic and international legal co-operation have been developed for a long time. For example, the EEA agreement contains only limited changes regarding content for the rules in the Ministry of Finance's area. The regulation changes that have gone before the EEA -- capital and currency liberalization through among others the OECD -- strongly contributed to the EEA regulations not being experienced as varying from the original Norwegian regulation. The changes therefore in some areas were viewed as work- and time-intensive technical changes and not substantial changes. In some instances it could be said that parts of the Norwegian administration was Europeanized even before the EEA process.

As we have seen from this passiveness, the EEA was experienced as a threat towards the institutions' identity and ways of dealing, more so, than as a possibility for expanding the institutions' domain. Most units remained largely passive and cautious to an uncertain and politically conflict-filled case. For example, the Ministry of Justice and the Police was asked if they couldn't take the responsibility for co-ordinating for law adaptation and control with the other ministries' adaptation. The Ministry of Justice and the Police would not have these tasks and preferred to keep to their traditional duties rather than expand their influence and task load (Farsund 1993). Passivity and institutional logic therefore characterized the administrative adaptation.

The implementation phase was distinguished by a normalization of the work with the EEA in the administration. The existing knowledge and the established procedures and organizational solutions were interpreted as being adequate for meeting the new demands they faced with the EEA process. The work in the last phase was resolved within, and with consideration to, both national and different institutional systems. The different ministries' self-dynamics led to different ministries facing different challenges. While some ministries were a lot more Europeanized before the EEA and therefore did not experience the process as at variance with traditional work, other ministries through this process were faced with new challenges.

2.7 Norway – an enthusiastic adapter

The article started with the different contexts about how one should view and explain the adaptation process regarding the EEA. The explanatory factors in the three points of view were ascribed to the environment, individual actors or the institutions. The three phases illustrate the necessity for empirical analysis of Europeanization processes over time. Aspects at the European level and conscious attempts at political control characterized the first phase. The second phase was characterized by bureaucratic negotiation with a high degree of professional and technical expertise. This contributed to institutional aspects and aspects of the European regulations to a large degree characterizing this process. In the last phase, the institutional procedures and self-dynamic characterized the EEA process. The implementation process was marked by considerable institutional autonomy. At the same time, an acknowledgment spread that these were cases that were primarily like the traditional Norwegian ones. This reaction pattern has much in common with how the political and administrative systems in Norway responded to the development of the petroleum sector (Olsen 1989). In both cases institutional specialization contributed to fast and effective treatment of a new, but related, field.

The different explanations contribute to clarifying different parts of a larger process. The analysis illustrates the need for more empirical studies of what actually happens, rather than more or less loose speculations about what may happen. The period examined in this article is tied to a special negotiation situation, and it is not an unqualified given that it will be representative for the further progress of the Europeanization process. The results must be handled with a certain caution. Much therefore hangs on the adaptation process in connection with the EEA having considerable relevance for the further understanding of Europe policy's impact on the national administration apparatus.

In conclusion we try to identify some characteristics of the EEA process and to bring forth some factors that are expected to be actual problem areas in the further Europeanization process. There are especially three aspects that appear to be important. The first is connected with the Norwegian will to adapt. Along with the program for modernization and development of the public sector, Norway has been characterized as a 'hesitant reformer' (Olsen 1992). Contrarily, with the EEA process, Norway can be characterized as an enthusiastic adapter. The tempo in the Norwegian adaptation has been very high and many rules have quickly become part of the Norwegian regulations.

Other countries have not had the same tempo in the adaptation process (Siedentopf and Ziller 1988). This illustrates that there has been considerable political attention and will to be a leader in the process. Clear political goals and international fixed deadlines have contributed to Norway quickly working the EEA into the routine regulations.

The adaptation process in the Finance and Justice Ministries demonstrated that professional qualifications and knowledge was primarily experienced as benefits. There was understanding that the knowledge was adequate for meeting the challenges the administration was facing in respect to the EEA. The knowledge of the EC and the EEA regulations had gradually been developed through the EEA process. A generally high professional level in the administration had contributed to easing the work and thereby making for a quick adaptation process. There has been a political and administration tradition in Norway that agreements they entered into should be enforced -- *pacta sunt servanda*. It was important that agreements and obligations would be adhered to. This general political-administration culture can also help explain why the adaptation process occurred so quickly in Norway.

The second aspect is linked to adaptation variation. The analysis shows that national tradition and institutional self-dynamic contributes to explaining adaptation process's progress. This implies that the rate of change can vary between countries and between different political sectors and institutions. Administrative units and sectors will have different historical experiences and interpretations of the Europe policy. At the same time, there will be differing degrees of affects and identification with the European co-operation. Institutional variation can contribute to a segmented state becoming increasingly segmented through this process. The term the segmented state refers how the state is organized around different decision arenas with different participants, solutions and problems, and how there are weak learning mechanisms between the different segments (Egeberg et al. 1978). Governance of the Europeanization process in such a perspective means making sure those institutions that are passive and hesitant make the necessary adjustments, so that common national interests are accounted for. This in itself is a difficult political administrative area that raises basic questions about the conditions for governance. The challenge is in the formation of a general and co-ordinated policy that is able to account simultaneously for sectional and institutional variation. Such control assumes a certain formulation of institutional solutions. The Ministry of Government Administration has had special responsibility for ensuring that administrative adaptation and change is carried out in a manner

that the administration is in the best possible position for realizing political goals. Up until now there have been few attempts to analyze and deal with the questions around a total Europe policy from this ministry. The ministry was late entering into the process and it appears to be difficult to change the direction the development took regarding the EEA where few 'heavy' ministries achieved influential positions. At the same time, weakened political attention around institutional formation and adaptation in the individual ministries was instrumental in there being many unanswered questions today about, among other things, co-ordination, autonomy and resources.

The third aspect has to do with the dynamics of the adaptation process itself. There has been a steady increase in co-ordination and harmonization over a long period through international co-operation. The development has proceeded in small steps. Changes in rules and standards have been an incremental process. Established and well-developed networks, contact patterns and problem definitions have been used in the EEA process and the work's character has not been perceived as new and different. Institutional identity and characteristics have thus been carried into the Europeanization process.

Such an understanding of the change process's progress contrasts with the understanding found in parts of the literature, and in the political debate. There, attention and the rhetoric are primarily directed at the large and rapid upheavals and transformations. The understanding of Europeanization is often that we are standing before an historical fork in the road, where new and dramatically different forms of political organization and practice are necessary. This understanding is tied to developments occurring through large leaps. These two different understandings of development raise totally different challenges and questions about the basis for democratic governance. Analysis of the conditions for democratic governance of the Europeanization process's content and progress therefore must, to an increasing degree, consider both dynamics in the process.

2. 8 References

Blichner, Lars C. and Linda Sangolt (1993) 'Internasjonalisering av offentlig forvaltning' in Per Læg Reid and Johan P. Olsen (eds.) 'Organiseringen av offentlig sektor – perspektiver – reformer – erfaringer – utfordringer', Tano, Oslo.

Brundtland, Gro Harlem (1988) 'Norway, The European Community and European Co-operation', European Parliament, Strasbourg, 26 October 1988.

Egeberg, Morten (1978) 'Den offentlige politikens internasjonalisering – noen utviklingstrekk og perspektiver' In Johan P. Olsen (ed.) 'Politisk Organisering', Bergen, Universitetsforlaget, pp 185-198.

Egeberg, Morten, Johan P. Olsen and Harld Sætren (1978) 'Organisasjonssamfunnet og den segmenterte stat', In Johan P. Olsen (ed.) 'Politisk Organisering', Bergen, Universitetsforlaget, pp 115-142.

Egeberg, Morten (1980) 'The Fourth level of Government: on the Standardization of Public Policy within International Regions' *Scandinavian Political Studies*, (3), pp 325-248.

Einstabland, Ellen Siri (1987) 'Institusjonell differensiering; Analyse av utviklingen av enheter for internasjonale saker i departementene' Oslo, Thesis, Department of Political Science.

Eklund, Niklas (1993) 'Svensk Demokrati i forhandling' in Janerik Gidlund (eds.) 'Den politiska konserten – identitet, suverenitet och demokrati i den europeiska integrationen', Liber.

Eliassen, Kjell A and Svein S Andersen (1993) 'Policy making in the New Europe', In Kjell A. Eliassen and Svein S- Andersen (eds.) *Making Policy in Europe – The Europeanification of National Policy Making*, Sage, London, pp 265-274.

Eriksen, Svein (1988) 'Herskap og tjenere – om samarbeidet mellom politikere og tjenestemenn i departementene' Oslo, Tano.

Europautredningen (1992) 'Europeisk samarbeid – styring og demokrati', Rapport fra en arbeidsgruppe nedsatt av statsekretærutvalget for Europautredningen.

Farsund, Arild Aurvåg (1993) 'Europeisering – en studie av EØS prosessen og responser på denne i Justisdepartementet' LOS Rapport 93/04.

Gleditch, Nils Petter and Ottar Hellevik (1977) 'Kampen om EF', Oslo, Pax Forlag.

Gleditsch, Nils Petter , Øyvind Østerud and Jon Elster (1974) 'De utro tjenere – embetsverket i EF kampen', Oslo Pax forlag.

Godal, Bjørn Tore (1992) 'Den Europeiske utfordringen i et statlig, nasjonalt perspektiv' Hovedstadskonferansen', Oslo, 8 May 1992.

Jacobsson, Bengt (1993) 'Statsforvaltningen i et nytt Europa' Conference proceeding from 'Omvärldsanalys. Att förstå och möta förändringar' Riksrevisjonsverket och statens förnyelsesfonder, Stockholm, 28 januar 1993.

Keohane, Robert O. and Stanley Hoffman (1991) 'Institutional Change in Europe in the 1980s' In Keohane, Robert O. and Stanley Hoffman (eds.) 'The New European Community – Decision making and Institutional Change', Boulder, Westview Press, pp 1-39.

Klöti, Ulrich (1991) 'Small States in an Interdependent World', Paper presented at the World Congress of IPSA, Buenos Aires.

March, James G. and Herbert A. Simon (1993) 'Organizations', Second edition Oxford, Blackwell Publishers.

James G. March and Johan P. Olsen (1989) 'Rediscovering institutions' New York, Free Press.

Olsen , Johan P. (1989) 'Petroleum og Politikk', Oslo, Tano.

Olsen, Johan P. (1992) 'Analyzing Institutional Dynamics', *Staatswissenschaften und Staatspraxis*, Vol. 3, No. 2, pp. 247-271.

Olsen, Johan P. (1992b) 'Rethinking and Reforming the Public Sector' in Beate Kohler-Koch (ed) 'Staat und Demokratie in Europa', Opladen, Leske und Budrich, pp 217-23.

Ot.prp.nr. 79 (1991-92) 'Om lov om gjennomføring i norsk rett av hoveddelen i Avtale om Det europeiske økonomiske samarbeidsområde (EØS), mv.', Utenriksdepartementet.

Ot.prp.nr. 85 (1991-92) 'Om lov om endringer i visse lover på Finansdepartementets område (EØS tilpasning)', Finans og Toll Departementet.

Siendentopf, Heinrich and Jacques Ziller (eds.) (1998) 'Making European Policies Work – the Implementation of Community Legislation in the Member States' Brlyant, Sage.

Smidt, Steffen (1989) 'Emetsstandens internasjonalisering' In Per Svendsen (ed.) 'Det indre marked – en debat bog', Copenhagen, Akademisk Forlag.

St.meld.no.61 (1986-87) 'Norge, EF og europeisk samarbeid', Utenriksdepartementet.

St, meld. no 35 (1991-92) ' Om statens forvaltnings- og personal politikk', Arbeids- og administrasjonsdepartementet.

St.prp. no 100 (1991-92) Om samtykke til ratifikasjon av Avtale om Det europeiske økonomiske samarbeidsområde (EØS), undertegnet i Oporto 2 mai 1992', Utenriksdepartementet.

Sverdrup, Ulf Ingvard (1994) 'Nytt Europa – ny forvaltning? En analyse av Finansdepartementet i EØS-prosessen' LOS Report 9411, Bergen.

Toonen, Theo A.J. (1992) 'Europe of the Administrations: The Challenge of 92 (and beyond)', *Public Administration Review*, Vol. 52, No 2, pp 108-115.

Weiler, Joseph H. (1991) 'The Transformation of Europe' *Yale Law Review*, Vol. 100, No. 1, pp 1-81.

Chapter 3: Norway – an adaptive non-member

3.1 Introduction

Norway has been invited to become a member in the European Community (EC)/ European Union (EU) twice, but two times a small majority have turned down the proposal in national referendums. The voters are deeply divided on the question of European integration, and the governing Labour party is split in half on the issue. Nevertheless, the government has during the last decade made major efforts to adapt the organization and orientation of the Norwegian political system toward increased European integration. New organizations have been established and new procedures for securing sufficient co-ordination and control have developed. Cross-border contacts between domestic Norwegian institutions and institutions at the European level have increased in scope and importance. European contacts and regulations are considered as important within most national policy fields, even in the fields traditionally totally dominated by domestic considerations. Furthermore, increased attention, time and energy have been devoted to European issues, and the political leadership has been able to develop shared decision making institutions with the EU.

As this listing indicates, the Norwegian political system is in a process of becoming Europeanized. The term Europeanization is understood as a process in which Europe, and especially the EU, becomes an increasingly more relevant and important political community for the Norwegian political system. Moreover, the process of Europeanization is understood as a process of gradually increasing homogenization. However, this does not necessarily imply standardization, but rather it should be interpreted as process which reduces the variance between, and within, different European states in how political processes are perceived, and how they organize in order to solve problems (Olsen 1996). The Norwegian political system did not respond to the process of Europeanization by exploring radically new solutions Responses reflected historical experiences and stemmed largely from endogenous dynamics of the Norwegian political system. Existing routines and capabilities were considered as effective and appropriate in coping with the new challenges and possibilities. Europeanization of the Norwegian administration is therefore best understood as an incremental process of gradual adaptation, rather than a dramatic break with the past (Farsund and Sverdrup 1994, Christensen 1996).

This way is also consistent with the traditional mode of reforming political institutions in Norway

Why should we pay interest in the development in a non-member state? Truly, the Norwegian case has limited relevance in understanding some of the functioning of the European polity. Scholars in the field of Europeanization have traditionally focused upon adaptations in member states, but this approach is too narrow. Only comparative analysis has the potential to critically examine the distinct characteristics of Europeanization. Without the comparative dimension it is impossible to isolate changes related to Europe from the more general processes of administrative modernization and internationalization. Such comparisons of member states as well as non-member states are currently lacking. Thus, investigating the Norwegian case give us a unique opportunity to shed light on the significance of formal membership in the EU.

Two propositions could be put forward. The first proposition suggests that formal membership in the EU imply a strong pressure for administrative adaptation. Increased European integration will lead to reorganization and destabilization of the domestic political and administrative system (Toonen 1992). It is assumed that non-member states are less affected than member states, and therefore have more leeway in organizing their political and administrative system. According to this proposition, membership is a significant parameter in understanding the current administrative changes in Europe. The second proposition suggests that differences between member and non-member states be of less importance. Non-members are affected by decisions in the EU, but they have less influence and control of decisions in EU than the member states, thus, non-members experience a higher level of uncertainty in relation to the EU. In order to reduce uncertainty, and increase their legitimacy, non-members undertake extensive adaptations in their political and administrative systems. As Prime Minister Gro Harlem Brundtland suggested short time after the referendum: Norway must act more or less as if it was a member (Brundtland 1995).

The concept of membership is problematic. A wide range of informal and formal linkages exists between Norway and the EU. Furthermore, the 'variable geometry' in Europe makes it hard to draw a clear distinction between member and non-member states. In addition, there are considerable variations between different policy sectors. For instance in a field like science and research policy, where Norway participates and contributes to the funds, Norway is probably as affected by European integration as the member states. Furthermore, isolating

the effect of membership is difficult since administrative changes in Norway were part of a pre-accession process together with some other EFTA countries. It is too early to assess whether the referendum in 1994 was the first step in a series of choices which in the long term will create a 'continental divide', or whether other dynamics and linkages will make the result of the referendum less relevant. So far, the development in Norway is uncertain, and it seems to vary from one political field and sector to another.

In order to comprehend the adaptations that have taken place in Norway, we have to take into account the historical background. It is only possible to explain the Europeanization of political institutions through an analysis of the historical roots, routes and internal dynamics (Olsen 1996). In the following section I will therefore briefly outline Norway's historical relationship with the EU, and the gradual internationalization of the political and administrative system. I will also include a brief presentation of the Agreement on the European Economic Area (EEA), which is the core institution in regulating the relationship between Norway and the EU. Then, I turn to analyze in more detail how Norwegian administration and political leadership adapted to the challenges and possibilities raised by increased European integration. Since Norway is less involved in influencing the decision-making processes in the EU than the member states, I will primarily focus on national adaptation and implementation. I argue that increased European integration has led to a considerable reorganization of the relationship between Norwegian and European institutions, as well as in the relations within the Norwegian political and administrative system.

3. 2 A history of reluctance

Norway is larger than Italy, and is almost the size of Germany in terms of total land area; however, with only 4,2 million inhabitants it is still a small state. The unique topography and geography has influenced the political and economic development of the country. The key to growth and development has been an effective exploration and exploitation of natural resources. Especially important are the resources of the sea, through the industries of shipping, fishing, and more recently, production of oil and gas. Norway is probably more dependent upon the its territory and the territorial boundaries than most continental European states.

Norway has a tradition for isolationism, due to historical experiences. Political leaders have often felt little in common with the larger and more powerful states of the continent. This is particularly true regarding the idea of creating Pan-European co-operation. European political integration has never received strong support, and most Norwegians have expressed scepticism towards any attempt to develop supranational political institutions in Europe (Løchen 1993, Urwin 1995). The sceptic attitude is illustrated by a remark made by Jørgen Løvland, the first Norwegian Minister of Foreign Affairs after Norway's independence from Sweden in 1905. He stated that his prime task was to keep Norway out the 'combinations and alliances that can drag the country into belligerent adventures together with any of the European warrior states' (cited in Røhne 1991: 4).

However, isolationism is not a good description of Norwegian policy and polity, rather the opposite. Norway has been an active participant in a wide range of international co-operation during the Post War period. Norwegian foreign policy developed in the interplay between three separate pillars: the Atlantic pillar, the Nordic pillar and the continental European pillar (Riste 1991). Norwegian membership in NATO in 1949 paved the way for close contacts with the United Kingdom and the USA. In the period since the end of the 1940s, the Atlantic pillar dominated the Norwegian foreign policy orientation (Riste 1995). The Norwegian political and administrative system became increasingly internationalized also in other policy areas. The administration participated in a growing number of international organizations and a number of international departments were established in the Ministries during the 1970s. Already by the end of the 1970s scholars conceptualized the Norwegian political system as having a fourth level of government (Egeberg 1980).

In spite of increased internationalization, Norway's relation to the EEC/EC remained ambiguous. Norway applied for membership in 1961. A decade later she applied a second time. Also this time was the application primarily a response to the British and Danish application. Norway's first referendum was held in 1972, and a majority of 53,5 percent voted against membership. The campaign created, and unveiled, deep cleavages within the Norwegian society, cutting across and within political parties. Some of the controversies represented a troublesome break with the political tradition of consensus and low level of conflict (Furre 1991). When preparing for membership in 1972 the administration made some minor adaptations in order to prepare for membership, but they were all minor and temporary (Underdal 1972). Since

most of the administration supported the pro-membership side, the referendum resulted in reduced legitimacy for the administration, especially the Ministry of Foreign Affairs (Gleditsch, Østerud et al. 1974). The historical experiences from 1972 are necessary in order to explain the careful approach of the political leadership and administration during the campaign in 1994.

European integration was removed from the political agenda, and Norway's relationship with the EC became a non-issue. Interest in European politics declined, thus, knowledge of the development in the EC decreased in every part of the society. During a period of fifteen years the relationship with the EC was not subject to any political debate in the Parliament; neither did any political party show interest in the issue. Memories of the referendum and political conflicts in 1972 prevented them from taking the steps. However, external changes in the mid-1980s brought an end to this silence. The decision to create the Single Market in the EC created a window of opportunity for political initiatives. The government drafted two white papers on the relation with the EC and European integration in 1987 (St.meld. no. 61 1986-87, St.meld. no. 63 1986-87). Neither of them suggested membership, but both recommended that Norway should pay increased attention to the development of EC. The documents resulted in the establishment of a permanent Norwegian delegation in Brussels, and an invitation to the EC to establish a delegation for the European Commission in Oslo. These two administrative changes were the first step in building a stronger institutional framework for the Norwegian process of adaptation. Later, during the negotiations, the delegation was further strengthened and played an important role in developing the relationship between EU and Norway. At present thirty-five bureaucrats work there, and a majority of the experts come from other Ministries than the Ministry of Foreign Affairs. After the referendum their main tasks were to report on the activity of the EU, participate in meetings, and to try to influence decision making. Figures from the delegation show that, while more than 3,200 people visited the delegation in 1994, this decreased to 2,300 in 1995. The number of national bureaucrats visiting the delegation decreased by 68 percent during the same period.

The European issue was brought to the political agenda with great care, and it was primarily motivated by economic concerns. The small and vulnerable EFTA-members were afraid anxious of possibly being excluded from the Single Market. In order to resolve the 'EFTA problem' President Jacques Delors suggested increasing the integration between EC and EFTA. He considered it as a natural extension of the slowly moving Luxembourg-process,

which had started in 1984 (Delors 1989:18). Negotiation between the Commission and EFTA representatives started in June 1990. After intense and complicated negotiations, both within EFTA and between EFTA and the EC, an agreement was signed in May 1992. In January 1994 the EEA Agreement was implemented.

Already during the EEA negotiations major changes dramatically altered the situation. Firstly, the political map of Europe changed. The dramatic transformation of Central and Eastern Europe challenged the fundamentals and borders of Europe, and called for reorganization. What used to be an issue of integration of Western Europe became an issue of integrating Europe. Exogenous changes and the EC's response to these challenges led some neutral EFTA states to reinterpret their political situation (Luif 1996). Secondly, it became increasingly obvious during the negotiation that the EFTA-pillar would be weak and has a built-in democratic deficit. The EFTA countries would have limited access and control over decisions, which would have considerable impact on the domestic political and administrative system. Hence, a growing number argued that only full membership would give sufficient influence and democratic control. These two developments led to the applications for membership. Austria applied in 1989, Sweden in 1991, Finland in 1992 and finally Norway by the end of 1992. Through the sequence of applications a self-enforcing loop was created. By applying for membership the EFTA pillar was further weakened. These snowball-effects explain the timing of the Norwegian application. Of particular importance in triggering the Norwegian application were the changes in the Swedish attitude and policy. The political leadership in Norway wanted initially to slow down the process and stick to the gradual and careful approach, in order to reduce domestic conflicts and gain sufficient popular support.

The negotiations on the agreement on membership went on at an even higher speed than the EEA negotiations. Since most of the issues had been resolved during these negotiations, it was possible to complete the negotiations on membership during a period of barely two years. The most difficult fields were related to fishery quotas, agriculture subsidizes and food industry. These aspects were important in the Norwegian opinion, and it is likely that Norway played the 'national card' in these negotiations. Important and controversial issues related to the Economic and Monetary Union, and the development of a Common Foreign and Security Policy did not receive much attention, nor did they create any major obstacle in the negotiations (St. meld no. 40 1993-94).

In the aftermath of the European Council meeting in Crete in June 1994, the new applicant countries were invited to participate as observers in the EU with the right to speak. During the so-called 'Interim period', from June until the day after the referendum in November 1994, Norway acted as if it was a full member. Norwegian politicians and bureaucrats participated in meetings in the European Commission, under the Council and in COREPER. The Norwegian administration participated in more than 430 committees in the Council. The Interim period was an eye-opener for the Norwegian administration, and during this period the traditional mode of organizing the public administration was challenged. The dramatic increase in participation, flow of information, deadlines and meetings created major difficulties in co-ordinating the activities. The 'Interim period' unveiled that the Norwegian administration lacked sufficient competence and knowledge of the actual working of the EU system, and that the relatively small administration lacked administrative capacity.

As the date of the referendum got closer, the debate became increasingly more intense. The issue had the priority of the political leadership and overshadowed all other issues. Prime Minister Gro Harlem Brundtland argued in general ways and with a long-term perspective. Her concern was the future role of Norway in the Post-Cold-War Europe (Ringdal 1995). In spite of the transformation in Eastern and Central Europe, and the development within the EU, the topics debated, as well as the pattern of voting, showed a striking similarity to the pattern of 1972. During the campaign the dominating issues were; supra-nationality vs. national control, economic growth vs. unemployment, security policy and the right to self determination of natural resources (Ringdal 1995). The strong counter-culture and centre-periphery dimension in Norwegian politics, which were of such importance in 1972, were rediscovered and reconstructed in 1994 (Todal Jenssen, Listhaug et al. 1995). In general, the voters in the rural areas – along the coast and in the North – voted against membership. A majority voted in favour of membership the southeastern part of the country.

However, it was the strong ability to mobilize voters from all over the country, and across the whole spectrum of political life that made the referendum into a victory for the opposition. Farmers, fishermen, public employees, and blue-collar workers organized a large coalition against the political and economic establishment. The mobilizing capacity of the popular movement *Nei til EU* was tremendous. The organization received their financial support from the farmers and fishermen as well as their members. At the time of the referendum there were 145,000 members, 470 local organizations and 19 regional

organizations (*Nei til EU* 1994). In contrast, the leading organization on the fragmented pro-membership side, *Europabevegelsen*, had only 33,000 members. Their financial support came primarily from the industry and various businesses.

After the Danish referendum in 1992, the Norwegian opinion polls continually reported a majority against membership, and the Swedish and Finnish referenda had little impact on the voters. Hence, it came as no surprise that a majority voted *Nei* the 28 November 1994. Approximately fifty-two percent voted against membership, with a record high turnout of eighty-nine percent.

3. 3 The EEA - a dynamic institutional linkage

Norway's relationship with the EU is at present formally organized through the EEA Agreement. The wide scale and scope of the EEA Agreement increased Norway's integration and relation with the EU. Through the EEA-Agreement Norway committed itself to transpose most of the *acquis communautaire* related to the free movement of: goods, capital, services and persons, as well as the EU competition rules into its national legislation. Within the framework of the EEA-Agreement there has been an increase in co-operation also in fields like: environmental protection, the social dimension, consumer protection, research and development, education, training, culture, company law, measures for small and medium-sized enterprises, audio-visual services, tourism, statistics, information services and disaster preparedness.

The EEA Agreement created a complex set of joint institutions to control and monitor the political, legal, social and cultural co-operation. The EEA council is the highest-ranking organ, and it holds two meetings per year. The EEA council consists of members of the Council of the EU, members of the Commission and one member of the government from each EFTA-member of the EEA. The EEA Joint Committee is made up of bureaucrats from the EFTA and the Commission, and they meet every month. This organ is supposed to update continuously the Agreement by incorporating recent additions to the community legislation. Decisions are made under the rule of unanimity, with a formal right to veto for all parties. However, Norway has a formal possibility to veto any new proposal coming from the EU, but the political consequences of such action are rather uncertain. The political leaders have so far showed limited interest in using the 'exit' or 'voice' option laid down in the Agreement. Finally, a Joint EEA Parliamentary Committee was established.

Here MPs from the EFTA countries meet Members of the European Parliament. In addition to these joint institutions, EFTA created their own Surveillance Authority (ESA) and a separate EFTA court (St.prp. 100 1991-92).

The Agreement is dynamic. That is, when new legislation is developed within the EU, in a field covered by the Agreement, it is also incorporated into the legislation in the EEA countries. Through the agreement Norway is formally linked to the stream of decisions that flow from the EU system. In addition, the EEA Agreement is based upon a homogeneous interpretation and enforcement of the legislation. Naturally, in most cases this implies that the legislation is interpreted in Norway as it was originally interpreted in the EU. The continuous and automatic transposition of newly elaborated EU legislation into the Norwegian legislation imposes a strong continuous direct effect on the Norwegian legislation. In addition, the EEA Agreement has led to changes in legal reasoning, and in some legal principles (Sejersted and Arnesen et al. 1995). Furthermore, through the setting of agenda and deadlines the dynamic aspect of the EEA Agreement has had a strong indirect effect on the distribution of attention. The EEA legislation has so far been transposed into the Norwegian legislation on a large scale and with a high speed. During the first stage of ratification a total number of 1,300 legal acts were transposed. When the 'EEA II' was passed in March 1994, additional 500 acts were transposed. Since these two major 'packages', a total of 107 decisions were made in the EEA committee, 44 in 1994 and 63 in 1995. The Norwegian administration had transposed 94 percent of the legislation related to the internal market by the end of 1995, which is a high proportion even compared to the figures of the member states (ESA report 1995). Consequently, the legal framework laid down by the EEA Agreement contributes creating opportunities and constraints for decision makers and thereby shaping the day-to-day policy in a number of fields and at all levels of governance. Few studies of the actual implementation of the legislation in Norway exist, which goes beyond the simple understanding of implementation as legal transposition.

The rapid implementation of the legislation was a result of a process of gradually convergence, and good matching between the two systems. Norway made multiple step-wise approximations of legislation prior to the application for membership or the implementation of the EEA Agreement, which created a relatively high degree of similarity between the two sets of legislation. The gradual process of convergence stemmed from different and partly independent processes. Firstly, it was a result of the changing perceptions of what was to be

considered as technically superior solutions, as for instance in the case changing the currency exchange control. Secondly, EC legislation had been imitated in order to reduce the complications and transaction costs of applying a different kind of legislation. An example of can be found in the gradual development of the financial legislation (Skogstad Aamo 1995). Thirdly, convergence of the legislation stemmed from bureaucratic anticipation of the preferences held by the political leadership. The Norwegian political leadership stressed the importance of a changing attitude towards EC in the Norwegian administrations. In a letter from the Prime Minister sent to all ministries in 1988, a formal procedure for harmonization of legislation was laid down. According to this procedure, the administration had to analyze how each new change in the legislation differed from the *acquis*. If it was necessary to make legislation, which differed from the *acquis*, such deviations should be given an explicit basis. Political statements like this indicate the strong political will to reduce differences in legislation, and to smooth the integration process. Fourthly, the implementation could go rapidly due to institutional characteristics. Since most of the adaptations of the EEA law was considered as regulations, and thereby delegated to the administration, there was no reason for the parliament to pass this as an act, which normally is a more time consuming process. Both the internal dynamics of the institutions involved, and the strong will of the political leadership, created a platform for rapid and efficient transposition of EC legislation into the Norwegian legislation. Consequently, in transposing the EEA Agreement, with some exceptions, primarily minor adjustments were made in the Norwegian legislation. Changes were perceived as a matter of minor technical adjustments, rather than any dramatically change in the content of policy or shape of the polity.

3. 4 Political and administrative adaptation

For a small state with a relatively small administrative capacity, preparation for membership was a critical test of its ability to adapt and cope with new challenges and opportunities. In terms of the size of the administration Norway is a small state, compared to other European states. However, Norway experienced considerable growth in public sector spending during the last decades, even in the 1980s, when most OECD countries tried to reduce their spending. A total of 3,940 were employed in the Norwegian Ministries in 1990 (St.meld no 35 1991-92). The exact number of Ministries varies from time to time, depending upon the match between the political traditions, the workload of Ministries and various political priorities and trade-offs. There are currently

sixteen Ministries, including the Office of the Prime Minister (OPM). The Ministry of Foreign Affairs has traditionally played the key role in co-ordinating, developing and managing Norway's international relations. However, the process of gradual internationalization of the administration had challenged their role as monopolist. Domestic institutions became increasingly internationalized, and participated in the shaping of Norway's relation to other countries and organizations (Egeberg 1980).

Increased European integration did *not* lead to a dramatic increase in resources to the administration. The objective of the Ministry of Finance reflected their standard attitude towards expenditure: new tasks stemming from increased European integration should not result in a corresponding increase in resources to the Ministries (St. meld no. 35 1991-1992). The Ministries, which held the budgetary responsibility for the Directorates gave the same instruction. Consequently all institutions had to give priority to European affairs without expecting budgetary compensations for increase spending. In general the initial objective was achieved. Few new resources were given to the administration, and most of the additional resources distributed in relation to European integration had a temporary character. The underlying rationality was to work as a fire department to prevent immediate crisis, rather than to permanently strengthen the capabilities of the administration.

The number of bureaucrats in the Ministries increased with a total of 104 positions earmarked for European issues. Some Ministries, first and foremost the Ministry of Foreign Affairs, experienced a considerable increase in their resources. In addition, some of the Directorates received a significant number of new positions. Approximately two thirds of all new positions were temporary, and a major share of them was related to the translation of documents and legislation from various EU languages into Norwegian. Since more than 15.000 pages of legislation had to be translated during a short period of time, translation was a considerable and resource-demanding task. However, budgetary figures do not provide us with an accurate picture of the resources spent on European issues. Figures from a survey undertaken by a governmental agency indicated that more than 400 labour-years were used to handle European issues in the Ministries during the 'Interim period' (Statskonsult 1995:15). The Ministry of Foreign Affairs, which at the time had a total of 630 positions, spent more than 130 labour-years. The figures varied between the Ministries; less than ten in the Ministry of Education, Research and Church Affairs, and in the Ministry of Health and Social Affairs; between ten and fifteen in Ministry of Finance, Ministry of Fisheries, Ministry of Justice,

Ministry of Local Government and Labour and the Ministry of Cultural Affairs. The highest relative number was found in the Ministry of Fisheries, where approximately twenty percent of their labour years were occupied with European issues.

Increased European integration imposed a considerable strain on the capacity of the small sized Norwegian administration. The gap between new resources and actually spent resources can not be understood without analyzing the dynamics of capabilities. Firstly, since the institutions had to meet the new tasks without any additional resources, they were forced to alter their priorities and attention. European issues had top political priority and issues with less political priority were delayed. For instance in a section in the Ministry of Finance the number of ordinary tasks older than three months increased by fifty percent during this period because of altered priorities. Secondly, institutions compensated limited capacity by increasing the workload on the personnel. The highly technical and specialized character of the European issues prevented mobility between tasks and persons. A high level of specialization made the administration increasingly dependent upon a relatively small group of key bureaucrats. Consequently, the well-experienced personnel, which were experts in their respective field and had experience from other international co-operation, became the 'Eurocrats' of the Norwegian administration. Thirdly, some institutions were able to cope with the new challenges simply because they could reduce organizational slack. For instance, in the Ministry of Finance a unit had capacity to cope with the new tasks, since previous liberalization of exchange regulations had reduced their work load (Sverdrup 1994). Institutions are considered as stable and inflexible arrangements, however, this discussion on capabilities has showed that institutions often have a wide repertoire of action and are able to show considerable flexibility within stable institutional boundaries.

In order to adapt to increased European integration and to co-ordinate the Norwegian positions an inter-ministerial co-ordinating apparatus was established in June 1988 (Statusrapport 1989). The reason for the rapid build up of this apparatus was the need to prepare and co-ordinate the negotiations on the EEA Agreement. A slightly modified version of the apparatus was later used in the negotiations on membership, and after the referendum this apparatus remained more or less unchanged. The apparatus did not have any formal legal status, and it did not alter the distribution of political and legal responsibility between the Ministries. The formal responsibility for handling EU-issues was placed in the respective sector Ministries. All of the Ministries

were involved, in addition to a great share of the Directorates. However, the co-ordinating role of the OPM was considerably strengthened during the process. Only to a modest degree did the reorganization challenge the traditionally strong co-ordinating role of some Ministries: the Ministry of Finance in budgetary matters, the Ministry of Justice in legal affairs, and the Ministry of Foreign Affairs in foreign policy. In this respect, the newly built apparatus represented a continuation of the administrative tradition of Norway.

There are three different levels of co-ordination of European issues in the Norwegian government. Firstly, at the political level the Cabinet is the superior organ for political co-ordination. If the issue at stake has limited relevance to other Ministers, co-ordinations take place in a smaller European-committee within the Cabinet, *Regjeringens Europa-utvalg*. Before a Minister can bring an issue to the Cabinet, she must brief the Ministry of Foreign Affairs in advance, and they are given the opportunity to state their opinion. Secondly, at the highest administrative level is the Co-ordinating committee, *Koordinerings-utvalget*. The Ministry of Foreign Affairs is responsible for chairing the committee, as well as running the secretariat. All Ministries are allowed to participate in the committee with one representative, but only if the issue on the agenda affects them. However, the Ministry of Finance and the OPM are obliged to participate in every session. A total number of twenty-one bureaucrats, at the level of Permanent Under-secretary of the State or Deputy Secretary, participate in these monthly meetings. Thirdly, there are a number of various expert committees, which take care of the day-to-day administration in a more technical way. There are twenty *spesial utvalg*, some are more active than others. The guiding principle for the administration is that Norwegian positions should be elaborated and negotiated as early as possible and at the lowest possible administrative level. Ministries holding the formal responsibility in a certain field are also responsible of chairing the relevant expert committee. The Ministry of Finance, the Ministry of Foreign Affairs as well as the OPM has the right to participate in any of the expert committees.

In correspondence with the institutional apparatus, the political leadership laid down a standard operating procedure for securing an effective adaptation of legislation. The standard procedure is based upon the initial instruction to the administration, which was sent from Prime Minister Gro Harlem Brundtland as early as in 1988, long time prior to the negotiations on the EEA started. According to the current procedure introduced in April 1995, any Ministry has to write a 'framework document' for each new piece of legislation. This document follows the case as it moves through the inter-ministerial apparatus.

The document is supposed to cover the following: a description of the background of the proposal, a description of the legal status of the legislation and an overview of the current Norwegian legal position. Furthermore, the document shall contain an analysis of the Norwegian interests, a description of the status of the negotiations within the EU, and presentation of the view of interest groups, and a short analysis of the consequences if Norway vetoes the proposal. In addition, the responsible Ministry is also obliged to indicate how, why and with which budgetary implications piece of legislation should be implemented in the Norwegian legislation. A comparison with other international treaties and the status in the other Nordic countries should also be made. Finally, the responsible Ministry should draw an inference and recommend an official Norwegian position.

It is currently too early to tell whether this very ambitious standard operating procedure is actually followed or not. It seems that some Ministries and some *spesial utvalg* are operating according to the procedure, while other institutions give less priority to European issues. The way the administration was affected by increased European integration differed considerably in terms of volume and task. Some institutions perceived the development as a serious threat to their traditional tasks, while other institutions saw new opportunities and possibilities for increasing their influence or autonomy. The high-level of political conflict over the issue, combined with the vital national interests at stake, made the OPM a key institution. The Prime Minister and her advisors played the role of the initiator, co-ordinator and controller of the process. Tasks traditionally handled in the Ministry of Foreign Affairs were governed by firm instruction from the OPM. Thus, the OPM increased its importance and influence substantially. Although, this was strongly related to increased European integration, also this development had historical roots. In Norway, the Prime Minister has traditionally been *primus inter pares* without any privileged position, and there have been disputes on the role and strength of the OPM. Until 1939, the Prime Minister was even responsible for operating a Ministry at the same time as being the head of the Cabinet. The OPM was first established in 1956 after a major parliamentary dispute. Carl J. Hambro the conservative leader of the opposition argued that this was the 'most revolutionary proposal forwarded for the Parliament in fifty years' (St. forh, 1955: 3417). In the 1960s the Office gained a co-ordinating role in international issues related to the Nordic Council, and became increasingly influential in international affairs (Bloch 1963:50).

However, there were several reasons for the increased role of the OPM in relation to increased European integration. Firstly, according to the formal procedures they had the responsibility for preparing the weekly meetings in the Cabinet. Consequently the OPM became predominately occupied with European issues simply because so many of these issues were discussed in the Cabinet. Secondly, the strong role of the OPM was considered as important in order to maneuver in an area with considerable domestic political conflict and possible tension between different administrative institutions. Participation from the OPM signaled the political priority devoted to the issue. Thirdly, as long as the leading politicians considered membership in the EU as the important political objective, it was expected that the Prime Minister, in fulfilling her role appropriately, should play a key role and show responsibility in this important issue. Nevertheless, we should not overestimate the importance of the role of the OPM. The office had few resources. In 1991 a special position for the co-ordination of EFTA and EC matters was established, however, its international department still has only four positions. Thus, the OPM has played the role of a competent commentator providing deadlines and co-ordination of the 'national interest', rather than the active role of the analysts or executor.

The Europeanization process has not only changed the *mode* of co-ordination, but also the *extent* of co-ordination within the administration, the latter changes was probably more significant. Institutions with a traditionally high level of autonomy were put under pressure to obey an increasing number of instructions and guidelines. Through extensive use of deadlines, guidelines and political signals was the political leadership able to co-ordinate traditionally autonomous institutions. During the initial period few disputes and disagreements regarding co-ordination appeared within the administration. It is likely that the transitional character, the clear objective of the political leadership and the political importance of the issue contributed to ease the conditions for deliberate design and political leadership. However, the extent of the co-ordination varied in relation to certain stages of the process. In the early, initiating stages the level of co-ordination was high, while in the later stages the general level decreased. The political leaders had limited capacity and paid sequential attention to some particular fields, which were considered to be of vital importance, such as fishery, energy and agriculture. When the Norwegian institutions became increasingly involved in highly specialized technical issues, the amount and character of the information and documentation increased (Engen 1995). This information overload led to sequential attention

and thereby reduced the possibility and ability of political co-ordination within some fields.

Reorganizing the relationship between different governmental in the state-owned monopolies were particularly important. The EEA Agreement imposed a clear distinction between operators and regulators of the market, two tasks, which previously had been performed within the same organization. Some of the state-owned monopolies – for instance the Norwegian Medicines Control Authority, the import monopoly of Wine and the monopolies in postal- and tele-services – lost their privileges. New formal-legal means replaced the traditional trust-based and informal way of governing and regulating political life. For a small state the informal system had worked efficiently, but when it was integrated in a larger political community it became increasingly formalized and regulated. A majority of these developments did not create political or administrative problems. Rather, the EEA Agreement gave further momentum to already ongoing processes of change, and the adaptations fitted well with the general conceptions of good and effective administration. However, in some cases anxiety about future prospects, and job security among the employees slowed down the pace of the adaptation.

Increased European integration challenged and altered the relationship between different units within particular governmental bodies. In general, the formal structures of the Ministries remained unchanged. Since it is often harder to change existing structures than to establish new ones (March and Olsen 1995), new problems are often resolved by creating new units. In the 1970s planning departments had been created, and during the 1980s administrative units were established. During the preparation for membership, the political leadership did not give any general guidelines for a preferred way of handling European issues within the respective Ministries; neither did the Ministry of Government Administration suggest one preferred standard model. Consequently, different institutions were free to choose their own model, which reflected their traditional way of solving problems and standard procedures of the organization. Few new special units were established within the administration, however, one major exception was the rapid build up of a secretariat for European issues in the Ministry of Foreign Affairs, but even this was based upon the already existing structure of the former Ministry of Trade. A few, among them the Ministry of Fisheries, had their own co-ordinating unit in a specialized International or European department. Other institutions, like the Ministry of Government Administration, distributed the co-ordinating role to the generalists within the administrative units. But in most institutions, like in

the Ministry of Finance, the experts in the most-affected unit carried out co-ordination. Setting up special units for handling these issues was simply not considered as an appropriate solution. European issues were interpreted as integrated and natural parts of the normal tasks of the institutions, and the formal organizational structures were never really changed when facing these challenges.

Increased European integration also challenged the mode of vertical co-ordination between different institutions within the Norwegian administration. Like the Ministries, the Directorates went through a gradual process of internationalization during the 1970s and 1980s (Holberg 1994). Some institutions had considerable experience and were involved in different European and international networks, which they operated with considerable skill and a high degree of freedom. Others had less experience. Since the Europeanization processes involved such a high degree of co-ordination, and had such a political importance, many of the Directorates were controlled, and instructed, by their respective Ministry in an unusually high degree and in untraditional ways. One example is the Directorate of Fisheries, which lost some of its traditional autonomy to the Ministry of Fisheries when they prepared for increased European integration (Engen 1995). A relatively small number of all the Directorates were given the possibility to participate in the Norwegian co-ordination apparatus, or in any of working groups at the European level. The Ministries primarily handled these tasks. For some Directorates, for instance the Consumer Council of Norway, this was perceived as exclusion and a major change in the vertical distribution of competence and expertise between different levels of the government.

European integration challenged the boundaries and relationship between government and non-governmental organizations. The tradition of giving legitimate access and participatory rights to organized interests in public policy making had been exposed to considerable critique during the last decade. From being regarded as an extension of democracy and a complementary channel for representation in the 1960s and 1970s (Rokkan 1969), participation of interest organizations gradually came to be considered as a hindrance for reform and administrative modernization during the 1980s. In spite of the change in the normative environment, the traditional way of participation from the interest organizations was exploited when the Norwegian political system faced the European issues. Organized interests participated in the policy formation in specialized reference groups within the inter-institutional apparatus. Their participation was perceived as an effective method of distributing information

and increasing the level of competence in various aspects of European politics within the Norwegian society. However, the process of negotiating and creating the Norwegian national interest was still the domain of the public administration and the political leadership. In general, the interest organizations took only a modest part in formulating the negotiating positions. Nevertheless, this varied across sectors and segments. Ministries with well-established routines and long traditions for collaboration with interest organizations considered it appropriate to include them in the process of Europeanization. While other institutions with less tradition for including interest organizations did not invite to such participation. Within the agricultural sector the relationship between government and non-governmental bodies became increasingly difficult. In this sector there has traditionally been a strong tradition of mutual support and co-operation between government and interest organizations. Still, opposing views on the Norwegian positions and the quality of the negotiation result created a high level of conflict between the Ministry of Agriculture and the organizations of the farmers. The conflict between the parties escalated and ended in reduced contact and co-operation during the campaign. Nevertheless, short time later, the traditional relationship seem to seem to be more or less reconciled.

3. 5 The significance of membership?

It is hard to assess the significance of formal membership in the EU. The time past since the latest referendum is short. Furthermore, the distinction between members and non-members are not easily drawn. As the discussion above shows, the Norwegian political and administrative system has made substantial changes in order to cope with the challenges and opportunities raised by European integration. However, Europeanization of the Norwegian administration is best interpreted as a process of series of incremental and step-wise adaptation, rather than a dramatic and rapid break with the past. The Norwegian political system did not respond to the process of Europeanization by exploring or inventing radically new solutions, rather the opposite. Solutions, which were found appropriate, reflected historical experiences and traditional principles and methods of organizing political life in Norway. Existing routines and capabilities were considered effective and appropriate. In addition, the Norwegian administration had a considerable endogenous dynamic and increased European integration gave further momentum to ongoing processes of modernization. Since the Norwegian legislation had gradually converged prior to formal membership in the EEA, it was possible to

make rapid changes without any delay or any major conflicts within the administration. In addition, the political priority given to the issue made it easier to initiate changes and to adapt smoothly.

However, after the referendum, Norway is in a different situation. The asymmetry in the relationship between the EFTA and EU increased substantially. Shortly after the referendum the Norwegian government made efforts to reduce uncertainty related to the EEA Agreement. During 1995 it became clear that it was not necessary to re-negotiate the EEA Agreement. The political leadership interpreted the result of the referendum as a no to full membership in the EU, but as a yes to as close connection with the EU and European countries as possible (Brundtland 1995). Since the referendum the political leadership made attempts to deepen and widen both the formal and informal linkages between the EU and Norway. This development followed three different routes. Firstly, changes have been made to further develop the EEA agreement. Towards the end of 1995 decisions were taken to extend the co-operation on accompanying politics and in the social and cultural fields (General Report 1995: 315-317). Secondly, Norway has played an important role in the reorganization of the Nordic co-operation. Since Sweden, Finland and Denmark are members of the EU, the Nordic countries are more strongly linked to the EU than ever before. In order to cope with the new tasks the Nordic co-operation and its political institutions have been reorganized. The underlying idea is that European issues and particularly issues related to the EU have a more important role on the Nordic agenda. Consequently, a strengthened Nordic co-operation would give Norway better access, and possibly, influence on the EU decision making process. Thirdly, the Norwegian political leadership has tried to strengthen the linkage to other European institutions and agreements, which are more loosely coupled to the EU, such as NATO, and Norway is currently an associated member of the WEU and an applicant to the Schengen-Agreement.

The discussion of the Norwegian case has showed some of the difficulties of assessing the significance of membership. In some fields and it seems that non-members are affected, and even as well adapted, as member states. However, in other areas non-members are far less affected. In analyzing Europeanization of small states it is therefore not very fruitful to start with a mono-causal analysis of members vs. non-members. Nevertheless, participation in the regular political and administrative co-operation has been reduced since the referendum. Norway has reduced her formal possibilities to participate, and the capability of EFTA is reduced. EFTA was left as an organization with

considerable less influence and capabilities when the formerly important EFTA countries – Sweden, Finland and Austria – became full members of the EU. The staffs of the EEA-institutions and the EFTA-secretariat have been reduced to about half their size. Furthermore, the Norwegian policy has changed from being in a pre-accession period with rapid changes and clear political goals to a situation with less clear political objective or long term vision. It is therefore hard to foresee the future development of the relations between EU and Norway. It is obviously impossible to have a look into the future. However, we can identify three possible future developments. Firstly, Norway might continue their policy of adaptation, which would most likely lead to increased homogenization and convergence with the EU in a wide spectrum of fields. This was the strategy of the Norwegian political leadership shortly after the referendum, and it presupposes that the national institutions are able and willing to make and implement changes. Secondly, Norwegian administration might gradually alter its priorities, and start to benefit from some of the positive effects for a small state with a small administration of being a non-member. Less participation in EU institutions means fewer meetings, fewer deadlines and fewer documents to read. De-coupling from the flow of information has already reduced the strain on the Norwegian administration, and made it possible to increase the attention and energy devoted to other and possibly more important fields. Thirdly, it is possible to imagine a complicated mixture of these two models. The linkages and pattern of contact will most likely vary according to different sectors and different institutional traditions. In some fields Norwegian politicians and administration will be out of sight and out of mind as far as the decision-makers in the EU are concerned. In other fields, with strong formal and informal linkages, it is likely that Norway will participate in co-operation with the EU, one way or another. In this latter model we will probably witness increased segmentation and fragmentation, which in the long run would make overall democratic and political governance of the Norwegian policy more difficult.

3. 6 References:

Bloch, Kristian (1963) 'Kongens råd' , Universitetsforlaget, Oslo.

Brundtland, Gro Harlem (1995) 'Europas videre utvikling - Hvordan berøres Norge?' Speech delivered at ARENA 19 April 1995, ARENA Working Paper No 12, Oslo.

Delors, Jacques (1989) 'Erklæringer om retningslinjene for Kommissjonen for de Europæiske Fælleskaper' 17. January 1989. *Supplement 1/1989*.

Egeberg, Morten (1980) 'The Fourth level of Government: on the Standardisation of Public Policy within International Regions' *Scandinavian Political Studies*, No 3 pp 235-248.

Engen, Richard (1995) Fiskeridepartementet - en aktør med ambisjoner på egne vegne?' Thesis, University of Bergen, Bergen

European Surveillance Authority (1995) Annual report.

Furre, Berge (1991) 'Vårt hundreår - norsk historie 1905-1990' Det norske Samlaget, Oslo.

General Report of the Activities of the EU (1995)

Gleditsch, Nils Petter, Øyvind Østerud and Jon Elster (eds.) (1974) 'Kampen om EF' Pax forlag, Oslo.

Holberg, Ulf (1994) 'Direktoratenes internasjonalisering' ARENA Working paper no 4, Oslo.

Luif, Paul (1996) 'On the Road to Brussels - The Political Dimension of Austria's, Finland's and Sweden's Accession to the European Union' Braumüller, Vienna.

Løchen, Einar (1993) 'Norges møte med Europa 1950-1964' *IFS Info*, No 6, Oslo

March, James G. and Johan P. Olsen (1995) 'Democratic Governance' Free Press, New York.

Mathiesen Gunnar (1996) 'Innenfor EU - en innføring i EUs beslutningsprosesser' Universitetsforlaget, Oslo.

Nei til EU (1994) Annual Report, Oslo.

NOU (1989:5) 'En bedre organisert stat', Oslo.

Olsen, Johan P (1995) 'European Challenges to the Nation State' ARENA Working paper No 14, Oslo.

Olsen, Johan P. (1996) 'Europeanization and Nation State Dynamics' pp. 245-285 in Sverker Gustavsson and Leif Lewin (eds.) (1996) 'The Future of the Nation State - Essays on Cultural Pluralism and Political Integration', Routledge and Nerenius & Santérus Publishers, London.

Ringdal, Kristen (1995) 'Velgernes argumenter' pp 45-64 in Todal Jenssen, Anders and Henry Valen (eds.) (1995) '*Brussel midt imot - forlkeavstemmingen om EU*' AdNotam Gyldendal, Oslo.

Riste, Olav (1991) 'Isolasjonisme og stormaktsgarantiar: norsk tryggingpolitikk 1905-1990' *Forsvarsstudier*, No 3, Oslo.

Riste, Olav (1995) 'Forord' in Narve Bjørge, Øystein Rian and Alf Kaartvedt '*Selvstendighet og union, Fra middelalderen til 1905*', Norsk utenrikspolitikk historie bind 1, pp 5-9, Universitetsforlaget, Oslo.

Rokkan, Stein (1969) 'Norway: Numerical Democracy and Corporate Pluralism' pp. 70-115 in Robert A. Dahl (ed.) '*Political Opposition in Western Democracies*'. Yale University Press, New Haven.

Røhne, Nils A. (1991) 'Norwegian Attitudes Towards the Briand Plan' *IFS Info*, No 8, Oslo.

Sejersted, Fredrik and Finn Arnesen et al (eds.) (1995) 'EØS-rett' Universitetsforlaget, Oslo.

Skogstad Aamo, Bjørn (1995) 'Tilpasninger til EUs regelverk -problemer eller muligheter for finanssektoren', Unpublished manuscript, Presented at the national conference of economists, Oslo.

Statskonsult (1995) 'EU/EØS arbeidet i departementene - en analyse av organisering of arbeidsformer', Rapport 1995:15, Oslo.

St.meld.nr. 61 (1986-87) 'Norge, EF og europeisk samarbeid', Utenriksdepartementet.

St.meld. nr. 63 (1986-87) 'Om enkelte handelspolitiske spørsmål' Departementet for handel og skipsfart.

St.meld. nr. 35 (1991-92) 'Om statens forvaltnings- og personalpolitikk' Arbeids- og administrasjonsdepartementet.

St. meld nr. 40 (1993-94) 'Om medlemskap i Den europeiske union', Utenriksdepartementet.

St.prp. nr. 100 (1991-92) Om samtykke til ratifikasjon av Avtale om Det europeiske økonomiske samarbeidsområde (EØS), undertegnet i Oporto 2. mai 1992' Utenriksdepartementet.

St. tidend. (1955), 'Debatt om innst. S. nr. 297', 8. desember pp. 3415-3454.

Sverdrup, Ulf (1994) 'Nytt Europa - ny forvaltning' LOS Report no 9411, Bergen.

Todal Jenssen, Anders, Ola Listhaug et.al (1995) 'Betydningen av gamle og nye skiller' pp. 143-164 in Todal Jenssen, Anders and Henry Valen (eds) (1995) '*Brussel midt imot - folkeavstemningen om EU*' AdNotam Gyldendal, Oslo.

Toonen, Theo A.J. (1992) 'Europe of Administrations: The Challenge of '92 (and beyond)' *Public Administration Review* Vol 52 no 2 pp 108-115.

Underdal, Arild (1972) 'Forhandlinger om norsk medlemskap i EF - en studie av rammebetingelser' Thesis, Institute of Political Science, University of Oslo, Oslo.

Urwin, Derek W. (1995) 'The Community of Europe - A history of European Integration Since 1945' 2nd edition, Longman Publisher, London.

Chapter 4: Fuzzy borders and adaptive outsiders - Norway, Switzerland and the EU

4.1 Europeanization and the boundaries of the European Union²⁶

National states within the European Union (EU) are faced with two challenging tasks: that of building effective and legitimate institutions at the European level, and that of maintaining and developing democratic problem-solving capacities at the national level (Scharpf 1996). Clearly these goals are antithetical; there is some danger that ‘building Europe’ will undermine national democracies and there is risk that demands for national autonomy may hinder progress towards democratic European governance. These dilemmas are captured by the concept of ‘Europeanization’. A process under which European-level institutions and policy making grow in importance relative to those at the level of national states (Olsen 1996). It denotes the partial replacement of national policy-making by supranationalism, and it demands substantial institutional reorganization and policy adaptation at the domestic level. Such a process may generate deep ambivalence and give rise to persistent political conflicts at the domestic level. And no wonder: Europeanization, whether an aspiration or a menace – it is clearly seen as both – is a historically significant phenomenon.

This article analyzes two interrelated questions in regard to the ‘reach’ of Europeanization, or about the location and significance of boundaries. First, within what area do the institutions and policy processes of the EU tend to take over traditional functions of national states? Second, how extensive is the adaptation of domestic institutions and policies: which states have to adapt and how much? In exploring these questions, we challenge two assumptions that underlie most of the current research on Europeanization. The first of these is that the concept of membership in the EU is truly dichotomous (states are in or out). The second is that there is a strong causal relationship between membership in the EU and the extent of institutional reorganization and policy adaptation at the domestic level.

Let us consider first the definition of ‘membership’. In a formal sense, membership extends to those states that have signed the treaties; non-

²⁶ This article is co-written with Dr. Stephan Kux. It is published in *Journal of European Integration*. The authors would like to thank Peter Leslie and Johan P. Olsen and the reviewers for their stimulating comments on an earlier version of this article

signatories are not members. This is clearly an important distinction, as formal membership carries both privileges and obligations. However, the in/out dichotomy does not distinguish different forms of membership, and conceals important aspects of Europeanization. Scholars have stressed the importance of overlapping competence among different levels of government in the EU, and they have shown that political actors interact across these various levels. The term multi-level governance has been coined to describe the phenomena of blurring, changing, and rebuilding of institutional boundaries (Jachtenfuchs and Kohler-Koch 1996; Marks et al. 1996; Hocking and Wallace 1997). Governance in the EU, according to Rhodes, is characterized by a 'multiplicity of actors specific to each policy area: interdependence among these social-political-administrative actors; shared goals; blurred boundaries between public, private and voluntary sectors and multiplying and new forms of action, intervention and control' (1996: 658).²⁷ So far, the term multi-level governance has referred to the processes of change taking place within the EU, i.e. across internal boundaries. However, we can easily apply this concept to the relationship between the EU and third countries, i.e. across the EU's external boundaries (Friis and Murphy 1999), thus casting new light on the significance of membership.

In the EU, borders are blurred in two ways. First, there is an increasing asymmetry among the member states. The EU is gradually becoming not only a larger entity, but also an increasingly heterogeneous one. One consequence is internal differentiation. The member states assume different statuses and responsibilities within the EU, for instance: not all participate in the Economic and Monetary Union (EMU) or in the Schengen Agreements; for several years the UK refused to sign the Social Protocol; and the flexibility clauses of the Amsterdam Treaty make provision for increasing asymmetry in the future. Second, there is increasingly extensive use of different forms of 'associate membership,' as a result of which the external boundaries of the EU are becoming indistinct. Approximately 100 agreements link the EU to other organizations and countries. For instance, the arrangements between the EU and the European Free Trade Association (EFTA), creating the European

²⁷ However, there is no shared understanding of the concept of multi-level governance and interpretations seem to be numerous and ambiguous. Some authors use the term to describe a specific outcome or a particular institutional configuration within the EU. Others apply it to particular decision-making processes that are taking place within the EU. Finally, some scholars use the term in a normative way to describe a future Euro-polity considering multi-level governance as a politically more feasible and fashionable term than, for instance, federalism or statism.

Economic Area (EEA), bring most EFTA states within the EU's Internal Market. The East Central European applicant countries are less closely associated with the EU through a set of Europe Agreements. Regional agreements link the Asian and Mediterranean countries with the EU, and there is also talk of creating a Trans-Atlantic Partnership with the United States. Increased internal and external differentiation thus blurs the boundaries and challenges the relevance of the formal concept of EU membership. Despite the fact that fifteen states – not more, not fewer – are now signatories to the treaties, and in this sense the boundaries of the EU are clear, internal asymmetry, coupled with several gradations of associate membership, have created an EU with 'fuzzy edges'.

Our second major question about Europeanization is whether member states, as compared with some non-member states, experience more pressure for change in their domestic institutions. The dominant hypothesis claims that membership in the EU involves a strong pressure for adaptation of domestic institutions of national states (Toonen 1992). Consequently, EU member states are likely to experience substantial changes in their political and constitutional systems, as well as shifts in their political discourse, beliefs and understandings (Rometsch and Wessels 1996: 357). According to this line of reasoning, non-member states apparently experience less pressure for adaptation to European integration than the member states. Moreover, it is assumed that, compared with the member states, non-member states are less caught up in European integration, they refrain from adapting to it, and they manage to preserve their autonomy. Consequently, non-member states pursue a different policy and follow different routes than EU member states (Ingebritsen 1998).

The findings of our empirical research challenge this standard assumption. We show that domestic institutions and policies are affected by the linkage between the EU and the nation state, as well as by the domestic institutional structures and the policies involved. Our evidence indicates that while membership in the EU does matter, it is not the most important variable determining the extent and direction of national institutional adaptation. We demonstrate that non-member states and member states are linked to the EU in formal and informal ways. Non-member states experience a higher level of uncertainty regarding access to EU markets compared with the member states. They also have fewer possibilities and capacities to influence and control decision-making in the EU, than the member states, which raises questions about the legitimacy of the institutional arrangements. In order to reduce uncertainty and increase legitimacy non-member states make extensive

adaptations in their political and administrative systems, enabling them to cope with changes in their environment. They develop linkages to the EU system, try to influence European policy, and activate side-arenas to promote their interests. Aiming at reducing their costs of non-integration and at increasing their effectiveness in European co-operation, non-member states adapt in more or less similar ways as member states do.

The empirical basis of the article is a comparative analysis of Norway and Switzerland, two small West European countries that are not members of the EU.²⁸ These two cases are highly relevant for developing a deeper theoretical understanding of the processes of change that are taking place in Europe. Norway and Switzerland represent the most highly developed countries of Europe that have chosen not to become EU members. As such, attention to these states helps us understand both aspects of Europeanization – the growth of supranationalism, and institutional reorganization and policy adaptation at the national level – as it may extend beyond the formal boundaries of the EU, involving non-member states. It is a methodological fallacy to analyze European integration without reference to the changes taking place outside the EU-15. However, this observation is ignored in much of the current literature.

The article is organized as follows. First, we discuss the Norwegian and Swiss cases and show that these states are embedded in a complex web with multiple linkages to the EU. We show that the two non-member states are adapting their institutions in ways that are similar to what Rometsch and Wessels (1996), among others, have described regarding the EU member states. Second, we analyze the sustainability of the flexible boundaries of the EU, and assess the vulnerability of the Norwegian and Swiss positions. Finally, we conclude that research on Europeanization can be improved. Less attention should be devoted to the formal boundaries of the EU, while more attention should be devoted to the complexity of formal and informal boundaries existing in the EU, and the multiple processes of adaptation occurring at the domestic level.

4. 2 Pillar I: Incorporation of the *acquis*

²⁸ The focus on institutional adaptation is more extensively covered in two chapters on Norway and Switzerland in Hanf and Soetendorp (1998), by Sverdrup and Kux respectively; see also Sverdrup and Kux (1997) 'Balancing effectiveness and legitimacy in European integration: The Norwegian and Swiss case' ARENA Working paper no 97/31.

From the early 1970s until the mid-1980s, the issue of European integration did not receive much attention in Norway or Switzerland. Their linkages with the European Community (EC) were formally regulated through the bilateral free trade arrangements, as was the case also with the other EFTA countries – Austria, Finland, Iceland, Liechtenstein and Sweden. However, in the mid-1980s, the increased momentum in European integration jeopardized the status quo, institutionalized through the free trade agreements: the plan to create the Internal Market formed a major challenge for the EFTA countries. With the extension of EC liberalization to free trade in services and of labour, under the Single European Act (1986), the EFTA countries feared exclusion from their key markets and loss of contact with their main political partners (Norway Utenriksdepartementet 1986-87). In spite of these concerns, the decision to establish the Internal Market by 1992 was received positively in all EFTA countries, since it created an opportunity to reconsider and reorganize their relationship with the EC.

The vehicle for this was the slow-moving Luxembourg-process launched in 1984, under which high ranking EC officials and high-ranking EC and EFTA officials explored the possibility of extending the free trade arrangements and developing a larger 'European Economic Space'. The process accelerated dramatically after 1989, when Commission President Jacques Delors invited the EFTA countries to participate in a 'European Economic Area' (EEA), a new association of EC and EFTA countries covering most aspects of the Internal Market including the four freedoms. The EEA agreement, which entered into force in 1994, is dynamic. When new legislation is decided in the EU in a field covered by the EEA Agreement, the agreement provides that it will be incorporated into the legislation in the EEA countries. Consequently, the EEA Agreement created a permanent stream of decisions from the EU system to the EEA countries. Furthermore, the agreement is based upon homogeneous interpretation and enforcement of legislation throughout the EEA.

A complex set of joint institutions was established to control and monitor political, legal, social and cultural co-operation. The EEA Council is the highest-ranking organ. It includes members of the Council of the EU, Commission officials and one representative of each EFTA country participating in the EEA. The EEA Council meets twice per year, but the effective decision making, or rather, transmission of EU decision, is done in the EEA Joint Committee composed of senior officials from the EFTA countries and the Commission. It has monthly meetings through which the

EEA Agreement is adjusted continuously by incorporating any new EC legislation into the EEA Agreement. In a formal sense, decisions are taken by unanimity: all parties have a formal right of veto. However, since the legislation presented in the EEA Council is already agreed upon among the EU member states in the Council of Ministers, it is presented as a choice between taking it or leaving it. When an agreement on transmission is made in the EEA Council, the new piece of legislation is then ratified by the national parliament in the EEA country, and is identifiable as 'EEA legislation', distinct from other national laws. Finally, the Joint EEA Parliamentary Committee brings together members of the parliaments in the EFTA countries and members of the European Parliament. In addition to these institutions, a European Surveillance Authority (ESA) was established to monitor the implementation of the EEA Agreement, and a separate EFTA Court was created to interpret and apply EEA law (Norway Utenriksdepartementet 1991-92).

The structure of the institutions in the EEA agreement is asymmetric. During the EEA negotiations the EFTA countries asked for effective co-decision on market legislation, but the EU member states rejected the request. EEA member states do have a formal right to veto any new draft law or proposal coming from the EU, doing so they would jeopardize market access not only for themselves, but for other EEA states as well. In fact, the EU countries may threaten to suspend certain parts of or terminate the entire EEA Agreement, if the veto is used. Thus the EFTA countries have so far shown limited interest and willingness in using the 'exit' or 'voice' option laid down in the Agreement. This disparity and political weight has its similarity in economic power. While at the time of the signing of the EEA Agreement, the relationship between the two organizations was fairly symmetric - trade between EC and EFTA countries was much larger than with the United States and Japan together – today the situation is very different. The EFTA side has fewer members, and less economic power, and the EU side has become larger and has gained increased economic power.

Norway accepted the constraints of the EEA, but Switzerland did not. Although the Swiss government strongly supported membership in the EEA, the voters rejected the proposal by referendum in December 1992, and Switzerland was left with the existing bilateral free trade arrangement. Norway and Switzerland thus represent two intermediary stages of European integration. These two countries are linked to the EU in different ways: their ties vary in regard to different aspects of the EU polity and to different policy fields. Both have gone as far as their respective electorates have allowed. Thus,

neither the bilateral approach to partial integration (Switzerland) nor the multilateral one (Norway) stemmed from the strategies and preferences of the political leadership. In both countries, the governments and most of the political elite wanted to strengthen their relationship with the EU. Thus, they had to find a balance between policy effectiveness and institutional legitimacy in their approach to European integration. For both countries, their linkages to pillar I, i.e. the Internal Market, are the most important and fully developed.

Norway

The Norwegian relationship with the EC/EU has been punctuated by traumatic incidents. Norway first applied for membership in the EC in 1961, but withdrew its application when France vetoed Britain's candidacy in 1963. A decade later, Norway applied for a second time; a treaty was negotiated but was rejected by the voters in a referendum (1972). The campaign created, and unveiled, deep cleavages within Norwegian society, cutting across and dividing all political parties (Furre 1991). Since most of the bureaucrats supported the pro-membership side, the referendum resulted in a decline of confidence in the administration, especially the Ministry of Foreign Affairs (Gleditsch et al. 1974). With the 1972 referendum defeat, the issue of European integration left the political agenda; interest in, and knowledge of, the EC and European politics declined in every section of society. For a period of fifteen years the relationship with the EC was not subject to any political debate in the Parliament. The traumatic memories of the 1972 referendum prevented the political leadership from taking any steps in the direction of membership until the mid-1980s.

The Norwegian government drafted two white papers on its relations with the EC and European integration in 1987 (Norway Utenriksdepartementet 1986-87, Norway Departementet for handel og skipsfart 1986-87). Neither paper recommended membership in the EC, but both suggested that Norway should pay increased attention to developments within the EC. The two white papers in the 1980s therefore represented a brand new initiative, breaking with the past and leading to Norway's participation in the EEA, and just afterwards (1992), to a new application for admission to the EC.

In this, Norway followed the lead of three other EFTA countries, Austria, Sweden and Finland. All three were neutral states, and it is significant that the EEA negotiations took place in a period of profound changes in the political

landscape of Europe. While the European transformation did not alter the content or pace of the EEA negotiations as such, it did change the evaluation of the outcome by the EFTA neutrals. The traditional view that neutrality was seen as incompatible with full membership was challenged. The result was that the main EFTA countries applied for membership: Austria in July 1989, Sweden in July 1991, Finland in March 1992, and Switzerland in May 1992 followed by a reluctant Norway in November 1992. The Norwegian government initially wanted to slow down the adaptation process and to implement the EEA agreement before applying for membership, but the Swedish²⁹ application for membership, which caught Norway off guard, forced a reconsideration of the issue.

The negotiations between Norway and the EU started in April 1993. Since most of the issues of the negotiations had already been resolved during the EEA negotiations, the terms of accession were rapidly agreed on (Norway Utenriksdepartementet 1993-94). In Norway, a referendum was held on 28 November 1994. The referendum had a record high turnout of 89 per cent, and a small majority (52.2 per cent) rejected the treaty of accession. The result and the pattern of voting showed a striking similarity to the first Norwegian referendum in 1972 (Todal Jenssen et al. 1998).

Shortly after the referendum Norway formulated a policy of gradual adaptation. Prime Minister Gro Harlem Brundtland stated that the Norwegian government regretted but respected the referendum result and confirmed that the policy goals remained unchanged. She stated that Norway would 'continue to be a part of the Internal Market through the EEA Agreement. We will continue to pursue our economic policy in accordance with the objective of the Maastricht Treaty. We will pursue every opportunity for active participation in international affairs' (Brundtland 1994: 3). The objective was to participate in as many policy fields, networks and institutions related to European integration as possible. This policy of gradual adaptation had the support of the majority in the parliament and of a majority of the voters. Even the current (1999) Norwegian coalition government, despite the fact that it consists of political parties that opposed membership and rejected adaptation to the EU, pursues the same policy. According to this government the EEA agreement provides a platform for broad-based co-operation with the EU, and the EEA Agreement is the basis for their co-operation with the EU, its closest partner and a very

²⁹ The decision of the Swedish government to apply for membership in the EC was formulated almost as a footnote in a larger economic crisis package.

important market for Norwegian business and industry. The government argued that it would make use of the EEA Agreement and develop it to serve Norwegian interests (Vollebæk 1999). Consequently, the EEA offered a legitimate fallback position and Norway's present policy toward the EU is continuing the process of approximation and gradual adaptation.

The EEA Agreement, of course, no longer applies to Austria, Sweden and Finland, but it continues to associate Norway, together with Iceland and Liechtenstein, to the EU's pillar I within a complex institutional and legal framework. The comprehensive scope of the EEA Agreement has increased Norway's integration with the EU. Norway has committed itself to transpose those parts of the *acquis communautaire* that are related to the free movement of goods, capital, services and persons, as well as the EU competition rules, into its national legislation (Sejersted et al. 1995). Moreover, within the framework of the EEA Agreement, co-operation has increased in related areas. For instance, Norway co-operates in issues related to environmental protection, social affairs, consumer protection, research and development, education, training, culture, company law, measures for small and medium-sized enterprises, audio-visual services, tourism, statistics, information services and disaster preparedness etc. (European Commission 1995). In most cases this implies that the interpretation of EEA legislation by Norwegian courts is similar to the interpretation of EU law by national courts in EU member states. It has also changed the legal reasoning and introduced new legal principles into Norwegian jurisprudence where EEA legislation is concerned (Sejersted et al. 1995).

EEA legislation has been transposed rapidly into the Norwegian law on a large scale (Sollien 1996). During the ratification period a total number of 1,300 legal acts were transposed. When the 'EEA II' package, covering the EU legislation developed in the EC during the negotiations on the EEA Agreement, was passed in March 1994, an additional 500 directives and regulations were transposed. By the end of 1995, the Norwegian administration had transposed 94 per cent of the legislation related to the Internal Market; by the end of 1996 the ratio had increased to 97 per cent. This was a relatively high proportion even compared to the figures of the EU member states (ESA Reports 1995, 1996).³⁰ There is increased awareness of EEA regulation among firms and in public opinion. Consequently, the European Surveillance Authority (ESA),

³⁰ As in the EU in general, there are few studies of actual implementation that go beyond the simple understanding of implementation as transposition.

responsible for monitoring the agreement, has experienced an increasing workload as legislation, earlier transposed, is actually being implemented. However, because of its limited capacity and personnel resources, it can only review one third of the legislation (Dagens Næringsliv 24.07, 1997). Moreover, the EEA Agreement has indirectly affected the priorities of Norwegian decision-makers by setting much of the policy agenda and fixing the deadlines. The EEA Agreement is thus shaping the day-to-day policies and politics in a wide range of fields and at all levels of Norwegian government and society.

The rapid transposition and implementation of EEA legislation has been facilitated by the fact that Norway had already made several step-by-step adjustments of legislation prior to the application for membership and the implementation of the EEA Agreement. These changes had created a relatively high degree of compatibility between the two sets of legislation (Farsund and Sverdrup 1994). There has been a gradual and continuing process of convergence brought about through bureaucratic anticipation and political instruction. As early as 1988, the Norwegian government, in a letter from the Prime Minister sent to all ministries, established a formal procedure for harmonization of legislation (Norway Regjeringsutvalget for EF-saker 1989). According to this procedure, the administration had to analyze to what extent each new change in Norway's legislation differed from the *acquis communautaire*. If it was considered necessary to pass legislation differing from the *acquis* such deviations had to be explicitly justified. A further step was taken after the 1994 referendum, when a standard operating procedure for securing effective adaptation to EU/EEA legislation was established after the 1994 referendum. According to a letter in 1995 from the Office of the Prime Minister, each ministry has to write a 'framework document' for all proposed Norwegian legislation that is related to the EEA agreement. (Norway Statsministerens kontor 1995) This document is attached to the draft law as it circulates through the inter-ministerial network. It is supposed to give both the background and the legal status of relevant EEA legislation, and to provide an overview of the current Norwegian legal position. The document also contains an analysis of Norwegian interests, a description of the status of negotiations on the subject within the EU, a presentation of the view of interest groups, and a short analysis of the consequences if Norway chooses to veto the proposal. In addition, the responsible ministry is also requested to indicate the budgetary implications of the legislation. Moreover, a comparison with other international treaties and a status report on the issue in the other Nordic countries must be made. Finally, the responsible ministry is to draw conclusions and make recommendations regarding the official Norwegian position. This standard

procedure facilitates approximation and a gradual convergence between Norwegian and EU policy and law.

On technical matters, implementation of EEA legislation has been eased by the changing perceptions of what processes or standards are technically superior. Imitations of EU legislation in order to reduce complications and costs of applying a different set of rules have speeded up the process. Moreover, standardized procedures have ensured rapid implementation. Most of the adaptations to EEA legislation have been administrative regulations that have not required parliamentary approval, which would be a much more time consuming process (Sejersted 1996). Consequently, the internal dynamics of the institutions involved, and the strong insistence of the political leadership, have created a standardized procedure for rapid and efficient transposition of EC legislation into Norwegian law.

Although Norway's relationship with the EU is strongly asymmetrical – Norway is mainly a rule-taker – Norwegian officials and technical experts are allowed to participate in the meetings of the Commission in the preparatory stage and implementation of new regulations and directives. At present, Norwegian experts participate in more than 200 different joint committees (Norway Statskonsult 1999). The number of civil servants in the ministries dealing occasionally or regularly with international issues increased from 24 per cent in 1976, to 29 per cent in 1986, and to 33 per cent in 1996. Increased European integration has led to significant changes in patterns of participation and contact (Norway Statskonsult 1998). In 1996, seventy-two per cent of the civil servants in the ministries reported that they were directly affected by the EEA Agreement. Forty-eight per cent stated that they had been in contact with the European Commission during the previous year, and 25 per cent even reported that they had participated in a committee under the European Commission during the previous year (Egeberg and Trondal 1996). In addition, a total of 23 Norwegian bureaucrats now have positions, or secondments, in the European Commission for a period of two to three years. The Norwegian ministries cover the costs of these positions.

These contacts give Norway, like other EEA countries, an opportunity to have input into the policy formation during the preparatory phases of new legislation in the Commission, although their possibility to influence the work in the committees under the Council of Ministers is limited. The consultation and communication processes work fairly well; however outcomes vary according to issue area, and of course are affected by political factors. For instance, it

seems that the more technical the issues are, the more important is expertise, and the less important is the national origin of committee members. Similarly, when policy proposals raise moral or ethical issues, it is more likely that arguments matter more than their point of origin. However, when proposed policies affect strong political and economic interests in the EU, Norway can have little or no influence. By contrast, in issues where Norway has strong interests, and the EU is not vitally affected, it seems that the Norwegian concern has a higher probability of being taken into account, or at least listened to. In two recent cases, one on salmon prices and accusation on dumping, and one on a gas market directive, the Norwegian government has been able to exploit its formal rights to influence EU policy. However, Norway has also learnt that the formal right to participate is modest and often insufficient. It is thus necessary for Norway to strengthen its formal and informal contacts with the various European capitals and improve its linkages to European political parties and the major interest organizations (Vollebæk 1999).

Switzerland

Switzerland has never held a referendum on the issue of full EU membership. During the 1960s and 1970s, the 1972 Free Trade Agreement with the EC had broad popular support. EFTA provided a viable institutional framework for assuring Switzerland's effective relations with the EC countries and facilitating access to the country's most important markets. Additional protocols were added, covering technical issues and improving market access, gradually extending the agreement. However, since it only covered trade in goods, not trade in services or the free movement of capital – key elements of its prospering economy – Switzerland's free trade arrangement came under pressure with the Internal Market project.

The Swiss government strongly supported the switch from a bilateral, goods-only approach to a multilateral, comprehensive approach as reflected in the EEA Agreement. In the negotiations leading to this agreement many of the concessions granted by the EC to the EFTA countries were tailor-made to meet the objections and reservations of the Swiss government. In return, the EC countries pushed for a Transit Agreement guaranteeing free access to the Swiss trans-Alpine transport routes. The accord, which required the Swiss government to build two expensive new railway routes across the Alps by the year 2004, was part of the EEA Agreement being signed at the same time.

Strong majorities in the chambers of parliament approved the EEA agreement and the companion agreement on the trans-alpine transport. The EEA was also unanimously supported by the cantonal governments and by most of the political parties (Goetschel 1994; Huth 1996; Sciarni and Listhaug 1997). However, according to the rules of Swiss direct democracy, a popular referendum is mandatory if the government wants to join a supranational organization. In this respect, the EEA Agreement was a constitutional border case. Since the treaty would have far reaching consequences for the Swiss legal and political system, the Federal Council decided to put it to a referendum, in which a majority of both the population and the cantons was required.

The EEA failed the referendum test. On 6 December 1992, a majority of 50.3 per cent of the population rejected the agreement, which was also turned down by a decisive majority of the cantons – 17 out of 23. The compounded majority was thus missed by only 0.4 per cent of the popular vote, but by six cantons. Some of the main concerns of the voters included the loss of sovereignty, concessions on trans-alpine transport, unrestricted freedom of movement and a general uneasiness toward the EC which experienced its most serious monetary crisis during that period (Goetschel 1994; Huth 1996). Indirectly, the population also rejected the government's strategy aiming at full membership over the long term. Spurred on by deepening integration in the Maastricht process, and dissatisfied with the institutional arrangements of the EEA, the Swiss Federal Council had submitted a formal demand for accession to the EU in May 1992, following the example of several the other EFTA countries (Schweizerischer Bundesrat 1992). However, the outcome of the EEA referendum put a halt to the government's plan of gradual integration with the EU, it suspended its application, and it left the Swiss society politically deeply divided. The verdict of direct democracy also resulted in the preservation of the *status quo ante*, i.e. there is no formal, institutionalized arrangement associating the Swiss with the Internal Market. Switzerland returned to the bilateral, sectoral approach based on the 1972 Free Trade Agreement.

In order to overcome this deadlock in Swiss integration policy, in the summer of 1993 the Federal Council submitted a list of sixteen policy areas it wanted to negotiate with the EU. In November, the Council of the EU agreed to start bilateral talks with Switzerland in seven of these areas, namely air transport, land transport, agriculture, free movement of people, public procurement, research and technical barriers to trade. On 20 February 1994, however, the Swiss people voted in favour of introducing an article into the Federal

Constitution, which bars all international trans-alpine road transport after the year 2004. This was another blow to the government's integration strategy, especially as the EU perceived it as a violation of the 1992 EC-Swiss Transit Agreement. As a consequence, the Council of Ministers in the EU postponed the start of the bilateral negotiations. Only after the Federal Council could convince the EU member states that the alpine initiative would be implemented in a non-discriminatory way, and in line with existing commitments, bilateral talks began in late 1994 (Schweizerischer Bundesrat 1995).

Negotiations on these technical issues were extremely difficult, mainly due to disagreements on the pricing of trans-alpine road transport and social provisions in the agreement on free movement. On 11 December 1998, with the support of the Austrian EU presidency and after the Swiss government made substantial concessions; the seven agreements were signed. They have to be ratified by the EU and the Swiss authorities as a package and are likely to enter into force in 2001, assuming that none of the accords is defeated at the ballot box. The seven agreements include partial integration, bring Switzerland much closer to the Single European Market, and offer institutional linkages to the EU in the form of mixed committees and participation in EU comitology. Moreover, the agreements are likely to trigger further co-operation. The Agreement on the Free Movement of Persons provides incentives to start negotiations on the liberalization of services. Thus there is a spill-over effect in bilateralism. The seven agreements will have a deep impact on the Swiss economy and the political system. Switzerland has to open its markets, will experience more competition, and has to adapt its legislation and institutions to the new treaty provisions (Schweizerischer Bundesrat 1999b).

Currently, the next step in Switzerland's integration policy is under discussion. A popular initiative to be voted on in 2001 demands the immediate start of accession negotiations. The Federal Council is more cautious. In an Integration Report published in February 1999, the current state of relations between Switzerland and the EU is carefully analyzed. Four options are submitted for a broad political debate: isolation, continuation of bilateral negotiations, an EEA agreement and full membership. In this comprehensive report which examines every aspect of Swiss - EU relations, the Federal Council comes to the conclusion that the potential of bilateral agreements is almost exhausted and that Switzerland has to redefine its policy toward the EU (Schweizerischer Bundesrat 1999a).

In the meantime, the Swiss government pursues a policy of gradual harmonization through autonomous, unilateral transposition of EU legislation. EUROLEX, the package of legal amendments to EEA rules prepared in 1992, has been implemented as SWISSLEX, despite the negative EEA vote. Indeed, as early as 1988, almost at the same time as in Norway, the Federal Council had decided that new laws should be examined as to whether the draft Swiss legislation is compatible with existing EU law. The government stated that ‘this effort to achieve parallelism does not aim at an automatic transposition of European law, but to avoid that unwillingly and unnecessarily new legal differences are created, which hinder the aspired mutual recognition of legal norms’ (Schweizerischer Bundesrat 1988: 380). Today, every communication of a draft new law to parliament contains a so-called Europe chapter (chapter 5) which examines the relationship to existing or draft European legislation. This test of Euro-compatibility follows a standardized procedure. The agency in charge of the project analyzes itself the relationship of the draft proposal to existing European legislation. The Office of Integration examines the draft in the light of Swiss integration policy and assures that any important developments in the EU are taken into account. The Directorate of International Law reviews the legal implications. The International Section of the Federal Office of Justice provides assistance and submits proposals for changes in order to assure the compatibility of Swiss and European legislation (Schweizerisches Bundesamt für Justiz 1995: 224f.). The cantons also adapt to European integration, also to a lesser extent and in less systematic ways (Jaag 1999).

This systematic, institutionalized procedure of unilateral adaptation can be compared to the transposition of EU law by the member states, and to the Norwegian procedure. Approximately 85 per cent of Switzerland’s market legislation is Euro-compatible. Some EU directives are copied word-for-word in Swiss legislation as in the case of the new competition law (Amgwerd 1998). EU technical annexes and regulations form an integral part of Swiss laws and decrees. Occasionally, the non-member state Switzerland tries to be a *Musterschüler* and transposes EU laws into national legislation even before the member states, as in the case of the 1997 directive on migrant workers. In Switzerland, most market regulations are interpreted in the same way as in the EU resulting in a relatively high degree of compatibility between the two sets of regulations.

Technical norms and the statistical and budgetary systems have been adjusted to meet EU standards. A branch of the German Technical Certification Agency

offers Swiss producers EU quality and norms licenses. The Maastricht criteria serve as targets in fiscal and budgetary debates, as they do in Norway. Swiss companies prepared for the introduction of the Euro in similar ways as their German or French competitors. Swiss banks established a Swiss Euro Clearing Bank in Frankfurt in order to gain access to the European clearing system TARGET (Schweizerischer Interdepartementale Arbeitsgruppe 1998). The continuous, almost automatic adaptation to the EU *acquis communautaire* has profound impacts on the legal reasoning and the principles of economic regulation in Switzerland. The *acquis*, in general, has become the point of reference for Swiss legislation.

Another aspect of the progressive Europeanization of Switzerland is the adaptation of the political and administrative system. Especially after the 1992 failure of the EEA, many directorates and agencies have set up new sections of European or international affairs. New co-ordination procedures have been established in order to cope with the emerging European and global challenges and to co-ordinate growing cross-border transactions. The role of the parliament and the political parties in European affairs has also been upgraded and a new procedure for the participation of the cantons has been established. Swiss mind maps are shifting too. Today, Europe has become a general point of reference in the political discourse. A few years ago, it was unthinkable that reference would be made to the Schengen Agreement at a town-hall meeting dealing with asylum issues, but today it is virtually to be expected. In many respects, Switzerland is adapting to European integration as a member state would, despite the fact that its formal arrangement with the EU has not changed since 1972 and remains at the EFTA (free trade) level. The Swiss approach can be considered as successful in adapting to the requirements of European integration, while taking into consideration popular concerns regarding closer, institutionalized links to the EU, the preservation of Swiss identity, and special features of the political system such as federalism and direct democracy. As an outsider Switzerland has learnt to behave like an insider.

The main motive for this voluntary, unilateral adaptation is the reduction of economic uncertainty and transactions costs, as well as improved access to the Internal Market. Since the Federal Council still pursues the long-term goal of full membership, autonomous transposition is also viewed as another step in the process of phasing-in and as a strategy to compensate for or to circumvent the negative verdict on the EEA. For political reasons, the government insists that unilateral adaptation – and the provisions of the bilateral agreements –

remain just below the EEA level. However, the scope and the speed of Europeanization of Swiss legislation differ little from that of most EEA countries, at least in the more technical fields of norms and regulations.

Comparison

In a formal sense, both Norway and Switzerland have adapted to European integration on the basis of autonomous decisions by the national authorities. Ostensibly, there is an in-built filter or firewall between the European and the national system in both cases; intergovernmentalism, not supranationalism, characterizes their approach to European integration. But it is equally obvious that both have developed sophisticated and effective mechanisms to deal with the downstream effects of European integration.

A closer look reveals some differences and difficulties in institutional adaptation between Norway and Switzerland. The main difference is that Switzerland transposes on a voluntary basis and in an informal way, while the EEA countries are subjected to EC legislation, participate in the joint institutions, contribute financially and face legal supervision and sanctions in case of non-compliance. Thus, in the Swiss case, adaptation is unilateral and on a voluntary basis; it is Switzerland's autonomous choice to decide which of the EU regulations she introduces at what time and to which extent. Through unilateral adaptation Switzerland may reduce transactions costs, but there is no guarantee of equal treatment, and no reciprocity by the EU and the EEA member states. Thus the country plays the game, but cannot enjoy the full benefits of European integration. Norway, whose relationship with the EU is more institutionalized and rule-based, experiences less uncertainty.

Switzerland is not yet involved in EU decision-shaping and decision-making processes and does not participate in the numerous EU expert groups, working parties and implementation committees. On the other hand, EEA co-ordination within the EFTA organization does provide an informal platform for Switzerland. Norway, Iceland and Liechtenstein inform the Swiss delegation on a regular basis on the progress of EU legislation and take Switzerland's opinion into account in their own decisions. Thus Switzerland has an unofficial, indirect observer status in the EEA. The relatively open political system of the EU and the extensive process of consultation in decision shaping also offers some access points for lobbying by the Swiss government, companies or organized interests. The bilateral agreements concluded at the

end of 1998 offer some improved institutional linkages to the EU. Yet, Switzerland has no, or only a limited, informal ‘voice of opportunity’ at the European level. The official Swiss strategy of ‘participation without integration’ is rather the opposite: ‘integration without participation’. Norway, on the other hand, has a higher degree of formal participation in, and easier access to, the decision-making activity within the EU.

The legal relationship to the EU is also different in the two countries. Switzerland is subjected only to its own courts, while Norway is directly subjected to the EFTA/EEA-Court and indirectly to the European Court of Justice. For Switzerland, there will be no sanctions in case of delayed implementation or insufficient transposition. At the same time, the country cannot enjoy legal protection in case of infringements or violations by other parties. One consequence of the different legal status is that adaptation is more static in Switzerland, than it is in Norway. EU directives, as published in the Official Journal, are the point of reference for Swiss legislation, while subsequent addenda, consolidation, comitology work, implementation regulations or ECJ judgments shaping, changing and up-dating the *acquis communautaire* are not always taken into account. The bilateral agreements concluded in December 1998 are also based on the current *acquis*, and future adaptation requires renewed negotiations. New cleavages between Switzerland's static adaptation and the dynamic Europeanization of EU and EEA countries may therefore emerge.

Overall, institutional adaptation remains uneven and superficial in both countries. In Switzerland, institutional adaptation affects mainly the central government and administration; the non-central governments have hardly been affected so far. In Norway, local governments are bound, as is the national government, by the EEA rules, but implementation is not always consistent and is often contested. In both countries, political parties and societal organizations are only slowly reorienting towards Europe. In Switzerland, even within the top layers of government, only a small group of approximately 150 officials – or less than 1 per cent of the federal administration – are dealing with European affairs on a regular basis.

Notwithstanding this weak institutionalization, both Norway and Switzerland have a high degree of formal and informal association with the EU. The EU has a strong policy impact in both countries, where it receives considerable domestic attention and structures domestic decision-making. Neither of the countries is fully integrated in the EU structures, but both play the game.

Variations in domestic institutions, their traditions and their public opinion led Norway and Switzerland into different relationship with the EU. Norway has a stronger and more institutionalized linkage to the EU and is thus less vulnerable than Switzerland. These two countries illustrate the fact that there are important intermediary stages between membership and non-membership, which need to be taken into account when analyzing processes of Europeanization. Both countries have linkages to the EU that blur the traditional boundaries of membership and non-membership. Certain boundaries are formal and institutionalized, as in the case of Norway, while others are less formal, bilateral and more based upon unilateral adaptation, as in the case of Switzerland.

4. 3 Compensating strategies and side arenas – pillars II and III

Norway and Switzerland have developed compensatory strategies, and are making use of side arenas, to overcome the disadvantages of non-membership. This applies, above all, to the second and third pillars of European integration, which are not covered by the EFTA or the EEA Agreement. In this respect, there are important differences in the degree of participation between the two countries.

Norway

In Norway, the political leadership interpreted the result of the 1994 referendum as a ‘no’ to full membership in the EU, but as a ‘yes’ to as close a link with the EU and European countries as possible (Brundtland 1995). Given this tacit mandate, the political leadership has made attempts to deepen and widen both the formal and informal linkages between Norway and the EU. This development followed four different routes.

First, changes have been made to further develop the EEA Agreement into new areas. Towards the end of 1995, decisions were taken to extend the co-operation on flanking policies, namely in the social and cultural fields (European Commission 1995: 315-317). The EEA, as a dynamic agreement, is in a permanent process of being enlarged to cover new programs and fields.

Second, Norway has played an important role in the reorganization of Nordic co-operation. Nordic co-operation is characterized by a homogeneous culture

sharing languages, identities, histories and certain values (Olsen and Sverdrup 1998). Since Denmark, Finland and Sweden are members of the EU, the Nordic countries are more strongly linked to the EU than ever before. In order to cope with the new tasks, Nordic co-operation and its political institutions have been reorganized (Lindstrøm 1996). The underlying idea is that the European integration should play a more important role on the Nordic agenda. However, in certain areas the Nordic countries have conflicting interests, and effective Nordic co-operation on European issues has proved to be very difficult. Nevertheless, strengthened Nordic co-operation on European issues increases the access of Norway to EU decision-making (Olsen and Sverdrup 1998).

Third, the Norwegian political leadership has tried to strengthen the linkage to other European institutions and agreements which are coupled with the EU, such as NATO and the Western European Union (WEU). In the post-war period, Norwegian foreign policy was the outcome of the interplay between three separate pillars: the Atlantic pillar, the Nordic pillar and the continental European pillar (Riste 1991). In the period after the 1940s, the Atlantic pillar dominated the orientation of Norwegian foreign policy (Riste 1995). Norway does not participate directly in any of the activities related to the Common Foreign and Security Policy (CFSP). However, as a long time NATO member, Norway is directly involved in the current discussions on the reorganization of European security policy. Norway is also an associate member of the WEU. Participation in NATO and WEU give the Norwegian government fairly good access to information, and the possibility of participating in the current security discussions in Europe. In 1999, Norway occupied the Presidency of the Organization for Security and Co-operation in Europe (OSCE), making it a visible actor on the international scene and improving access to the EU decision-makers. The development of inter-institutional ties among the three security organizations, as through Combined Joint Task Forces, also improves Norway's access to the second pillar of European integration. However, the recent discussion on the possible integration of the WEU into the EU has caused uncertainty in Norway. The Foreign Minister stated in 1999 that 'if the EU should become the framework for political decisions on European security and crisis management to a greater extent than at present, the natural result would be for Norway and the EU to deepen their existing co-operation within the framework of the current arrangement for political dialogue' (Vollebæk 1999: 8).

Finally, in regard to the third pillar, Norway has signed an agreement to become full member of the Schengen Agreement, an intergovernmental arrangement among some of the EU member states on the removal of border controls in Europe leading to a 'Europe without borders' (Norway Justis- og politidepartementet 1996-97). Unwilling to sacrifice the Nordic passport union and facing considerable costs for reinstalling controls along the borders with Norway, Finland and Sweden insisted on the inclusion of Norway in the Schengen process. The Norwegian government feared that this issue could evoke the political cleavages that surfaced during the 1994 referendum campaign. The level of conflict increased, but the parliament ratified the agreement in June 1997, just before the European Council met in Amsterdam to finalize revisions to the EU treaties. Since the heads of state decided to include the Schengen *acquis* in the Amsterdam Treaty, the EU had to find a new kind of arrangement for Norway and Iceland. During 1998, the parties agreed on a new institutional arrangement between Norway and the EU on Schengen issues. The association in the Schengen Agreement was based on a complex institutional set-up allowing Norway to participate in policy making institutions related to border control, asylum and migration policy as well as European police co-operation. However, Norway did not get a right to vote (Norway Stortingets forhandlinger 1998-99, 1449-53). The Schengen agreement is a good illustration of the blurring of boundaries in the EU. Norway and Iceland are not members of the EU, but they participate in the Schengen agreement, while Great Britain and Ireland are non-participating EU members. Ironically, when Great Britain held the EU Presidency, she had the responsibility for negotiating the new arrangement with Norway and Iceland.

Switzerland

As long as the seven bilateral agreements signed in 1998 are not ratified, Switzerland is constrained in developing additional links to the EU. The European Commission seems deliberately to bar any attempt to negotiate other agreements or to forge new ties with European agencies in order to put pressure on the bargaining process. This is clearly the case in justice and home affairs. During the bilateral negotiations, the EU member states refused to start talks on Switzerland's association to the third pillar and the Schengen agreement. When the bilateral agreements were concluded in December 1998, the two sides drafted declarations on the beginning of talks on closer co-operation on asylum policy and the Schengen *acquis*. The member states,

however, refused to support these declarations demanding further concessions on customs control and the taxing of banking accounts.

While Switzerland is strongly interested in deepening co-operation in the areas of justice and home affairs, the tradition of neutrality and domestic constraints render co-operation in the field of foreign and security policy much more difficult than in the case of Norway. Since Switzerland is a member neither of the EU, NATO, nor of the United Nations, it does not participate in an institutionalized coalition or alliance of states. The long-standing ties within the group of neutral and non-aligned countries (N+N group), that included Austria, Finland, the former Yugoslavia and Sweden, have also come to a halt. During the Balkans conflict, Switzerland nevertheless started to adapt its policy of neutrality to the new European realities. Just as most of the EEA and candidate countries, Bern followed the EU's policy of sanctions against Yugoslavia - at least partially (*Neue Zürcher Zeitung*, 30 June 1998). This is a major departure from the traditional Swiss policy, which only supported sanctions mandated by the UN Security Council, and not those decided by a regional grouping such as the EU. This is a good example to illustrate how the pressure to adapt to European integration is increasing and starts to spill-over into areas of 'high policy'.

The Swiss federal government and administration, nevertheless, try to make use of side-arenas to promote Swiss interests toward the EU. The most important platform is the EFTA. This organization provides Switzerland access to the EEA process. Swiss officials take part as observers in the preparatory meetings of the EEA bodies and occasionally, they can voice their opinion or give expert advice. This provides Switzerland with timely information on new EU legislation and facilitates unilateral transposition and adaptation.

Another important side arena is the bi- and multilateral contacts with neighbouring states. In the alpine region, close ties among governments and administrations have a long-standing tradition. Trilateral ministerial meetings take place more or less on a regular basis addressing issues such as the environment (Austria, Germany, Switzerland), transport (Germany, Italy, Switzerland), or interior affairs (France, Germany, Switzerland). Not only functional, but also cultural lines define the organization of politics among these countries sharing common languages, interests, and identities. Increasingly, these meetings focus on European integration issues, namely Trans-Alpine transport, organized crime, or free movement of labour. In negotiations with the EU, these neighbours, however, are sitting on the other

side of the table. On transport questions, for instance, Switzerland fully depends on Austria. Austria has a veto and wants to prevent the Swiss from getting more favourable transit regime than it itself has. This example clearly shows that it nevertheless makes a difference whether a country is sitting at the EU table or not.

Switzerland also heavily relies on the WTO process in order to create a liberal trade regime, to improve access to the Single Market and to compensate for the negative consequences of non-participation in the EEA. In the WTO arena, Switzerland is not subjected to EU co-ordination and is free to seek allies of its own, in many cases Canada or the United States. More ambitious plans by EU opponents to promote a trans-Atlantic free trade area between Switzerland, Canada and the United States seem to be unrealistic, since it would cover only a fraction of Swiss foreign trade and would undermine the existing free trade regime with the EU. Switzerland is more isolated, faces a higher degree of uncertainty in the international environment, and has to bear higher transaction costs in European co-operation than Norway.

To summarize, there are a variety of compensatory strategies third countries can exploit to promote closer co-operation short of membership. The examples of Norway and Switzerland demonstrate that well institutionalized, culturally and politically homogenous side arenas such as Nordic co-operation, or membership in an alternative platform such as NATO or WTO, offer partial compensation for non-membership in the EU.

4. 4 Conclusion: The sustainability of limited participation

The two cases of Norway and Switzerland challenge two commonly held assumptions in the study of Europeanization: that membership is dichotomous, and that there is a strong causal relationship between membership and the extent of institutional adaptation at the domestic level. This analysis has demonstrated that both assumptions are invalid. This is our first negative conclusion. However, our analysis points to other, more positive, conclusions about limited participation – its features, its costs and benefits, and its sustainability.

The traditional formal definition of EU boundaries has been challenged theoretically by the literature on multi-level governance, and empirically, as concerns Norway and Switzerland, by the growing number of intermediary

stages and patterns of integration that have been identified in this article. Both these non-members, especially Norway, have developed considerable formal and informal linkages to the EU. There are sectoral and institutional variations, and they are adapting with limited participation. In relation to certain sectors and policy areas, Norway, at least, can almost be considered as a full participant in the EU. For instance, this is so, in the field of research, where Norway pays its share and participates in EU programs. 'Near –member status' is also indicated by our empirical observations in relation to the EMU, the CFSP, and the Schengen agreement on border controls, all of which indicate increased fragmentation and differentiation within the EU, together with the involvement of some non-members. However, we do not claim that the boundaries in the EU are completely blurred. There are numerous and important differences between member states and non-member states in relation to Europeanization; formal institutional arrangements related to membership are important: but it is remarkable to what extent formal and informal arrangements can, and do, compensate for differences in statuses.

Adaptation to European integration has also led to attitudinal changes. There is ambivalence and ambiguity; attraction towards the EU is combined with mistrust and desire for autonomy. It has been argued (Ingebritsen 1998) that after the negative votes on European integration in 1992 and 1994 respectively, Norway and Switzerland turned their back on Europe and that they moved in another political direction than the EU member states. We argue the opposite. These two countries conduct a policy of approximation and adaptation; they have developed strong administrative and institutional linkages and deepened their co-operation with the EU. The roots and routes of these adaptations cannot be explained solely by reference to the pressures of European integration. They require an understanding of the internal dynamics and particular institutional and historical features of the two countries. In order to explain Europeanization we must therefore understand the particular match between external pressure for change, the dynamics of the domestic institutions involved, and the variations in historical experiences and legacies (Olsen 1996).

Limited participation has certain attractions, and it helps these two countries to preserve some of their autonomy. Selective transposition and flexible adaptation seem at first glance to be the tailor-made strategy for these two small states. Liberalization, regulation and market access are not tied to participation in joint, supranational institutions, the pooling of sovereignty and the contribution to a common budget. This integration requires less co-

ordination, less management and remains at the level of intergovernmental co-operation. In the case of Norway, for instance, the intensity of co-operation with the EU at the administrative and political level actually decreased after the EU referendum and the government can pay attention to matters that were postponed due to the EEA and EU issue. Within a given legal framework, Norway and Switzerland have some – but limited – leeway when and how to respond to the changing EU environment. The current arrangements allow for transitional rules and exemptions in critical areas. There are safeguards that protect certain industries like fisheries and agriculture in the case of Norway or banking and transport in the case of Switzerland. There is also a perception, particularly in Switzerland, that as a full member it would be more costly and more difficult to extract concessions from other member states or to get exemptions and transitional rules from the EU. It is believed that limited participation and selective transposition permit a small state with scarce resources to reduce transactions costs and control its involvement, providing an efficient way for small states and small administrations to participate in European affairs without being absorbed too much by day-to-day EU business. Thus a process of gradual adaptation may help to absorb external shocks and, whatever the actual effects, does serve to protect consensus-oriented, low-conflict societies in the difficult process of Europeanization. Overall, the wait-and-see attitude of Norway and Switzerland helps to keep options open and to reduce risks during a critical period in European integration.

However, this step-by-step approach of limited integration is not the outcome of a deliberate strategy, or a smart design. It has been, for the governments and most of the political elites in the two countries, a second best solution, an attempt at damage limitation, an implicit compromise, and a cease-fire agreement with a dissident population. The governments of the two countries both preferred the path of full membership or participation in the EEA instead. Both were defeated at the ballot box – in the case Switzerland, at the moment of decision on membership in the EEA, in the case of Norway, on the moment of decision on membership in the EU.

In Norway, concurrently with increased adaptation and Europeanization, the opposition against European integration remains strong. The 1994 referendum unveiled, or perhaps produced, deep cleavages within society, cutting across and dividing political parties (Ringdal 1995). The strong counter-culture and centre-periphery dimension in Norwegian politics, which were of such importance in 1972, were rediscovered and reconstructed (Todal Jenssen et al. 1995). With the EEA, Norway has reached a state of a relatively stable

equilibrium, both in its relations with the EU and in the domestic debate. Moves to cancel the EEA are highly unpopular. The EEA has a legitimacy-building role; it allows the Norwegian government to keep the myth of sovereignty, while deepening co-operation with the EU. The EEA is a structure, although complex and overloaded, that dynamically adjusts to the *acquis communautaire* and provides a bargaining arena.

In the case of Switzerland, policy toward the EU also remains one of the most contested and divisive issues upsetting a long tradition of consensus and low level political conflict in Swiss politics. The Swiss government is thus confronted with the difficult task of satisfying the expectations of its European neighbours and the veto positions of powerful domestic constituencies. Given this dilemma, the federal authorities seem to be forced to develop strategies that allow them to assert their interests and to preserve their sovereignty in its relations with the EU. During the period of nation states and European wars, neutrality served to preserve the precarious cohesion within Swiss society. Today, in the period of European integration and globalization, limited participation and unilateral adaptation seem to be at least a short-term solution for balancing effectiveness and legitimacy.

The present status of Norway and Switzerland places constraints on what the governments can do. They face a dilemma in dealing effectively with the growing challenges of European integration, while being constrained by popular veto. A step-by-step approach of gradual, limited adaptation short of full membership is their response. Incrementalism is less visible, less conflictive and enjoys stronger domestic support than big steps such as full membership. However, both governments face difficulties in articulating national interests in the European arena. While not violating public sensitivities, they have opted for a remarkable process of 'integration by stealth'. Despite the defeats in the referenda, the two countries are more closely related to Europe today than ever before.

The outsider positions of Norway and Switzerland have their costs, which raise doubts regarding the sustainability of present arrangements. Their legitimacy is not to be taken for granted, and could start to erode. There are several reasons for this.

First, there is a discrepancy between the strong formal autonomy of Norway and Switzerland, and the ritualistic decision-making process in EEA institutions. Present, institutional arrangements were originally designed for

organizing the relationship between EFTA and EC at a time when these organizations were fairly balanced. However, the accession of Austria, Finland and Sweden has changed the balance of forces considerably. Today, the political power, the economic importance and the institutional capacity of EFTA are reduced substantially. The staff of the EEA institutions, and the EFTA secretariat has been cut to about half their original size. Furthermore, Norwegian officials are increasingly populating these institutions, which threaten their status as independent and unbiased EEA bodies. Moreover, the EU pays less attention to the EFTA countries. Meetings within the EEA framework do not have high priority, they have a short duration, and the representatives from the European Commission are not high ranking.

Second, internal reforms in the EU, the introduction of the EMU and preparations for enlargement to Eastern and Central Europe are far more important to the EU than the low-conflict, routine administration of the EEA. The EU has developed a series of association ties with third countries. Norway and Switzerland no longer enjoy a privileged relationship with Brussels. In the light of the demanding tasks of widening and deepening, the EU countries may pay less and less attention to these two odd partners as is already the case in the EEA arrangement with Norway and in bilateral relations with Switzerland. The two countries have to vie for attention and they experience marginalization and isolation in an increasingly overcrowded EU policy arena. Full integration may become a necessity to guarantee access and attention in the EU context. In daily politics in Brussels, these countries get limited attention and have restricted access to policy shaping. Since they are out of sight, they are also out of mind.

Third, the sectoral approaches of these countries are mainly limited to the first pillar. Even within the first pillar, the different environments change at different speeds; the different sectors are adapted to different degrees. Thus, co-ordination and an overall political leadership of their relation to European integration is difficult. Both Norway and Switzerland are relatively affluent countries and can afford partial integration for the moment. Norway relies on offshore gas and oil, Switzerland on offshore banking and other services. For the time being, partial integration helps to fend off EU interference and protects these profitable sectors. Should Norway or Switzerland face a decline or crisis in these industries or experience a recession, improved access to, and involvement in the EU may become more pressing.

Fourth, both countries, Norway to a larger extent than Switzerland, have changed from being in a pre-accession period with clear political goals and rapid changes, to a situation with less clear political objectives or long term visions, making the policy of adaptation fragile and sometimes inconsistent. Consequently, it seems that participation in regular political and administrative co-operation has been reduced. Gradual approaches are also retrospective and reactive. The point of reference of Norway and Switzerland is the Single European Act of 1987, not the 1992 Maastricht treaty, the 1997 Amsterdam Treaty, nor the EMU. These countries are not involved in shaping the new framework of European integration.

Fifth, while Norway and Switzerland hardly participate in the decision-making process setting EU rules, their transposition remains unilateral. This is a major restriction on the sovereignty and self-determination of the two countries. The process they are involved in remains formally intergovernmental, but the effects they experience are supranational. The limited participation remains a restricted area in domestic politics. A limited number of political actors are involved in the relations with the EU, mainly mid-level administration and government officials fulfil these tasks. This technocratic and bureaucratic approach to the EU results in a depolitization of the integration policy. By the use of administrative regulation instead of legislation, the administration often circumvents the parliament. There is a lack of transparency and political control, which is creating a democratic deficit that, in some respect, is worse than in the member states.

Sixth, the two countries try to benefit from the advantages of European integration, while contributing little to share its burden. This free rider approach may face growing criticism and opposition by the net contributors, especially in view of the enormous costs of integrating the countries to the east and south of the EU. For instance, the legitimacy and sustainability of the EEA Agreement have recently been put to a test in relation to budgetary contributions. According to the EEA Agreement the former EFTA countries had to pay about 24 million Euro annually to Spain and Portugal during the first five years. However, when this period came to an end in 1998, Spain demanded continuing support. Spain blocked the decisions in the EEA framework, refused to accept Norwegian participation in preparatory committees, and even threatened to end the EEA Agreement. After months of negotiations, the EFTA countries gave in and accepted to continue to transfer the same amount of money to the lesser-developed regions in Spain for another

five-year period, and to contribute financially to the applicant countries from the East and Central Europe (Aftenposten, 21.04, 1999).

In light of these considerations, Norwegian and Switzerland – governments and their electorates – are weighing the costs and benefits of the present arrangements. In Norway, there have been attempts to reactivate the issue of European integration. The Schengen Agreement and the new directives in the field of veterinary control, gas licenses and food additives have challenged the effectiveness and the legitimacy of the current arrangements with the EU. Moreover, the introduction of the EMU, increased interest rates, and monetary turmoil has demonstrated the vulnerability of Norway's *Alleingang*. Internal disputes related to the lack of parliamentary participation and control has questioned the democratic legitimacy of the EEA arrangement. Accordingly, by the end of 1998 one could observe a significant shift in public opinion on the issue of EU membership. There is now an increasing interest in having a critical review of Norway's relationship to the EU. Recent polls indicate, for the very first time, a majority supporting membership (Aftenposten 11.12. 1998, Aftenposten, 16.01.1999). The Norwegian government has promised to present a white paper in the year 2000 analyzing Norway's relationship with the EU (Vollebæk 1999).

Switzerland still struggles to redefine its relations with the EU. During the multilateral EEA negotiations, the coalition of EFTA states was in a good bargaining position and could gain major concessions from the EU. After EU enlargement, the EFTA coalition has lost its importance and Switzerland has been left on its own in bilateral talks. The difficult, conflictive and protracted nature of these technical negotiations suggests that the EU pays less attention and Switzerland has less leverage than in the EEA. Thus Switzerland seems not to have reached the optimal state in regard to effectiveness, but probably in regard to legitimacy. Yet the status quo of the Free Trade Agreement plus bilateral treaties has become untenable in view of the dynamic evolution of the EU. Especially EMU has a strong impact on the Swiss economy and financial industry (Interdepartementale Arbeitsgruppe 1998). A new equilibrium in the form of a new EEA treaty or a renewal of the accession request that can pass the test of a referendum has not yet been proposed. However, attitudes toward the EU and the EEA have changed substantially over the last two years. Today (1999), a majority of the population would prefer an EEA Agreement to bilateral treaties or full membership. In the year 2000, the Swiss population will vote on a peoples' initiative 'Yes to Europe' which will force the Federal

Council to revive the request for EU membership submitted in 1992 and suspended in 1993.

At the European level, the future development of the EU is uncertain. One scenario is suggesting increased conflict within the EU, which would probably reduce policy effectiveness and make membership, or closer ties to the EU in any form, less attractive to Norway and Switzerland. While they would not benefit from declining European integration they would nevertheless face less pressure for adaptation, and experience a lower level of political conflict at home. A second scenario assumes a gradual flexibilization of membership, as suggested in the Amsterdam Treaty. This could result in growing tolerance toward different degrees of participation, encouraging the present Norwegian and Swiss policy of selective, partial integration. A third scenario imagines a dynamic EU, which successfully completes widening and deepening. This would challenge the effectiveness of the current arrangements and put pressure on Norway and Switzerland to opt for full-status membership. This would most likely create problems in both countries, and would raise the level of domestic conflict. In other words, the more integrated the EU, and the more sharply drawn its boundaries, the more difficult it would be for Norway and Switzerland to sustain their present status as 'adaptive outsiders'.

4. 5 References

Aftenposten (1999). 'En milliard til EU over fem år', 21.04. 1999.

Aftenposten (1998) 'Ja-siden størst i ny meningsmåling' 10.12.1998.

Aftenposten (1999) 'Flertall for ny runde om EU-medlemskap', 16.01.1999.

Amgwerd, Matthias (1998), 'Autonomer Nachvollzug von EU-Recht durch die Schweiz', Basler Schriften zur europäischen Integration, no. 37, Europainstitut, Basel.

Brundtland, Gro Harlem (1994), 'Speech at the CSCE Summit Meeting, Budapest, 5 December 1994', Reprinted in *UD Informasjon*, 6 December 1994, 41, 3-4.

Brundtland, Gro Harlem (1995), 'Europas videre utvikling - Hvordan berøres Norge?', Speech delivered at ARENA 19 April 1995, ARENA Working Paper no. 95/12, Oslo.

Cottier, Thomas and Alwin R. Kopse (eds.) (1998), 'Der Beitritt der Schweiz zur Europäischen Union - Brennpunkte und Auswirkungen', Zürich, Schulthess.

Dagens Næringsliv (1997) 'ESA på etterskudd' 24.07. 1999.

Egeberg, Morten and Jarle Trondal (1996) 'Inneriksforvaltningens og den offentlige politikens internasjonalsiering', ARENA Working Paper no. 96/23, Oslo.

ESA (1995) 'EFTA Surveillance Authority Annual Report 95', Brussels, EFTA.

ESA (1996) 'EFTA Surveillance Authority Annual Report 96', Brussels, EFTA.

European Commission (1995), 'General Report of the Activities of the EU', Luxembourg, Office for Official Publications.

Farsund, Arild and Ulf Sverdrup (1994), 'Norsk forvaltning i EØS-prosessen - noen empiriske resultat', *Nordisk Administrativt Tidsskrift*, Vol. 75, No. 1, pp. 48-67.

Friis, Lykke and Anna Murphy (1999), 'The European Union and Central and Eastern Europe: Governance and Boundaries', *Journal of Common Market Studies*, Vol. 37, No. 2, pp. 211-32.

Furre, Berge (1991), 'Vårt hundreår - norsk historie 1905-1990', Oslo, Det norske Samlaget.

Gleditsch, Nils Petter, Øyvind Østerud and Jon Elster (eds.) (1974), 'De utro tjenerne : embetsverket i EF-kampen', Oslo, Pax forlag.

Goetschel, Laurent (1994), 'Zwischen Effizienz und Akzeptanz. Die Information der Schweizer Behörden im Hinblick auf die Volksabstimmung über den EWR-Vertrag vom 6. Dezember 1992', Bern, Paul Haupt.

Hocking, Brian and William Wallace (1997), 'Multi-level Governance: An Overview', Paper delivered at the ECPR Joint Sessions of Workshops, Bern, 27 February - 4 March 1997.

Huth, Petra (1996), 'Europäisierung oder 'Entschweizerung'? Der Abstimmungskampf der Schweiz um den Beitritt zum Europäischen Wirtschaftsraum', Bern, Peter Lang.

Ingebritsen, Christine (1998) 'The Nordic States and European Unity', Ithaca, Cornell University Press.

Jaag, Tobias (1999), 'Der Einfluss des europäischen Rechts auf das kantonale Staats- und Verwaltungsrecht', in 'Der Einfluss des europäischen Rechts auf die Schweiz, Festschrift zum 60. Geburtstag von Roger Zäch', Zurich, Schulthess, pp. 713-731.

Jachtenfuchs, Markus and Beate Kohler-Koch (eds.) (1996), 'Europäische Integration', Opladen, Leske + Budrich.

Lindstrøm, Guy (1996), 'Nordisk samarbeide i en ny tid', *Nordisk Administrativt Tidsskrift*, Vol. 77 No. 2, pp. 30-131.

Norway Departementet for handel og skipsfart (1986-87) 'Om enkelte handelspolitiske spørsmål', Stortingsmelding no. 63, Oslo.

Norway Justis- og politidepartementet (1996-97), 'Om samtykke til ratifikasjon av samarbeidsavtale av 19 desember 1996 mellom partene i Schengenavtalen og Schengenkonvensjonen, og Island og Norge om avskaffelse av personkontroll på de felles grenser', Stortingsproposisjon no. 42, Oslo.

Norway Regjeringsutvalget for EF saker (1989), 'Norges tilpasning til EF's indre marked – Statusrapport', October 1989, Oslo.

Norway Statskonsult (1998) 'EØS-forvaltningen i Norge – kartlegging og systematisk oversikt over EØS-oppgavene i den norske forvaltningen', Report no. 1998, 20, Oslo.

Norway Statskonsult (1999) 'Norsk deltakelse i EU-komiteer', Report no. 1999, 6, Oslo.

Norway Statsministerens kontor (1995) 'Regjeringens arbeid med EØS-saker' 21 April, 1995, Oslo.

Norway Stortingets forhandlinger (1998-99), 'Ad forhandlingene med EU om Schengen-samarbeidet – hovedinnholdet i avtaleutkastet', 18 December 1998, pp. 1449-1453, Oslo.

Norway Utenriksdepartementet (1986-87) 'Norge, EF og europeisk samarbeid', Stortingsmelding no. 61, Oslo.

Norway Utenriksdepartementet (1991-92) 'Om samtykke til ratifikasjon av Avtale om Det europeiske økonomiske samarbeidsområde (EØS), undertegnet i Oporto 2. mai 1992', Stortingsproposisjon no. 100, Oslo.

Norway Utenriksdepartementet (1993-94) 'Om medlemskap i Den Europeiske union' Stortingsmelding no. 40, Oslo.

Marks, Gary and Fritz W. Scharpf et al. (eds.) (1996), 'Governance in the European Union', London, Sage.

Olsen, Johan P. (1996) 'Europeanization and nation-state dynamics'. In Gustavsson, Sverker and Leif Lewin (eds.) 'The Future of the Nation-state: Essays on Cultural Pluralism and Political Integration', London and New York, Routledge, pp. 245-285.

Olsen, Johan P and Bjørn Otto Sverdrup (eds.) (1998) 'Europa i Norden', Oslo, Tano.

Rhodes, R.A.W. (1996), 'The New Governance [in the UK]: Governing Without Government', *Political Studies*, Vol. 44, No. 4, pp. 652-667.

Ringdal, Kristen (1995), 'Velgernes argumenter', in Todal Jenssen, Anders and Henry Valen (eds.), 'Brussel midt imot - folkeavstemmingen om EU', Oslo, AdNotam Gyldendal, pp. 45-64.

Riste, Olav (1991), 'Isolasjonisme og stormaktsgarantiar: norsk tryggingpolitikk 1905-1990', *Forsvarsstudier*, No. 3, Oslo.

Riste, Olav (1995), 'Forord', in Bjøgo, Narve, Øystein Rian et al. (eds.), 'Selvstendighet og union - Fra middelalderen til 1905', *Norsk utenrikspolitikk historie vol. 1*, Oslo, Universitetsforlaget, pp. 5-9.

Rometsch, Dietrich and Wolfgang Wessels (1996), 'Conclusion: European Union and National Institutions', in Rometsch, Dietrich and Wolfgang Wessels (eds.), 'The European Union and Member States - Towards Institutional Fusion?', Manchester, Manchester University Press, 328-365.

Scharpf, Fritz (1996), 'Negative and Positive Integration in the Political Economy of European Welfare States', in Marks, Gary and Fritz W. Scharpf et al. (eds.), 'Governance in the European Union', London, Sage, pp. 15-39.

Schweizerisches Bundesamt für Justiz (1995), 'Leitfaden für die Ausarbeitung von Erlassen des Bundes', Bern, Bundesamt für Justiz.

Schweizerischer Bundesrat (1988), 'Bericht über die Stellung der Schweiz im europäischen Integrationsprozess vom 24. August 1988', Bern, EDMZ.

Schweizerischer Bundesrat (1992), 'Bericht über einen Beitritt der Schweiz zur Europäischen Gemeinschaft vom 18. Mai 1992', Bern, EDMZ.

Schweizerischer Bundesrat (1992a), 'Botschaft zur Genehmigung des Abkommens über den Europäischen Wirtschaftsraum vom 18. Mai 1992', Bern, EDMZ.

Schweizerischer Bundesrat (1995), 'Zwischenbericht zur europäischen Integrationspolitik der Schweiz vom März 1995', Bern, EDMZ.

Schweizerischer Bundesrat (1999a), 'Schweiz – Europäische Union: Integrationsbericht vom 3. Februar 1999', Bern, EDMZ.

Schweizerischer Bundesrat (1999b), 'Botschaft zu den sektoriellen Abkommen Schweiz - EU vom 23. Juni 1999', Bern, EDMZ.

Schweizerischer Interdepartementale Arbeitsgruppe 'Euro' (1998), 'Die Schweiz und die Europäische Wirtschafts- und Währungsunion', Bern, Eidgenössisches Finanzdepartement.

Sciarni, Pascal and Ola Listhaug (1997) 'Opposing Cases or Unique Pair? The Swiss and Norwegian 'No' to Europe', *Journal of Common Market Studies*. Vol. 35, No. 3, pp. 407-438.

Sejersted, Fredrik and Finn Arnesen et al. (eds.) (1995), 'EØS-rett', Oslo, Universitetsforlaget.

Sejersted, Fredrik (1996), 'The Norwegian Parliament and European Integration. Reflections from Medium-Speed Europe', in Smith, Eivind (ed.), 'National Parliaments as Cornerstones of European Integration', London, Kluwer, pp. 124-156.

Soetendorp, Ben and Kenneth Hanf (eds.) (1998), 'Adapting to European Integration – Small states and the European Union', London, Longman.

Sollien, Tone Horne (1995) 'EØS-avtalens betydning for norsk lovverk og den nasjonale beslutningsprosessen: en kartleggingsstudie', Thesis, Oslo, University of Oslo.

Sverdrup, Ulf and Stephan Kux (1997), 'Balancing Effectiveness and Legitimacy in European Integration: the Norwegian and Swiss Case', ARENA Working paper no. 97/31, Oslo.

Todal Jenssen, Anders et al. (eds.) (1998) 'To join or not to join – Three Nordic referendums on Membership in the European Union', Oslo, Scandinavian University Press.

Todal Jenssen, Anders and Ola Listhaug et al. (1995) 'Betydningen av gamle og nye skiller', in Todal Jenssen, Anders and Henry Valen (eds.), 'Brussel midt imot - folkeavstemmingen om EU', Oslo, AdNotam Gyldendal.

Toonen, Theo A.J. (1992), 'Europe of the Administrations: The Challenge of '92 (and beyond)', *Public Administration Review*, Vol. 52, No. 2, pp. 108-115.

Vollebæk, Knut (1999) 'Statement on the Government's European policy, with emphasis on relations with the EU', Foreign Minister Knut Vollebæk's statement to the Storting, 19 January 1999, Oslo.

Chapter 5: Europeanization of the national statistical systems

5. 1 Europeanization of statistical institutions*

How and to what extent has European integration affected national policy making and national institutions? In this chapter, I analyze how and to what extent the creation of a European statistical system in the European Union (EU), particularly in relation to the implementation of the Economic and Monetary Union (EMU), affected the national statistical institutions (NSI). I show that European integration has changed the statistical system in Europe; a European statistical system has emerged, a European statistical unit has been strengthened, and the national statistical institutions have adapted and responded to European integration. The term Europeanization can refer both to the development of new institutions, resources and capacities at the European level, and to the adaptation and change between and within institutions at the national level (Olsen 1996). I argue that the process of Europeanization is best explained as a distinct match of, an environmental pressure for change, deliberate reform attempts by the political leadership and the professional statistical community, and the properties and histories of the domestic institutions involved.

The reasons for investigating the Europeanization of the statistical system are both theoretical and empirical. An important element in democratic governance is to govern the accounts. Accounts provide interpretations and explanations of experience and make actions imaginable and consequences interpretable (March and Olsen 1995: 141). Formal accounting systems and statistics are critical in creating accounts of political processes. Numbers attract attention and shape alternatives, options and choices. Numerical accounts secure accountability and legitimacy for decisions that are made, and are important in evaluating and assessing the outcome of political processes (Alonso and Starr 1983, Porter 1995, Olsen 1989, Hopwood and Miller 1994). Consequently, analyzing changes in democratic governance as a result of European integration requires an understanding of how and to what extent the numerical accounts are affected. Secondly, since statistical systems are heavily

* A previous edition of this chapter was *presented at the Workshop: "Western Europe in an Age of Globalization", February 26-28, 1999, Minda de Gunzburg Center for European Studies, Harvard University, Cambridge, USA*. I wish to thank Johan P. Olsen, Theo. Barth, Linda Sangolt, Svein S. Andersen, Morten Egeberg and Ingrid Mohn Sverdrup, and the participants at the Harvard seminar for comments.

institutionalized systems at the core of the nation-state, such an examination contributes to develop our theoretical account of processes of Europeanization and how it affects well-institutionalized systems. Finally, the European statistical system is an important building block in the new European polity, and many of the debates on the EMU have been related to statistics, making it an interesting object of study in itself.

The chapter is organized in the following way: Firstly, I present three different theoretical perspectives on the dynamics of change in the national statistical systems. Secondly, I demonstrate that these systems are institutionalized systems at the core of the nation state and that they have been important in constituting the nation state. Thirdly, I show that a new European statistical system emerged. European integration has changed the *procedures and rules regulating* the production of statistics, the *relationship between and within different producers of statistics*, and it has altered the *perception* of statistics. Finally, I show that the national institutions have adapted to these developments. I conclude that a distinct match between environmental changes, political leadership and domestic institutional structures best explain the Europeanization of the national statistical institutions.

5. 2 Dynamics of the statistical system

Organizational theory provides three different views on institutional dynamics (Olsen 1992), that are relevant for this analysis. *The environmental deterministic perspective* argues that the structure of the statistical system is determined by contextual factors (DiMaggio and Powell, 1983). Consequently, accounting and statistics are less likely to reflect the technical work processes, than the resources or opportunities of the environment (Meyer 1994: 122). Within this school there are yet two traditions. The first sees the environment as a power structure imposing problems on the organization. The stronger the pressure and power, the greater the probability for organizational changes and adaptations. The second tradition considers the most important aspect of the environment as supplying immaterial resources and legitimacy, not its power to demand responses from the organization (DiMaggio and Powell 1983). The environment creates the standards of the accounting and statistical system. To reduce uncertainty organizations seek to adapt to these cultural and statistical standards upheld by the environment. The organizations applying such statistical standards are 'by definition more legitimate than others' (Meyer 1994:122). Competition and selection by the environment eliminates inefficient

or illegitimate institutions. Within this perspective the development of a powerful, or a legitimate organization at the European level will bring about change in the statistical bodies at the national level.

The design perspective advocates statistical systems as a result of design, driven by human intention and power. The statistical system is perceived as a tool for implementing policies and achieving political results (Starr 1983:184). Different goals, strategies, resources and insight of leaders determine the different structures of the system. Another version of this perspective is that the functional needs and tasks determine the design and shape of the organization (Perrow 1986). The technical activities of the organization are the most important predictors of the accounting system. Statistical systems are perceived as technical necessities for controlling modern differentiated organizations expanding in size. According to these perspectives, changes in the goals or preferences of the leadership, or changes in the technical needs of the statistical system will smoothly and rapidly be reflected in the national accounting and statistical system. New political tasks and aspirations in the EU will thus lead to changes in the national system for the production of statistics.

The institutional perspective views the relationship between the organization and its environment as more complex (March and Olsen, 1995). Decision-making is viewed in a certain historical, institutional and temporal context. Institutions have a certain level of autonomy, creating and constraining the possibilities for design and buffering the environment (March and Olsen, 1995). Decisions are made on the basis of rules and norms that are accumulated through past experiences and learning, rather than on the calculations of preferences and the anticipation of future events or future pressure from the environment. Decision-making combines a set of procedures that are believed to fit a particular role or situation. Resources and capabilities are linked to certain statistical systems and categories, thereby contributing to uphold specific categories and stabilizing interpretations of the world (March 1994:11-12). Statistical systems, like institutions in general, are difficult to change as they evolve in a path-dependent way. A decision made at one stage creates opportunities and constraints for decision making at a later stage. In most cases institutions change slowly and incrementally within the existing procedures and norms. According to this perspective, statistical systems are not driven by technical problem solving or determined by pressure of the environment, but rest upon institutional characteristics. The relationship between the environment is seen as complex. It is assumed that there is a mutual process of adaptation. The environment adapts to the institutions, but concurrently the

institutions adapt to their environments (March and Olsen 1995: 42). Changes, however, are not considered impossible. Occasionally dramatic crisis and external shocks may lead to a situation where the existing rules and categories do not facilitate the interpretation of the world.³¹ Under such conditions, the systems fail to make meaningful accounts of the world, and consequently, the statistical systems may change rapidly. In general, new accounting instruments and measures tend to stimulate interest in new dimensions of organizational description and redefine alternatives (March 1994). From this viewpoint changes are rare, involving the *matching* of existing institutions with environmental pressure and deliberate reform attempts.

5.3 Counting and constituting the nation state

In its simplest understanding, the concept of statistical system refers to the production, distribution and the use of numerical information (Starr 1983). Statistics can be interpreted in an instrumental manner, as an instrument or prerequisite for intelligent and enlightened decision making. Numerical information and statistics are thus the objective collection of facts about society. Statistics is frequently perceived of as simply mirroring the environment.³² Consequently, statistics becomes a neutral tool that enables decision-makers to act and make qualified decisions.

However, statistics can also be interpreted in a constructive manner. Scholars of organizational theory have questioned the objectivity of statistics, and challenged the view that accounting and the production of statistics are purely technical practices (Sangolt 1997). Numbers and statistical systems, like other political and institutional systems, can be treated as systems that mobilize bias (Schattschneider 1960). Equally, accounting and accounting standards can be seen as arenas of power and power politics (March 1988: 387). It is therefore important to examine accounting and statistics in their political and social context (Hopwood and Miller 1995).

³¹ On statistical absurdities see for instance *Daily Telegraph* 1 December 1996. The figures presented by Eurostat to ECOFIN showed that the EU had a \$102 bn trade surplus with self (sic!). The article also refers to an analysis finding that 'even with the restricted group comprising six countries, discrepancies in the data are so massive as to forbid any serious knowledge of trade position of this zone and the way it has been developing in recent year. The monetary policy committee of the European central bank is simply going to operate in the dark from this point of view'.

³² Fittingly, the Statistical Society in Britain had as its motto: *Aliis exterendum* (to be threshed out by others) (Porter 1995:78).

The statistical system, as a tool and as a constituting system, is firmly linked to the nation state. The term *statistics* derives from the German term *Staat* and the discipline evolved from the German *Staatenkunde* in the seventeenth century. Hence, statistics referred to the systematic collection of facts about a state. Statistics is closely connected with the construction of the state, with its unification and administration (Desrosières 1998: 8) Historically, statistical institutions emerged in parallel and as a prerequisite to the state-building process. In this state building process, the organization of the military, the tax system and the police were key features (Tilly 1975). Where there were taxes, there were also statistics. Taxation spurs a dissent over the power of the purse, which have been important in developing democracy (Wildavsky and Webber 1986). Statistics is thus instrumental to democracy.

Statistical systems can be viewed as a national institution with established rules infusing the interpretation of the world. During the course of time, categories and standards have become taken-for-granted. The boundaries of inquiry, presuppositions about social reality, systems of classifications, methods of measurement, as well as rules, routines, organization, resources and capacities for interpreting and presenting data have been structured along the boundaries of the territorial nation state. There are, for instance, few statistical data at the regional level, and cross border statistics is rare and underdeveloped. Consequently, the territorial boundaries of the nation state became the boundaries of the statistical universe.

The legitimacy and the effectiveness of statistics are based upon comparability in space and time. Since these comparisons are important for reliable knowledge, any change in the statistical categories reduces the possibilities for comparisons.³³ A statistical system creates and represents the present in the categories of the past and is per definition a conservative system that is historically constituted. It develops both slowly and in a path-dependent way.

Statistical agencies have developed in directions reflecting various state traditions. Certain statistical agencies have autonomy and authority, while others are more closely linked to the political system. For instance, in Greece the leader of the statistical agency is politically appointed, while in most of the

³³ To illustrate, in Germany, a large EU inspired reclassification exercise at the beginning of 1995 involved 6000 specific types of goods. As a result, only a fifth of the figures gathered and reported in 1996 were comparable with those reported 16 months earlier. *Financial Times*, 9 April 1996.

member states the statistical agency are secured autonomy by legislation. In the centralized France there is one statistical office, while in the more decentralized Germany there are 16 regional statistical offices, as well as the federal statistical office in Wiesbaden, the Bundesbank and various ministries, many of them applying different methods. In most countries, the profession of statisticians holds considerable autonomy and authority. Statistics and statisticians are perceived as neutral observers, dull, avoiding political controversy etc. This reputation, however, upholds their authority (Porter 1995: 51). In the welfare state statistics plays a key role in economic governance and represented an important instrument for redistribution. As a general rule, the more extensive the scope of the state authority over economic and social life, the greater the scope, detail, and volume of statistical investigation and inquiry.

Statistics infuse the normative judgments of the decision-makers. Numbers are, for instance, not only carriers of information, they also seem to generate more trust, giving a stronger impression of objectivity and rationality than regular text written in words (Porter 1995). Moreover, statistics contribute in shaping national identity and upholding the distinction between 'us' and 'them' (Anderson 1983). A national census 'is a kind of collective self-portrait that serves to reinforce national identity' (Starr 1983: 19). Consequently, statistics has been important in constituting the nation, as well as the state. For example, ideas about shared and average values, standard deviation and normality, which are important in 'imagining the community' are all statistical concepts. Consequently, stories told about the nation, its identities and properties, are often stories told by accountants and statisticians. The rise of statistical thinking and statistical representation took place during the nineteenth century. Statistics and statisticians played a crucial role in generating a national image of the state. For instance, in Italy the statistical institutions were important in creating Italian nationhood and a national image of Italy, however, statistics also contributed to accentuate the internal territorial visions of Italy (Patriarca 1996).

To summarize, the territorial boundaries of the state were important in the political structuration and organization within the nation state (Bartolini 1997). Statistics and the statistical institutions were important in building, governing and constituting the state and the nation. The production of statistics is thus 'firmly entrenched in national administrative structures and practices' (De Michelis 1997:48). Consequently, any processes of boundary extension of the statistical system will have important consequences on the political structuration and governing of the nation state.

5. 4 The building of a European statistical system

In the European Union it is an increasing interest in developing reliable and trustworthy data and figures. In order to have legitimacy the EU is dependent upon sound and effective management of the resources at its disposal. Fraud and mal-administration reduces the legitimacy of the EU institutions. Furthermore, in order to have a democratic and legitimate Union it is necessary to have adequate measuring instruments for just contribution to the EU budget etc. Otherwise, it would be difficult to develop trust and mutual understanding. As a consequence, institutions like the Court of Auditors, and the Eurostat are becoming increasingly important in developing the future European polity. In parallel to the harmonization of fiscal, social and economic legislation in order to allow for free movement of people, goods and capital, the EU is in need of harmonizing the statistical system. To create a political space involves and enables the creation of a space of common measurement, within which things may be compared, because of identical categories and encoding procedures (Desrosières 1998: 8-9). This harmonization process is work intensive and demanding.

The Eurostat is the statistical body of the European Union. The mission is to provide the European institutions and member states with reliable, comparable and relevant statistical information covering the whole of the EU. That is, supplying simple, reliable and timely statistics to the European institutions, the member states, the market and the public (Eurostat 1998a: 1). The Eurostat aims both to create common classifications and methods, and developing organizational structures for comparable statistic by facilitating greater co-operation between the EU and the Member states and by developing a uniform European Statistical System (ESS). Historically, the Eurostat has been in the backwater of European integration. However, it has gradually increased its importance.

The role of the national statistical institutes is not clearly defined in the Treaty of the European Union and the role of the Eurostat was first included in the Amsterdam treaty. The statistics division of the High Authority of the Coal and Steel Community was first established in 1953. In 1959, with the introduction of the EEC and the EURATOM, it was renamed 'The Statistical office of the European Communities', which is still the formal name of the Eurostat. The Eurostat is not independent but organized as a Directorate General (DG) in the

European Commission. From an institutional point of view the Eurostat is not independent. This comes into conflict with the view of the professional statisticians at the domestic level, at least in some of the member states. The independent NSIs are accustomed to making their own plans and to act on the basis of statistical arguments and a statistical logic of appropriateness. The Eurostat, on the other hand, has the first draft of its programme initiated by the European Commission. The European Commission draws their programme up more or less on the basis of political needs, and policy needs, rather than on statistical arguments.

There have been different attempts to reform Eurostat and to design it as an independent body in the EU. Henning Christophersen, who was Vice president of the European Commission and who was the Commissioner responsible for Eurostat in six years expressed such views. He argued that ‘the best and most coherent solution is to see how we can establish an independent statistical service for the EU - with its own resources and its independence guaranteed by Community legislation and by working with independent national statistical offices’ (Sigma 1995, Winter p 38). This institutional model for Eurostat would then be parallel to the European Central Bank. Independence is believed to be good for improving the credibility of the EU and the Commission proposals, as well as for monitoring and implementing policy within the community. If member states were well aware that statistical information came from a completely independent body, taking its own decisions in accordance with their professional standards and based upon an economic foundation, rather than being influenced by political considerations, it could generate more trust and support. However, there are also difficulties in making the Eurostat a more autonomous and independent unit. One of the most important problems with this development is that the European Commission controls the budget. And it is unclear if the European Commission would be willing to pay as much as they do now for the production of statistics in Eurostat. It is perhaps as likely that they would start producing their own statistics within the various DGs or perhaps even out-source it to other agencies, like they do in many other fields and issues.

Eurostat is organized with six different Directorates (departments). The Eurostat has increased in size from a staff of 58 people in 1959 to approximately 720 in 1997, including registered experts on temporary assignments, as well as permanent European civil servants. However, Eurostat is, as many of the European institutions, small compared to its counterpart at

the domestic level.³⁴ The total staff of the domestic statistical institutes is calculated to approximately 70,000.³⁵ To cope with a limited staff, the Eurostat has encouraged the transfer of staff from the national to the European level, and stimulated the development of various exchange programs.

The financial resources of the Eurostat are limited. A committee of the European Commission grants the Eurostat financial resources for implementation of the statistical program. The first statistical program was initiated in 1989 directed towards the development of statistics for the internal market. The 1993-1997 statistical program initiated in 1992, which also included the EFTA countries, emphasized the importance of statistics in relation to the EMU. In spite of a recent increase in workload the budget has been reduced during the last few years from approximately ECU 100 million to approximately ECU 47 million in 1998 (Eurostat 1998b).³⁶ There is a striking imbalance between the ambitious tasks and its limited capacity. The limited financial resources at its disposal have triggered extensive criticism. Officials at the Eurostat have argued that 'politicians tend to think that statistics can be produced for no money out of thin air'.³⁷ Particularly, in relation to the EMU there was a pressing need for additional resources to produce reliable statistics within 'extremely tight deadlines' (De Silguy 1995:3). As a consequence of limited resources, European statisticians have argued that 'there may not be high quality data acceptable by 1999'.³⁸

One of the consequences of limited resources at the European level, is that Eurostat rarely collects statistical data. It is dependent upon the transmission of data in an aggregate form from the member states. However, data is supposed to be checked by the Eurostat, compiled in the required form and, in some cases, harmonized. Member states failing to meet the standards are persuaded, encouraged and pushed to improve their statistics and measurements. This is a complex, time consuming process and the end results may turn out dubious. For instance, frequently, the Eurostat uses data collected by the Member State for national purposes, which often requires lengthy processing to make them comparable.

³⁴ The French Statistical office, INSEE, for instance, has a staff of 6500 people.

Statistics Norway has approximately 900 employed in 1998 (Statistics Norway 1998).

³⁵ *Financial Times*, 15 June 1998.

³⁶ Statistics Norway, has a budget of approximately ECU 42, 5 mill (Statistics Norway 1998).

³⁷ *Financial Times* 24, June 1996

³⁸ *Financial Times* 24, June 1996.

However, in some cases the Eurostat has a legal base for collecting data. If new statistics are required in the EU, the Member states' data is harmonized as a result of legal acts from the Council. In most cases, the European Commission demands new statistics. The Eurostat co-operates with the relevant DG and seeks ways to meet this demand. However, in developing a European statistical space, the EU builds upon and exploits pre-existing patterns of international statistical co-operations. International co-operation in the field of statistics has a long history. International organizations like OECD and the UN have historically been important in organizing international statistical co-operation. After consultation with expert reports and working groups within the EU system, and after recommendations from international organizations such as the UN and the OECD, the Eurostat submits a proposal to the Statistical Program Committee. Representatives of the national administrations are present during most phases of the policy process. For example, in relation to the harmonization of statistics, there are approximately 200 meetings of working parties every year, attended by between 10 and 60 representatives from the NSIs and from European institutions (Sigma 1997: 49).³⁹ In addition, the staff of the NSIs stays in regular contact with the Eurostat and the leaders of the NSIs often encourage such contacts.

Statistics is not only instrumental to economic governance, but also to democracy. The Eurostat views its role not purely as an instrument for economic governance. By securing increased transparency, knowledge for informed decision making and political accountability, it views itself as a key factor in the democratization of the EU. The motto of Yves Franchet, the Director General of the Eurostat, reflects the link between statistics and accountability: 'European statistics - serving the people so that democracy may flourish' (Eurostat 1998a). Moreover, the Eurostat sees itself as advancing the development of a European identity. For instance, the first version of the European statistical yearbook, published in 1995, was a book 'for and about the Europeans', stressing its importance in developing knowledge and trust by enabling its citizens to know their 'European neighbours just a little better' (Eurostat 1995: i). In the same way as 'territorial currencies' can be viewed as symbols expressing the identity and sovereignty of the nation state (Helleiner 1997), the Euro combined with the development of European statistics have the potential to increase identifications with the EU. For instance, 'Europe' and 'Europeans' increasingly refer to information presented and counted in the

³⁹ An average of 30.

tables and rows published by the Eurostat. Although presently there are only 15 member states in the EU, the information is referred to as 'European'.

The development of European statistics is also a matter of developing a shared language. The lack of one common language in the EU increases the importance of European statistics. Eleven languages have the status of official languages in the EU. Finding solutions to overcome the technical, cultural, economic and democratic difficulties related to languages have proved to be difficult. In the EU there is, at least to some extent, a 'culture of no culture'. In the creation of a unified political and administrative system the 'neutral' language of quantification may prove to be more important than English, German or French (Porter 1995:77). Numbers and statistics are seemingly interpreted as a language that replaces culture and national languages with systematic and rationalistic methods. Consequently, the Europeanization of statistics is literary an important element in the creation of a new European language.

To summarize, the Eurostat plays an important role in providing decision-makers with statistical information, increasing democracy and furthering the development of a European identity. The limited staff, capacity, powers and rights of the Eurostat makes it a relatively weak institution with limited possibility to impose changes on the national statistical system. Nevertheless, the Eurostat is a requisite in developing the statistical system. By authorizing new statistical standards and measuring systems, it provides legitimacy to the users of this new system. Among statisticians the Eurostat is often viewed as a 'professional body whose work confirms with internationally accepted accounting procedures'.⁴⁰ The Eurostat is important in facilitating harmonization and co-operation in Europe, being at the centre of co-ordination, operating the secretariat and submitting the relevant papers to the member states (De Michels 1995: 4). The base of legitimacy appears to depend upon a legal, political and economic commitment of the states in facilitating co-operation in general, and implementing the EMU in particular. The European statistical system does not impose changes on the national institutions, as suggested by the environmental deterministic perspective. However, it does have certain legal and immaterial powers at its disposal.

⁴⁰ *Financial Times*, 2 January 1997.

5. 5 Developing the instruments for statistical measuring in the EMU

One of the greatest challenges for the Eurostat and the statistical community in Europe has been the introduction of the Euro in January 1999. According to article 109 j in the Treaty of the European Union (TEU) there were four criteria for evaluating convergence; inflation, debt, exchange rates and long term interest rate.

Inflation: This criterion has been defined as having a rate of inflation, measured by consumer prices, over a period of one year before the examination, at the most, 1,5 percentage points above the average of the three best national performances.

Debt: The sustainability of the government financial position; this will be apparent from having achieved a government budgetary position without a deficit that is excessive as determined in accordance with Article 104c(6). This criterion is defined as the deficit in the budget shall not be exceeding more than 3 per cent of GNP. The criterion can be considered as fulfilled if the deficit declines substantially and continuously, and if it has reached a level that is close to the reference value. Furthermore, the public debts should not be more than 60 per cent of GNP. The debt criterion shall be interpreted as fulfilled, if the debt has been significantly reduced or are converging with the reference value.

Exchange rates: The observance of normal fluctuation margins provided for by the exchange-rate mechanism of the European Monetary System, for at least two years, without devaluing against the currency of any other member state. That is, the member country should be a member of the EMS during the last two years, and without devaluing its currency on its own initiative.

The Long-term interest rate: The durability of convergence achieved by the Member State and of its participation in the exchange rate mechanism of the European monetary system being reflected in the long-term interest rate. That is, the long-term interests during the last 12 months shall not exceed by more than 2 percentage points that of the three best performing member states in terms of inflation.

To enter the EMU, the member states were obliged to budget and pursue an economic and monetary policy enabling them to meet the convergence criteria. Consequently, in order to make informed assessments and legitimate choices,

the EU needed reliable statistics assessing each and every member state. Moreover, the European Central Bank, (ECB) needed trustworthy data and knowledge of both the current and the historical situation for sound governance of EMU.

As a result of the creation of the EMU and the formulation of these convergence criteria, statistical information has been the focus of attention of political discussions in Europe during the past last years. Statistical indicators were perceived as invariable objectives. The criterion of the budget deficit not exceeding 3 % of the GDP, for instance, was ‘constructed as the benchmark by which the future quality of the Euro’ should be judged (Risse 1999:31). The convergence criteria almost became ‘magic numbers’. It was believed that success or failure of European integration, which is normally perceived as something complex, could be expressed, measured and decided on the basis of a few figures. Certain academics, like Risse (1999) attribute the absolutism in interpreting the convergence criteria as reflecting German history and interests. However, it is not only a specific German interpretation. Good and sound accounting and auditing of economic indicators is a universally praised technology of effective allocation of responsibility and a technology of risk reduction in modern societies (Power, 1994). The seemingly strong expression of precision and exact quantification thus matched the universal demand for reliable accounting standards. While most people ignored the obvious fact that economic measurement is not a precise science (Morgenstern 1963), and that economics is, at best, a one-digit science, in which nobody can take the third, fourth and fifth digits seriously (Tuftte p. 51 in Starr 1983).

At the same time as the convergence criteria established an absolute standard or a clear ‘benchmark’, the measurement of the convergence criteria triggered a pragmatic discussion among statisticians on improving the statistical methods and standards. The Eurostat had the responsibility for creating a harmonized index of consumer prices, securing compliance with standards for calculating debt and deficit, and harmonizing the calculation of Member States’ GDP and GNP. Two technical instruments were designed to measure and monitor convergence. Both of these instruments sought to exploit and refine already pre-existing patterns of international co-operation, rather than representing a break with the past.

Firstly, to measure inflation, the European Council adopted a regulation in 1995 concerning a harmonized index of consumer prices (HICP). The Eurostat devised the HICP in co-operation with the NSI. It served as a framework for

further detailed harmonization measures, and set out a step-by-step approach for harmonizing price indices. The first HICP was published in January 1997, and historical data was available back to 1995 (EMI 1998: 283). According to the HICP, the NSIs calculated monthly indices of their own countries and transmitted them to the Eurostat. Procedures used by the National statistical institutes were monitored by the Eurostat, which then calculated the European Index of Consumer Prices, the weighted average inflation rate of the EU member states.

Secondly, according to Article 104 c of the TEU the European Commission monitored the development of the budgetary situation in the member states. Statistical information on member states' budgetary transactions were presented by the member states and evaluated by the Eurostat on the basis of a standard national account manual. A Council regulation of November 1993 defined 'government', 'deficit', 'interest expenditure', 'investment', 'debt' and gross domestic product' by reference to the second edition of the European System of Integrated Economic Accounts (ESA), also called ESA 79. The ESA 79 is a modified and elaborated version of a system standardized by the UN. Regular production of national accounts began during the Second World War, with the first international guidelines emerging in 1947. The OECD expanded these guidelines in 1952. At the global level, these OECD recommendations became the first UN System of National Accounts (SNA) in 1958. A Revised Version of SNA was produced in 1968. In parallel to this development within the UN, the EC needed a set of comparable national accounts to formulate and monitor economic policy. The first European System of Accounts (ESA) was published in 1970 and a modified version was created in 1979.

In specific cases where accounting procedures were not clarified, or cases which were not covered by the ESA 79, a clearly defined procedure existed for reaching decisions. A task force prepared consultation on methodology and interpretation. The statistical problems were delegated to two expert groups: working parties on 'national accounts' and on 'financial accounts'. Finally, the Eurostat consulted the Committee on Monetary, Financial and Balance of payment statistics (CMFB).

The view of the professional statistician was primarily instrumental, that is, the lack of good statistics was perceived as resulting from a lack of precision of the measuring instruments. In relation to the EMU there were significant problems with precision. Firstly, the standard classification system in use was not updated or adequate. The difficulty arose because the structuring of the

government finances were evolving more rapidly than the statistical systems measuring them. The standardized European system of accounts, introduced in 1979, did not cover important technological and economic changes occurring in the past 15 years. A huge number of studies were made in various working groups under the EC, OECD and at the global level during the 1970s and 80s, leading to the new global SNA in 1993 (SNA 93). Since the key national accounts aggregates had gradually been used for administrative purposes in calculating the contributions to the EU budget, entitlements to social and regional funds, and in particular the attempts to create the EMU, the EU decided to create a new ESA consistent with the SNA 93. The ESA 95 is an evolution and refinement of the old system, rather than a revolution.

The ESA 95 is not only an improvement in terms of harmonized statistical measuring, but also in relation to the transmitting of national accounts data from the member states to the Eurostat. However, there are still considerable variations in the data that are transmitted, since certain member states have been granted exceptions until 2005 in respect of volume, detail, transmission methods and deadlines. ESA 95 was also an improvement in terms of its legal status. ESA 79 had no legal basis and could therefore be perceived of as an internal manual for the Commission, while ESA 95, on the other hand, has been implemented through a Council regulation.

Nevertheless, in spite of the much better ESA 95 the member states still used ESA 79 to present their budgetary operations, and the Eurostat checked that it was properly applied (Regulation EC 3605/93). The new system ESA 95 was first implemented by March 2000, after the third stage of the EMU was implemented. The new standard, when applied, is expected to produce changes in the size of some countries' GDP, thus distorting budget calculations.⁴¹ In order to reduce uncertainty about the implementation of the EMU, the decision-makers refrained from implementing the new and improved standards. Dieter Glatzel, head of the Eurostat unit responsible for the excessive deficit procedure, argued that the delay was a result of the economic situation in the member states, fearing that the introduction of a new standard could tilt the creation of the EMU. He argued that the '[b]ackground to the delay in applying ESA 95 to the excessive deficit procedure was the economic situation in 1994-95. At that time very few countries were able to achieve or improve on the reference values laid down in the Protocol: 60 per cent for ratio of

⁴¹ According to the Council Regulation of June 1996, the second edition of ESA will be applied until 1999. Thereafter it will be replaced by ESA 1995 (EMI 1998: 283).

government debt to GDP and 3 per cent for ratio of government deficit to GDP. Therefore the move to third stage of monetary union on 1 January seemed possible only for a small number of member states' (Glatzel 1999: 31-32).

Secondly, in relation to the debt criterion the inconsistency between reported deficits and increases in debts were left out of the accounts and in the official statistics subsumed under the category 'stock flow adjustments'.⁴² Finally, some economists argued that much of the public controversy over the convergence criteria focused on parameters that may in some cases be of secondary importance to the economies (Sutherland 1997).

The discussions on the development of reliable measuring instruments have been highly technical and dominated by professional statisticians. The rationale has been finding superior technical solutions and developing institutional arrangements able to sort out professional disputes and realize the EMU. This view of statistics is consistent with the design perspective, which advocates statistical systems as a result of design, driven by human intention and power. The statistical system is thus a tool for implementing policies and achieving political results and the functional needs and tasks determine the design and shape of the system.

However, this perspective on statistics was challenged by a politically and institutionally grounded discussion on the significance and relevance of statistics. The very introduction of the convergence criteria, and the national attempts to adapt and meet them, triggered important political and normative debates on the role and content of national and European statistics. Among economists, the convergence criteria have gradually come to be seen as universally accepted targets for sound finance and good economic management. However, in the political discussions the relevance of the convergence criteria has been questioned. Why are these particular statistical indicators chosen? What are the future consequences of measuring exactly these four criteria? One such discussion, for instance, has been related to why the decision-makers have left out a criterion specifying the maximum level of unemployment acceptable for the member states,⁴³ or for instance, leaving out

⁴² For Greece, for instance, the stock flow adjustment is more than 20 per cent of the GDP. 'Still, there has been no official explanation of these inconsistencies and no comment on them of the interpretation of the fiscal convergence criteria' (Gros and Thygesen 1998).

⁴³ For instance, during the IGC in 1996, Sweden launched the idea of making unemployment a specific convergence criterion for the EMU. France also took

any data on the deep variation in demography among the member states and how they are affected differently by the growing 'aging crisis' in Europe. Another criticism has been that some states are more affected by the new statistical systems than others, since any statistical system is biased. In the politicization of national economic indicators member states have referred to their own standards and traditions for statistical measuring. Their arguments have reflected their national institutional procedures.

5. 6 Adapting and implementing the convergence criteria

The member states faced a situation where they needed to adapt both their statistical institutions and their economy to the convergence criteria. However, the Europeanization of statistics took place in a period of extensive domestic reforms of the NSIs, loosely coupled to European integration. Firstly, NSIs gained increased autonomy from the political authorities. Consequently, statistical institutions became increasingly more oriented towards both the users and the market, perceiving themselves less as an instrument of the political leadership. This implied the strengthening of the press offices, the fixing of the deadlines for publication of data, increasing the security of information, reducing the texts and increasing the numbers in the statistical publications etc. Secondly, the NSI experienced rapid changes in technology and methods. For instance, they relied increasingly upon electronic measuring of data instead of paper questionnaires. Thirdly, the structural changes in the economy required a development of statistics in new fields like for instance international industry, trade, travel, IT technology and environmental issues etc.

In the transformation of the NSIs the European statistical co-operation was perceived with ambiguity. On the one hand, the Eurostat provided the national statistical institutes with possibilities to improve the harmonization and comparability of European statistical information. The harmonization efforts in the EU were not solely based on recommendations alone, as in the UN and the OECD, but on a legal foundation as well. The attempts to strengthen the international co-operation were consistent with the goals of the NSIs to strengthen international co-operation.

important initiatives during the final negotiations on the Amsterdam treaty to integrate the issue of employment into the EMU.

On the other hand, the Eurostat was considered an institution creating difficulties for the NSIs by increasing their workload. Meeting the new European standards was time consuming and demanded considerable resources. The NSIs were frustrated by the fact that the Eurostat imposed a financial and practical burden on the national institutions. In turn, the technology was outdated. In particular the small states like Denmark, Ireland and Sweden had difficulties meeting the demand of European statistics. Carrying the budgetary costs of the statistics proved difficult. Nevertheless, national statistical institutions made great efforts to comply with the statistical demands within short deadlines. Adaptations of the statistics were made within the existing institutional framework, and there were few major attempts to reorganize the organizational structures.

The adaptation of the member states to the convergence criteria implied a balancing between political and financial accountability. In a situation where there are considerable difficulties in reforming the institutions, but where a strong willingness to make changes exists, it is often easier to alter the accounts than to make real changes in the economy (March 1988: 392). In spite of extensive and successful efforts to adapt the economy, meeting the criteria also involved creative accounting. Creative accounting is the deliberate attempt to alter the evaluation and assessment of the activity of the organization by altering its accounts and bookkeeping methods and standards. Creative accounting is thus the attempt to adapt to the pressure from the environment for economic and rational financial accountability, and at the same time meet certain standards for acceptable and appropriate solutions which are entrenched in the national political institutions. Political accountability can be understood as giving persuasive accounts in a realm where there may be disagreement of the currency (Day and Klein 1987). That is, in political processes and discourses different values, standards and norms might come into play, and different actors may hold different ideas of appropriate action and compliance. Financial accountability is about keeping true and accurate accounts in a realm where there is agreement about the currency: money (Day and Klein 1987:8).

In adapting the national accounts the member states used different techniques to balance financial and political accountability. In their attempts to meet the criteria, most member states used various one-offs and bookkeeping techniques. Since 1997 deficits were used to determine whether or not a member state was allowed participation in the EMU, the spring of 1997 was particularly hectic in terms of creative accounting. Certain attempts were strategically motivated, while others simply resulted from different national

traditions for bookkeeping. Consequently, the member states were conducting a balancing act between the technical definitions established by the Eurostat, the boundaries of what was seen as politically acceptable, and what was achievable in the relatively rigorous path-dependent systems of the NSIs.

The Eurostat was responsible for monitoring. Moreover, it gave validity to the various attempts to make changes in the accounting systems according to established European procedures. The European statistical community tried to uphold their legitimacy and professional autonomy, thus repudiating the accusations of creative accounting. The Eurostat argued that it always had 'taken the utmost account of the opinions of CMFB and other expert groups consulted'. Every decision, it claimed, was based on opinions adopted unanimously or by large majority of the member states. Further, these decisions were made 'solely on the basis of statistical principles that comply with the harmonized rules for national accounts' (Eurostat 1998c). Statisticians took deep professional pride in their work. Suggestions that the numbers were fiddled were rejected. Officials of the Eurostat argued that there are 'absolutely no statisticians who are manipulating figures'.⁴⁴ The European professional network of statisticians, with established patterns of contact and a shared model of the world reduced the difficulties in the domestic adaptation process.

Nevertheless, the Eurostat experienced strong political pressure to accept the data provided by the member states. The role of the Eurostat, both as an organ for 'neutral' statistics and as a branch of the European Commission, a strong supporter for the creation of the EMU, made it vulnerable to pressure. For instance, in relation to the French attempt to make one-offs, it was argued that 'we do not want all our attempts to build the credibility of data to be undermined' and alarmed that 'the credibility of statistics is at stake'.⁴⁵ The Eurostat expressed a wish not 'to be pushed around by politicians'.⁴⁶ However, Alberto de Michelis, a senior Eurostat official, suggested a relaxing of the interpretation of the statistical figures. For instance, when commenting upon the Italian attempts on creative accounting, the introduction of an Euro tax, he claimed that nothing in the text of the Italian government signaled a legally binding commitment to reimburse citizens. To him it was 'only a political commitment'. He argued further that the task of the Eurostat was to create a playing field in the application of statistical rules. He claimed to know some governments accused each others of cheating, but that it did not concern the

⁴⁴ *Financial Times*, 10 September 1996.

⁴⁵ *Financial Times*, 31 October 1996.

⁴⁶ *Financial Times*, 31 October 1996.

Eurostat.⁴⁷ This pressure for accepting manipulated figures was not fairly distributed among the member states. For instance, the decision to not accept the Belgium creative accounting left some Belgian officials arguing that it ‘seems to be one rule for large countries and another for small’.⁴⁸

To summarize, environmental changes and shifting political goals triggered institutional adaptations of the NSIs. However, the responses of the NSIs were primarily a process of exploitation of national traditions, and pre-established international standards, combined with responsiveness to the strong political willingness to implement the EMU. In this perspective, the target figures in the TEU were indicators of the institutional ability and political willingness of each national political system to conform to the general objective. Consequently, the final decision on the first wave of member states of the EMU was based on the trustworthiness of the political and institutional systems of the states, not on the basis of the fixed and reliable economic indicators.

The difficulties in creating a trustworthy European statistical system with comparable data are not uniquely related to the European integration process. In fact, these difficulties could just be transitional. European statisticians have been among the first ones that have had to cope with a much more complicated system of integrated markets and trans-national trade at a large scale. European economies were the first ones to be gradually de-nationalized as a result of the creation of the Single Market. The statistical institutes of the member states have been the first statistical institutes that have been subject to an extensive harmonization programme. In spite of the fact that Eurostat and the member states have sought to increase comparability, there is still a general tendency of loss of policy relevance of their economic statistics.

This is partly due to creative accounting and institutional robustness at the domestic level, but it truly also one important dilemma in the globalization of markets in general. As economies and governments are becoming more and more integrated, depending more and more on accurate, comparable and timely statistical information, they ‘will not be able to prevent the further erosion of the policy relevance of economic statistics’ (De Michelis 1997: 50). This development raises serious challenges for democratic governance. Politicians will have to cope with a situation with increasingly loose couplings between the policy processes and the democratic channels, rooted in the nation state,

⁴⁷ *Financial Times*, 22 February 1997.

⁴⁸ *Financial Times*, 31 October 1996.

and the economy and information on the economy rooted in the European and global level. Since the World War II, statistical production has been increasingly concerned itself with questions related to methods and techniques. Questions related to purpose, content and need for certain data have played a less prominent role (Biederman 1972). However, European integration has nevertheless allowed a redefining, reinterpreting and rediscovering of important national accounts and traditions of the nation state, perhaps also in the longer run triggering a more important discussion on the role of statistical information in democratic governance in an integrated Europe.

5.7 Conclusion: adaptation, ambiguity and exploitation

The point of departure of this paper was three possible explanations on the Europeanization of the national statistical institutions. This analysis suggests that a proper understanding of the dynamics of change has to take into account the interplay between the pressure for change from the European level, the deliberate attempts of the statisticians to design the institutions, and the national institutional characteristics.

Firstly, the European statistical system can be perceived as an environment imposing changes and providing new standards. The Eurostat had some, although limited, administrative, legal and financial capacity to impose such changes. The Eurostat proved its legitimizing power in developing and authorizing the statistical system. However, the legitimacy for statistical co-operation stemmed more from the legal, political and economic commitment of the states to introduce the EMU, not the idea of the Eurostat functioning as an independent professional body. During this process, Eurostat has sought to find its role as a 'living institution' in the new European polity. This process has involved a balancing act between on the one hand, professional standards and autonomy, and on the other hand responsiveness to political demands and pressures from the European and national level, within strict deadlines and limited resources.

Secondly, the new statistical system was an instrument designed for measuring and monitoring economic activity. The new tasks and political goals of creating the Economic and Monetary Union sparked a wave of efforts to develop a new statistical system. To some extent, the statistical system reflected the technical work process and the ambitions of the political leaders. Reforms were initiated to make the statistical system of the nation state meet the functional

requirements and political ambitions of the leadership. However, as the EMU triggered a wave of increased technical specialization and refinement of statistics, it also fostered a wave of politicization of statistics. Consequently, the legitimacy and quality of the statistics in use were questioned, spurring a general discussion on the normative bias of statistical indicators.

Thirdly, the statistical adaptation to the new standards and tasks proved to be an uneasy process. Statistical systems are firmly entrenched in the nation state. Statistical agencies differ in their capacity and political legitimacy. The difficulties of institutional reform, combined with a strong willingness to meet the convergence criteria, led to extensive use of creative accounting, instead of actual economic changes. Consequently, the widespread use of creative accounting may thus be understood as the national institutions' inability to meet the requirements for financial accountability. However, creative accounting may also be interpreted as an attempt to redefine or to develop a common understanding of the economic and political indicators involved, transcending the simplistic figures of the convergence criteria. Hence, creative accounting may be interpreted as an expression of the institutional and political specificity of the various nation states. These characteristics reflect traditions and past experience, factors of prime importance in the future governance of the EMU.

5. 8 References

- Anderson, Benedict (1983) 'Imagined Communities: Reflections on the Origin and Spread of Nationalism', London, Verso.
- Alonso, William and Paul Starr (eds.) (1983) 'The Politics of Numbers', New York, Russels/Sage.
- Bartolini, Stefano (1997) 'Exit Options, Boundary Building, Political Structuring' Manuscript, European University Institute, October 1997.
- Biederman, Albert (1972), 'Social Indicators as goals', In Bauer, Raymond A (ed.) 'Social Indicators', Cambridge, MA, MIT Press, pp. 68-153.
- Day, Patricia and Rudolf Klein (1987) 'Accountabilities - five public services' London, Tavistock.
- De Michelis, Alberto (1995) 'A Key Player', *Sigma*, summer 1995, pp. 4-5.
- De Michelis (1997) 'How European Statistics are Rising to the Challenges of Economic Globalization' *Sigma*, no 1, pp 47-51.
- De Silguy, Yves-Thilbaut (1995) 'The Acid Test', *Sigma*, summer, 1995 p. 3.
- Desrosières, Alain (1998) 'The Politics of Large Numbers – A History of Statistical Reasoning', Cambridge MA, Harvard University Press.
- DiMaggio, Paul and Powell, Walter (1983) 'The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields, *American Sociological Review*, Vol. 48, pp. 147-160
- EMI (1998) 'Statistical Methodology on Convergence indicators' Annex 2 in 'Convergence report - Report required by Article 109j of the Treaty establishing the European Community, March, 1998', Frankfurt am Main, European Monetary Institute.
- Eurostat (1995) 'Eurostat Yearbook '95 - A Statistical Eye on Europe 1983-1993', Luxembourg, Office for Official Publications of the European Communities.
- Eurostat (1998a) 'Our Corporate Plan', Luxembourg, European Union.

Eurostat (1998b) 'Things Worth Knowing About Eurostat' <http://europa.eu.int/en/en/comm/Eurostat/serven/part1/1f2.htm>, 28 August 1998.

Eurostat (1998c) 'Eurostat's Role in Preparing for EMU', <http://europa.eu.int/en/comm/Eurostat/serven/part1/1cc.htm>, 28 august 1998.

Glatzel, Dieter (1999) 'Greater Clarity for Excessive Deficit Procedure', *Sigma*, No 2, pp. 31-33.

Gros, Daniel and Niels Thygesen (1998) 'European Monetary Integration', London, Longman.

Hopwood, Anthony and Peter Miller (eds.) (1994) 'Accounting as a Social and Institutional Practice' London, Cambridge University Press.

Helleiner, Eric (1997) 'One Nation, One Money: Territorial Currencies and the Nation-State', ARENA Working paper no 17/97, Oslo.

March, James G. (ed) (1988) 'Decisions and Organizations', Cambridge MA, Blackwell.

March, James G. (1994) 'A Primer on Decision making', New York, Free Press.

March, James G. and Johan P. Olsen (1995) 'Democratic Governance' New York, Free Press.

Meyer, John (1994) 'Social Environments and Organizational Accounting', in Richard Scott and John Meyer (Eds.) 'Institutional Environments and Organizations', Thousands Oaks, Sage, pp. 121-136.

Miller, Peter (1994) 'Accounting as a Social and Institutional Practice: an Introduction' in Hopwood, Anthony and Peter Miller (Eds.) (1994) 'Accounting as a Social and Institutional Practice' London, Cambridge University Press, pp. 1-39.

Morgenstern, Oscar (1963) 'On the Accuracy of Economic Observations', Second Revised Version, Princeton University Press, N.J.

Olsen, Johan P. (1992) 'Analyzing Institutional Dynamics' *Staatwissenschaften und Staatspraxis*, Vol. 3, No. 2, pp. 247-71.

- Olsen, Johan P. (1989) 'Petroleum og Politikk', Bergen, Tano/LOS-senteret.
- Olsen, Johan P. (1996) 'Europeanization and Nation-State Dynamics', In Sverker Gustavsson and Leif Lewin (eds.) 'The Future of the Nation State', London, Routledge, pp. 245-85.
- Patriarca, Silvana (1996) 'Numbers and Nationhood: Writing Statistics in Nineteenth-Century Italy', London, Cambridge University Press.
- Porter, Theodore M (1995) 'Trust in Numbers - the Pursuit of Objectivity in Science and Public life', Princeton, N.J, Princeton University Press.
- Perrow, Charles (1986) 'Complex Organizations' (3rd edition) New York, Random House.
- Power, Michael (1994) 'The Audit Society' in Hopwood, Anthony and Peter Miller (Eds.) (1994) 'Accounting as a Social and Institutional Practice', London, Cambridge University Press pp. 299-316.
- Risse, Thomas (1998) 'To Euro or not to Euro - The EMU and Identity Politics in the European Union' ARENA, Working paper, No 1/98, Oslo.
- Sangolt, Linda (1997) 'Counting and Governing', Doctoral dissertation, University of Bergen, Department of Administration and Organization theory, Bergen.
- Schattschneider, E. E. (1960), 'The Semisovereign People', Hinsdale, IL, Dryden Press.
- Starr, Paul (1983) 'The Sociology of Official Statistics' in Alonso and Starr (Eds.) 'The Politics of Numbers' New York, Russels/Sage pp. 7-57.
- Statistics Norway (1998) 'Statistisk sentralbyrå - En institusjon som teller' <http://www.ssb.no/www-open/organisasjon/>, 25 September 1998.
- Sutherland, Peter (1997) 'The Case for EMU', *Foreign Affairs*, Vol. 76, No 1, pp. 9-14.
- Tilly, Charles (ed) (1975) 'The Formation of the National States in Western Europe', Princeton, N.J, Princeton University Press.
- Wildavsky, Aaron and Carolyn Webber (1986) 'A History of Taxation and Expenditure in the Western World', New York, Simon and Schuster.

Chapter 6: Precedents and Present Events in the European Union - An Institutional Perspective on Treaty Reform

6. 1 The dynamics of institutional reform⁴⁹

The 1996-7 intergovernmental Conference (IGC), which resulted in the Amsterdam Treaty, was convened to prepare the European Union (EU) for the challenges of the next century, for which a radical review and reform of the EU's institutions was considered to be of paramount importance. During the IGC, issues related to institutional reform ranked high on the agenda and played a prominent role in the discussions. In this chapter I investigate and map the organizational factors that constrained and facilitated institutional reform in the EU, and I challenge the liberal intergovernmental perspective (Moravcsik 1993, 1995), which argues that the preferences and power of the member states are the key factors explaining the dynamics of European integration. Based on the empirical investigation of the 1996-7 IGC, I suggest that an institutional perspective of governance (March and Olsen 1989, 1995) reveals important aspects of political reform that have previously been neglected.

Formally, an IGC is a conference where the representatives from the member states consider amendments to treaties. The outcome of the conference has to be agreed upon unanimously and ratified by all member states (Bainbridge and Teasdale 1996: 282). In the history of the EU, a total of six IGCs have taken place, four of which were held between 1986 to 1997. A certain tradition for arranging IGCs in the EU has gradually emerged, encompassing both procedures and practices. The 1996-7 IGC was formally opened during the Italian Presidency in March 1996, but the initial preparation had already started some year before with the publication of papers, media coverage and political statements and so on. The formal negotiations during the conference lasted for fifteen months, and the initial draft was first agreed upon during the Dutch Presidency in Amsterdam, in June 1997. After extensive re-negotiations,

⁴⁹ This chapter is published as an article in Karlheinz Neunreither and Antje Wiener (eds.): 'Amsterdam and Beyond: Institutional Dynamics and Prospects for Democracy in the EU' Oxford University Press, 2000. I want to thank Johan P. Olsen, Andrew Moravcsik, Markus Jachtenfuchs, Beate Kohler-Koch, Alexander Stubb, Fabrice Larat, Bjørn Otto Sverdrup, Bent Sophus Tranøy, Karlheinz Neunreither, Peter Leslie, Antje Wiener, Fiona Hayes-Renshaw, Peggy Brønn and Ingrid Mohn Sverdrup for helpful comments on earlier drafts of this chapter.

modifications and even a re-numbering of certain articles in the draft, the final version of the Amsterdam treaty, as it was named, was officially signed in October 1997. The member states were expected to ratify the treaty during 1998 and to implement it by the beginning of 1999, but by October 1988 this timetable was already in arrears. In May 1999 it entered into force.

Three main theories compete to explain the driving mechanisms of European integration, and differ as to how they evaluate the importance of grand bargains. First, the liberal intergovernmental perspective (LI) argues that the dynamic of European integration is primarily a result of negotiations between the most powerful member states in key bargaining situations (Moravcsik 1991, 1993). Second, the supranational approach argues that the transformation of the legal system in Europe is the key driver of European integration. For instance, it is claimed that the 'Court of Justice constituted the European Community' and that the 'Court created the present-day Community' (Shapiro, 1992, 123). Within this approach the dynamic of European integration is primarily interpreted as the well-structured and rule-bounded activity of the European Court of Justice (ECJ). Third, the multi-level governance approach argues that the main driving forces are the day-to-day processes of negotiation, competition and co-operation within, and between, networks at multiple levels of governance. The activity in these networks is often characterized as functional problem solving among technical experts (Héritier 1994, Jachtenfuchs and Kohler-Koch 1996). It is argued that the development of policies and institutions is more or less independent of the IGCs and primarily a matter of daily political practice. And that unco-ordinated, decentralized action and uncontrolled shifts shape the living constitution of the EU (Kohler-Koch 1998: 2).

These three approaches highlight different mechanisms (bargaining, rule following and problem solving), and they emphasize the importance of different actors (the national governments, the European Court of Justice, and the different multi-level networks). It has been argued that there are not only three theoretical approaches, but also three modes of governance in the EU (Weiler et al. 1995: 25). In other words, various aspects of European integration are driven by different mechanisms and each theoretical perspective reveals important aspects of European integration (Peterson 1995). If this is so, the theoretical challenge is to eliminate inconsistencies in the existing models, to specify their area of validity, and to show the interaction between the different dynamics.

I maintain that there are good theoretical, empirical and normative reasons for an examination of grand bargains like the IGC in the EU.

First, it is a basic assumption in democratic governance that political decision-makers are able to decide on, and to design institutions. It is assumed that decision-makers are neither driven purely by accident nor merely victims of their environment. If the latter were the case, issues related to democratic accountability, transparency, representation, and so on, would be of limited relevance. In order to facilitate democratic governance in a realistic way, we therefore need to specify the set of factors which enable or constrain the decision-makers in the specific historical and institutional setting (Olsen 1997). An investigation of the IGC, therefore, could potentially highlight some of the most pertinent theoretical questions related to democratic governance: What are the conditions for institutional reform in a democratic context? What are the key driving mechanisms in processes of institutional design? And finally, how can political systems in a democratic context learn from experiences and increase their capacity to govern and shape political institutions?

Second, the dominant theoretical approach in the field of European integration has been the theory of liberal intergovernmentalism (LI), which focuses particularly on the grand bargains, arguing that investigating key bargaining processes are particularly important in developing our theoretical accounts of the EU (Moravcsik 1991, 1993, Urwin 1995, Wallace 1996, Laffan 1997). The aim of the LI perspective is to explain ‘the substantive and institutional development’ of the EU through the sequential analysis of national preference formation and intergovernmental strategic interaction (Moravcsik 1993: 480). The LI perspective is thought to be particularly well suited to a key bargaining situation of a constitutional nature, such as an IGC (Weiler et al. 1995: 24). Although the LI perspective has been subject to much criticism, it remains the most consistent and rigorous theoretical approach in the field of European integration, and its core assumptions are grounded in a strong tradition in the social sciences (Moravcsik 1997, 514-15). The IGC, it seems, offered a unique match between a theoretical model and an empirical situation which is supposed to fit the theory particularly well. This good match gives us a unique opportunity for testing the theory on the basis of a crucial single-case design, that is, a situation where the theory being tested has specified a clear set of propositions and some circumstances within which the propositions are believed to be true (Eckstein 1975).⁵⁰ If the theory cannot be applied under

⁵⁰ We should of course be careful in drawing conclusions on the basis of a single-case

such circumstances, clearly it should be modified.⁵¹ Finally, the IGC attracted considerable political, intellectual and administrative attention, capacity and prestige, which in itself makes it an interesting object of study.

The chapter is organized as follows. First, the two theoretical perspectives of institutional reform are outlined. Next, an empirical investigation demonstrates how both the IGC and the outcome of the process were constrained by: (1) the EU's well-defined historical course; (2) a distinct set of organizational procedures and norms regulating the decision-making process; and (3) a series of pressing events which were relatively loosely coupled to the IGC itself. I argue that a complete understanding of the IGC is impossible if the analysis is based solely on the preferences and powers of the member states. I argue that the LI perspective is important but not sufficient for understanding institutional reform processes. The institutionalist perspective is more illuminating and offers a theoretical framework which is more consistent with some of the empirical observations than is the case with LI perspective. I suggest that a proper analysis of institutional dynamics and reform processes in the EU requires a dynamic perspective on decision making. The decision-making process needs to be situated in a distinct historical, institutional and environmental setting, revealing how actors are embedded in a web of structuring elements. By developing our theories and mapping out how history, procedures and present events constrain and facilitate decision-making we also contribute to increasing the possibility of a successful design.

6. 2 Two theories of institutional change

Political institutions, like the EU, are not static; they are continually changing and adapting. Changes in organizations are frequently characterized as small steps and incremental modifications. Continuous processes of change rarely form parts of large-scale reform programs, and they are hardly ever firmly controlled and well co-ordinated. Sometimes, well-planned and precisely timed reform attempts are made in order to review and reorganize the institutional apparatus of a political sector, a nation state or an international organization.

test. However, a single-case design is both powerful and fruitful when the case represents a unique situation and when we seek to explore other alternative theoretical approaches (Yin 1994).

⁵¹ Eckstein (1975:127) argued that a single-case design can 'score a clean knockout over a theory'. Others are more sceptical about single case design (King, Keohane and Verba 1994).

Such large-scale reform efforts might lead to dramatic and significant changes, but experience has shown that most of them fail to make significant short-term impacts (March and Olsen 1983). It is a basic assumption in democratic theory that the *demos* has the possibility to decide and shape political agendas and to design political institutions that enable the implementation of decisions (Dahl 1989). However, institutional design in a democratic context is difficult (Goodin 1997, Olsen 1997). In this section I argue that the LI perspective is overly optimistic, while the institutionalist perspective is more pessimistic and at the same time more realistic in evaluating the possibility for design.

In the field of European integration, the liberal intergovernmental perspective assumes that the member states are able to master and design institutions that secure effective implementation of political decisions. This perspective is based upon three basic premises (Moravcsik 1993: 480-82). First, state action reflects the bounded rational action of national governments, who try to achieve clear objectives, acting and calculating upon the basis of an identifiable utility function. Second, the policy objectives of the member states are not stable; they vary according to shifting domestic pressures and alliances. These shifts in domestic opinion are smoothly aggregated through the political institutions in the member states. The preferences are dependent upon the domestic configuration of the societal preferences, which are first and foremost determined by constraints and possibilities imposed by economic interdependence (Moravcsik 1993: 488-96). Lastly, an intergovernmental negotiation process involves two consecutive steps: first the national governments define a set of state interests, and second, they engage in negotiations in order to realize these interests. The relative bargaining power of the member states determines the outcome of these negotiations. Consequently, according to the LI perspective, the most important actors for understanding IGCs in the EU are the powerful and large member states such as Germany, France and Britain. The logical starting point, therefore, is a detailed analysis of the preferences and powers of the member states.

Moravcsik (1993:498) presents us with four specific assumptions on key bargaining situations. First, key bargains are voluntary bargains, not imposed on any of the governments. Second, the national negotiators have easy access to information about the preferences and opportunities of their counterparts, and they are able to communicate at low transaction costs in an environment rich in information. Third, the negotiations take place within a flexible and protractible period of time, which makes it possible for the member governments to extend numerous offers and counter-offers at a low cost.

Finally, it is assumed that it is possible to design efficient institutions that are able to monitor and enforce the agreements made at all levels.

The institutional perspective on design, however, is less optimistic. It assumed that decision-making is embedded in a certain historical, institutional and temporal context which helps to create and constrain the possibilities for deliberate choice. This perspective is also based upon three assumptions (March and Olsen, 1989, 1995). First, political life functions according to fairly stable rules and procedures. Decision-making involves finding a match between a particular role, on the one hand, and on the other hand, a set of procedures that are believed to fit the particular role and situation. Decisions are made on the basis of rules and norms accumulated from past experiences and learning, rather than on the calculations of preferences and the anticipation of future events. Second, the rules and the procedures are institutionalized. Rules and understandings are taken for granted and they guide decision-makers in their efforts to interpret and create meaning out of the situation. Certain abiding rules inform the decision-makers' normative judgements and their understanding of appropriate alternatives and actions. Resources and capabilities are linked to certain rules, thereby helping to uphold specific interpretations and world views. Third, institutions evolve in a path-dependent way (i.e. a decision made at one stage creates opportunities and constraints for decision-making at a later stage). In most cases institutions change slowly and incrementally within the existing procedures and norms. Occasionally, however, dramatic crisis and external shocks might lead to a situation where the existing rules and procedures are unhelpful for interpreting the world and creating meaning. Under such conditions, institutions may change rapidly. Generally speaking, institutional design is a complex process of matching existing institutions, actions and contexts in ways that are complicated and of long duration.

Most institutions have their own internal dynamic and operate in relatively separate spheres. Over time, institutions gain some autonomy and are able to buffer themselves against their environment. Despite a general tendency of differentiation, decisions in one field are nevertheless structurally or accidentally coupled with decision opportunities in other areas (Cohen, March and Olsen 1972, Kingdon 1984). Decisions observed in a particular field are therefore often purely artificial or by-products of decisions made in other fields (Olsen 1972: 48). In general, the more established and institutionalized the political system is, the more capacity it has to buffer the reform process. The EU is an adolescent and weakly institutionalized system; it therefore finds it

difficult to separate issues and buffer the agenda. Furthermore, we can assume an increased probability for inter-linkages between different spheres as an increasing number of cross-sectoral issues are addressed. Constitutional issues do not pertain to one particular sphere, but frequently regulate the relationship between different spheres. Consequently, the more issues of constitutional character dominate the IGC agenda, the more difficult it will be to buffer the agenda.

These inter-linkages may lead to deliberate attempts to pair issues or to sequence events in order to achieve a goal. However, the coupling is frequently accidental and at times structural. The manner in which decision-makers distribute their attention is often determined just as much on the timing of the arrival of the problem as by any assessment of its relative importance (Weiner 1976, Cyert and March 1992). Due to the importance of timing, deadlines function as action generators, thereby triggering attention and decision-making activity (Starbuck 1983, Bromiley and Marcus 1987). This does not, however, imply a state of anarchy. It is rather an organized anarchy. The timing of the emergence of a particular problem, solution or choice opportunity is often well organized and structured. Several deadlines are institutionalized and constitute important parts of the political organization at the national and European level. For instance, the budget and the election cycle create fairly predictable rhythms of political life (Sverdrup 1996). According to this view, a distinct temporal location of a decision-making process contributes to shaping the pitfalls and possibilities for reform.

6. 3 The path-dependency of the IGC

The 1996-7 IGC was not a voluntary process with few constraints, as the LI perspective assumes, but a conference structured by past regulations and statements. Three different mechanisms gave rise to the path-dependency of the IGC. First, the Maastricht treaty (the Treaty on European Union – TEU) laid down regulations that helped to shape the agenda. The IGC was convened at this particular time because of German, Belgian and Italian dissatisfaction with the outcome of the Maastricht negotiations in 1991. These countries managed to persuade the other representatives to assemble a new IGC in 1996 (Bainbridge and Teasdale 1995), and the agreement was formalized and incorporated into the TEU as Article N. According to this article: ‘A conference of representatives of the governments of the Member States shall be convened in 1996 to examine those provisions of this Treaty for which revision

is provided, in accordance with the objectives set out in Articles A and B' (Council of the European Union 1993).

The fact that the convening of the IGC was provided for in the treaty was novel. The idea was to bind the parties to meeting within a short space of time to evaluate the treaty and to negotiate further some unresolved elements. However, between the end of the Maastricht conference in 1991 and the opening session of the IGC in 1996, some of the premises for convening the IGC had changed dramatically. The aim of the IGC was initially to evaluate and improve the TEU (Laursen 1997), but due to the delay in the ratification of the treaty, by 1996 the member states had had little experience of how it actually worked in practice. For instance, certain aspects of the co-decision procedure had actually never been implemented. To some extent 'superstitious learning' was therefore possible where the link between past action and outcomes did not exist or was ambiguous (March 1994: 89). Despite these limitations on learning from experience, the IGC was opened according to the regulations laid down in the Treaty because the member states were formally obliged to negotiate a new treaty.

A similar self-binding mechanism was inserted in the Amsterdam treaty, in Article 2 of the 'Protocol on institutions with the prospect of enlargement of the European Union', in which the parties agreed that a new IGC 'carry out a comprehensive review of the provisions of the Treaties on the composition and functioning of the institutions' at least one year before the number of member states exceeds twenty (Treaty of Amsterdam, 1997). Declaration 6, signed by Belgium, France and Italy, requests that the next IGC concern itself with institutional reforms and criticized it for failing to meet the 'need (...) for substantial progress towards reinforcing the institutions' (Treaty of Amsterdam, 1997). This IGC will be convened in 2000 during the Portuguese Presidency.

The issues on the 1996 IGC agenda were also structured by the text of the treaties. The TEU listed a number of issues that were meant to be on the agenda of the IGC in 1996 (Council of the European Union 1993). For instance, Article B stated that the conference should discuss the maintenance of the *acquis communautaire* and to what extent the policies and forms of the co-operation needed revision. Article J. 4 called for a discussion on the relationship with the West European Union (WEU). Article J.10 stated that the conference should examine whether or not any amendments are needed to the provisions relating to the Common Foreign and Security Policy (CFSP).

According to Declaration 1, the IGC should consider whether the EU should extend its competence to include issues related to civil protection, energy and tourism. In Declaration 16 it was made clear that the IGC should review the possibilities for establishing a hierarchy of different categories of community acts. Most of these issues received considerable attention and played a predominant role in the discussions on the preparation and negotiations of the IGC.

Furthermore, because of the fact that the IGC was framed and perceived as a revision of the TEU, the latter had an indirect impact on the IGC. Comparisons were frequently made between the IGC and the negotiations on the Maastricht treaty, and the IGC was often referred to as the 'Maastricht II negotiations'. For instance, one commentator wrote that 'the Maastricht treaty looks like it is heading for a 5,000-mile service'.⁵² Many of the statements referred implicitly to the TEU by asserting, for example in the 1996 IGC, the discussions should be more open, it should not surprise, it should be simpler, more easy to understand, it should be more inspiring (Laursen 1997, 59-61). These references to the past contributed to structure the problems, the solutions and the causal beliefs of the decision-makers.

Second, national adaptations to past treaties also influenced and eventually structured the IGC's new decision-making process. In the aftermath of the Maastricht negotiations national institutions made several adjustments in their domestic administrative institutions in order to implement the TEU. Most importantly, as regards influencing European-level decision-making, certain national courts sought to draw and contest the boundaries of European integration by testing the legitimacy of the Europeanization process and the legal status of this transformation. The most influential ruling was made by the German constitutional court (*Bundesverfassungsgericht* (BvG)) in October 1993 (Weiler 1995), defining the boundaries of further integration which imposed limitations on the issues on which the German politicians could decide during the IGC. In Denmark, the courts have also tested the constitutional validity of the Danish ratification of the TEU (Rasmussen 1996).⁵³ This case occurred during the negotiations and the ratification process,

⁵² *Financial Times*, 10 May 1995.

⁵³ The case concerned the conflict between Art. 235 of the TEU and §20 in the Danish Basic Law, which states that it is only possible to delegate sovereignty in a limited and clearly defined area. The Danish Supreme Court (Højesteret), in their 150-page ruling, established the rule that Højesteret has the final say on such issues, and stated that the ratification of the TEU was not in conflict with the Danish Basic Law (*Weekendavisen*

preventing the Danish negotiators from suggesting further transfers of competence or any increase in the use of majority voting. In addition to the legal case, the Danish negotiators were constrained by the referendum to which they had bound themselves on the ratification of the outcome of the IGC. The referendum was held in May 1998 and a clear majority of 55.1 per cent of the voters supported the ratification of the Amsterdam treaty.⁵⁴

These two cases show the mutual interdependencies between and within the many levels of governance within the EU. On the one hand, national constitutions and courts respond and adapt to EU decisions, and this response in turn imposes restrictions upon the EU. In the judicial ruling of the national courts, the legal reasoning and decision-making activity in the EU is important. However, the member states also have to anticipate or take into account the structuring effects of national constitutions and rulings on the decision-making process in the EU (Rasmussen 1996:66, Weiler 1995). European integration is a large-scale process of mutual adaptation, rather than a one-dimensional process of national adaptation to European integration. Constitutional reforms inside the member states will alter the system of co-ordination, thereby also necessitating doctrinal modifications at the Community level (Llorente 1998: 28). Furthermore, the legal rulings of the national courts are not a direct result of the TEU or the IGCs. Their history can be treated as responses to a long-term, gradual increase in competence for the EU, as well as the gradual development of legal reasoning and consciousness within the member states, at best triggered by the IGCs. In processes of Europeanization, one can therefore observe layers of adaptation and incremental change, which in turn lead to the triggering of disputes on the distribution of competence and power between the legal and the political institutions within, and between, the member states.

Political declarations and statements shape future discussions. There is no clear beginning and end to the IGC as a decision-making process. Statements prior to the formal opening of the IGC structured the discussions and the issues on the agenda. The statements on the future enlargement of the EU to the Central and Eastern European countries (CEECs) were of particular importance for the IGC. At the Copenhagen European Council in June 1993, it was decided that the EU would be enlarged to include the countries of East and Central Europe, as soon as they were able to satisfy the political and economic requirements of membership (European Council, June 1993). At the Essen European Council in

8-16 April 1998).

⁵⁴ <http://www.aftenposten.no/nyheter/uriks/d41161.htm>

December the following year, the heads of state and government concluded that the 'institutional conditions for ensuring the proper functioning of the Union must be created at the 1996 Intergovernmental Conference, which for that reason must take place before accession negotiations begin' (European Council, December 1994). Prior to the IGC, it was decided that the formal negotiations on accession should start six months after the IGC was completed. Both statements were repeated systematically during the preparations. These political statements, based on weak economic or political analysis, increased the pressure to address certain issues on the agenda, in particular the issue of institutional reform. The issue of enlargement was an underlying element during the negotiations, and even became the criterion for determining whether the IGC had been successful or not.

In the IGC, the course of the decision-making process was structured by the past. This path-dependency challenges the theoretical notion of the conference as a voluntary process, in which member states control the agenda and have leeway to design the resultant institutions. In principle, 'nothing in the assumption or causal mechanism of LI analysis denies the historical and path-dependent quality of integration' (Moravcsik 1995:613). However, how and to what extent this path-dependent quality comes into force remains unresolved and unspecified in the LI model.

One argument consistent with the LI perspective entails considering the dominant parties as being capable of planning for future steps and designing historical routes. Equally, past decisions will lead to an effective change in the preferences and distribution of power and resources within, and among, the parties. This implies the creation of new dominant coalitions and, ultimately, new policies and institutions. The empirical material of the IGC does not support such a view. For instance, it is virtually impossible to find a vision or position relating to the 1996 conference during the Maastricht negotiations (Laursen and Vanhoonaeker 1992, Ross 1995). The decision to convene a new conference in 1996 can instead be interpreted as a by-product of the separation of problems and sequencing of attention in order to reach an agreement during the Maastricht negotiations.

Furthermore, if any of the member states had a clear position on the IGC 1996 during the Maastricht negotiations, these positions must have reflected a completely different political climate. The understanding of what was appropriate, possible, reasonable and effective in terms of European integration had changed dramatically since the previous IGC, because of the changes in

East and central Europe, German unification, the economic and monetary union (EMU), new applicant countries, a new economic situation and so on. For instance, after the TEU, Laursen (1992: 259) wrote '[I]t can therefore seem odd that references to a federal goal for the Community had to be taken out at Maastricht to allow the British to accept a new Treaty. But the "F-word" may be back to haunt the anti-federalists again at the next IGC in 1996'. However, support for federalist ideas was at the IGC, and it was virtually impossible to find any references to the concept.

Finally, for some of the member states, the IGC was certainly not a result of their own previous calculations and voluntary actions. For the new member states - Austria, Finland and Sweden - the IGC was a review and reorganization process shaped prior to their entry into the EU. Their participation was mandatory and not voluntary.

From an institutional perspective, the path-dependency does not create analytical problems, because adaptation to the past is considered to be less effective and more multifaceted than in the LI perspective. In general, it is assumed that there is a mutual process in which the environment adapts to institutions, and at the same time institutions adapt to their environments (March and Olsen 1995: 42). The cases of the national courts clearly illustrates this web of adaptiveness (Weiler 1995 b, Llorente 1998). Good matches are difficult to find in processes of continuous adaptation both to and of the environment. Present solutions cannot easily be equated with past ones: there are many equilibrium points, and they are largely dependent upon internal characteristics of the member states and their institutions (March and Olsen, 1989). As a political system becomes more complex, these co-evolving processes become more intricate. Consequently, it can be claimed that the leeway for voluntary action is reduced when the ability to shape and control the agenda in key bargaining processes is reduced. It is likely that in previous key bargains and IGCs the legacy of the past thus played a less structuring role.

This path-dependent development does not make decision-makers slaves of the past. The evolutionary development stems from a sequence of choices. Because of the path-dependent character of the development, the impact of small, well-timed interventions can be multiplied by other forces and enabling reforms (March and Olsen 1995 44). Past decisions are both enabling and constraining factors. As the IGC shows, the possibility for interventions in a complex political system like the EU is limited. Treaty texts, adaptations of national administrative and legal institutions, and finally, political statements on the

future direction made at top-level political meetings seem to be particularly important in the structuring of the agenda. These findings are consistent with the argument that key bargains are important, but they are preceded by deeper and profound changes in the legal, political and cognitive developments in European integration (Weiler 1991: 5).

6. 4 From closed and diplomatic to open and democratic

Organizations and decision-making situations are not merely tools for achieving certain goals. The belief that the organization of a decision-making process affects its outcome is a basic premise in organization theory. In any decision situations, certain resources, sets of information, rules and procedures, participants, networks, problems and solutions, technologies, expectations and norms, visions and causal beliefs exist (Scott 1981, 7). The composition of these organizational factors helps to shape the outcome of decision making. Organizations are not neutral, but rather represent a mobilization of bias (Schattschneider 1975: 30). Three organizational factors shaped the IGC: (1) the procedures for arranging the conference; (2) the increasing number of participants; and (3) the democratization of the method for making treaty revisions in the EU. I argue that the IGC's agenda was overloaded with issues, and the exchange of opinions, contrary to what liberal intergovernmentalists assume, was both costly and time-consuming.

In the history of the EU, committees have been established to prepare the agenda of the IGCs. Traditionally, the decision has been made either to set up a 'Committee of wise men' or else to depend upon high-ranking staff or politicians. The Dooge committee established at the European Council in Fontainebleau in 1984 leading to the Single European Act (SEA), was of the first kind (Edwards and Pijpers 1997, 8), while the 1996-7 IGC followed the second approach, which needed a less clear mandate. These expert committees have been influential in setting the agenda, drafting the initial texts and ultimately shaping the outcome of the conferences, whose work they had prepared. Experts in the field of European integration and prominent European politicians sat on these committees. At the Corfu Summit in 1994, it was decided, in line with tradition, that a Reflection group should be created, whose task it would be to manage, protect, and prepare the IGC's agenda.⁵⁵ The reflection group was chaired by Carlos Westendorp, a Spanish diplomat and

⁵⁵ Presidency Conclusions - Corfu 24 and 25 June 1994, (SN 150/94).

very experienced EU expert. The group consisted of representatives from each member state, in addition to two representatives from the European Parliament, and one from the European Commission. The members of the group were meant to act as the personal representatives of their Foreign Ministers, as free thinkers with some autonomy.⁵⁶ Their mandate was briefly to learn from and correct the errors of Maastricht, and to rethink the institutional set up of the EU and its future challenges. However, even the composition of the group reflected the path-dependency of the IGC. Five out of the eighteen in the group participated in the Maastricht negotiations, and many of the members were well-known Brussels bureaucrats and politicians, a fact which made radical proposals less likely.⁵⁷

The Reflection group had high ambitions and addressed some of the fundamental questions in relation to the EU, such as; -- what are the problems facing the organization (i.e., the EU), and are the traditional methods and principles for integration still valid and legitimate? The members used political imperatives like: ‘the EU must dramatically adapt and radically change their institutions’.⁵⁸ Its opening session was arranged in Taormina, Sicily, coinciding with the 40th anniversary of the Messina Conference. It was overloaded with symbols and references to the success of the past treaty making. The IGC was set to be perceived as a Messina II rather than a Maastricht II. The choice of location referred to the success of the treaty on the European Economic Community (EEC) in 1956, which was initiated at a Meeting in Messina in 1954, rather than the crisis of legitimacy following from the ratification of the Maastricht treaty. The president in the European Parliament (EP) argued that the new IGC should demonstrate the ‘same bold political vision and the same strength of political will’ as the Messina Conference 40 years before.⁵⁹

Despite this and other similar calls for major reforms, when the Reflection group presented their preparatory report at the Madrid Summit in December

⁵⁶ *Agence Europe*, 6 July 1995, interview with Mr Carlos Westendorp.

⁵⁷ The members of the Reflection Group were as follows (those participants whose names appear in italics also participated in the Maastricht negotiations): *Carlos Westendorp* (Spain), Michel Barnier (France), Werner Hoyer (Germany), *Silvio Fagiloio* (Italy), Donald Davis (UK), *Joseph Weyland* (Luxembourg), Gay Mitchell (Ireland), *Niels Ersbøll* (Denmark), Stephanos Stathatos (Greece), Franklin Dehousse (Belgium), Michel Patjiin (the Netherlands), Andre Concalves Pereira (Portugal), Manfred Scheich (Austria), Ingvard Melin (Finland), Gunnar Lund (Sweden), *Elisabeth Guigou* (European Parliament), Elmar Brok (European Parliament), Marcelino Oreja (European Commission). *Agence Europe* 31 May 1995.

⁵⁸ *Agence Europe*, 6 July 1995.

⁵⁹ *Agence Europe*, 3 March 1996.

1995, it became clear that the group had failed to create a consistent agenda and a platform for further discussion.⁶⁰ The report did not reveal a common understanding of the shape of the future European polity, the problems facing the EU, nor the proposed solutions. In contrast to previous conferences, the IGC's preparatory group was unable to limit the agenda and present a set of solutions.

The ambiguity of the agenda prevailed during the conference. Even during the Dutch Presidency and the work in the Patijn group (a group named after the Dutch secretary of state for foreign affairs Michel Patijn, who led the final negotiations) during the last weeks of the reform process, it proved difficult for the parties to manage the agenda. During the final negotiations in Amsterdam, which lasted for more than eighteen hours, the agenda shifted. Issues central in the initial stages of the conference were aired in the last minutes, while issues more or less unrelated to the initial aim of the IGC attracted considerable attention during the final hours.

The ambiguity of the agenda was due in large part to the organization of the IGC. Briefly, the parties met two days each week; the presidency was responsible for preparing the agenda for the meetings, which was usually circulated among the parties on the Wednesday of the week before the meeting, allowing the delegates a few days for preparations with their national politicians, parliamentary groupings, and different national experts. These work-intensive and time-consuming discussions and preparations lasted for more than fifty weeks. In addition to the regular meetings at the administrative level, the EU Foreign Ministers met regularly for discussions and attempts to give political impetus to the process. Thus, the IGC engaged a considerable attention and capacity of the administrative and political system in the EU and in the member states.

The methods for discussing treaty revisions had changed since the Maastricht negotiations, during which parties were presented with a full text, of which they were required to negotiate only the items in square brackets and the footnotes. This method allowed a gradual accumulation of the number of points where the parties had agreed and considered settled. The negotiations were aimed at reducing the number of reservations and items in square brackets by means of textual compromises, eventually achieving a final version that was

⁶⁰ Reflection group's Report (1995) 'A Strategy for Europe - An Annotated Agenda' Brussels, 5th December, 1995

acceptable to all (Petite 1998: 3). During the 1996-7 IGC, on the other hand, there was neither an initial agenda nor a draft treaty drawn up by a preparatory committee. Most of the working documents were position papers which were not drafted as legal texts. The first draft was presented to the summit in Dublin at the end of 1996. Prior to this, the parties had discussed issues without reference to a clearly defined text. Later, the presidency was responsible for presenting a 'Presidency Introductory Note', which was discussed by the delegates, while the presidency took notes of the discussions. The proceedings of the next session were based on the previous discussion, and a 'Suggested Presidency Text', which was then discussed by the parties, each of whom could state their opinion and even back out of previous agreements. The IGC was therefore a continuous process of studying proceedings, presenting views, rewriting opinions and adjusting texts, thus making the progress strongly dependent upon the organizational abilities of the presidency. These new procedures made progress difficult, and it was not possible for the text to be examined closely by legal experts before being presented to the heads of state and government (Petite 1998: 4). It also proved difficult to protect the agenda from relatively loosely coupled issues which were attracting attention.

The increased complexity was also a function of the increased number of participants. Since the previous IGC, the EU had expanded from twelve to fifteen member states. To state the obvious: it is easier to organize informal discussions and easy communication in a unit with few participants than in a larger unit with many participants. The Reflection group, for example, consisted of eighteen members, and each member was allowed to bring two assistants. Even the group of eighteen was considered to be too large for the purpose of the discussions.⁶¹ The format of the Reflection group was simply a hindrance to personal relations and a trusting informal atmosphere. The number of participants also constrained the possibility of reaching agreements. If each of the participants were to speak for ten minutes the session would last for more than three hours. Enlargement of the EU and the agenda of the IGC had increased the flow of information, the number of languages, the amount of issues on the agenda, the number of potential coalitions, and the duration of the meetings. Both the speaking time of each member and the chance of reaching a consensus was thus limited. The EU in general, and the IGC in particular, had become a radically more complex process for effective decision-making and problem-solving.

⁶¹ This view was expressed by the former Secretary General of the Council, Niels Ersbøll, at a speech in Humlebæk, Denmark.

In addition, the member states and the domestic administrative institutions had become more Europeanized and the boundaries within and between the member states had become unclear (Olsen 1995, Wessels and Rometsch 1996, Hanf and Soetendorp 1998). Today, the boundaries between foreign and domestic policy are blurred and key bargains in the EU are no the preserve of the Foreign Ministries, with representatives from various national and even regional units taking part in the negotiations. For example, the German government circulated a questionnaire to all its ministries, in an attempt to determine those fields in which the different ministries would welcome increased majority voting. The Foreign Ministry supported majority voting in most issues, but the questionnaire revealed that a majority of the other German Ministries rejected it.⁶² The difficulty of upholding the idea of one national interest was also apparent in relation to flexibility. For instance, during the Dutch Presidency, cleavages emerged between the Foreign Ministry and the Ministries of Finance and Social Affairs and Employment in the Netherlands (Stubb 2000).

As co-ordinating capacity in the Europeanized administrations is impaired, it becomes more difficult to uphold the analytical assumption outlined in the LI perspective of certain national preferences or dominant national positions in key bargaining processes. Furthermore, ideas, problems and solutions diffuse across the borders between the member states. National administrations are fused together in a larger European web of administrative bodies, making it difficult to distinguish between the position of one member state from another (Wessels and Rometsch 1997).

As is the case with most political processes, the IGC was not solely motivated out of its functional outcome; it also helped to create meaning and legitimacy. The member states' view of the IGC differed according to their possibilities to influence the agenda. However, they also partly viewed the IGC as a possibility to increase their knowledge of the EU system, a possibility to resolve national political conflicts, and as an opportunity to stimulate the public debate on European issues and thereby educating their citizens. The aim was to initiate research in the field and partly stimulate the public debate on the key issues of the conference, and to give parties an arena for public deliberation and argumentation (SOU 1996: 24, 1).

⁶² See 'Kreuze beim Nein', *Der Spiegel*, no 40, 1996 pp 22-4. The pattern seemed to be that they were sceptical in the fields for which they had responsibility, and supportive of it in other fields.

The manner in which the member states prepared their positions was determined by well-established national procedures. In Sweden, for instance, the preparation of the IGC position reflected the tradition of extensive public debates and information campaigns, as well as a strong belief in enlightenment and trust in expert analysis regarding political reform processes (Brunsson 1993). A special parliamentary committee, *EU 96-kommittén*, was created which was responsible for making suggestions, analyzing the challenges, and contributing to the Swedish position. This committee was perhaps even more important in stimulating the Swedish debate and in educating the public on EU issues. It had a sizeable budget, and arranged public hearings and conferences with representatives from a large number of interest organizations. In addition, the committee commissioned and published relevant research, and invited foreign scholars and politicians to contribute to the Swedish debate. A large number of free publications and newsletters were available from the committee and were widely distributed (SOU 1996, von Sydow 1997). In responding to the challenges posed by the IGC, the Swedes exploited their traditional procedures for arranging political debates and reform. This method increased the likelihood of different parties participating and expressing their views. Furthermore, as was the case in other member states, the openness of the Swedish government created hindrances for flexibility during the bargaining process in the IGC.

Organizational features at the EU level influenced the IGC as well. The EU institutions had no formal right to participate in the final negotiations, their role being limited to the initial stages. For instance, the EU institutions presented their evaluation of the actual working of the Maastricht Treaty prior to the negotiations.⁶³ These documents were important in structuring the discussions in the Reflection group and in the IGC in general. During the IGC, the EP continually briefed and updated. The EP and the European Commission devoted significant administrative resources to monitoring and influencing the IGC. Both established special task forces and arranged hearings and debates related to the IGC; these bodies also had the administrative power to collect, sort, rank and reinterpret the position papers presented by the member states. In terms of personnel, the task force had considerable capacity, and the members

⁶³ The Committee of Regions was the first to present its paper, on 20 April 1995. The European Commission's report was submitted 10 May 1995, and those of the EP and the ECJ on 17 May 1995. The Court of Auditors also submitted its paper in May. The Economic and Social Committee's paper was the last to be presented, in November 1995.

enjoyed high legitimacy in EU circles.⁶⁴ The information overload and the need for information-processing capacities in the IGC increased the importance of administrative bodies at the EU level.

The greater importance of the EU institutions as regards effective decision-making does not imply that the European institutions were necessary, nor that they were successful in their attempts to shape the agenda. Prior to the IGC, the European Commission decided to limit its aspirations and to avoid institutional conflicts. It had not expected or advocated a great leap forward towards more competence during the IGC, and it sought enhanced powers neither for the European Union or for itself (Dinan 1997: 197). However, it should not be forgotten that increased complexity in the EU leads to a greater dependency of the national governments on the administrative and information-processing capacities of the supranational institutions. Since the smaller states, in general, have less capacity to process information, they are also more dependent upon the supranational institutions than the larger member states.

Changes in the organizational procedures and the increase in complexity of the EU helped to shape the IGC. From a LI perspective, on the other hand, the preferences and positions of the member states are believed to explain the outcome of decision-making. Such interest-based explanations are truly important. For instance, the absence of a shared agenda has been interpreted as a consequence of the scepticism of the British Conservatives.⁶⁵ For a long time, the British position of upholding the status quo influenced the IGC (George 1996). At the same time, the delegates were waiting for a joint Franco-German position paper -- joint papers from these countries had strong influence on the agenda on earlier conferences and reforms in the EU (Menon 1996). Between the Franco- German Summit in Baden-Baden in 1995 and the Amsterdam meeting in June 1997, the two countries continually sought to develop a paper which could 'imprint a political impetus on problems of substance'.⁶⁶ From May 1996 onwards, the French and German governments met informally every six weeks to address issues related to European integration and the IGC.⁶⁷ However, they failed to come up with a final joint position paper. They

⁶⁴ The Task forces were composed of prominent persons. Michel Petite, who had held the same position during the Maastricht negotiations, headed the Commission's Task Force. Former President of the European Commission, Jacques Delors, also had an office at his disposal in this unit.

⁶⁵ For a typical expression of this view see for instance *Agence Europe*, 28/29 May, 1996.

⁶⁶ *Agence Europe*, 6 June 1996, and *Agence Europe*, 13 June 1996.

⁶⁷ *Agence Europe*, 2/3 September 1996.

presented papers in December 1995, February 1996 and a paper on WEU, and they were able to present, in October 1996, an eight-page long paper on flexibility or 'enhanced co-operation'.⁶⁸ During 1997, the Franco-German co-operation intensified but there was still no Franco-German agreement or solution in sight. The IGC met difficulties when the traditional driver of the EU, the Franco-German co-operation, ran into issues related to institutional reform, enlargement and financial burden sharing.

This suggests that analyzing the preferences and power of the member states is insufficient in determining the outcome of the IGC. A systematic analysis of the positions of the member states was undertaken by the European Commission' and the EP's Task Forces on the IGC.⁶⁹ Furthermore, a group of Austrian political scientists collected and systematically sorted the different views presented by the various member states in their position papers (Grillier et al. 1996). These extensive documents reveal the enormous amount of issues on the IGC agenda, as well as the complexity of the conference and the difficulty of correctly mapping-out vague positions. Under such circumstances, communication between the parties becomes difficult and costly, and the sequence of the negotiations is unclear. The LI perspective assumes that domestic negotiations occur first, and are followed by negotiations among the European parties. However, the analysis shows that national positions in the IGC were to a large extent generated in response to the contributions of other member states and of the European institutions. In principle, we would assume that the smaller states, with less capacity and negotiating power, were more responsive to the papers of the larger states than vice versa. However, large states like France (Menon 1996), Britain (George 1996) and Germany (Goetz 1996) also demonstrated ambiguity and uncertainty about their national positions. The uncertainties in the 1996-7 IGC were greater than in previous conferences. This time, the preferences of the member states were not exogenous and decided a long time in advance of the IGC, as suggested by the LI perspective; instead, they were elaborated within a larger process of mutual preference formation. It is thus difficult to uphold the assumption of a clear separation between domestic preference and position formation on the one hand, and negotiation among the parties on the other.

⁶⁸ Agence Europe, 23 October, 1996. The Franco-German paper was reprinted in *Agence Europe*, 29 October 1996. The idea of enhanced co-operation and flexibility was unclear and there was no support for a common interpretation.

⁶⁹ 'Summary of the Positions of the Member states and the European Parliament on the 1996 Intergovernmental Conference, Task Force on the IGC, 12 May 1997.

These preference and power-based explanations may be important for understanding the IGC but they are not a sufficient explanation, nor are they able to take into account the important impact of the crisis that hit the traditional methods for treaty revisions. The need for a new organizational method of treaty revisions arose from the changing normative context and the ongoing democratization of the EU. IGCs have traditionally been the domain of diplomats and of foreign policy experts, and even more so of legal experts. Treaty revision has thus been conducted within an atmosphere of technicality and secrecy. Media and domestic politicians have paid limited attention to the IGCs, and popular participation has largely been limited to debates on ratification. For instance, the 1985 IGC on the Single European Act was conducted largely without a major debate. Also the deliberations on the Maastricht Treaty followed the same methods. However, during these negotiations the press became increasingly more skilled and eager in collecting and obtaining information. For the first time documents and position papers circulated in the press, and an increasing number of people and politicians took an interest in the EU. However, not all national governments adapted to the new situation with increased demand for transparency. The British government, for instance, refused to make the draft treaty presented by the June 1991 Luxembourg Presidency available to the House of Commons because they considered that its publication would prejudice the diplomatic bargaining process.⁷⁰ Still, the Maastricht negotiations represented a relatively closed and bureaucratic decision-making process.

The method of Treaty revision was challenged further by the ratification of the Maastricht treaty, which plunged the EU into a major crisis over legitimacy. From being a celebrated success at its signature in Maastricht, the Treaty was soon considered as an unreadable and unrepresentable fiasco. In Denmark, a small majority of 45,000 voters voted no in the first referendum, 2 June 1992. After the negotiation of a special exemption clause at the Edinburgh summit, however, a majority of 56.8 per cent voted yes on 18 May 1993 (Bainbridge and Teasdale, 1995, 111). President Mitterand called for a referendum the day after the first Danish referendum, and the Treaty was subsequently accepted by the narrowest of margins: only 51 per cent of French voters voted 'yes' in September 1992 (Bainbridge and Teasdale 1995, 245). In Britain and Germany the ratification was equally conflictual, and in the referendums on membership

⁷⁰ A formalistic and perhaps silly decision as long as the document was available in the press and via traditional news service (Bainbridge and Teasdale 1995:283).

in the new applicant countries -- Austria, Finland, Sweden and Norway -- the lack of popular support for the Maastricht Treaty was very marked (Luif 1995).

Several factors contributed to the perceived crisis of legitimacy for the EU, evident from the results of the various referendums and the decline in popularity of the TEU. It was partly due to the content of the Treaty itself, and partly to the method of organizing constitutional processes within the EU. As a response to the crisis of legitimacy crisis, the IGC were required to address the issue of democracy -- in short, to make the EU more 'effective', 'open', 'democratic' and 'responsive to its citizens'.⁷¹ These aspirations were regularly referred to in the preparation of the agenda, and in all the Reflection Group's reports. Similar conclusions were drawn by the presidency at the Amsterdam summit. A democratization of the EU implied that not only the issues, but also the procedures regulating the process would have to be adapted in order to respond to this new logic of appropriateness.

The character of treaty reform in the 1996-7 IGC was very different to that in the Maastricht negotiations. First, the European Commission initiated a 7 million ECU programme, called 'Let's Build Europe Together', aimed at increasing public knowledge about the IGC; it sought to develop a permanent dialogue with citizens throughout the negotiations.⁷² Most member states had substantial budgets for initiating public debates and discussions on the future of the EU. In addition to the governmental initiatives, populist, and professional conferences were held all over Europe, and thousands of publications were produced and distributed widely. An Internet homepage devoted to the IGC kept people informed, making the downloading of documents and position possible a short time after their presentation.⁷³ National governments talked readily about their positions and most major newspapers followed the process closely, publishing their comments and analyses of the IGC.

Second, the number of issues on the agenda was greater. An enormous number of domestic, regional, and European institutions, parties, scholars and interest organizations all tried to gain attention to their respective interpretations, concerns, ideas and interests. Some of the proposals came from powerful and influential organizations such as the European Union of Employers'

⁷¹ Report of the Reflection Group (1995): *A Strategy for Europe - An Annotated Agenda*, Brussels, 5 December 1995, and Presidency Conclusions of the European Council, Florence, 21-22 June 1996.

⁷² *Agence Europe*, 30 May 1996.

⁷³ <http://europa.eu.int/en/agenda/igc-home/index.html>

Confederations (UNICE) and the European Labour Organization (Euro-LO), others from rather small and marginal interest organizations, such as Animal Welfare; European Disability Forum; and the National Board of Italian Psychologists (Mazey and Richardson 1996). In making these preparations and proposals, an increasing number of interest groups sought an EU in which the citizens would be able to participate in the process of constitution-building, and the development of rights, norms, institutions, and visions in and for the EU (Wiener and Della Sala 1997: 604). However, as the number of issues and expectations increased, it became impossible to maintain firm control of the agenda, because no single unit had an overview of all the contributions.

Third, the IGC had to be conducted in accordance with the new and more democratic norm of openness and public deliberation. While the Maastricht process was dominated by legal reasoning, the 1996-7 IGC concerned itself with the political and democratic issues, pushing for commitments from the member states. A leading bureaucrat expressed his frustration as follows: 'Gone are the days of when we had the articles in square brackets, and the processes were purely technical; now decision-making in the IGC is open, unclear, and democratic'.⁷⁴ Increased openness made it more difficult for politicians to show flexibility and to change their views during the negotiations, and the increase of information made it more difficult for the national governments to communicate easily and secret.

The LI perspective pays limited attention to the impact of changes in the normative context on decision-making. For instance, in commenting upon the agenda-setting process as regards the French referendum, Moravcsik argued that: '[t]he Maastricht referendum in France is an exception that proves the importance of secrecy and agenda-setting power, in that it demonstrates the potential consequences when governments lose firm control of domestic agendas or take needless risks in ratification' (Moravcsik: 1993:516-17). True, the referendums and the public debates resulting from the Maastricht Treaty represented dramatic breaks with the past, but they also represented an emerging new political and democratic order with increased interest and demand for popular participation in Europe. As students of European integration, we must develop theoretical models which enable us to interpret how integration and disintegration ultimately leads to these changes in the basis of legitimacy and the character of decision making. By applying a

⁷⁴ Michele Petite, European Commission, at a speech delivered in Brussels 10 July 1997, at the IPSA seminar on the Amsterdam treaty.

dynamic perspective to the EU, as the institutional perspective suggests, we can interpret the shifts in the mode of decision-making, and show its impact on the dynamics of European integration. Such a reflective perspective on legitimacy and legitimate decision-makers is also consistent with the idea of decision-making as deliberation and argumentative interaction, rather than solely focusing upon voting rules and treating certain actors and their interests as given and legitimate (Neyer 2000).

6. 5 Present events and the temporal location of the IGC

The 1996-7 IGC did not take place within a flexible and easily protracted period of time, as suggested by the liberal intergovernmentalists. Rather, it was situated in a distinct temporal order which affected the content and duration of the conference. In institutional reform, timing is of key importance. In relation to the IGC, both unexpected and expected events, as well as external and internal events shaped the conditions for design.

First, the IGC was affected, directly and indirectly, by unexpected external accidents beyond the control of any of the decision-makers. It was affected directly, in that the events were linked immediately to the agenda, and indirectly, in that attention is a scarce resource, and the attention and energy which would otherwise have been allocated to the IGC was drawn to other issues, such as the war in Bosnia, the crisis in Rwanda and Zaire, and the BSE (bovine spongiform encephalopathy) crisis. The latter, which concerned infected British beef, captured attention around the time of the formal opening of the IGC, and at a point when the conference badly needed political impetus. Thus, the opening session in Florence more or less ended in a discussion on how to handle the BSE crisis. The issue was also used as an excuse for the British government's refusal to participate in both day-to-day decision-making in the EU, as well as in the negotiations at the conference. During a short period of time, therefore, the adoption of more than seventy pieces of legislation was prevented and the British also managed to obstruct discussions in the IGC.⁷⁵

Some issues were more predictable than others. Routine internal day-to-day decisions in the EU influenced the IGC's agenda. As a weakly institutionalized

⁷⁵ See the article 'Florence peace talks await UK's cease-fire declaration', *Financial Times*, 21 June 1996.

system, the EU lacked the capacity to separate out day-to-day issues from constitutional issues. For instance, when the ruling by ECJ forced Britain to agree to a standard 48-hour working week, it was argued shortly after that the British Prime Minister ‘should go to the IGC and insist on rewriting this legislation’.⁷⁶ A few days later these changes were proposed as modifications to Article 118a.⁷⁷ During the IGC, several issues regarding public health, competition rules and state aids, which were normally managed within the normal EU procedures for problem solving, were easily linked to the conference and helped to halt the constitutional process. As long as the decision-makers were unable to separate or buffer ordinary issues from constitutional ones, the agenda tended to be overloaded and crisis-driven, rather than reflecting enlightened discussions on a limited set of issues.

The IGC was convened in an environment made turbulent by other important ongoing reform processes in the EU. Of particular importance in shaping the IGC was the plan to create the EMU by 1999. During the initial stages of the conference, most parties tried to keep the design and institutions of the EMU out of the discussions of the IGC, but it continually overshadowed the IGC, and the interlinkage between the two was obvious. Towards the end of the IGC, when it was clear that the changes would be marginal, the Commission President, Jacques Santer, even expressed doubt that there would have been an agreement during the IGC negotiations without the French initiative to strike a bargain on employment in relation to the EMU.⁷⁸ The EMU also affected the duration of the IGC, as the member states had to find a solution to the IGC before they could enter into the final stages of the EMU. In addition, the need to find an agreement on the new budget before the Delors II package ran out in 1999, before the scheduled reforms of the Common Agriculture Policy (CAP) came into force, and before the negotiations with the new applicants began, all pressurized the parties to reach a final agreement.⁷⁹ When the IGC ended, it was even expressed explicitly that the IGC had been a success because ‘after all they had agreed upon the EMU’. Leading politicians were happy to continue with more small-scale and incremental adjustments, and claimed to have avoided the major crisis of failing on all fronts simultaneously.⁸⁰ Thus,

⁷⁶ Cited in *Agence Europe* 12/13 November 1996.

⁷⁷ *Agence Europe*, 16 November 1996.

⁷⁸ Santer at the seminar ‘Amsterdam and Beyond’ in Brussels, 11 July 1997.

⁷⁹ DOC/97/9: Agenda 2000 - For a stronger and wider Europe’, Brussels, Press release IP/97/660.

⁸⁰ See the descriptions of the Amsterdam Summit in *Agence Europe*, 18 and 19 June 1997.

ignoring the fact that the initial aspiration of the conference, and the criterion for evaluating whether the IGC should be judged as success or failure, had been a totally different one at the opening of the conference. It seemed easier to change the evaluation criteria than to make actual institutional reforms.

Election and budget cycles in the member states also structured the IGC's agenda, and determined the amount of attention decision-makers were able to pay to it. During the IGC a high number of national elections were held, perhaps the most important being the British elections, which took place on 1 May 1997. The Dutch Prime Minister, Wim Kok, argued, at an early stage, that the British election campaign was interfering with the IGC and creating too many uncertainties.⁸¹ As a consequence of the election, the British negotiators changed and the new Labour government only had six weeks in office before the new treaty was completed in Amsterdam. During this time, they had to develop new positions in a process that had already lasted for almost two years. Any changes introduced at this stage could have reduced the continuity of decision-making in the IGC, and eventually destroyed any agreement reached.⁸² This election directly altered the issues on the agenda; for instance, the intense focus on flexibility during the IGC was linked to a large extent to a desire of the other member states to bypass the 'problem' of the British Conservatives. When Labour won the election, interest in the concept of co-operation and flexibility decreased.

The parliamentary election in France also affected the IGC, with the date of the beginning of the work of the Reflection Group being postponed until the beginning of the Spanish presidency in order to avoid a clash with the elections (Menon 1996: 242). During the 1996-7 IGC negotiations, the French called for a modest IGC agenda in order to end the conference rapidly, thereby decreasing the likelihood of any interference with the French parliamentary elections, originally scheduled for 1998.⁸³ At one stage, the French government also wanted to speed up the IGC by extending the mandate of the negotiating group 'to elaborate draft treaties'.⁸⁴ The extraordinary meeting of the IGC held

⁸¹ *Agence Europe*, 4 October 1996.

⁸² However, in the British case, both the Conservatives and the Labour parties had been kept regularly briefed by the Foreign Office. Labour also had an arrangement with a former official of the Committee of Permanent Representatives (Coreper), who travelled around Europe visiting governments and presenting different views on the proposed reform, making the transition from opposition to position more smooth. Thanks to Simon Bulmer for informing me on this issue.

⁸³ See 'Showdown Time' and 'IGC timing', *Financial Times*, 18 September 1996.

⁸⁴ *Agence Europe*, 22 June 1996.

in October 1996 in Dublin was also largely a result of the French politicians' perceived need to speed up the negotiations. However, President Chirac called for an election at the end of May 1997, primarily because of the timetable of the final stages of the EMU. The surprising victory of Lionel Jospin meant that, in the final stages of the IGC, France had a new regime which was inexperienced, but nevertheless held firm positions. By presenting radical solutions during the Amsterdam meeting, they brought employment to the top of the agenda, and insisted on parallelism between economic and monetary policy in relation to the EMU, thereby creating uncertainty and turmoil during the final days of the IGC. The French focus on the EMU distracted the discussion of the issues on the agenda and shaped the outcome in Amsterdam.

Treaty revisions have to be approved by every member state, and this formal rule also influenced the duration of the IGC. Some member states ratify treaties by parliamentary votes, while others use referendums, and no government wishes to fail. In Denmark, for instance, it was decided that a referendum would be held on the IGC. The referendum was held in May and 55.1 per cent of the Danish voters voted in favour of the Treaty, and 44.9 per cent voted against.⁸⁵ In general, processes of ratification represent an opportunity to express all sorts of ideas, not only support and frustration. Ratification processes do not necessarily focus on a limited set of issues; other issues which are loosely coupled to the issue itself frequently come to dominate the discussions. Consequently, the interlinkage between ratification and national elections, as well as other important reforms such as the EMU, made it difficult to extend the duration of the IGC.

The above discussion shows that timing and temporal location were important in structuring the IGC. However, it is difficult to conceptualize the importance of timing and the significance of a certain temporal order. Theoretical ideas differ as regards the importance of timing and the role it plays in decision-making. For instance, the sequencing and ordering of decisions can influence the outcomes, while the distribution of costs and benefits of being a first mover in strategic bargaining or of being a copycat, the use of filibustering tactics and the more trivial, nevertheless important, dynamic of the 'iron trouser phenomenon' are all determined by timing (Goodin 1995).⁸⁶ The issue of

⁸⁵ *Agence Europe*, 30 May 1998. The idea of a Danish Referendum was confirmed a short time after the completion of the Draft Treaty.

⁸⁶ The latter is mentioned by the 'insider' Christopher Matthews who argued that 'whoever can hold out longest before having to go to the toilet can dictate terms to the others' (Goodin, 1995:12).

timing in relation to the IGC has been addressed by several scholars, for instance Patterson, who wrote: '[t]here is now much talk in Bonn on agenda management. That is, to prevent the timetables for the enlargement and EMU in colliding with each other and to design decision points at the most propitious times' (Patterson 1996: 174). The underlying idea here is the possibility of designing and sequencing events in a manner that maximizes expected utility, consistent with the LI perspective. However, sequencing events and designing the timing of political decisions is very difficult, and many of the temporal structures cannot be manipulation.

The institutional perspective focuses less on the possibilities of design and more on how a decision-making process is embedded in a distinct temporal order. Two issues are thus important from an institutional perspective: first, protecting the agenda from unpredictable, loosely coupled issues; and second, operating in accordance with the predictable, well-established, and demanding rhythms of political life. Several temporal structures, such as elections and budget cycles, are beyond the control of national governments; in fact, temporal orders are often written into constitutions just in order to prevent their manipulation. Furthermore, these temporal orders function as deadlines, in that they help to focus attention, and to create meanings, and frames of reference. Fixed and structured deadlines limit the possibilities for searching for new and acceptable solutions, with final solutions tending to be close to existing ones, thereby largely maintaining the status quo (Bromiley and Marcus 1987). The IGC was a process where the demanding internal rhythms of the nation states had a significant impact on the content and duration of the conference, and the fixed temporal location limited the search for solutions to ones close to existing institutional arrangements, thereby making radical reform less likely.

6. 6 Conclusions

This examination of the decision-making in the IGC has shown that three mechanisms were particularly important in structuring the conference. First, past decisions created the framework for the IGC. This path-dependency dictated the issues on the agenda, and determined the manner in which manner they were framed, limiting the possibility of radical solutions to existing problems. Instead of an adaptation to the future, therefore, the 1996-7 IGC represents an adaptation to the past. Second, the increase in the number of member states and the changes in the procedures for handling the IGC increased the complexity to the bargaining process, and made information and

communication more costly and more complicated. The very model of intergovernmental bargaining was challenged, because of the importance of organizational factors at both the European and national levels. The Europeanization of the domestic administrative institutions of the nation states has made it difficult to maintain the idea of a clear separation between domestic position formation and international negotiation. The logic of the two-level game is therefore problematic. Furthermore, the normative crisis concerning the democratic deficit in the EU has ultimately transformed the mode of institutional reform in the EU. The gradual democratization of the EU makes the dynamic of institutional and constitutional design different to that of secret bargaining within a system of technocratic diplomacy. Finally, a series of other pressing events, as well as the location of the conference in a distinct temporal order, affected the distribution of attention and the issues addressed during the treaty revision process.

In conclusion, this examination has questioned the basic assumptions of institutional reform processes according to the LI perspective, that is, that key bargains in the EU are characterized by their voluntary nature, easy communication, and flexibility as regards time. I have shown that the 1996-7 IGC did not represent a voluntary process, the processing the information was difficult, and it was not flexible in time. This chapter has demonstrated that a careful analysis of the constraints and possibilities created by the path-dependent development of the EU, the internal dynamics and the decision-making procedures in the IGC, and a distinct temporal location help to increase our understanding of the EU. The institutional approach reveals important aspects of decision-making which have all too often been ignored in the past.

The LI perspective is fruitful, but it is not sufficient to explain the dynamics of key bargains in the EU. By enriching our theoretical dimensions and categories, we can improve our understanding of the dynamics of institutional reform in general, and of the EU in particular. This analysis has suggested an alternative approach, based on institutional theory. The EU is currently facing new institutional reforms in the IGC in 2000, related to include the countries of Eastern and Central Europe. The institutional perspective outlined here suggests that successful design is more likely if reformers understand some of the most important dynamics which constrain and enable them to design effective institutions in a democratic context, and in particular if they can exploit the possibilities related to path-dependency, organizational factors in decision-making and the importance of timing and a distinct temporal location.

6. 7 References

Bainbridge, Timothy and Anthony Teasdale (1995) 'The Penguin Companion to European Union', London, Penguin Books.

Bromiley, Philip and Alfred Marcus, (1987) 'Deadlines, Routines and Change', *Policy Sciences*, Vol. 20, no 2, pp. 85-103.

Brunsson, Nils, (1993) 'Reform as Routine', in Nils Brunsson and Johan P. Olsen (1993) *The Reforming Organization*, London, Routledge, pp. 33-47.

Cohen, Michael D, James G. March and Johan P. Olsen (1972) 'A Garbage Can Model of Organizational Choice', *Administrative Science Quarterly*, Vol. 17, No 1, PP. 1-25.

Council of the European Union (1993) *Treaty on European Union*.

Council of the European Union (1993) *Conclusions European Council*, Copenhagen June 1993.

Council of the European Union (1994) *Conclusions European Council*, Essen, December 1994.

Cyert, Richard M and James G. March (1992) *A Behavioral theory of the firm*, Second edition, Cambridge, MA, Blackwell Business.

Dahl, Robert (1989) *Democracy and Its Critics*, New Haven, Yale University Press.

Dinan, Desmond, (1997) 'The Commission and the Reform Process', in Edwards Geoffrey and Alfred Pijpers (eds.) *The Politics of European Treaty Reform - The 1996 Intergovernmental Conference and Beyond*, London, Pinter, 1997, pp. 188-211.

Eckstein, Harry (1975) 'Case Study and Theory in Political Science' In Fred I Greenstein and Nelson W Polsby (eds.) *Handbook of Political Science, Vol. 1, Political Science: Scope and Theory*, Reading, Mass, Addison-Wesley, pp. 79 – 137.

Edwards Geoffrey and Alfred Pijpers (1997) 'The 1996 IGC: An Introduction', in Edwards Geoffrey and Alfred Pijpers (eds.) *The Politics of European Treaty Reform - The 1996 Intergovernmental Conference and Beyond*, London, Pinter, 1997, pp. 1-14.

Eurobarometer (1996) *'Public Opinion in the European Union'*, No 44, Spring 1996, Fieldwork: December 1995, Brussels.

George, Stephen, (1996) 'The Approach of the British Government to the 1996 Intergovernmental Conference of the European Union', *Journal of European Public Policy*, Vol. 3, No 1 (1996) March, pp. 45-62.

Goodin, Robert E. (1995) 'Keeping Political Time -the Rhythms of Democracy', Paper presented at the conference "Democracy and Time", Institute for Advanced Studies, Wien.

Goodin, Robert E. (1997) 'On Constitutional Design', *ARENA Working paper no 26*, Oslo.

Goetz, Klaus H. (1996) 'Integration Policy in a Europeanized state: Germany and the Intergovernmental Conference', *Journal of European Public Policy*, Vol. 3, No 1, pp. 23-44.

Griller, Stefan, Dimitros Droutsas, Gerda Falkner, Katrin Forgó, Elizabeth Klatzer, Georg Mayer and Nentwich Michael (1996) 'Regierungskonferenz 1996: Ausgangspositionen' Working paper no 20 June, Forschungsinstitut für Europafragen, Wien.

Hanf, Kenneth and Ben Soetendorp (eds.) (1998) *'Adapting to European integration. Small states in the EU'*, London, Longman.

Héritier Adrienne (1994) *'Die Veränderung von Staatlichkeit in Europa. Eine regulativer Wettbewerb- Deutschland, Grossbritannien, Frankreich'*, Opladen, Leske+Budrich.

Jachtenfuchs, Markus and Beate Kohler-Koch (1996) 'Regieren im dynamischen Mehrebenensystem' in Markus Jachtenfuchs and Beate Kohler-Koch (eds.), *Europäische Integration*, Opladen, Leske + Budrich, pp.. 15-44.

King, Gary, Robert O. Keohane and Sidney Verba (1994) *Designing Social Inquiry - Scientific Inferences in Qualitative Research*, Princeton, NJ, Princeton University Press.

Kingdon, John W. (1984) *Agendas, Alternatives and Public Policy*, Boston, Little, Brown and Company.

Laffan, Brigid, (1997) 'The IGC and Institutional Reform of the Union', in Geoffrey Edwards and Alfred Pijpers (eds.) *The Politics of European Treaty Reform, The 1996 Intergovernmental Conference and Beyond*, London, Pinter, 1997, pp. 288-305.

Laursen, Finn (1992) 'Explaining the Intergovernmental Conference on Political Union' in Laursen, Finn and Sophie Vanhoonacker (eds.) *The Intergovernmental Conference on Political Union - Institutional Reforms, New Policies and International Identity of the European Community*, Maastricht, European Institute of Public Administration, 92/01.

Laursen, Finn and Sophie Vanhoonacker (eds.) *The Intergovernmental Conference on Political Union - Institutional Reforms, New Policies and International Identity of the European Community*. Maastricht, European Institute of Public Administration 92/01.

Laursen, Finn (1997) 'The Lessons of Maastricht', in Geoffrey Edwards and Alfred Pijpers (eds.) *The Politics of European Treaty Reform, The 1996 Intergovernmental Conference and Beyond*, London, Pinter, 199, pp. 59- 73.

Llorente, Francisco Rubio, (1998) 'Constitutionalism in the 'Integrated' States of Europe' *Jean Monnet Working Paper*, Harvard Law School (1998) no 5/98.

Luif, Paul (1995) *On the Road to Brussels - The Political Dimensions of Austria's Finland's and Sweden's Accession to the European Union*, Vienna, Braumüller.

March, James G. (1994) *A Primer on Decision Making*, New York, The Free Press.

March, James G. and Johan P Olsen (1976) 'Organizational Choice under Ambiguity' in March, James G. and Johan P. Olsen, (eds.) (1976) *Ambiguity and Choice in Organizations*, Bergen Universitetsforlaget, pp. 10-23.

March, James G. and Johan P. Olsen (1983) 'Organizing Political Life: What Administrative Reorganization Tell Us about Government' *American Political Science Review*, Vol. 77, No 2, (1983) pp. 281-96.

March, James G. and Johan P. Olsen (1989) '*Rediscovering Institutions - The Organizational Basis of Politics*', New York, Free Press.

March, James and Johan P. Olsen (1995) '*Democratic Governance*', New York, Free Press.

Mazey, Sonia and Jeremy Richardson (1996) 'Influencing the Agenda: Interest Groups and the 1996 IGC' Paper presented for the 14th European Consortium for Political Research, Joint Sessions of Workshop, Oslo, March 29-April 3.

Menon, Anand (1996) 'France and the IGC of 1996', *Journal of European Public Policy*, Vol. 3, no 2, June, pp. 231-52.

Moravcsik, Andrew (1991) 'Negotiating the Single European Act: National Interests and Conventional Statecraft in the European Community', *International Organization* Vol. 45, no 1, pp. 651-688.

Moravcsik, Andrew, (1993) 'Preferences and Power in the European Community: A Liberal Intergovernmental Approach', *Journal of Common Market Studies* Vol. 31 no 4, pp. 473-524.

Moravcsik, Andrew (1995) 'Liberal Intergovernmentalism and Integration: A Rejoinder', *Journal of Common Market Studies*, Vol. 33, No. 4, pp. 611-628.

Moravcsik, Andrew (1997) 'Taking Preferences Seriously: A Liberal Theory of International Politics', *International Organizations*, Vol. 51, No 4, pp. 513-53.

Neyer, Jürgen, (2000) 'Justifying Comitology: The Promise of Deliberation' in Karlheinz Neunreither and Antje Wiener (eds.)(2000): 'Amsterdam and Beyond: Institutional Dynamics and Prospects for Democracy in the EU', Oxford, Oxford University Press.

Olsen, Johan P. (1972) 'Public Policy-making and Theories of Organizational Choice', *Scandinavian Political Studies*, Vol. 7, No 1, pp. 45-62.

Olsen, Johan P. (1995) 'Europeanisation and Nation State Dynamics' in Sverker Gustavsson and Leif Lewin (eds.) (1995) *The Future of the Nation State*, London, Routledge 1995, pp. 245-285.

Olsen, Johan P. (1995b) 'The Changing Political Organization of Europe', *ARENA Working paper no 17*, (1995b).

Olsen, Johan P. (1997) 'Institutional Design in Democratic Contexts', *Journal of Political Philosophy*, Vol. 5, No 3, pp. 203-229.

Paterson, William E. (1996) 'The New Germany in the New Europe' *German Politics*, Vol. 5, No 2, Aug, pp. 167-84.

Peterson, John (1995) 'Decision-making in the European Union: Towards a Framework for Analysis', *Journal of European Public Policy*, Vol. 2, No 1, pp. 69-93.

Petite, Michel (1998) 'The Treaty of Amsterdam', *Harvard Jean Monnet Chair Working paper series*, No. 2.

Rasmussen, Hjalte (1996) *Folkestyre, Grundlov og Høyesteret - Grundlovens §20 på prøve*, København, Christian Ejler's Forlag.

Ross, George (1995) *Jacques Delors and European Integration*, Cambridge, Polity Press.

Schattschneider, E. E. (1975) *The Semisovereign People*, Hinsdale, The Dryden Press.

Scott, Richard W. (1981) *Organizations - Rational, Natural and Open Systems*, Englewood Cliffs, NJ, Prentice-Hall.

Shapiro, Martin (1992) 'The European Court of Justice', in Alberta M. Sbragia (Ed.), *Euro-politic*, Washington DC, The Brookings Institution, pp. 123-156.

SOU (1996) *Sverige, EU och framtiden - EU 96-komitténs bedömmingar inför regjeringsskonferensen*, Stockholm, Utrikesdepartementet, No 1996: 19.

SOU 1996 'Från Maastricht til Turin' En lägesrapport från EU-96 kommittén, Stockholm, (1996), No 1996: 24.

Starbuck, William (1993), 'Organizations as Action Generators' *American Sociological Review* Vol. 48, February, pp. 91-102.

Stubb, Alexander (2000) 'Negotiating Flexible Integration in the Amsterdam Treaty', in Karlheinz Neunreither and Antje Wiener (eds.): 'Amsterdam and Beyond: Institutional Dynamics and Prospects for Democracy in the EU', Oxford, Oxford University Press, 2000.

Sverdrup, Ulf (1996) 'Reforming the Heavy Rhythms of the Nation State', Paper presented at the workshop 'The Transformation of Governance in the European Union' at the ECPR Joint Session of Workshops in Oslo, March 29-April 3, 1996.

Urwin, Derek W. (1995) *The Community of Europe - A History of European Integration Since 1945*, Second Edition, London, Longman, 1995.

von Sydow, Bjørn (1997) 'Decision-making in a European Perspective' Speech 14 June 1997, <http://www.sb.gov.se/databas/tal-866536338.html>.

Wallace, Helen (1996) 'The Institutions of the EU: Experience and Experiments', Helen Wallace and William Wallace (eds.) (1996) *Policy-Making in the European Union*, Oxford, Oxford University Press, pp. 37-67.

Weiler, Joseph H. (1991) 'The Transformation of Europe' *Yale Law Review*, Vol. 100, no 1, pp. 1-81.

Weiler, Joseph H. (1995b) *Limits to Growth? On the Law and Politics of the European Union's Jurisdictional Limits* IUSEF no 15, Oslo, Universitetsforlaget.

Weiler, Joseph H. H., Ulrich Haltern and Franz C. Mayer (1995) 'European Democracy and Its Critique' *West European Politics*. Vol. 18, No 3, July, pp. 4-39.

Weiner, Stephen (1976) 'Participation, Deadlines and Choice', in James G. March and Johan P. Olsen (eds.) (1976) *Ambiguity and Choice in Organizations*, Oslo, Universitetsforlaget, pp. 225-250.

Wessels, Wolfgang and Rometsch, Dieter, (1996) 'Conclusion: European Union and National Institutions' in Rometsch, Dieter and Wolfgang Wessels (eds.) (1996) *The European Union and Member States. Towards Institutional Fusion?*, Manchester, Manchester University Press.

Wiener, Antje and Vincent Della Sala (1997) 'Constitution -making and Citizenship Practice - Bridging the Democracy Gap in the EU?', *Journal of Common Market Studies*, Vol. 35, No. 4 December, pp. 595-614.

Yin, Robert K. (1994) *Case Study Research- Design and Methods*, Second edition, Thousand Oaks, CA, Sage.